



Consolidated Report from the U.S. Agency for International Development (USAID) to Congress on Local Sustainable Development and Local Works

USAID submits this report pursuant to Section 7019(e) of Division K of Public Law 115-141, the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018, which incorporates by reference the requirements of Senate Report 115-152 for reports on local sustainable development and the Local Works Program. This report updates the document submitted by the Agency in June 2017, pursuant to Senate Report 114-290. This analysis highlights: 1) USAID’s ongoing Transformation initiative and its relevance to local sustainable development; 2) the Agency’s Local Sustainability Awards Program (formerly known as the Small Grants Program, referred to as Local Works); 3) the ways in which the Agency created new training opportunities and resources that will empower all staff to engage effectively with local partners; and, 4) steps the Agency has taken to implement reforms in human-capital practices described in the June 2017 report.

The Agency’s Approach to Accelerate Our Investments in Local Partners

In Fiscal Year 2017, around 60 percent of USAID’s funding went to just 25 organizations, and 80 percent went to 75 groups. Therefore, USAID continues to look to find ways that lower the costs and barriers of entry for new potential partners. USAID’s internal Transformation aims to make the Agency more effective, efficient, and relevant in advancing U.S. foreign-policy goals, interests, and values. To achieve this goal, USAID is reorienting its core business model to strengthen the capacity and commitment of our developing-country partners to plan, finance, and implement solutions to their own development challenges.

Locally led development is a key element of this vision, which includes the following:

- The proposed **Bureau for Development, Democracy, and Innovation (DDI)** would help ensure that Agency policies that govern local sustainable development accompany more coherent and consistent support to the field on the design of projects and activities. Under this reorganization, functions correctly housed in the Local Sustainability Office in the Bureau for Economic Growth, Education, and Environment—such as the Local Works and Cooperative Development Programs—would be moved to a new “Faith-Based and Locally-Led Development and Partnership Opportunities Hub.” This Hub would serve as a technical resource to the Agency that enhances operations and capacities for direct local-partnerships, and experiments and promotes innovative approaches that produce sustainable, locally managed and financed development outcomes.

USAID aims to **increase private-sector engagement** dramatically—including with local host-country, private-sector actors—through a cultural and operational transformation in the way we conceive, design, and deliver our work. In the countries in which we work, USAID will capitalize on the local private sector’s unique characteristics critical for advancing this vision, including: drawing upon local networks; connecting to other

players in the local system, such as local investors; and making longer-term commitments to the local market, and, therefore, to long-term, locally sustained results.

- Efforts **to improve effective partnerships and reform procurement** will make recommendations for actionable policy and procedural changes to the USAID Administrator by late Summer 2018. Illustratively, these recommendations will address participatory program-design and co-creation, adaptive-management to support local partners, make it easier for local partners to work with USAID, remove constraints to working with partner governments, and innovations and best practices for strengthening the capacity of local organizations. Our plans include revising versions of the New Partners Initiative launched under the President’s Emergency Plan for AIDS Relief under the Bush Administration, to attract small implementers that have never done business with the Agency, or have only received small amounts of funding as sub-recipients.

USAID will continue to update Congress on our progress towards supporting self-reliance and locally led development under the Transformation, as well as any lessons learned and adjustments made based on implementation of these reforms.

Senior Obligation Alignment Review (SOAR) Policy

Under the Agency’s SOAR policy, USAID’s senior leadership review, and provide oversight of, large procurement actions to ensure our major investments reflect our cross-cutting priorities. Local sustainable development—whether through direct assistance to host-country (local) partners, sub-awards to local partners, and/or other methods—is a key criterion in SOAR reviews. For example, in recent SOAR reviews, the Administrator has asked that at least 20 percent of funding for planned sub-grants target local-partner organizations in programs for Global Health and Democracy, Human Rights and Governance since January 2018. The Agency has recently released its updated SOAR guidance, and these criteria will even more strongly reflect the Agency’s increased focus on “self-reliance” overtime, which places sustainability and local financial and managerial responsibility at the center of all of USAID’s efforts.

The Local Works Program (Small Grants Program) and the Local Sustainability Office

The Local Works program exemplifies these principles and USAID seeks to scale up this kind of model across USAID’s entire portfolio. On May 21, 2018, USAID announced the selection of nine new Missions for the third round of Local Works. This round saw 28 Letters of Interest, which totaled over \$170 million in requests. Along with the Cooperative Development Program, the Peace Corps Small Project Assistance partnership, and four co-created research partnerships focused on locally led development, Local Works provides USAID Missions with resources, tools, and technical support to try new approaches that are more flexible, locally responsive, and sustainable (such as co-creation and co-design). The key objective is for USAID Missions and Operating Units to have the means, knowledge, skills, tools, and resources to ensure our assistance aligns with the priorities of local actors; and that Missions’ locally led development programming is inclusive of marginalized populations; leverages local capacities and resources; and engages with local systems in ways that build upon and strengthen local leadership, capacity, and self-reliance to sustain development over time.

Local Works is not just about advancing locally led development within the confines of its annual \$47 million budget; it is also a tool for identifying and disseminating practical ways for the entire Agency to become better at funding local organizations. In February 2018, USAID released its third call for Local Works proposals from USAID Missions. This year, USAID explicitly prioritized proposals for funding that described what the Mission, local partners, and the broader Agency could expect to learn through proposed approaches. The call for proposals focused on efforts that not only support local ownership, but also contribute to improved USAID support for locally led development through our staff, programming, and operations. On May 21, 2018, USAID chose nine new Local Works partner Missions, which brings the total number of participating Missions to 16. Additional information is available in Appendix A.

Training and Tools for Sustainable Development

In addition to the 16 Local Works Missions, the Local Sustainability Office is increasing its capacity to become a technical resource for the entire Agency to support locally led development more completely, including through reviewing meritorious unsolicited proposals from local actors. The program has also entered into a communications, research, evaluation, and training partnership whereby the office will manage a global engagement and capacity building strategy in support of locally-led development for all interested Missions and Operating Units. This includes the creation of a new Locally Led Development Hub on the Agency's ProgramNet website, which includes the contact information for USAID technical champions, tools, resources, evidence, and lessons learned. The content on this site will grow over time. The program has also recently taken responsibility for narrative inputs to annual performance reports from USAID Missions on their locally led development efforts (including, but not limited to, Local Works), which the Office will analyze annually to understand progress, challenges, and opportunities more precisely.

Additionally, in the Fall of 2017 USAID launched two new training courses, one on-line and one classroom-based, to build staff capacity to implement the Agency's operational policy for planning, delivering, assessing, and adapting development programming in a given region or country. Approaches to understanding and adapting programming to the local context through effective engagement with local actors are at the very heart of USAID's new training suite. Starting in May 2018, USAID is delivering its new classroom course, entitled *Project Design*, in 13 countries, and in Washington, D.C. A new research and capacity-building/training strategy will complement this course. Furthermore, USAID continues to offer training courses that put into practice key concepts for local engagement and sustainability.

USAID uses its internal web platform to deliver webinars on relevant local engagement topics, as well as to distribute Discussion Notes (e.g., *Implementing Local Ownership*, *Stepping Stones to Providing Government-to-Government Assistance*, and *Tips for Better Use of Advisory Councils*, to name a few). The internal platform fosters peer-to-peer learning, which provides opportunities for USAID staff to share experiences, common challenges, and proven solutions.

Human Capital for Sustainable Development

As previewed in the June 2017 report, USAID introduced a new Skills Framework for the annual Foreign Service Officer (FSO) performance-management process beginning in the 2017-2018 cycle. The Framework requires supervisors to assess an FSO's proficiency in skills such as Contextual Awareness and Communication, including the use of foreign languages. Throughout the rating cycle, and at all levels, USAID is now measuring the performance of FSOs by their ability to demonstrate how they have engaged with local partners to assess the local context and understand local needs and priorities. In addition, USAID introduced updated, backstop-specific competency requirements for its Foreign Service (additional competencies related to each occupational category, such as Agricultural Development Officers, Economists, Education Officers, *etc.*) that incorporate effective engagement with local partners. USAID uses competency requirements both in performance-management and in guiding the Agency as it seeks to recruit, retain, and deploy the talent needed to fulfill the Administration's vision for the future.

USAID has now completed its *Promotion Precepts*, used by Performance Boards to select and rank FSOs for promotion. The Foreign Service and Senior Foreign Service Performance Boards will receive an explicit direction to consider how an individual's performance contributes to the achievement of the requirements of the *Foreign Assistance Act of 1961*, as amended, which states that development assistance must "emphasize the responsibility of developing countries to successfully marshal their own resources to lead their own development with participation of their people in decision-making..." This new guidance will be in effect for the 2018-2019, performance cycle for FSOs.

Recognizing that foreign-language skills are essential to achieving our goals, USAID has sought ways to fulfill this need cost-effectively. Specifically, USAID has increased the use of short-term language-immersion training in the United States for Spanish, French, and Arabic, and abroad for Serbo-Croatian. Co-hosted and organized in partnership with the U.S. Department of Defense (DoD), these trainings have enabled several participants to raise their tested proficiency scores after only two weeks of intensive work. In Summer 2018, as a continuation of this approach, USAID and DoD will co-host a multi-country French-immersion course, as French is a critical language in countries such as Haiti, Mali, and the Democratic Republic of the Congo, as well as one course in Serbo-Croatian. Our plans call for overseas language-immersion courses in Spanish, Russian, and Arabic. The Agency has not yet been able to achieve its goal of raising proficiency requirements in especially challenging languages, such as Arabic, and in those spoken by comparatively fewer people, such as Swahili. USAID has also not yet been able to increase the number of language-designated positions, because of the pressing need to assign our cadre of FSOs to vacant positions overseas.