

Statement for the Record
United States Agency for International Development
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“USAID Localization: Challenges, Opportunities, and Next Steps to Further Development Initiatives on the Local Level”
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Introduction

Chairman Cardin, Ranking Member Hagerty, distinguished members of the Subcommittee, thank you for inviting me here today to testify about the United States Agency for International Development (USAID)’s efforts to promote locally led development. We are grateful for the support we have received from you and other Members of Congress on the need to advance a more localized approach to achieve sustainability of our investments and greater development impact.

When she laid out her vision for our Agency, USAID Administrator Samantha Power said, “never before have our fates been so intertwined with those of people around the world.” Acknowledging this, it is imperative that we work hand in hand with local communities as we strive to address both chronic and acute development and humanitarian challenges and achieve progress that outlives and outlasts our investments in time-bound programs. The communities in which we work have unique priorities, knowledge, lived experiences, and aspirations. Through collaboration with USAID, this local expertise can shape the investments of foreign assistance and greatly increase its impact. Creating space for local actors to exercise leadership is a smarter, more efficient use of development and humanitarian resources. In the spirit of “Progress Beyond Programs,” working with and through local actors and leaders creates impacts and sustains progress long beyond the period of performance of a single award or program.

As we take steps to realize this, we are urged along by a wide range of stakeholders. Members of Congress, our international and local implementing partners, and community-based organizations in the countries where we work have all expressed their support for enhancing locally led approaches and working with us to create a more inclusive vision of development and humanitarian assistance. We see a collective imperative to recognize and change power dynamics—to ensure that we utilize the expertise of local actors—including, notably, those who represent and have the confidence of historically marginalized communities and groups. Our

work must continue to support these local changemakers to drive progress in their own communities.

For USAID, localization refers to the actions and reforms we are taking to put local actors at the center of our work to advance locally led development and humanitarian relief. Localization is a whole-of-Agency effort to understand local systems and our role within them; take specific actions to make USAID more accessible to local actors; address barriers to pursuing equitable locally led development; reevaluate our risk posture while continuing to safeguard U.S. taxpayer resources; provide incentives to staff to work more closely with local partners; and build greater support for localization among our key stakeholders, collaborators, and partners. We will also continue to work hand in hand with existing implementing partners, private sector actors, international NGOs, U.S. small businesses, multilateral institutions, and philanthropic foundations to complement, promote, and increase our locally led development efforts. We need to make sure we are building on the unique resources, skills, and networks of all actors in the development and humanitarian system, and do so in a way that supports and creates the conditions for local actors to lead their own progress.

I'm honored to represent USAID today and share some of the progress that we've made toward more locally led development.

Measurement and Metrics

Administrator Power has set out two high-level targets for our localization efforts. The first is that by FY2025, a quarter of USAID's funding will go directly to local actors. The second, which is of equal importance - or maybe even higher importance - is that by 2030, at least half of our programs will create space for local actors to exercise leadership over priorities, activity design, implementation, and defining and measuring results. In the next month, we will release our first localization progress report that will also include our first year of data for direct local funding as well as the definition and methodology for a new metric for tracking local leadership. But today, I'd like to preview how these measures relate to each other and why, together, they are important for tracking our progress.

We see these two targets as complementary. On one hand, who we partner with is a key measure of localization. And it is one USAID has used in the past. But direct funding is only part of the story. Channeling funding to local partners can be done in ways that create more or less space for local actors' agency and decision making. And, more broadly, there are opportunities to advance local ownership across all types of relationships with local actors – whether they are direct recipients of funding, sub-partners on a USAID award, participants in a USAID program, or members of a community affected by USAID programming. So, while control of resources is an important aspect of ownership, the power to meaningfully influence key decisions about how development happens for your own community is at the heart of locally led development. On the

other hand, we need to track how we work to create those decision making opportunities. This new metric is informed by consultations with USAID staff, partners, and local organizations themselves.

On the issue of direct measurement, USAID acknowledges the complex nature of measuring what is considered a ‘local’ entity and has been working with stakeholders to make this metric as accurate as possible. We also recognize there are several ways to measure direct funding to local organizations. Our goal was to come up with as good a proxy as possible, while minimizing the reporting burden on staff and local partners by using automated systems to the maximum extent possible. At the time of the launch, USAID was able to ascertain that our direct local funding was 6 percent in FY 2021 (this has since been revised to 7 percent) and we will be using this data as our baseline. This year, all USAID operating units were asked to review the 2022 data to ensure its accuracy, resulting in many changes following the initial data review.

We are also asking all Missions and operating units to set targets and we will plan to share more about those in the coming months. We are initially focused on establishing targets for the direct local funding indicator, but we will also ask Missions and operating units to set targets for local leadership after we pilot the new measure this fiscal year.

While we measure our progress towards increasing locally led development, we understand that we need to remain focused on impact. Increasing the impact of our investments through locally led development is the reason we are committed to this work. Taking the opportunity to engage with local partners, communities, and leadership will create deeper development outcomes and safeguard our investments.

While the measurement process has been underway, we have not been waiting to move ahead on the goal of creating space for local leadership in our work. Here in Washington, we have been making fundamental changes to our business model and investing efforts across the Agency to ensure we reach our localization goals and institutionalize the business practices that facilitate successful investment in local organizations. Our missions are also moving forward. For example, USAID/Nepal has already committed to co-create 100 percent of its programs with local actors, at every step of the way, from the concept stage to measuring and evaluating results. Early support from Congress has made this possible and we want to recognize and thank you for your partnership and assistance in support of this goal.

Additionally, please note that our efforts to expand engagement with local partners will in no way jeopardize our strong commitment to close oversight and monitoring. We remain fully committed to safeguarding U.S. foreign assistance, promoting effectiveness, efficiency, and accountability, and preventing fraud, waste, and misconduct.

Internal Reforms to Support our Localization Goals

Achieving our localization goals requires a whole-of-Agency change management process, including reforms to our business practices. These reforms are built on lessons learned from our previous efforts to expand engagement with local partners, as well as ongoing engagement with both current and prospective international and local partners to understand their needs and perspectives.

A central strategy that is driving our reform process is our newly-released Acquisition and Assistance Strategy, or “A&A Strategy.” The strategy’s overarching goal is to ensure our A&A practices enable sustainable, inclusive, and locally led development, and it has three categories of commitments in pursuit of that goal.

First, the strategy focuses on our staff. Through efforts to improve hiring, training, and retention, we will enable, equip, and empower USAID’s A&A workforce to engage with local organizations who are unfamiliar with U.S. government and USAID requirements and often need more accompaniment through the process. Special attention is given to hiring and retention approaches for foreign service national (FSN) A&A staff who, with their in-country connections, continuity at post, language capabilities, and professional skills, will be central to advancing localization.

Second, recognizing that our award process can be cumbersome, the A&A strategy commits to streamline our A&A processes and automate repetitive tasks so USAID staff and partners can spend less time on paperwork and more time on developing partnerships and delivering development results.

And third, the A&A Strategy focuses on lowering barriers to engagement with USAID for all partners, but with particular attention to local organizations. The strategy highlights efforts such as using more proactive communications to reach local partners; using more flexible, adaptable, and simple award mechanisms; expanding the use of less-than-full proposals up front and phased competitions; expanding opportunities for local partners to engage in A&A processes in languages other than English; making it easier for Missions to limit competition to local partners; and exploring more ways to help local partners recover their indirect costs.

We are already making progress. For example, USAID missions in Northern Central America have ramped up their efforts to reach out to potential new local partners, including through targeted outreach in English, Spanish, and local Indigenous languages. And several Missions are supporting a pilot for “last mile translation,” wherein final applications are translated into English (a regulatory requirement) from local actors who operate primarily in languages other than English.

We released the A&A Strategy earlier this week along with a draft implementation plan. We are seeking input from internal staff and all our partners to shape and inform our efforts. We hope to tap into local organizations' expertise on how to implement the objectives in the A&A Strategy, asking for their input to identify the barriers local organizations face in partnering with us, beyond those we are already addressing.

One topic on which we anticipate significant input and discussion to find a solution is the requirement to obtain a unique entity identifier (UEI) and register in the System for Award Management (SAM), which is a U.S. Government-wide system designed for U.S. entities. USAID staff and local organizations consistently highlight challenges with the UEI/SAM process. For example, there is a requirement that documentation in the entity validation process be submitted in English; this is a huge barrier for many local entities whose operations—and documentation—are in other languages.

In addition to reducing the procedural requirements to access USAID funding, we're also reducing the knowledge barriers that have historically impeded local organizations from working with USAID. In November 2021, we launched the [WorkwithUSAID.org](https://www.workwithusaid.org) website to help development organizations expand their knowledge and networks. Since its launch, over 200,000 new users have visited the website and more than 3,700 entities from more than 90 partner countries have registered in the Partner Directory. Of these entities, more than 60 percent self-identified as "local." The platform also includes resources in nine different languages.

The newest feature on the platform centers around a popular topic in the development community: sub partnership opportunities. A Sub-Opportunities Portal has been added to the website, which shares opportunities being offered by USAID's prime implementing partners, who are seeking subcontractors or subawardees when they need specialized expertise or on-the-ground support. For current USAID prime partners, the new page will raise the visibility of their subaward and subcontract opportunities, allowing them to access a wider pool of qualified potential partners. And for these potential partners, the page will provide visibility into more ways to get involved.

The team is working on additional enhancements to the website, including a funding opportunities feed that will pull all "live" USAID-specific opportunities from SAM.gov and Grants.gov into one place, making it easier for potential partners to locate solicitations. Finally, we are working to translate the entire platform into multiple languages, prioritizing Spanish, French, and Arabic.

Regional Initiatives

While all USAID Missions are exploring opportunities for expanding their engagement with local partners and other local actors, regional localization initiatives offer targeted and expedited opportunities to expand engagement with local partners.

Launched just over a year ago, Centroamérica Local is a five-year, \$300 million initiative to engage, strengthen, and support local organizations in El Salvador, Guatemala, and Honduras to lead programs to advance sustainable and equitable economic growth, improve governance, fight corruption, protect human rights, improve citizen security, and combat sexual and gender-based violence in line with the U.S. Strategy for Addressing the Root Causes of Irregular Migration in Central America. Under the program, USAID missions in the region are expanding outreach to local organizations, including indigenous and women-led organizations, using procurement flexibilities to make partnership opportunities more accessible to local organizations. We are now directly supporting more than 20 local partners in El Salvador, Guatemala, and Honduras.

The Africa Localization Initiative is our second regional initiative and will build on the consistent investment that region has seen over the years, particularly in health and food security. The initiative will be a targeted effort in which USAID Missions identify opportunities and the support and flexibilities necessary to take advantage of those opportunities. We are focused on understanding what Missions need to expedite these efforts.

Global Leadership in Locally Led Development

And finally, we recognize that USAID is a powerful player in development and humanitarian spheres. We want to use our voice, power of example, and partnerships to encourage others to also advance locally led development. We are seeing new momentum around reimagining the business of foreign assistance, and we want to help push that forward.

To date, USAID is the only international development donor that has made clear, measurable commitments for how it will hold itself to account for making progress. But other countries are also invested in making their work more locally led.

That is why USAID is working with other donors on shared commitments and approaches for increasing locally led development. In December, during the Global Partnership for Effective Development Cooperation Summit in Geneva, I announced that the USAID and 14 other bilateral donors agreed to a new joint statement on supporting locally led development.

The joint statement outlines specific commitments on behalf of the joining donor institutions to: (1) shift and share power with local actors; (2) channel high quality funding as directly as possible to local actors; and (3) use our voices to advocate for locally led development.

Building on previous international commitments, this statement provides a strong collective statement of donor commitments to localizing development, humanitarian, and peacebuilding cooperation, with a particularly important focus on power dynamics. Together, we will work toward actualizing these commitments, and will continue to advocate for other donors, philanthropies, and multilateral organizations to join us in these efforts.

Congressional Flexibilities

We are grateful for the support and enthusiasm we've heard from our partners and advocates in Congress for advancing a more localized approach to development and humanitarian assistance.

We look forward to working with this committee to advance reforms and tackle the constraints involved with scaling up localization, including those related to current statute or regulation. In particular, we are interested in pursuing changes to how U.S.-centric requirements, such as SAM registration and compliance with certain accounting and audit standards, are applied to partners overseas.

I'd like to thank the committee for the increased funding for 270 new direct hire staff and 33 Foreign Service National staff in the FY 2022 and FY 2023 appropriation funds. Through our multi-year Global Development Partnership Initiative, we hope to continue to work with Congress to grow the permanent Foreign Service workforce to 2,500, the Civil Service workforce to 2,250, and hire 206 Operating Expenses-funded Foreign Service Nationals.

Flexibilities are central to advancing locally led development, and an example from a Local Works program in Burma illustrates why. In Burma's Kachin State, USAID/Burma had been working with international partners to address high HIV rates, which were driven, in part by a complex, heroin epidemic. The Mission's earmarked funds, however, did not allow for activities that addressed the complex socioeconomic factors underpinning the drug epidemic. The Mission was able to use Local Works' flexible funding to listen to local actors – including faith-based and youth organizations, women's groups, the private sector, and others – and then design programming with these organizations based on how they defined the challenge and their envisioned solutions—a strategic, sustainable approach to the complex nexus of the HIV and drug epidemics.

We also hope that future legislation can support the New Partnerships Initiative (NPI), which helps improve the Agency's ability to partner with new, non-traditional, and local partners. To note one example of NPI's success, I'll highlight USAID/Nigeria which bought into multiple NPI mechanisms to channel hundreds of millions of dollars through awards to new and local partners. Despite a challenging security environment, the Mission currently has 16 awards to local partners with a value of \$538 million.

In addition, we hope that any new legislation will support our efforts to apply a localization lens to all of our work, whether that's by making USAID more accessible to local partners or by removing barriers to help USAID and our traditional implementing partners work in different ways with local organizations. USAID looks forward to continued dialogue on the specifics of these reforms in the coming months.

Conclusion

Thank you again for the opportunity to speak with you today. USAID hopes to continue collaborating closely with Congress to lift up a diverse chorus of voices within and outside of the Agency to create a more secure and prosperous world. I welcome your questions and comments on USAID's leadership in driving locally led development.