



ELEVATING THE COMMUNITY'S AGENDA:

Honing USAID Forward's
Approach to Local Ownership

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Summary

The U.S. Agency for International Development's (USAID) enhanced focus on local ownership through the USAID Forward¹ reform agenda is a welcome step toward greater aid effectiveness. As an organization that has long seen local ownership as central to effective development programming and partnerships, Mercy Corps applauds the principles driving USAID's commitment.

For years, Mercy Corps and other nongovernmental organizations (NGOs) have called on USAID and other donors to build meaningful local ownership into their aid programs.² USAID's efforts to operationalize the local ownership focus of the Paris Declaration on Aid Effectiveness and the subsequent Busan Aid Effectiveness Forum will significantly enhance the United States' approach to development aid. Getting donor practices and configurations on local ownership right will ultimately pave the way to more sustainable development practices.

At the same time, expanding local ownership of aid presents complex operational challenges for donors and implementers alike. USAID's attempts to develop consistent and realistic policies to promote local ownership will require a combination of pragmatism and idealism. The dated and cumbersome U.S. foreign-assistance infrastructure will impede a modernizing USAID as it seeks to work in new ways. Mercy Corps recognizes that maintaining a focus on local ownership within competing U.S. government priorities and compliance regulations is a nuanced and challenging endeavor, especially in states where civil society and governance institutions are weak.

With these challenges in mind, this paper provides recommendations for putting effective local ownership into practice. This paper draws on lessons from Mercy Corps' decades of work in more than 40 countries and local partnerships with hundreds of diverse civil society, business and government groups. We also conducted extensive interviews on local ownership approaches with 14 high-performing partners and local actors in Latin America, the Caucasus, West and Central Africa, the Middle East, East Asia, and South Asia.³ These voices represent a broad cross section of local groups – both those who access U.S. funding, and those who do not – and their common and conflicting opinions are an important reminder of the realities of working amidst diverse partnerships and capacities, across a range of country settings.

This effort identified the following four core principles for how donor practice can enable effective local ownership, with a range of supporting policy recommendations.

Build a Strong Foundation

Local organizations overwhelmingly highlighted the importance of getting the “what” of local ownership right. Local ownership must not be seen as finding “local” implementers for otherwise standard donor solicitations. Local actors, just like donors, are looking for partnerships that advance their own development goals and aspirations. Building mutually beneficial partnerships means assessing needs, planning interventions and orienting partnerships in a fundamentally

1 For more background, and the progress report, see: <http://www.usaid.gov/usaidforward>.

2 See for example: Modernizing Foreign Assistance Network's (MFAN) 2009 open letter <http://www.modernizeaid.net/wp-content/uploads/2012/09/FINAL-Open-Letter-on-IPR.pdf>; InterAction statements and policy papers, see for example: <http://www.interaction.org/category/tags/country-ownership>; and Advisory Committee on Voluntary Foreign Aid (ACVFA) discussions dating back to 2001, see for example: http://transition.usaid.gov/about_usaid/acvfa/acvfasummarymay2001.pdf.

3 Mercy Corps interviewed partners from the following countries for this report: Central African Republic, Colombia, Democratic Republic of Congo, Georgia, Haiti, Indonesia, Kenya, Lebanon, Liberia, Mongolia, Myanmar/Burma, Tajikistan and Tunisia. Interviews took place from November to December 2012, using a semi-structured questionnaire format. Profiles are included at the end of this report.

different way from past practice. Donors should solicit local participation in setting priorities and in defining parameters for partnerships, a critical component in building ownership. Civil society actors often place the greatest value on international partnerships as channels for building sustainability and credibility through technical expertise, and as mechanisms for sharing best practices to improve performance. They often do not seek to simply be implementing partners or to access short-term funding; they seek to develop as institutions in their own right.⁴ USAID, in contrast, seeks local partnerships focused on specific program results; it seeks to enhance local ownership of those results, but is not necessarily as focused on partnership as a mechanism for intentionally building up local institutions. Structuring USAID's local engagement toward development of shared goals and strategic alignment is essential to minimize this inherent gap.

Balance Compliance with Results

USAID should focus on reforming the “how” of local ownership: making partnership mechanisms more accessible and comprehensible to local institutions. The complexities of current USAID requirements favor, by default, local actors adept at navigating institutional donor systems – while marginalizing others. Partners we interviewed perceived troubling trade-offs: complex requirements force local actors to either focus scarce organizational development bandwidth on U.S. government compliance, or avoid partnering with USAID. USAID Forward should develop partnership models and explore regulatory reforms that would rebalance partnership eligibility toward program results, effective internal controls and accountability to beneficiaries, rather than mastery of the U.S. government code of federal regulations. This would allow civil society organizations' (CSOs) real strengths – local credibility, networks, fresh approaches to protracted issues, etc. – to drive partnership considerations.

Build New Partnerships

USAID Forward should rethink the “who” of local ownership: reaching beyond the usual suspects to promote engagement with new and emerging local actors. While USAID Forward clearly identifies its goal to develop local partnerships with governments, CSOs and businesses, USAID systems are not flexible enough for engagement with nontraditional actors and often miss the mark on the private sector as well. This includes social movements that have been some of civil society's most influential change agents in recent years, as well as groups that blur the lines between sectors, such as state-owned enterprises or trade unions. Restrictive sectoral boxes, a heavy management hand and rigid branding demands often backfire, alienating potential partners with whom USAID may share common interests.

Engage International Actors

Finally, as USAID rightly expands its direct partnerships with local actors, it should reassess the role that international agencies can play in local partner engagement. International organizations are not principally a pass-through for funds, and an approach that views international nongovernmental organizations (INGOs) in this way does not meet USAID or local partners' goals. Our research showed that CSOs see an important and ongoing role for INGOs as connective agents, facilitators and catalysts to support locally led development. INGOs bring valuable expertise in their breadth of technical and geographic experience, ability to reach out and bring together nontraditional partners, and sustained direct relationships with local actors even in challenging contexts.

⁴ See for example, the outcomes outlined in the Keystone Accountability study, which surveyed more than 3,000 local partners on behalf of Mercy Corps and 27 other INGOs: <http://www.keystoneaccountability.org/services/surveys/ngos>.

Build a Strong Foundation for Local Ownership

Because people know that Haiti is the poorest country in the western hemisphere, people think that they have to send money, and the more money the better. But this is not true. . . . [International governmental] donors have good feelings when they send money to Haiti, but in terms of impact, it is still very low. First, we have to educate donors. We can do many things with money, but money is not enough. We have to take time to assess the organizations that are doing good work, that involve participants, build capacity. . . not invest a lot of money in big, short-term projects with lots of technology that local people cannot manage. It is important to involve people – this is what is missing most in the projects in Haiti: participation. Aid should follow the community’s agenda, not the donor’s.

- Cantave Jean-Baptiste, Executive Director
Partenariat pour le Développement Local (Partnership for Local Development), Haiti

The impetus for USAID’s localization strategy arose out of the Paris Declaration on Aid Effectiveness, which identified local ownership of aid, and donor alignment with local priorities, as core principles of aid effectiveness. The Paris summit and subsequent high-level meetings in Accra and Busan affirmed that local ownership should represent a shift away from aid decision making in foreign capitals, and toward development aid centered on local priorities. Local ownership strategies should meet partners where they are, not simply transfer implementation of donor programs to local actors.

USAID’s recent progress report on the USAID Forward agenda focused heavily on the shift to local recipients of project funding, but said far less about whether and how that shift toward local ownership is altering the content of USAID’s global programs.⁵ This orientation could undermine what USAID is trying to achieve. A recent report on localizing aid published by the Overseas Development Institute found that donors who overly relied on project-based approaches contributed to weakening recipient ownership.⁶ As the reform agenda moves forward, USAID should define success not principally as a shift in who implements USAID programs, but instead as a deeper change in how USAID approaches program planning, who it engages in setting priorities, and how it conceives and structures its relationships with local development stakeholders in developing countries.

That deeper change is what stakeholders in the developing world are looking for. A CSO in Tajikistan commented:

We are always looking for compromises in direction, which will somehow allow us to get access to funds without shifting too far from our main mission and direction. For example, we know the problems of our society and we assess our capacity so we know what we can accomplish. But sometimes it is not the donor’s priority or on their agenda. For example, we would like to have guarantee funds for women’s startups, or some interest rate subsidies to reduce risks. But all these mechanisms are not on donor agendas... even though they are all doing microfinance.

5 View the report online at <http://www.usaid.gov/sites/default/files/documents/1868/2013-usaid-forward-report.pdf>.

6 Jonathan Glennie, Alastair McKechnie, Gideon Rabinowitz and Ahmed Ali, “Localising aid: sustaining change in the public, private and civil society sectors,” Overseas Development Institute, Centre for Aid and Public Expenditure, 2013: See Section 5.3.3 on core and project funding, in particular. For details, see: <http://www.odi.org.uk/publications/7320-localising-aid-public-private-civil-society>.

A 2010 study conducted by Keystone Accountability and InterAction underscored this disconnect. The study, which captured the views of 3,000 southern partners working with 25 INGOs based in the U.S. and Europe, including Mercy Corps, challenged many preconceptions about local civil society actors and capacity building. It found that what local partners seek through international partnerships is an elevated role in development decision-making, not just an expanded role in project implementation. The study further found that CSOs feel that project partnerships are most valuable to them when funding is paired with capacity building to facilitate policy impact, improve their local sphere of influence and ultimately catalyze steps toward greater independence and long-term sustainability.⁷

That kind of partnership rests on a sustained consultative approach over time that builds trust and alignment between donors and local stakeholders. However, the current operating model of USAID and many other donors – with relatively short planning cycles, a heavily projectized approach to partnership and frequent staff rotations – makes it difficult to build the trust, long-term approaches and physical presence that local partners cite as critical building blocks to joint work. As a Tunisian organization stated, “even when urgent action is needed, more time is needed to invest in capacity building and getting to know each other.”

USAID takes an instrumental and often prescriptive approach to partnership – geared toward achieving specific, predetermined program results and policy priorities. This approach must be taken into account in any discussion of local engagement as it is a structural reality for USAID and is not well understood by many local actors. Yet, within these parameters, a heavier focus on consultation at all levels could better leverage the engagement of actors in monitoring and accountability, even if they are not necessarily direct beneficiaries of funds. USAID’s Country Development Cooperation Strategies are one mechanism for defining this engagement and consultation at the strategic level, yet this will need to go hand in hand with adjustments to the program cycle itself.

To date, outreach to target potential local partners in shaping USAID Forward has been limited in scope, perhaps because long-term relationships with local partners are uncommon. Illustrative of this disconnect, none of the 16 Mercy Corps partners interviewed for this piece – many of them prominent local development players in their own countries – had heard of USAID’s reform efforts, nor had any participated in recent consultations or focus groups with USAID. Furthermore, with the exception of Kenya, a USAID Forward pilot country, none of the groups was aware of any ongoing consultation processes led by USAID with local groups. Because consultation and intentional transparency on decision-making processes is still nascent in many partner countries, partners indicated that USAID priorities, or approaches toward meeting development goals, frequently miss the mark from their perspective.

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Partnerships are *most* valuable to [CSOs] when partnerships in tandem with capacity building also facilitate policy impact, improve their local sphere of influence, and ultimately catalyze steps toward greater independence and long-term sustainability.

– Keystone Accountability Study report

⁷ Keystone Accountability’s study can be found at: <http://www.keystoneaccountability.org/services/surveys/ngos>.



Case Study

Evolution of a long-term partnership in Tajikistan

Mercy Corps has worked with the National Association of Business Women of Tajikistan (NABWT) since 1996, when they collaborated on establishing a center for women survivors of violence. Since that time, this center split off into a separate NGO, which continues to provide services to approximately 1,700 women per year. Now, NABWT and Mercy Corps are both board members of that NGO. The general director of NABWT explains, “In the beginning, it was expertise [we wanted from Mercy Corps], then in microfinance, we received daily management support from Mercy Corps’ technical advisor, and later we engaged at the governance level in setting up the fund. We have had the experience of being on a board together on a 50/50 basis. We built a joint strategy together, so the whole relationship has evolved over time – from daily management and receiving technical assistance, then equal participation at the governance level.” This successful partnership emerged from more than 15 years of engagement, demonstrating the value of long-term commitment to local capacity development beyond the scope of an individual project.

staff would be an important step in building and expanding these relationships. USAID can also leverage the long-term relationships that its international partners already have with local groups rather than reinventing the wheel by relying heavily on competitive grant processes to cultivate such ties.

Many local NGO partners highlighted problems with a project-based approach to partnership. They cited a lack of donor prioritization for long-term organizational support as an impediment to long-term capacity development. They felt that no serious discussion of strengthening institutional capacity could occur without consideration given to investing in a partner’s infrastructure and staff. In discussing sustainability, the former managing director of the Lebanese Transparency Association, Rabih el Chaer, stated, “We have a big turnover because we cannot pay our stars what they deserve. I have someone who has been with us for three years, but I cannot pay their increases and they leave – and then I have to find someone else and train them...”

USAID should prioritize engagement with local groups in shaping the next phase of its reforms. In doing so, it should also be open to the fact that new inputs may require backtracking or rethinking of certain elements. Better communication with local partners on how their inputs are feeding into the process – integrated or not – is critical (emblematic of this disconnect, the progress report on USAID Forward itself weighs in at more than 13 MB, far too large a file for many local partners to download in countries with slow Internet speeds). Extensions of program planning and implementation cycles, more broad-based and easily accessed consultation and information about reforms, and longer tours for USAID

RECOMMENDATIONS: Consistent with the ownership principles of the Paris Declaration process, USAID should place a greater emphasis on understanding and integrating the aims and aspirations of local partners.

- ▶ Meet local partners' common desire for longer-term relationships by extending program planning and implementation cycles, and extending tours for USAID staff.
- ▶ Build on long-term relationships already established by international partners with local groups and prioritize such partnerships in USAID's competitive local grant processes.
- ▶ Revisit coverage of local overheads in grants and contracts to ensure allocation of adequate funds for long-term organizational development and staffing, and explore alternate models for longer-term institutional support.
- ▶ Consistently seek and integrate feedback from local partners both as part of the Country Development Cooperation Strategy (CDCS) process and program cycle design — even when substantive suggested changes may result.

Build Partnerships That Balance Compliance With Results

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Just filling out the forms can be very difficult... and capacity building is needed. It is always so complicated and difficult for local organizations to understand. It is the same with reports – we need capacity building to conform to the rules. If we are not experts, we run into problems implementing the program. We know that monitoring and evaluation is very important, but we need more capacity building to do it the way the donor expects. There are many internal controls required. Each organization has its own system and experience, and we know the importance of internal controls, but it takes a lot of training to reach the required level of quality. Donors have their way of working, their systems.

- Maître Marie-Blandine Songuelema Yakondji, President, Central African Association of Female Lawyers (Association des Femmes Juristes de Centrafricaines – AFJC), Central African Republic

Partners surveyed by Mercy Corps expressed reservations about burdensome application and compliance requirements expected by USAID and other donors. This demonstrates that the core challenge addressed by the Paris Declaration's third principle – the need to harmonize and streamline onerous and duplicative donor practices – is an issue not just for national governments but also for CSOs and other sub-national development partners. Critically, local institutions we spoke with did not advocate watering down accountability standards, and even the smaller organizations affirmed the importance of robust internal controls and accountability systems. Selline Korir, the executive director of Rural Women Peace Link in Kenya, highlighted this point in her discussions with Mercy Corps:

If USAID decides to lower regulations, it would depend on what we are talking about.... The language could be simplified, given the fact that we are talking about groups with limited educational exposure such as CBOs in rural areas. But I don't believe that regulations should be lowered.... We cannot give leeway for people to go around things, as this is what is destroying our governance.

Yet the challenges identified by local partners also underscore that USAID's existing efforts to clarify procurement processes, translate provisions into other languages, provide training and increase emphasis on outcomes still do not go far enough. Despite these efforts, USAID's compliance approach remains both intensive and cautious, generating complex standardized project grant agreements that are excessively long, overly legalistic, poorly adapted to country contexts and often incomprehensible to many local organizations. While many partners — and particularly the larger and more established civil society organizations — spoke of the need for transparency and accountability, there were concerns that donors' attention to small details goes too far and detracts time and effort away from more meaningful program activities.

As our Haitian partner pointed out, some compliance efforts can actually cost more than they are worth in terms of time and effort, explaining that his organization relies mainly on a strong field staff presence with a light administrative structure. For him, a push to access USAID money would likely require developing new administrative structures and hiring more staff at the expense of their nimble field-focused approach. He and others interviewed by Mercy Corps continue to perceive the complexity and burden of USAID's application and compliance standards as a significant obstacle to partnership.

How USAID chooses to address this obstacle is incredibly important. A poorly adapted compliance regime risks dampening the innovative spirit and locally grounded expertise and networks that local partners bring to the table. Indeed, this risk was a major driver of the third Paris Declaration principle — harmonization — which recognized and affirmed that burdening local development stakeholders with too much donor paperwork would detract from their effectiveness.

Traditionally, USAID has dealt with this by effectively outsourcing the compliance burden to international partners. This approach has allowed local actors to avoid diverting organizational development bandwidth toward onerous donor compliance, but it also shields local groups from the full range of compliance responsibilities. USAID Forward envisions moving away from this in the coming years. Taking away this INGO buffer on compliance requirements will create new challenges for local groups, redirecting those partners' focus toward compliance at the expense of program quality. Properly calibrating and sequencing this transition will be highly important, so that the burden on local partners is adapted to their capacity over time, rather than abruptly

Partner Perspectives: **Does a focus on compliance details always add up?**

"There are many rules to follow, even for organizing a meeting, and it can be very difficult to follow all the procedures, even for a very small amount [of funds]. We are supposed to pay through the bank, but for small amounts it would be easier to pay in cash. It can be complicated if 20 people were budgeted for, but only 15 came, resulting in a participant list that differs from the amount paid."

– **Avirmed**, Executive Director
Aivuun Disabled Persons Organization,
Mongolia

"It's a very complicated process [to manage U.S. government grants]. My colleagues in Finance say that it is complicated. Before arriving at a final version of the project, they had to spend hours and hours discussing tiny details that are not important, such as how many coffee breaks? What if fewer people come than were budgeted for? So many small complications that we don't expect!"

- **Malek Baklouti**, Project Coordinator
Center of Arab Women for Training and
Research, Tunisia

applied in a way that could be disruptive to the organization's growth. USAID should develop partnership models that would progressively increase the responsibilities of local groups toward compliance requirements over time, rather than expecting local groups to dive immediately into complex multimillion dollar awards.⁸

Clearer messaging to local partners about the rationale and purpose of certain compliance requirements is also important. As a representative from an organization in Burma/Myanmar highlighted, "I understand that we must do compliance, but sometimes it is very silly and difficult to know the really important issues." Similarly, two partners in Mongolia and Tunisia both cited frustration with extraneous (in their view) safeguards on budgets for routine activities like external meetings, where slight differences in planned versus actual attendance numbers resulted in disproportionate organizational time and effort spent in resolving what they saw as micromanaging minor issues.

But streamlining or recalibrating the existing compliance regime may be too modest an approach to achieve a major step forward in local ownership. USAID should think bigger about how to enact the principles it signed onto in Paris by working with other donors to move toward common compliance standards and common systems. This approach could safeguard the transparent and accountable use of resources by enabling local partners to develop strong, broadly applicable internal controls rather than the existing thicket of competing compliance standards unique to each donor. USAID Forward should also explore ways to link with other donors to use simple, unified mechanisms for local contracting, consistent with the agreed upon global aid effectiveness principles. This shift would allow local groups, and particularly CSOs, to focus more on quality programming, and less on becoming masters of multiple, complex compliance and procurement systems.

Another possibility, suggested by the Lebanese Transparency Association, could be an accreditation system for local CSOs focused beyond financial and compliance systems alone to also encompass accountability to their mission, values and constituents. This type of system alongside a capacity assessment could potentially be used to identify different tracks for different organizations to follow in terms of the level of compliance required, linked to the amount of support (financial and accompaniment) they will receive. Accreditation, they felt, would also help USAID better focus investments on organizations with real potential.

Challenges of Proposal Development in Indonesia

Aisyiyah is an Indonesian association that has been active since 1917, and boasts 40 million members across the country. In 2011, Aisyiyah primed a large health focused RFA specifically targeting local institutions. However, it soon became apparent that while Aisyiyah had other proposal development experience, the conceptual ideas and know-how in the technical area, they were not on track to preparing a responsive bid. Mercy Corps, as a sub-grantee on the program, had to essentially take over the proposal development process – translating Aisyiyah's ideas and know-how into a professional proposal package. This demanded allocation of staff time and resources that was disproportionate to Mercy Corps' role on the project, even taking the strategic value of the partnership into account. As a representative of Aisyiyah said, "it was a big challenge, because it was the first time for us. We think we could do better next time. It was challenging to get the ideas from the community, and to come up with a practical design.... The USAID process is very complicated, there is a lot of blah blah blah, but [Mercy Corps] helped us to navigate it." Aisyiyah's case highlights the practical challenge of making USAID resources comprehensible and accessible to even well-developed local organizations.

⁸ In Guatemala, for example, an RFA issued in August 2011, 520-11-000003, solicited proposals from local groups for a \$40 million pool of money, and in the end issued two large-scale awards.

RECOMMENDATIONS: USAID should adapt its compliance approach to better suit the needs and strengths of local partners.

- ▶ Revise proposal timelines to give more time for new partners to respond to solicitations; develop an orientation process to familiarize groups with requirements; and expand the practice of pre-screening proposals from local partners, following the example of a recent RFA issued in Indonesia.⁹
- ▶ Significantly raise the fixed-obligation grant limit beyond the current ceiling of \$500,000 to enable wider use of grants that can balance results delivery with compliance requirements. Raising this ceiling would allow local partners to test the water at increased scale without requiring major up-front investments in compliance capacity.
- ▶ Use phased approaches, similar to the tiered engagement approach applied by USAID's Development Innovation Ventures office, to progressively scale and deepen partnerships with local groups. In the spirit of the Paris Declaration, move away from multiple unique donor compliance standards and toward unified multi-donor, country-level approaches and common reporting standards for local civil society partners.
- ▶ Expand staff support at mission level to ensure that local partners with little or no connection to USAID in Washington, DC can obtain from the local mission the kind of advice and guidance on application and compliance requirements that traditional USAID INGO partners now provide.

9 Community Empowerment of People Against Tuberculosis (CEPAT), RFA number: 497-11-000005.

Build New Partnerships

Particularly in a transitional period, when things are not calm or linear, it is important to be able to take opportunities to analyze social phenomena [in programming].

– Malek Baklouti, Project Coordinator,
Center of Arab Women for Training and Research, Tunisia

USAID Forward relies heavily on partnerships with national governments and well-established civil society actors, and has limited engagement with nontraditional partners, including the private sector, networks, coalitions, social movements, provincial government arms and cross-sector actors.¹⁰ While the recent USAID Forward progress report highlights that local institutions represent 14.3 percent of total mission funding, it does not provide useful data points on the types of institutions, other than their sectoral focus and some breakdown between nonprofits, for-profits and academia. Greater detail on data such as size, access to previous USAID funding, structure, partnerships with international institutions, etc. would be a good first step toward tracking progress in outreach to new types of institutions. Furthermore, while outreach to the private sector is a goal of the USAID Forward initiative, USAID's partnership toolkit has proved poorly suited to the needs and practices of the private sector. Three challenges identified in our research included structural challenges in current forms of grants and contracts, branding and a limited vision on engagement with new actors.

The current forms of grants and contracts used by USAID in its partner agreements are linear, country- and sector-focused, and lack the flexibility – and built-in review and consultation mechanisms – needed for many forms of nontraditional partnership. USAID's



Bolivia – Jennifer Dillan/Mercy Corps

Connecting Indigenous Farmers in South and Central America

The Red Tierras program implemented by Mercy Corps in Guatemala, Colombia and now Bolivia is an example of how strong networks and tangible change can stem from new types of partnerships, often led by informal groups in South-South collaboration and facilitated by international actors. Working with indigenous farmers and their families, the program links loosely defined organizations – mainly organized at the grassroots level – together through social media platforms. Partners use mobile phones to access and upload information about local land tenure ranging from guidance on land titling to management of GPS data about individual plots onto a social network and a web-based platform. Accessing this resource, local farmers then take advantage of crowd sourcing, common lessons, legal knowledge and tools to solve land dispute issues. The program has resolved 350 land disputes, benefiting 115,000 farmers.

¹⁰ In its forthcoming Democracy, Human Rights and Governance (DRG) strategic framework, USAID rightly recognizes not only the need to link top-down and bottom-up initiatives, but also the utility in the process of reform itself to ensure local buy-in, and ultimately ownership in an effort to support sustainable results and attainment of human development objectives.

typical program model makes it difficult to nimbly assess, adjust and adapt interventions in response to inevitable shifts in the market, changes in the social context, the deeper contextual understanding that develops over the life of a program, or the expansion or contraction of partner capacity. Flexibility is particularly important when partnering with the private sector. The most successful private sector partnerships recognize that businesses shift direction or set new goals in response to market successes or failures. The most innovative enterprises and social groups do not operate on preset five-year plans, and typically have highly flexible, responsive structures that recognize that business or advocacy models need to evolve. USAID programs, however, often set their outputs from the beginning in cooperative agreements or contracts with narrow and cumbersome limits on programs' abilities to respond to external changes.

As programs expand their outreach umbrella, especially programs in politicized environments, donors may need to revamp traditional expectations of partnerships, such as branding requirements, to bring a broad spectrum of engaged, albeit tentative, actors to the table. Our partners in the Middle East in particular emphasized that long-term relationships are paramount to trust building and in the beginning stages of partnership, branding requirements were often perceived as a threat to CSOs' legitimacy, local credibility and independence, in addition to presenting security concerns. A lighter-touch approach by donors has the best potential to yield results, particularly in places where partners cite a rigid approach as an impediment to



Case Study

CONFLICTING APPROACHES TO BUILDING PARTNERSHIPS AROUND A COMMON GOAL: **A Cautionary Tale from Mobile Banking in Indonesia**

Bank Andara serves as a wholesaler for 50,000 microfinance institutions in Indonesia, serving more than 40 million people. Originally established by Mercy Corps, it is now an independent bank, with Mercy Corps sitting on its board of commissioners.

With its wide reach, Bank Andara is looking into mobile banking, an area of interest to USAID. According to the CEO, however, “essentially what USAID was offering was a package of technical assistance, e.g., consulting time from an international consulting company, which for us – well, we already had knowledge of the local market. What we really needed was capital support.... We felt that the needs were straightforward and technical needs were quite modest, but to really move forward we needed a capital injection.... The problems come back to design, that is, when USAID found something administratively easier to put something on to a consulting firm... who tries to retain as much of the pie as possible, so people on the ground get a bundle of technical assistance... which isn't necessarily what is most needed. That's not just an old problem – this has come up in recent mobile banking discussions, to the point that it just wasn't attractive for us to pursue.”

This case demonstrates the need for donors to listen to partners and better sync up with their actual needs rather than presume. In other words, engaging with local partners at the early design stages of projects and recognizing that technical assistance packages are not a default solution to local capacity development, although they are administratively easy to manage. In a fiscally tight environment, development programming should be as targeted and streamlined as possible; expanded consultation can strengthen and better target investments.

partnership even where goals align. A new model may also benefit from leveraging the role that international organizations play in helping to build consensus — and in some cases acting as a buffer — between USAID and civil society groups. In developing this model, USAID needs to examine its priorities where they may conflict: image vs. impact and the different time frames that communities and donors tend to work on.

Moving forward in places like the Middle East and North Africa, Burma/Myanmar and numerous other countries where emerging groups are currently playing or are poised to play a key role in shaping change, USAID should develop nontraditional partner-engagement strategies to attract and cultivate new partners. A wide range of barriers currently impede these new partnerships, ranging from registration requirements by donors, to limited access that nascent groups have to international banking systems. Echoing the sentiments of many groups interviewed, a Kenyan partner stated, “Registration is not important if they [CSOs] have experience in the community. There are many NGOs who get money, organize one or two workshops, write a beautiful report and do nothing else. They exist. Others may not have the capacity according to USAID, but they are strongly linked to the community and can get the wins — but there is no one there to support them.” In Burma/Myanmar, local groups without international bank accounts had difficulty accessing direct funding because of sanctions. USAID Forward should map these types of challenges in each country as part of its strategy.

RECOMMENDATIONS:

USAID should broaden its engagement with nontraditional local partners.

- ▶ Develop a nontraditional partner outreach strategy as a part of USAID Forward, mapping both actors and barriers. Add detail to reform tracking to allow for baseline data points on partner diversity.
- ▶ Develop more flexible, iterative partnership models for USAID Forward that can shift approaches nimbly at various stages in a partnership, and build in mechanisms for frequent consultation and reviews to jointly course correct programs — as needed — throughout the life of the collaboration.
- ▶ Develop alternative approaches to branding, particularly in politicized or sensitive security environments, and solicit buy-in and more flexibility from Congress.

Engage International Actors

INGOs have a role to play in terms of neutrality, particularly in a polarized society. Honestly, it is the INGOs that can go with neutrality and objectivity to certain parts of the country.

– Selline Korir, Executive Director,
Rural Women Peace Link, Kenya

Even as USAID and other donors rightly expand their focus on local ownership, international civil society partners will continue to have valuable roles to play. Donors will no doubt look to INGOs as a means to connect local partners to donor goals, and to fill gaps in compliance and management capacity. But to see these functions as the principal value that INGOs add to local partnerships and ownership would be a serious oversight. As a recent report by the Overseas Development Institute argued, “International apex partners, [international NGOs that fund local partners], may still have a number of comparative advantages [to direct donor funding of local actors] to support both sector strengthening and development objectives in general, which do not rely on their stronger capacity or contacts.”¹¹ The report highlights advantages of using INGOs in a greater capacity, including the perception of INGO actors as nonpolitical and the ability of INGOs to access and share international knowledge that can, in turn, bring new perspectives into various local contexts.

International actors have a hybrid identity as international civil society institutions staffed predominantly by local nationals; this role can open unique possibilities to influence change. A Kenyan partner we interviewed had found increased credibility in some of their work through a partnership with an INGO that could play a “watchdog role,” and which also had adequate neutrality to facilitate access to areas that would be trickier for a local group to navigate on its own. This dynamic often allows INGOs to play a critical bridging role, serving as a platform to link partners and institutions that might



Ethiopia – Joni Kabana for Mercy Corps

Linking Ethiopia Pastoralists to New Investment Opportunities

During the 2011 Horn of Africa drought, pastoralist households in Ethiopia struggled to support their livestock as feed and water reserves depleted. With the highest value markets over the Somali border or in the highland abattoirs 508 km away, the only option for families unable to risk transporting their animals in such conditions was to either sell at a local livestock market for a lower price or wait with their dying animals and hope for rain. Using our networks, Mercy Corps began working with a broad range of partners in the milk and dairy sectors to understand what type of investments would have the most impact. Leveraging connections in other regions, Mercy Corps convened the first ever Somali Region Investment Forum, which brought together 47 private investors, government officials, researchers, NGOs and donors to analyze and address constraints and opportunities for commercial investment in the dairy and export meat industries. The forum and related assessment work resulted in new connections between pastoralists in the region, government and investors. Several new economic initiatives emerged, including licensing of the regional airport for commercial flights, and construction of new facilities to process and store agricultural products locally.

11 Overseas Development Institute Report, “Localising Aid: Sustaining change in the public, private and civil society sectors,” Section 5.3.2 and Box 18.



INGOs' Role as Facilitators and Conveners in Mongolia

Mercy Corps' work in Mongolia illustrates how international organizations can play a facilitative role to model collaboration and bring various parties together to identify and achieve shared development goals. As a matter of practice, Mercy Corps works with local civil society, businesses and the local government to establish informal networks to research, represent and advocate on issues of concern to local citizens. Through this process, Mercy Corps facilitated the creation of 127 soum (or

county) development plans since 2004 and is on track, with another set of local partners, to double that number by 2014. In 2013, the Mongolian prime minister identified this methodology as the preferred approach to local development planning and will shape national planning practices accordingly. In the context of improved transparency and accountability of local procurement efforts, Mercy Corps facilitated the creation of tripartite partnerships with civil society, private sector and local government participation, which ensure that the full cycle of procurement is monitored, evaluated and approved. This approach, first introduced in 2009, was incorporated in the 2011 amendment to the Public Procurement Law and was identified as a global best practice at the inaugural gathering of the World Bank's Open Contracting initiative in October 2012. Today, local communities are creating tripartite partnerships through their own initiative across Mongolia. In another project, Mercy Corps helped launch multi-sector Rules to Reality committees in 15 provinces and 60 soums, reaching 50 percent of the population, to engage in local initiatives that promote the understanding of, demand for and action to support good governance. By modeling collaboration across sectors and across layers of government and society, policy changes have occurred, resulting in tangible impacts such as improved conditions for small businesses, routine monitoring of education budgets, new legislative standards for construction and disability access, and competitive procurement of hospital goods.

not otherwise connect. INGOs facilitate entry points, support the scale-up and adaptation of programs both in-country and globally, and identify common platforms among local governments, the private sector and civil society.

Global INGOs are also well suited to consolidate learning developed in different countries into transferrable platforms: mobilizing global best practices, lessons learned, research and appropriate benchmarks to support local groups. Mercy Corps is using a mission-based aggregate program monitoring system to better track results of program partnerships, and to identify the most common strategies and measurement tools to accomplish this aim. INGOs can play a key role in leveraging these ties to complement partners' advocacy with donors and host governments, and in other policy arenas. USAID's recognition of this value is growing: a recent civil society solicitation for INGOs in Iraq was structured to enable a parallel track for locally led civil society efforts — establishing ties and mechanisms for collaboration and knowledge transfer between the two.¹² The Overseas Development Institute likens this to the sort of private sector technology transfer that occurs when international firms invest in developing countries.¹³

Donors scaling up their local partnership outreach should judge the utility of engaging international organizations based in part on the quality of their partnerships with local groups. Development of relevant indicators is an important step toward measuring impact of partnerships and capturing the role that INGO linkages play in contributing to development objectives. The ability to influence, for example, is an indicator with the potential for measurement through the use of new online social network mapping tools. In looking at new measurement tools, joint measurement of results with local partners is a critical component: both a performance measurement tool as well as a way to build local capacity to understand

12 RFA -267-12-000001, Broadening Participation through Civil Society program.

13 Glennie et al, Overseas Development Institute (ODI), "Localising Aid: Sustaining change in the public, private and civil society sectors," Section 5.3.2. <http://www.odi.org.uk/publications/7320-localising-aid-public-private-civil-society>.

and communicate impact. Mercy Corps is piloting an approach that combines qualitative and quantitative tools, rolling up a wide range of results into top-line indicators. (See text box on agency aggregation.)

As USAID Forward develops its local ownership agenda, USAID should review and update its policies on partnering with international civil society actors. Current USAID policy guidance on partnership with private voluntary organizations (now commonly referred to as INGOs) dates back to 2002. The policy contains some positive elements that could provide a foundation for an updated partnership framework, but it does not reflect Paris Declaration principles, the evolving role of INGO actors and the rising importance of country ownership. Building a better understanding of the role of INGOs in fostering local ownership – and how that can complement USAID's objectives – should be an important component of reform.

RECOMMENDATIONS: Modernize USAID's engagement of international civil society partners to reflect changing roles in support of local ownership.

- ▶ Revisit and update USAID's Private Voluntary Organization (PVO) partnership policy guidance to reflect new thinking on aid effectiveness and the evolution of INGO roles in recent years, and more effectively leverage INGO involvement as a tool in USAID Forward's localization strategy.
- ▶ Embrace the hybrid insider/outsider role of INGOs in fostering local ownership and build this recognition into the USAID Forward agenda.
- ▶ Consider programs that pair international and locally led initiatives to promote synergies and cross-fertilization.
- ▶ Develop tools for measuring partnership quality and impact that capture how well international partners advance local partners' aims, effectiveness and influence in a country's development eco-system – and involve local groups in this joint measurement.

Agency Aggregation:

A Strategy Agency-Level Measurement and Analysis

Mercy Corps has been applying a system for aggregating program results at a global-level to understand collective impact towards our mission. A key focus of the system is partnership effectiveness, which is captured in the following three ways:

- Evidence of community actors or partners leading collective actions independently
- Evidence of improved capacity (knowledge, skills, ability to influence) among partners
- Evidence of partnerships between public, private and civil society actors being built or improved

This evidence is captured through a range of program-specific indicators and qualitative or quantitative results. Mercy Corps' Organizational Capacity Index (OCI) is a useful tool that we are constantly adapting to reflect changing priorities of local partners such as use of social media, advocacy, and spheres of influence or membership networks. In addition to tools like the OCI, Mercy Corps' monitoring and evaluation approach also emphasizes evidence in the form of the successful application and use of capacities and skills, such as improvements in government services to underserved populations, the ability of CSOs to influence government policies, increased funds raised by local NGOs, etc.

Moving Forward

USAID Forward represents a critical opportunity to change development tactics to institutionalize best practices for local ownership. Overall, Mercy Corps' research with our local partners revealed a great deal of goodwill toward USAID and the aims of its reform agenda. There is a general understanding and acceptance of an appropriate level of regulations when a donor's agenda is clear and the process is transparent and well communicated.

Yet our research also underscored that to lock in and sustain progress on local ownership, more forward-leaning and systemic policy changes will be needed. In keeping with the spirit of the Paris-Accra-Busan process, USAID's posture on local partnerships should take further steps to maintain the value-add and unique perspective local partners bring to the table. USAID will need to become more intentional about engaging and reflecting the priorities of local stakeholders in its planning processes, develop partnership platforms that are better suited to the capacities and priorities of local actors, more effectively leverage the potential of both nontraditional local partners and USAID's traditional INGO partners, and bolster its capacity to measure the development impact of enhanced local ownership. These shifts – which will not be easy – are nonetheless crucial to the success of USAID Forward's local ownership focus.

Local Stakeholders Interviewed for This Paper

Cin Khan Lian, Executive Director

Ar Yone Oo Social Development Center (AYO), Burma/Myanmar

AYO was founded in 2008 to respond to emergency needs after Cyclone Nargis. The organization now helps communities in Laputta and Tonzang townships improve their own productivity, income and well-being. AYO's development programming ranges from using new technology to improving resilience to crop flooding to enhancing food security through new commercially viable crops.

Maitre Marie-Blandine Songuelema Yakondji, President

Central African Association of Female Lawyers (Association des Femmes Juristes de Centrafricaines – AFJC), Central African Republic

AFJC was created in 1991 to work with women lawyers to promote human rights, fight violence against women and work for the legal protection of women. It is involved in awareness raising, communication, education for behavior change and dissemination of information on legal rights. AFJC also supports listening centers that provide legal services and provides medical and psychosocial support for women who have survived violence.

Willington Murillo, GIS Expert and Senior Leader

COCOMACIA, Colombia

Founded in 1982, COCOMACIA is the largest Afro-Colombian community council and represents more than 40,000 people. Its mission is to give voice to Afro-Colombia communities in the Choco Department of Colombia so they can advocate with the government, particularly on sustainable and participatory development and natural resource management.

<http://www.cocomacia.org.co/>

Constantin Ayla Osenge, Commercial Manager

North Kivu, Regideso (arm of provincial government),
Democratic Republic of the Congo (DRC)

Regideso acts as the national government's water arm in urban areas of the DRC. It is responsible for setting up and maintaining water infrastructure systems and collecting revenue from users.

<http://www.regidesordc.com/>

Konstantin Zhgenti, President

Association of Business Consulting Organizations of Georgia (ABCO), Georgia

ABCO Georgia was created in 2001 to coordinate, financially support, increase efficiency and assist in development of Georgian business organizations.

Cantave Jean-Baptiste, Executive Director
Partenariat pour le Développement Local (PDL), Haiti

PDL works in five districts of Haiti to strengthen and build the capacity of local organizations in rural areas. Current programs focus on sustainable agriculture, community health and microfinance.

David H. L. Yong, President Director, and
Don Johnston, Business Director
Bank Andara, Indonesia

Bank Andara seeks to improve the lives of millions of low-income Indonesians by enabling access to a wide range of financial services through establishment of productive partnerships with Indonesian microfinance institutions on a responsible and financially sustainable basis.
<http://www.bankandara.co.id/en>

Acha Khadir, Coordinator of Disaster Management
Aisyiyah, Indonesia

Aisyiyah is a women's organization working at the national, provincial, district and village level of Indonesia. It engages nearly 40 million members through livelihoods and educational support. The organization targets the youth, elderly, disabled, children from broken families and other vulnerable individuals.
<http://www.aisyiyah.or.id/>

Selline Korir, Executive Director
Rural Women Peace Link (RWLP), Kenya

RWPL is a network of grassroots women's organizations working in areas affected by armed conflict in the western part of Kenya. RWPL works through 14 networks working for peace in their local communities. The Peace Link, created in 1999, is creating a platform to enhance the visibility and the silent voices of local women in conflict situations. RWPL enables the Peace Link to access information and opportunities to share experiences and expertise that is both relevant and specific to the environment.
<http://www.gnwp.org/members/rural-women-peace-link>

Rabih el Chaer, Former Managing Director
Lebanese Transparency Association (LTA), Lebanon

LTA, established in May 1999, is Transparency International (TI)'s Lebanese chapter. LTA focuses on corruption and good governance programming.
<http://www.transparency-lebanon.org/>

Dee Maxwell S. Kemayah Sr., President
Liberia Business Association (LIBA), Liberia

LIBA was created by the government in 1993 to serve as the apex body for more than 1,200 active businesses. LIBA advocates for a better business environment, builds capacity for training and services integration, and seeks finance for business members – particularly marginalized local businesses. LIBA also supports strategic networking for clients at both a local and international level. It has more than 900 registered members.

<http://liberiabusinessassociation.com/>

Mr. Avirmed, Founder and Executive Director
Aivuun Disabled Persons Organization (DPO), Mongolia

Aivuun DPO was established in 2006 to protect the rights of people with disabilities and improve their access to information. The organization produces educational materials and conducts outreach to persons with disabilities on their national and international legal rights. In 2010, Aivuun DPO joined an emerging network of DPOs, which lobbied the Mongolian government to improve accessibility standards and ratify the United Nations Convention on the Rights of Persons with Disabilities on behalf of tens of thousands of Mongolians with disabilities.

Gulbahor Makhkamova, Founder and General Director
National Association of Business Women in Tajikistan (NABWT)

NABWT is one of the largest self-financing organizations uniting women entrepreneurs of Tajikistan. It has branches in 23 towns and regions of Tajikistan. The branches provide professional and business training and workshops, reaching 2,500 women each year. The association also conducts advocacy to the government, facilitates dialogue between different members, the government and regulators, and renders legal and juridical consultations on issues directly connected with entrepreneurship.

Malek Baklouti, Project Coordinator
Center of Arab Women for Training and Research (CAWTAR)

CAWTAR's mission is to eradicate discrimination against Arab women and reduce gender gaps by promoting research, education, training and advocacy in all areas of life that affect the status of women, and to carry their message to policy makers, researchers, activists and local communities. CAWTAR was created in 1993 in response to requests from a number of Arab governments and civil society organizations and institutions. It has extended regional coverage with activities implemented across 22 Arab nations.

<http://www.cawtar.org/>



Bolivia — Jennifer Dillan/Mercy Corps

Pictured above: a Red Tierras exchange visit hosted in Bolivia with Mercy Corps staff and partners from Colombia, Guatemala and Bolivia. Red Tierras started as a conflict resolution initiative to enable community members to resolve disputes independently at the local level, primarily with land titling.



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