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LOCAL CAPACITY STRENGTHENING POLICY

Public Feedback

CONTENTS

I. Methods	3
II. Summary of Comments and Revisions to the LCS Policy	6
A. Strengthening Capacities	6
B. Supporting Equitable Partnerships	7
C. Including International Partners	9
D. Operationalizing the LCS Policy	10
III. Conclusion: The Path Forward	13

ACRONYMS

ADS	Automated Directives System
LCS	Local capacity strengthening
LFT	Local, Faith, and Transformative Partnerships
PAC	Policy Advisory Council
USAID	United States Agency for International Development

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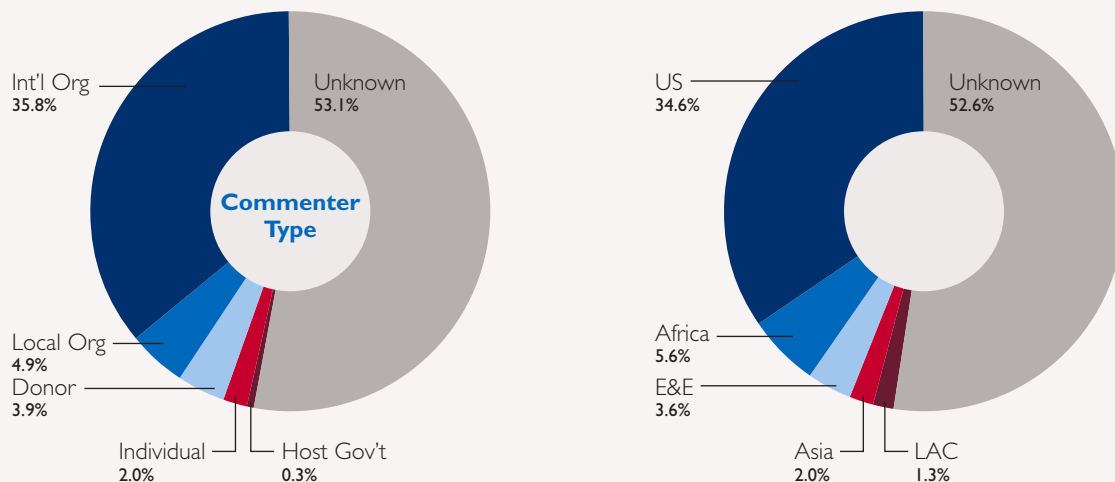
LOCAL CAPACITY STRENGTHENING POLICY: PUBLIC FEEDBACK

This memo summarizes the methods, comments, and outcomes of the public comment period for the United States Agency for International Development’s (USAID) Local Capacity Strengthening Policy (LCS), formerly Local Capacity Development Policy. The Agency received substantial comments on the policy during the public comment period, this memo does not detail USAID’s responses to each comment, but rather summarizes the main comments received by cross-cutting theme and how USAID revised the policy in response to these comments. Please refer to the final version of the [LCS Policy](#) for all the changes USAID made during the review process.

I. METHODS

USAID developed the LCS Policy to “[provide] the Agency with a vision for effective local capacity strengthening that builds on the consensus across the development landscape, feedback from local actors and partners, and years of implementation experience and evidence” (Executive Summary). Knowing this policy would affect many groups of stakeholders, including USAID’s current partners, potential new partners, foreign governments, and USAID staff, USAID made a concerted effort to solicit and carefully analyze feedback on the policy from local partners, members of the development community, USAID staff, and the general public. USAID and partners conducted 11 focus group discussions, an internal USAID webinar, and a public webinar to gather input to inform the first draft of the LCS Policy. After developing

FIGURE I Type and Location of Commenters to the LCS Policy

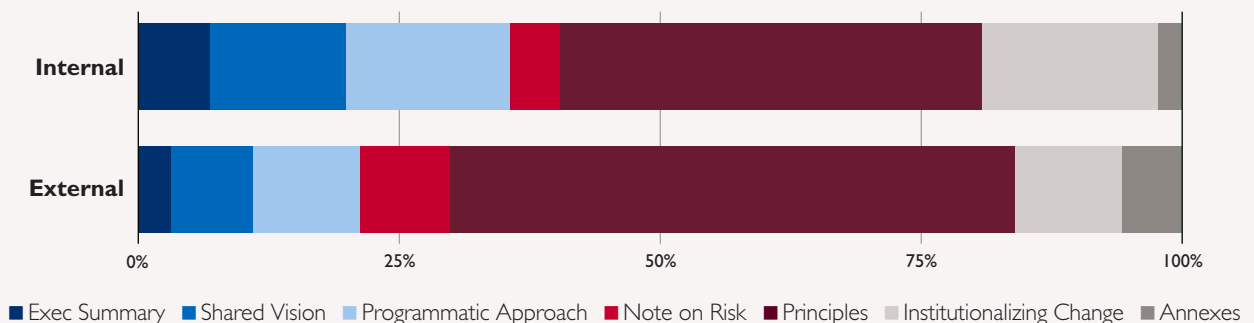


the first draft, USAID shared it on the Agency's website in December 2021 for public comment through January 2022. USAID then followed an intentional and rigorous process for responding to the nearly 600 pages of comments received during the public comment period, a process it hopes will set a standard for U.S. Government engagement and accountability in policy development in the future.

After the public comment period ended, USAID teams systematically reviewed the comments to identify key themes and trends to inform next steps. The LCS Policy received 263 internal comments from USAID staff (21 percent from Missions-based staff, 78 percent from Washington-based staff, and 1 percent from anonymous staff), 277 external comments through the online form, and 40 external comments through reports (see Figure 1). A team of nine USAID staff from the Bureau for Policy, Planning, and Learning (PPL) and the Local, Faith, and Transformative Partnerships (LFT) Hub used Dedoose, a qualitative coding software, to tag and organize the comments for analysis. The team then analyzed the comments by report sections and themes, as well as by cross-cutting themes and trends between internal and external comments. Next, the drafting team identified quick line edits, broad items for discussion, and common themes (and outliers) across comments before working with subject matter experts to identify ways to respond to or incorporate the comments into the LCS Policy during a workshop to decide next steps. Finally, USAID closed the feedback loop by communicating the U.S. Government's response to public comments during the policy's public launch in October 2022. The comments received during the public comment period will continue to influence the policy's rollout, communication, and implementation.

Information about external commenters is incomplete in terms of commenter type (i.e., donor, international organization, etc.) and location (i.e., U.S., Africa, etc.) because external commenters were not required to provide identifying information. Roughly half of all external commenters' identifying information was either provided voluntarily or deduced through the information in their comments or reports. Among the identified external commenters, the majority came from international organizations and the U.S., highlighting a potential bias in comment trends and potential underrepresentation of comments from non-U.S.-based local groups and communities.

FIGURE 2 Percent Comments by Policy Section



USAID also analyzed trends in the comments from internal and external commenters by section of the policy (see Figure 2). Internal commenters shared more feedback on the Institutionalizing Change, Shared Vision, and Programmatic Approach sections, whereas external commenters focused more on the Note on Risk and Principles sections. Both groups of commenters generally agreed on major themes, gaps, and concerns, though they differed in their responses to specific principles.

From the USAID team's careful analysis of these comments, they identified the following cross-cutting themes, further elaborated on in the following section:

- **Strengthening Capacities**
 - Don't Call It Capacity "Development"
 - Enthusiasm for an Asset-Based Approach
- **Supporting Equitable Partnerships**
 - Power Imbalances
 - Importance of Inclusion
 - Enabling Environment
- **Understanding Roles**
 - Need for Donor Coordination on Capacity Development
 - Including International Partners
- **Operationalizing the LCS Policy**
 - Putting Principles into Practice
 - Time, Money, and Mindset
 - Accountability
 - De-Jargon

Photo credit: Bobby Neptune for USAID



II. SUMMARY OF COMMENTS AND REVISIONS TO THE LCS POLICY

A. Strengthening Capacities

- ▶ **Don't Call It Capacity "Development":** Capacity "development" suggests something is lacking; other terms would be more asset-based.
- ▶ **Enthusiasm for an Asset-Based Approach:** There is wide-ranging support for recognizing there is capacity to tap into everywhere USAID works.

Many commenters objected to the policy's characterization of capacity "development," indicating this language implied capacity did not exist or was limited. Commenters recommended using alternative terms that emphasize existing capacity instead, such as "capacity strengthening," "capacity sharing," or "capacity investment," among others.

Beyond this, commenters widely praised the policy's recognition that there is capacity everywhere USAID works and that the Agency needs to recognize and tap into this capacity and work to strengthen it, not develop it. To meaningfully shift power and decision-making to local actors, commenters appreciated the asset-based approach articulated in the policy, particularly in the Building on Existing Capacity and Practicing Mutuality principles. However, commenters noted this approach was not consistent with the more top-down, deficiency-based steps outlined in the Programmatic Approach section. To bolster the asset-based approach, commenters highlighted how USAID, in turn, has opportunities to learn from local partners and benefit from their knowledge.

"Local actors have long expressed concerns about how donors and international organizations do not pay close attention to the tremendous local capacity that already exists and often goes untapped—a very good point. I appreciate how Principle 4 attempts to help address this, but I didn't get the sense that the rest of the policy sufficiently emphasizes the effort to do this."

PUBLIC
COMMENT

To respond to these comments, USAID changed the name of the policy from Local Capacity Development Policy to Local Capacity Strengthening Policy and updated related language throughout the document. To further emphasize this point and respond to the general enthusiasm for an asset-based approach, the policy added language that emphasizes the importance of locally led approaches that build on existing strengths, especially in Section 1: A Shared Vision and Section 2: Principles for Effective Programming. For example, the revised policy states that local capacity strengthening "must be programmed in a way that builds upon the existing strengths of local actors and systems" (Section 1), and that "USAID should approach every challenge or context recognizing that local actors possess many of the necessary capacities to drive sustainable development, but that they also may want accompanying support" (Section 2).

Additionally, USAID revised the Programmatic Approach section (now called, Principles for Effective Programming) to read less as a top-down, directive approach based on perceived gaps. Rather, the revised policy advocates working with local actors toward shared goals; for example, according to the revised policy, “People in and affected by the local systems in which we work should guide our decision to invest in local capacity strengthening and our expectation of the types of performance improvements that our programming is likely to catalyze and support” (Section 2).

B. Supporting Equitable Partnerships

- ▶ **Power Imbalances:** The policy can better recognize power imbalances inherent in USAID’s relationships and provide clear guidance on how to address them.
- ▶ **Importance of Inclusion:** USAID can do more to promote the inclusion of marginalized groups throughout the policy.
- ▶ **Enabling Environment:** The policy must clearly link the broader enabling environment with our ability to do LCS.

Power imbalances inherent in development work can constrain opportunities for fully collaborative, mutual partnerships with local organizations. Commenters noted a potential tension between USAID’s vision to follow local priorities and its duty to align with U.S. foreign policy priorities. Commenters requested the policy recognize this inherent power dynamic and suggested resources and tools to address the issue. Furthermore, commenters noted it will be essential to understand and work within local realities to achieve success in LCS, and onerous USAID processes and requirements could impede engaging local actors.

Broadly, commenters praised the policy’s effort to include local actors, but encouraged USAID to go a step further by explicitly including marginalized groups. To effectively shift power to local actors and center efforts around local priorities, commenters felt the policy needed to emphasize inclusivity and intentionally seek out these groups and their perspectives.

“How will USAID ensure that local capacity development does not get monopolized by local actors who are already the most privileged and included?”

“The emphasis on mutual accountability is welcome—but given existing power dynamics is unrealistic—local partners cannot provide meaningful assessments as to what is not working in a relationship in which USAID money funds their livelihoods.”



Commenters praised the policy’s systems-based approach but requested additional detail on how it would be implemented. They expressed concern that limiting factors in the local enabling environment would be a barrier to LCS, such as political will and buy-in, human rights issues, corruption, and lack of civic space. Certain factors may mean capacity strengthening is not the best solution in a given situation. Commenters suggested integrating elements of a “thinking and working politically” approach or a political economy analysis to address these gaps in the LCS Policy.

“The Policy does not address shrinking civic space or how USAID will overcome national governments’ opposition to local capacity building...”

PUBLIC
COMMENT

In response to these comments, the revised policy acknowledges the power imbalances and time investment partners must often make to engage in USAID programs. In the introduction of Principle 3, the policy describes ways in which power can be expressed in global development and “acknowledges the inherent power held by official development assistance donors and commits to... partnerships that align efforts with local priorities, take an asset-based approach, are mindful of and mitigate unintended consequences, and are based on mutual respect and reciprocity.”

The revised policy also acknowledges how assessments especially can be a burden for local partners, whether they are USAID performance or accreditation assessments by third parties or studies by international donors. Therefore, the revised policy recognizes that “local actors may not feel confident in expressing concern or declining requests or invitations to participate” in assessments due to the existing power imbalance, and therefore declares that “prior to undertaking any new assessment with a local actor, USAID commits to first requesting and making use of the results of other recent assessments as relevant” (Section 2, Principle 3). Additionally, in Section 4: Institutionalizing Change, the policy promises the LFT Hub will work to institutionalize LCS across the Program Cycle, as well as identify opportunities to ease adoption of the policy, stating, “The [Policy Advisory Council (PAC)] and [Management Bureau’s Office of Acquisition and Assistance (M/OAA)] will make recommendations to the Administrator on reforms to Agency practice that will enable easier adoption of the principles and practices of the policy.”

USAID also worked to better align its policy vision with intentional inclusion, adding, “USAID and its partners must intentionally include people from marginalized and underrepresented groups, such as women and girls, persons with disabilities, LGBTQI+ people, displaced persons, migrants, Indigenous Peoples, youth and the elderly, religious minorities, ethnic minorities, people in lower castes, and people of diverse economic class and political opinion. If we do not intentionally include the voices of actors who represent these groups, we risk unintentionally excluding them.” The revised policy also includes language explaining the value of intentional inclusion: “Being intentionally inclusive inherently brings new perspectives and assets to expand the generative potential of our work and shifts the roles of local actors who can bring about transformational change for sustained development” (Section 3). Furthermore, the three principles in Section 3 were reorganized around inclusion and the strength it brings to USAID programming.

Acknowledging current power imbalances and potential contradictions between U.S. policy goals and local goals, USAID revised language in the policy to emphasize the move from a prescriptive approach towards collaborative, mutual partnerships. Principle 5 now states that USAID “will not enter a partnership with a preconceived vision for how an ‘end state’ for local actors will be achieved, nor deploy a standard



Photo credit: Angela Rucker for USAID

package approach to supporting local capacity strengthening. Approaching local capacity strengthening from a preconceived idea about what a 'good' or 'capable' actor looks like can undermine both the process of engagement and programming effectiveness." Principle 6 states that "USAID should reflect on the visible, hidden, and invisible forms of power structures in a local system and how these can manifest both among actors in a local system and in our own interactions with local partners... [this can] help us build partnerships that are based on mutual respect and trust and help balance power asymmetries in local capacity strengthening programming."

Finally, to address limiting factors in the local enabling environment, the revised policy stresses the importance of considering local factors, such as social exclusion and unequal power relations, that mean LCS investments "may not be sufficient to catalyze sustained change and may need to be paired with other efforts to strengthen local systems. Therefore, we also may need to help local actors identify ways to unlock financial resources, gain access to or leverage other resources, or promote policy implementation for the system to function better" (Principle 1). Additionally, to better represent the complex system in which LCS activities will operate and the need to tailor approaches to the local context, USAID added a graphic to explain how capacity development approaches differ across social levels (i.e., individuals, networks, and systems).

C. Understanding Roles

- ▶ **Need for Donor Coordination on Capacity Development:** Are other donors on board with this? If not, can we get them on board?
- ▶ **Including International Partners:** International implementing partners want to know what role they will play in the policy's vision for local capacity strengthening.

While the LCS Policy is focused on investing in the capacity of local actors, international implementing partners and other donors remain important to achieving the policy's goals. International development partners were by far the largest contributor to public comments on the LCS Policy (of identified commenters). They often commented that they were concerned the policy did not clearly articulate their role in implementation. Both small and large businesses described how working through implementing partners can be a tool for strengthening local capacity. However, some local partners shared concerns that challenges with international partners (e.g., adopting a one-size-fits-all approach to capacity strengthening) were among the issues that the policy should

address. Some feared international partners may not embrace efforts to strengthen local partners, as doing so may increase competition for funding.

“The draft policy should acknowledge the key role that traditional non-local implementing partners play in ensuring this fiduciary responsibility while also building the capacity of local actors. If nothing else, such non-local implementing partners possess and maintain, due to their scale, the needed systems, procedures, and capacity to ensure fiduciary risk management.”

PUBLIC COMMENT

“Though there are signs that receptivity to this agenda has grown within the development community, on Capitol Hill, and even among many implementing partners, there are still likely to be hold-outs among U.S.-based [non-governmental organizations] and firms who may be reluctant to embrace efforts that would strengthen their potential competitors for future funding.”

PUBLIC COMMENT

Beyond implementing partners, commenters noted the importance of coordinating closely with other donors. USAID is not starting from square one; commenters asked how USAID can leverage what others have identified as capacity priorities. Commenters asked that the policy include more information on how USAID would harmonize different donor approaches to LCS to avoid redundant, burdensome, or conflicting actions and promote synergies across the development sector. They also suggested communicating the LCS Policy to other donors and seeking support for aligning capacity strengthening approaches.

“Donor coordination, driven locally, will be critical to articulating contributions to larger country goals, identifying programmatic priorities and activities, and [avoiding] conflicting technical approaches and administrative requirements and incentives.”

PUBLIC COMMENT

To better explain the roles of implementing partners, as well as the roles of other key actors, USAID added a box on the roles of the four main actors in the policy: local actors, local partners, international partners, and other international donors. The text explains that achievement of development goals requires “the contributions of multiple and interconnected actors” that work across different social and geographic levels. The policy acknowledged the valuable and shifting roles of different actors in the development context: “Each of these types of actors can contribute different strengths and resources to solving global development challenges. However, achieving the vision of this policy and advancing global equity and inclusion may require some actors to shift their roles in humanitarian and development programming in local systems. When USAID, other international donors, and international partners serve as facilitators, convenors, and catalyzers and support local actors and local partners to lead from the center of networked planning and implementation approaches, as illustrated below, USAID programming can shift agenda-setting and decision-making power to the people directly impacted by aid and development programs.” Within this box, USAID also added a graphic that describes these different and shifting roles that actors play at different times.

D. Operationalizing the LCS Policy

- ▶ **Putting Principles into Practice:** The principles risk remaining aspirational without realistic guidance and practical “how-to” tools.
- ▶ **Time, Money, and Mindset:** Capacity strengthening is a long process that must be intentionally resourced, and USAID must change its expectations and mindset accordingly.
- ▶ **Accountability:** How will USAID be held accountable for working differently?
- ▶ **De-Jargon:** Communicate clearly to better engage with local actors.

While there was broad support for the LCS Policy, many commenters wondered how the policy would be operationalized in practice, particularly given considerations around risk, limited control, and limited time and funding. They indicated USAID will need to change the way it works to ensure budget, time, and institutional culture enable implementation of the LCS Policy. Particularly, commenters wanted the policy to articulate how USAID would transform its practices to address institutional barriers such as expectations for short-term and low-risk results; limited staff time, training, and incentives to do LCS; and entrenched risk aversion within USAID and partners. Commenters noted that doing LCS properly will require longer time frames, more staff and financial resources, and a stronger appetite for risk.

Additionally, commenters requested tools and implementation guidance (forthcoming winter 2022) to apply the policy, and noted the policy should link to and reference such guidance. Practical “how-to” guides and tools, such as Political Economy Analysis, will be essential to bringing the policy from aspiration to realization.

“Capacity strengthening of the type described takes time. It is unclear how USAID intends to reasonably manage expectations about how long it takes to create sustainable change in effective locally driven processes that lead to improved social or economic outcomes over the medium term. Will project timeframes expand?”

PUBLIC
COMMENTS

“Decades of a ‘compliance-first’ mentality have ingrained risk aversion in agency staff and implementing partners alike.”

As USAID makes these substantial changes to internal processes, policies, and procedures, commenters asked how USAID will remain accountable for these changes. Commenters also noted that the LCS Policy will require partners to change their practices, and questioned how they will be held accountable.

“Tensions between a desire to align with local priorities vs. a system that is ultimately donor driven was seen as a primary challenge by staff reviewing this policy. How will USAID encourage this shift in its programming? How will USAID hold itself and partners accountable to these proposed changes?”

PUBLIC
COMMENT

Finally, commenters noted that the policy’s language, like language used by USAID and partners broadly, is particular to USAID and often difficult for people external to

the organization to understand. In order to include new actors, commenters said the policy, and USAID's communications in general, will need to use simple, accessible language. Additionally, they indicated USAID should ensure the final policy is made available in other languages.

To respond to these comments, USAID revised Section 4: Institutionalizing Change to better reflect the need for budget, accountability, and resources. The first priority of the PAC, formerly the Localization Leadership Committee, acknowledges that "Agency leadership must ensure that staff have the necessary incentives, resources, and flexibilities to implement local capacity strengthening" and directs the PAC to work within USAID and with Congress to secure funding for the LCS Policy. In addition to developing a reference on LCS for Automated Directives System (ADS) chapters on the Program Cycle and government-to-government financing, the PAC and the LFT Hub "will also spearhead an effort to identify and propose regulatory and policy changes in the ADS 303. These changes will ensure sufficient resources are allocated in all awards where capacity strengthening is an explicit goal of the program" (Section 4).

The PAC is directed to "[develop] and [disseminate] new training, tools, personnel incentives, and communications products to ensure that USAID staff, partners, and other stakeholders have the skills and tools necessary to effectively implement the policy" (Section 4). This includes implementing an internal and external engagement strategy, establishing a robust resource hub for effective LCS, ensuring integration of LCS into Agency training, and "proposing changes to the Core Competencies and Skills Matrix to align the Agency's personnel incentives and hiring and promotion processes with the policy." Forthcoming implementation guidance will add to the set of resources that USAID staff and implementing partners have for LCS.

Developing and strengthening feedback loops, such as through the PAC, will enable USAID to learn what is and is not working and adapt accordingly. To ensure USAID accountability, the PAC and the LFT Hub "will coordinate a comprehensive effort to prioritize accountability to local actors and stakeholders to ensure that adequate resources are dedicated to experimentation, innovation, and best-fit practices in local capacity strengthening" (Section 4). This effort will include disseminating best practices in LCS, supporting LCS communities of practice and peer groups, and convening annual sessions with local actors to collect feedback.

Finally, USAID made a concerted effort to "de-jargon" the policy. USAID also revised the outline of the policy to target a broader audience and be less specific to USAID. The main body of the policy was reorganized, eliminating the Programmatic Approach section and recenter two main sections, Principles for Effective LCS Programming and Principles for Effective LCS Partnering. The team hopes this new structure will make the policy more accessible to and easier to understand by a non-USAID audience.

III. CONCLUSION: THE PATH FORWARD

USAID, which prides itself on openness and accountability, appreciated the comments received on the first draft of the LCS Policy and used them to revise the document. USAID hopes to follow its own principle of mutuality and create policies that respond to the needs and knowledge of local and international partners, the communities with which it works, and the broader development community, and therefore thanks everyone who took the time to respond with thoughtful insights on the draft policy.

USAID recognizes the publication of the Local Capacity Strengthening *Policy* is just one step in advancing this way of working. Moving forward, USAID strongly encourages interested organizations, stakeholders, and individuals to stay engaged with the LCS Policy and contribute to its rollout, including of the upcoming Localization Playbook and LCS Policy Implementation Guidance. To stay abreast of new events and developments, please visit www.USAID.gov to find relevant events and presentations on local capacity strengthening. USAID hopes its partners, both current and future, will continue to meaningfully contribute to this exciting work.

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