

**Written Testimony Submitted to the Senate Foreign Relations Committee
Subcommittee On State Department and USAID Management, International Operations, And
Bilateral International Development**

**Hearing on USAID Localization: Challenges, Opportunities, and Next Steps to Further
Development Initiatives on the Local Level**

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By Elana Aquino, US Executive Director, Peace Direct

Good morning, Chairman Cardin, Ranking Member Hagerty, and distinguished members of the Subcommittee. Thank you for inviting me to speak with you today about USAID's localization process. This is an issue that directly affects the work of my organization, our partners and local and community-based civil society globally.

My name is Elana Aquino and I work with an international peacebuilding organization called Peace Direct. At Peace Direct, we take a different approach than most international nongovernmental organizations. We do not maintain country offices. Instead, we find and support courageous local people and organizations who are dedicating their lives to stopping violent conflict and building lasting peace in their communities. We partner with, accompany, support, and learn from partners across Africa, the Middle East, Asia, and South America. From Afghanistan to Sudan, Colombia to Syria, it is our experience that lasting development, peacebuilding and humanitarian support is more effective and sustainable when led by local civil society organizations embedded in the communities they serve.

Amplifying the experiences and perspectives of local communities striving to overcome violence, we advocate within the United Nations, here in Washington, DC, with the European Union, and in London where our sister organization is based, for policy change and improved foreign assistance to better support locally led peacebuilding. Our work to shift attitudes and practices among policymakers and donors in favor of locally led efforts has moved us well beyond the field of peacebuilding, as we are keenly aware that the entire international development, humanitarian and peacebuilding system needs reform, if it is to deliver better outcomes for the poorest, most marginalized and conflict affected communities worldwide. Local leadership is key.

Defining Local

We welcome Administrator Power's commitment to respect the dignity of the individual and localize USAID's efforts globally. We also recognize this Committee's important role in ensuring this shift is meaningfully implemented.

Before discussing the challenges, opportunities and the next steps we believe should be taken to further locally led development, I believe it is important to be explicit about who should be considered local.

As it stands, USAID uses the criteria outlined in the ADS 303 directive to define what constitutes a local organization. According to this directive, a local organization is:

- Legally organized under the country's laws;
- The country is its principal place of business or operations;
- It is majority owned by individuals who are citizens or lawful permanent residents of the country; and,
- It is managed by a governing body, the majority of whom are citizens or lawful permanent residents of the country.

ADS 303 directive also includes a separate definition for locally established partners (LEPs). If country offices of US-based or other international organizations meet the following criteria, they can qualify as an LEP:

- Continuous operations in the country for at least five years;
- Local staff comprise at least 50% of office personnel;
- A local office registered with the local authorities and with a local bank account;
- A portfolio of locally implemented programs; and,
- Demonstrated links to the local community including a majority of local citizens on any governing body or board and evidence of local support or roots.

Peace Direct disagrees with the definition put forth in the ADS 303 directive. In our view, this directive offers a loophole for international organizations to qualify as 'local' when they are in fact not. Early last year, we worked with other prominent INGOs, including Catholic Relief Services, who is also here today, as well as Mercy Corps, Care USA, Save the Children USA, and the Hunger Project, among a few others, to develop a set of definitions which distinguishes international and local organizations. I have included this set of definitions in my written testimonial in the appendix. According to this document, Locally Established Partners are not regarded as local entities, for the simple reason that they tend to be country offices or subsidiaries of INGOs who are accountable to an office outside of the country of operation.

This is a critically important issue as the current inclusion of 'Locally Established Partner' in the ADS 303 directive risks skewing and distorting how USAID measures its success in delivering 25% of funding directly to local organizations and 50% of programming to be co-designed in partnership with local organizations. Civil society organizations worldwide have high hopes that USAID will make good on its commitments, as set out by Administrator Power. Those hopes will not be fulfilled if funding is channeled to INGO subsidiaries or country offices.

Challenges

According to a recent report by the research organization Publish What You Fund, only 5.7% of USAID funding goes directly to local organizations. The current aid model is not equitable or sustainable, and there are questions as to whether it is effective. Local civil society organizations are often the first responders to any situation and, as COVID-19 and the US withdrawal from Afghanistan have demonstrated, local community leaders are the ones who remain when international organizations inevitably move on.

The current system does not meaningfully include the perspectives and expertise of local civil society organizations as its default way of working. In discussing this with USAID colleagues at country level in various contexts, many comment that they are proud of specific efforts they have been involved in to provide aid directly to local actors. But these tend to be the exceptions rather than the rule and that tendering, procurement, and implementation continue to remain elusive processes that exclude local leaders. This is due to the lack of directives and training to

US staff at the local level on how to truly deliver on locally led development, peacebuilding and humanitarian support in ways that are respectful and sustainable, along with a lack of wrap around services required to prepare local actors for receiving aid.

While we welcome the commitments and sentiments made by Administrator Power, I want to raise some challenges that we must address to meaningfully implement locally led development initiatives.

First, accessibility. By accessibility I mean more inclusive access for local organizations to engage with USAID. USAID has recently launched WorkWithUSAID to help local civil society organizations learn what the Agency does and how they can partner with the US government. However, local civil society organizations must still compete with international, US-based organizations who have relationships with and expertise on how USAID operates and awards. A combination of simplifying proposal and reporting requirements along with providing wrap around services to support ease in uptake can make partnering with USAID more accessible for local organizations.

Moreover, the responses to the calls for proposals circulated by USAID and the reporting requirements are often required to be submitted in English. This does not consider that for many local actors globally, English is not their first language, if they speak it at all. Allowing applications submitted in local languages, and even orally in some cases, acknowledges the difficulties local actors are already facing without seeking to add more. Shifting some of that burden to USAID to seek translation is a step towards true partnership and will create space for new entrants at the local level to participate.

Second, equitable partnership. By this, I mean partnerships that are a relationship between individuals and organizations based on trust that takes actionable steps to support the needs, priorities, and agendas of all parties equally. In our experience working with local peacebuilders globally, many local actors have highlighted that current practice of partnerships are prescriptive in nature. Foreign actors come in with pre-defined solutions often without the consultation or buy-in of the local organizations or communities we are trying to support. This overlooks the active capacity, agency, expertise, and social, political, and cultural know-how local organizations bring to any context.

Putting local civil society organizations in the driver's seat does not mean international organizations do not have an important role to play. International actors have many roles they can play. For example, as an interpreter an international organization can explain the complex jargon used by USAID, and I would encourage the committee to look at the recent paper produced by Peace Direct on the future role of INGOs as intermediaries.

Third, power dynamics. By this I am primarily looking at the decision-making authority of the design of program work, resources and credibility. USAID's place as the world's largest donor for international development, humanitarian support and peacebuilding efforts comes with explicit and implicit power. When USAID makes an announcement to offer humanitarian

support or invest in development and peacebuilding efforts, it comes with a global recognition that the United States is actively involved to address issues.

To effectively and meaningfully implement a locally led approach, we must add the element of humility to recognize that we cannot know or understand the social, political and cultural variables at play as well as local organizations embedded in the community. And to acknowledge that, as much as we may want to help and have good intentions, aid delivered without community planning and inclusion can be patronizing and harmful. At Peace Direct, we do not consider ourselves to be the expert of any of the contexts our partners are working and living in. We look to them for insights and recommendations on what can be done and said, and we mobilize as best as we can to support them in their self-identified work.

Meaningfully working with, not through, local organizations will open opportunities for genuine thought partnerships to be combined with the resources USAID brings to the table, allowing credibility to flow from the community.

Fourth, flexible funding. The idea that funding for local actors should be flexible, inclusive, respectful, sustainable and trust based; what we call Local FIRST funding. As I mentioned earlier under the challenge of accessibility, the bureaucratic barriers that come with partnering with USAID often employ very rigid restricted funding. As many of us here know and recognize, in conflict zones and humanitarian crises, the dynamics change daily if not hourly. Funding models need to be adapted to allow local organizations to change programming and how humanitarian support is delivered to have a better chance of effectuating a positive impact in the community they are serving.

We must improve USAID's granting mechanism to allow for flexible funding to be deployed globally. At Peace Direct, we do this through our Local Action Fund model, and we believe it is scalable.

Finally, racism. By this, we are looking at the deliberate or unconscious exclusion from resources and opportunities due to race. Through many consultations with local actors globally, we at Peace Direct believe that we must address the explicit and structural acts of racism through international development, humanitarian and peacebuilding efforts. For example, we often wrongly assume local civil society organizations do not have the capacity or ability to implement programs therefore, we rely on international organizations with country offices to lead. Another example is the assumption that we cannot partner with local organizations due to rampant corruption and mismanagement of funds. Just as corruption does not see color, we cannot assume that every local actor is corrupt.

Only by deconstructing and dismantling racist ideologies regarding the superiority of Western approaches and working toward a redistribution of power can we meaningfully implement locally led approaches.

Opportunities

There are many opportunities to further locally led initiatives. **First and foremost, it is possible.** Peace Direct has employed a locally led approach to peacebuilding since its inception in 2002. We are constantly learning and improving our model, and it has been proven to be successful. Taking a locally led approach across USAID will not only deliver better outcomes for communities worldwide; it also demonstrates a profound commitment to the agency and dignity of ordinary people to be agents of their own destiny. This is a sentiment that speaks to the very core of the American values of individual liberty and self-determination. And it reminds us of Nobel Prizewinning Economist Amartya Sen's definition of development as 'the freedom to live the life that one has reason to value'.

Second, improving USAID's funding model to be more flexible. Flexible funding for local actors is the key to unlocking creativity and adaptability for communities living in such volatile and unpredictable contexts. By providing greater flexibility in its funding, USAID will be able to contribute more effectively to the achievement of the Sustainable Development Goals by allowing communities to adapt their plans as the context changes. At Peace Direct, we have piloted such an approach for over five years now, and have proved that such flexible funding can be transformative for local actors. Our 'Local Action Fund' (LAF) is an innovative and flexible grant making mechanism which supports and targets locally led initiatives operating at the grassroots or sub-regional level, i.e., below the field of vision of most international donors. Through such an approach, development or peacebuilding funding directly reaches those who most need it, and such an approach is scalable.

Third, locally led approaches are cost-effective. Recent evidence by The Share Trust points to the fact that local organizations can deliver programming that is 32% more cost efficient than international intermediaries. A more cost-effective approach will help to eliminate the need to pick and choose what conflict or humanitarian crisis deserves more attention and resources. This can allow the US dollar to stretch further and reach more people globally.

Fourth, a locally led approach is more sustainable. Working with local organizations will generate read: credibility from the communities we are seeking to support. Community-owned programs and initiatives are more likely to be sustainable after international organizations and USAID decide to leave. Thus, preventing the feeling that there must be a continuous US presence everywhere all of the time.

Fifth, there are existing networks of local civil society organizations ready and willing to work with USAID. We at Peace Direct have mapped many across the world. There are other networks such as NEAR, CIVICUS, Movement for Community-led Development, and United Network of Young Peacebuilders, to name a few, who have an extensive network of local civil society organizations working on any number of development, peacebuilding and human rights initiatives. Consider this a joint endeavor and build links with those already committed to working in this way.

Finally, there is significant momentum worldwide to transform the international development, humanitarian and peacebuilding system's efforts to be locally led. From the 2016 Grand Bargain Agreement at the World Humanitarian Summit to the OECD-DAC commitments and the Donor Principles on Locally Led Development co-led by USAID and Norway, the United States has a unique opportunity to lead and shape the future of international development in ways that – for the first time – would answer the call of the world's poor that 'nothing about us, without us'.

Next Steps

We must move from commitment to action. Together, we can champion and support the efforts USAID is making internally and globally to ensure the shift to locally led is one that is comprehensive. .

We must work together to address the challenges outlined here and by others to ensure that we meaningfully employ a locally led model to development, humanitarian, and peacebuilding efforts. This involves having the difficult conversations of dismantling systemic racism to address biases and unequal power dynamics. It involves being smarter and risk-tolerant. It involves investing and increasing the budget for USAID to ensure that USAID has the capacity it needs to meaningfully implement this model.

I want to again take the time to thank Chairman Cardin, Ranking Member Hagerty and the other distinguished members of this subcommittee for organizing this vital hearing. I look forward to responding to any questions you may have. I am also open to working with you all in meaningful partnership to actualize and implement a locally led model.

DEFINING INTERNATIONAL AND LOCAL NGO



INTERNATIONAL

INGOs

NGOs not based in an aid recipient country and carrying out operations in one or more aid recipient countries. (IASC, 2018)

INGO Country Offices

INGO offices in country that have no separate governance or identity from the INGO. These offices report up through the INGO's management structure. (IASC, 2018)

INGO Subsidiaries

Organizations that are affiliated to an international organization through multiple mechanisms such as interlinked financing, contracting, governance, branding and/or decision-making systems. They may have some local staff and board directors, but primary accountability is to the international organization. *This does not include local and national organizations that are part of networks, confederations or alliances, so long as those organizations meet the criteria for National NGOs (IASC, 2018).*

National NGOs

Organizations headquartered and operating in their own aid recipient country. They determine their own autonomous leadership and governance structures. They set their own strategic direction, priorities and programmatic focus. They make independent financial decisions and conduct their own fundraising. They are part of and accountable to the communities they serve. These have 80% or more local board directors and leadership, or the formal equivalent.

A local actor is not considered to be affiliated with an INGO merely because it is part of a network, confederation or alliance, so long as the organization meets the criteria above for National NGOs (IASC, 2018).

LOCAL

Community-Based Organizations

Organizations headquartered and operating in their own aid recipient country that are active at a subnational level. These may or may not be legally registered. They set their own strategic direction, priorities and programmatic focus. They make independent financial decisions and conduct their own fundraising. They determine their own autonomous leadership and governance structures. They are part of and accountable to the communities they serve. These have 80% or more local board directors and leadership, or the formal equivalent.

Funding for these should be reported with National NGOs.

Reporting must be disaggregated by **INTERNATIONAL vs. LOCAL**. Data by national NGO vs. community-based organization is highly recommended.