LOCAL CAPACITY STRENGTHENING POLICY

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EXECUTIVE SUMMARY

Sustainable development depends on local actors leading efforts to improve their communities and working inclusively and collectively to see those efforts through. For this reason, local capacity strengthening is and has been a foundational component of USAID programming. Effective local capacity strengthening can propel inclusive economic growth; advance improvements in essential health, food and nutrition, and education services and systems; and cultivate democratic governance. Local capacity strengthening also can address underlying factors of fragility, bolster local humanitarian response systems, and enhance resilience to shocks and stresses. As a result, effective local capacity strengthening supports countries to prevent, mitigate, and recover from crises. Ultimately, the capacity of local actors is a key determinant of the success of USAID and its partners in achieving and sustaining humanitarian and development gains around the world.

Moreover, across the global humanitarian and development landscape, a consensus has emerged about the importance of capacity strengthening—which is inclusive and locally led—in contributing to sustainable development. However, despite this emerging consensus, USAID has never had a unifying and authoritative Agency policy on local capacity strengthening. This policy fills that gap and affirms USAID global leadership by providing 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. This new vision will be grounded in a commitment to partnerships based on mutual respect and reciprocity and through which local actors from all backgrounds and cultures have their voices heard, exercise their unique capabilities, and lead their country's development.

> **KEY DEFINITIONS**
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> **Capacity** encompasses the knowledge, skills, and motivations, as well as the relationships that enable an actor—an individual, an organization, or a network—to take action to design and implement solutions to local development challenges, to learn and adapt from that action, and to innovate and transform over time.
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> **Local capacity strengthening** is a strategic and intentional investment in the process of partnering with local actors—individuals, organizations, and networks—to jointly improve the performance of a local system to produce locally valued and sustainable development outcomes.

USAID support for local capacity strengthening must be programmed in a way that builds on the existing strengths of local actors and systems, responds to dynamic country and regional contexts, and aligns with USAID strategic priorities. This means that approaches to local capacity strengthening will vary. To support coherent implementation of local capacity strengthening across sectors and diverse contexts, USAID's Local Capacity Strengthening Policy establishes an Agency-wide vision based on a shared commitment to a set of principles that will guide all relevant USAID humanitarian assistance and development programming.

This policy organizes seven mutually reinforcing principles for effective local capacity strengthening around two themes: effective programming and equitable partnerships.

Principles for effective programming of local capacity strengthening, which are described in Section II, guide our understanding about why and in what circumstances strategic and intentional decisions that strengthen the capacity of local actors as part of the USAID Program Cycle can contribute to broader systems change and sustainable outcomes. These principles also guide our understanding about why measuring performance is important.

Principles for equitable partnerships in local capacity strengthening, presented in Section III, guide how local capacity strengthening programming across different sectors and regions will be supported through partnerships based on mutual respect and reciprocity.

Together, these principles, which are informed by a robust evidence base and a rigorous consultation process through which USAID prioritized the engagement and feedback of local actors and organizations (described in the Public Comment Report), will guide USAID in making strategic and intentional decisions to support effective local capacity strengthening programming through equitable partnerships. Further, because effective local capacity strengthening requires intentionality, resources, and longer time horizons, the policy concludes with how USAID plans to put into practice the principles described herein. Section IV outlines a change management process and structure that will guide effective implementation of the policy.

PRINCIPLES FOR EFFECTIVE PROGRAMMING OF LOCAL CAPACITY STRENGTHENING

1 Start with the local system.

2 Strengthen diverse capacities through diverse approaches.

3 Plan for and measure performance improvement in collaboration with local partners.

PRINCIPLES FOR EQUITABLE PARTNERSHIPS IN LOCAL CAPACITY STRENGTHENING

4 Align capacity strengthening with local priorities.

5 Appreciate and build on existing capacities.

6 Be mindful of and mitigate the unintended consequences of our support for local capacity strengthening.

7 Practice mutuality with local partners.

I. A SHARED VISION FOR LOCAL CAPACITY STRENGTHENING

''Through this policy, USAID seeks to set a new vision for effective local capacity strengthening that builds upon the consensus across the development landscape, feedback from local actors and partners, and years of implementation experience and evidence.''

Sustainable development depends on local actors leading efforts to improve their communities and working inclusively and collectively to see those efforts through. For this reason, local capacity strengthening is and has been a foundational component of USAID programming. Effective local capacity strengthening can propel inclusive economic growth; advance improvements in essential health, food and nutrition, and education services and systems; and cultivate democratic governance. Local capacity strengthening also can address underlying factors of fragility, bolster local humanitarian response systems, and enhance resilience to shocks and stresses. As a result, effective local capacity strengthening supports countries to prevent, mitigate, and recover from crises. Ultimately, the capacity of local actors is a key determinant of the success of USAID and its partners in achieving and sustaining humanitarian and development gains around the world.

Moreover, across the global humanitarian and development landscape, a consensus has emerged about the importance of capacity strengthening—which is inclusive and locally led—in contributing to sustainable development. High-level commitments of international development organizations, donors, and governments, including those made at aid effectiveness global summits in Paris, Accra, and Busan and reinforced through international agreements such as the Grand Bargain and Sustainable Development Goals (SDGs), have stressed the centrality of national capacity and local ownership to achieving sustainable development. Local actors, international partners, and USAID Locally Employed Staff, who all play important roles in a local system, have also affirmed the importance of national capacity and local ownership. Consultations to inform this policy reflected agreement that locally led capacity strengthening approaches support local individuals, organizations, and networks to better serve their communities, respond more effectively in crisis situations, develop specialized expertise, mobilize resources, influence policy, realize more inclusive humanitarian assistance and development outcomes, and eventually move beyond the need for international donor funding.

Photo Credit: Bobby Neptune for USAID

Additionally, evidence and experience reveal that capacity strengthening support can have the unintended impact of increasing time and resource burdens on local actors when this support is directed and implemented without regard to the local system or interests of local actors. Examples of this include requesting local actors to: serve as administrative and logistics coordinators in service of international actors; navigate different compliance requirements for various international donors; and create parallel, redundant systems for functions such as financial management and reporting. Ultimately, these time and resource demands detract from sustainable development that is locally led and exacerbate global inequality.

Despite the emerging consensus and evidence about the central nature of inclusive and locally led capacity strengthening, USAID has never had a unifying and authoritative Agency policy on local capacity strengthening. Through this policy, USAID seeks to set a new 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.

This new vision is grounded in a commitment to partnerships based on mutual respect and reciprocity and through which local actors from all backgrounds, identities, and cultures have their voices heard, exercise their unique capabilities, and lead their country's development. Supporting this new vision will require us to intentionally seek out perspectives from those who may not have access to legal protection or social and economic participation due to their identity. We must also take further action to deliberately lessen the time and resource burden on local actors who seek our support in capacity strengthening. In so doing, USAID is better positioned to reflect principles of inclusive development in all of our capacity strengthening programming and engage local actors in more robust and equitable collaboration in capacity strengthening activities.

The purpose of this policy is to establish an Agency-wide vision for local capacity strengthening based on a shared commitment to a set of principles that will guide all relevant USAID humanitarian assistance and development programming. USAID support for local capacity strengthening must be programmed in a way that builds on the existing strengths of local actors and systems, responds to dynamic country and regional contexts, and aligns with USAID strategic priorities. This means that approaches to local capacity strengthening will vary. Thus, to implement local capacity strengthening coherently across sectors and diverse contexts, USAID is adopting a set of shared principles that will equitably support local actors to own and manage their own progress.

Principles are neither rules nor values. Unlike rules, principles are flexible and enable coherence without being prescriptive. Unlike values, principles are action-oriented and guide decisions and choices. Principles can help USAID translate its values—passion for mission, excellence, integrity, respect, empowerment, inclusion, and commitment to learning—into behaviors. Our intention is that the principles described throughout this policy will flexibly and inclusively guide implementation of all local capacity strengthening programming supported by USAID. This policy organizes seven mutually reinforcing principles for effective local capacity strengthening around two themes: effective programming and equitable partnerships.

Principles for effective programming of local capacity strengthening, described in Section II, guide our understanding of why and in what circumstances strategic and intentional decisions that strengthen the capacity of local actors—as part of the USAID Program Cycle—can contribute to broader systems change and sustainable outcomes. These principles also guide our understanding of why measuring performance is important.

Principles for equitable partnership in local capacity strengthening, presented in Section III, guide how local capacity strengthening programming across different sectors and regions will be supported through partnerships based on mutual respect and reciprocity.

A robust evidence base and a rigorous consultation process through which USAID prioritized the engagement and feedback of local actors and organizations (described in the Public Comment Report) inform the seven principles for effective local capacity strengthening outlined across Sections II and III. Further, because effective local capacity strengthening requires intentionality, resources, and longer time horizons, the policy concludes with how USAID plans to put into practice the principles described herein. Section IV outlines a change management process and structure to guide the policy's effective implementation.

Photo Credit: Jamie Barnett/FHI 360

II. PRINCIPLES FOR EFFECTIVE PROGRAMMING OF LOCAL CAPACITY STRENGTHENING

Partnering with local actors to strengthen their capacities is one of the most effective ways to advance sustainable development. However, local capacity strengthening does not automatically lead to improved performance and sustainable development, nor is capacity strengthening always the necessary or desired programmatic intervention. 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. 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.

> "This means that effective and sustainable local capacity strengthening requires a 'best fit'—not a 'best practice'—approach that is tailored to the local system."

Local capacity strengthening is most likely to contribute to the achievement of sustainable outcomes when the decision to invest in capacity strengthening is made in collaboration with local partners and is based on a comprehensive and mutual understanding of the relationship between capacity and sustainable change at the systems level. Further, strengthening the capacity of local actors is meaningful only in the context of how a local system operates and how actors embedded within that system carry out their roles and interact with one another, the rules of the system, and the resources that exist within the system. This means that effective and sustainable local capacity strengthening requires a "best fit"—not a "best practice"—approach that is tailored to the local system. Therefore, before USAID commits to local capacity strengthening, we must understand the connection between local capacities and sustainable development. This understanding must be grounded in an analysis of the local system, the actors in the local system, and their existing strengths, relationships, and priorities. We must also consider the diverse ways that USAID can leverage its comparative advantage to support sustainable development and measure its success.

Accordingly, USAID commits to the three principles for effective local capacity strengthening programming, as described in this section: start with the local system, strengthen diverse capacities through diverse approaches, and plan for and measure performance in collaboration with local partners. These three principles will guide our understanding of why and in what circumstances strengthening the capacity of local actors—as part of the USAID Program Cycle—can contribute to broader systems change and sustainable development outcomes. These principles also guide our understanding of why measuring performance is important.

Photo Credit: USAID/Philippines

Principle 1: Start with the local system.

Local actors—individuals, organizations, and networks—are the most important changemakers within their communities and societies. USAID investments in local capacity strengthening must focus on supporting local actors to better perform the functions critical to achieving positive and sustainable change at the system level. In practice, this starts with understanding the local system. Understanding the local system[1] informs why and in what circumstances local capacity strengthening can contribute to more positive and sustainable change at the system level.

Learning about the local system must go beyond one-sided information gathering. In collaboration with local actors, and drawing on the insights and expertise of USAID Locally Employed Staff, we must make sense of how the local system functions, its strengths and existing capacities, the behaviors of and relationships among actors, and the rules, incentives, and norms of the context in which actors exist. Collaborative sensemaking—when a group of people with diverse backgrounds make sense of rich, complex, and dynamic situations or information—can help USAID avoid blind spots, enhance innovation and creativity, and lead to more sustainable development outcomes. However, to realize the full benefits of collaborative sensemaking, USAID and its partners must proactively and intentionally include people from marginalized and underrepresented groups, which may include, but are not limited to, women and girls, persons with disabilities, LGBTQI+ people, displaced persons, migrants, Indigenous Peoples, youth and the elderly, non-dominant religious groups, non-dominant racial and ethnic groups, people in lower castes, and persons with mental health needs. If we do not intentionally include the voices of actors who represent these groups, we risk unintentionally excluding them.

One approach for making sense of local systems and determining whether investments in strengthening the capacity of key local actors can effectively contribute to sustainable change at the system level is to listen to local

USAID acknowledges the diversity of existing local capacities in our partner countries and is intentionally shifting its use of terminology away from "capacity building" or "capacity development" and toward "capacity strengthening." Further, capacity of any one actor is highly dependent upon their fit within the context and the enabling environment of a local system.

As understood and used by USAID, **capacity** encompasses the knowledge, skills, and motivations, as well as the relationships, that enable an actor— an individual, an organization, or a network—to take action to design and implement solutions to local development challenges, to learn and adapt from that action, and to innovate and transform over time.

Local capacity strengthening is a strategic and intentional investment in the process of partnering with local actors—individuals, organizations, and networks—to jointly improve the performance of a local system to produce locally valued and sustainable development outcomes.

actors about the current and potential **roles** that they play and the **relationships** that they have and desire, as well as the informal and formal **rules** and **resources** that enable or constrain their abilities to achieve the **results** they desire. In each local system, people occupy multiple roles—cultural, socially differentiated, situation-specific, sociobiological, or gendered—on a daily basis. And the interactions of different actors, based on the various roles that they play, lead to patterns and relationships that shape institutions and societies. Thus, USAID support for local capacity strengthening will be most successful when we are strategic and intentional in supporting key actors to perform roles and have relationships that help them catalyze and sustain positive change they value and perceive to be necessary in their communities and societies. The following considerations about roles, relationships, rules, and resources can help inform strategic decision-making about whether and in which circumstances investments in local capacity strengthening may be most effective.

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1   For an expanded definition of local systems, refer to the USAID Local Systems Framework Policy USAID. "Local Systems: A Framework For Supporting Sustained Development" (April 2014): https://www.usaid.gov/policy/local-systems-framework.

Roles and relationships:

Development results emerge from the actions and interactions of different types of actors. In most cases, many types of actors contribute to how the local system functions (or performs). Therefore, we must understand the range and diversity of actors and the unique roles they perform within a system, before determining if strengthening the capacity of select actors to perform roles that may influence systems-level change is necessary. Further, because results and ownership of solutions emerge from the interactions of many actors, expanding our focus beyond strengthening the capacity of a single actor may be more likely to improve overall system performance. USAID programming must consider and should prioritize opportunities to support collective impact through network strengthening.

Rules and resources:

Before determining if investments in local capacity strengthening can lead to performance improvement, we must also consider other economic, social, political, and environmental factors in the local system that may influence and incentivize positive and sustainable change at the systems level. In local systems where social exclusion practices based on identity, cultural beliefs, or other social norms exist, some local actors may resist changes to the status quo. Unequal power relations may also restrict access to resources that are needed to catalyze social change. In these cases investments made only in strengthening the capacity of local actors may not be sufficient to catalyze sustainable 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.

Generally, investments in local capacity strengthening alone will not be sufficient to achieve sustainable development results. In collaboration with local actors, USAID should first analyze the local system and reflect on existing local strengths, the type of capacity strengthening support that local actors desire and need, and what other programming approaches may be necessary alongside local capacity strengthening efforts to achieve sustainable development outcomes. Only then we can confidently move forward to make strategic and intentional decisions about how to invest in a local capacity strengthening approach.

SPOTLIGHT ON A LOCAL CAPACITY STRENGTHENING APPROACH: THE 5RS FRAMEWORK

The 5Rs Framework is a practical tool to promote good systems practice. It highlights five key dimensions of systems: Results, Roles, Relationships, Rules, and Resources. Collectively these 5Rs can serve as a lens for understanding local systems and as a guide for making the determination whether to invest in, as well as selecting and monitoring, local capacity strengthening interventions designed to contribute to more positive and sustainable change at the system level. Together the 5Rs reflect the basic dynamics of a system.

An important assumption of the 5Rs Frameworks is that sustainability depends upon the capacity of the local system to produce valued development results over time. Applying the 5Rs Framework to the program design process helps USAID ensure that the selection of local capacity strengthening interventions are informed by local context and more likely to support local actors to perform roles and develop relationships to influence the system to produce valued results that are sustained over time.

RESOURCE: The 5Rs in the Program Cycle

A NOTE ABOUT ROLES AND RELATIONSHIPS

As defined in the USAID policy, Local Systems: A Framework for Supporting Sustained Development, a local system is made up of a set of interconnected actors who jointly produce a particular development outcome. In any local system, achieving and sustaining any development outcome depends on the contributions of multiple and interconnected actors. These actors may reflect different social levels (e.g., individuals, organizations, or networks) and work at or across different geographic scales (e.g., sub-national, national, or regional). Some actors may be indigenous to the local system, while others may be external. Regardless, it is their commitment to exercising power with one another and their shared responsibility for tackling a common development challenge that binds them together as a local system.

The challenges facing the world today require the creativity, energy, and innovative ideas of people and organizations around the world. In this policy, USAID uses the following definitions to refer to just some of the actors who are a part of local systems.

- **Local actors** are individuals, organizations, and networks that originate from and are led by people within a given country or region, inclusive of government at national and sub-national levels.

- **Local partners** are individuals, organizations, and networks that originate from and are led by people within a given country or region, inclusive of government at national and sub-national levels when they work with USAID as either direct contractors or recipients or as sub-awardees, whether under acquisition or assistance.

- **International partners** are international nongovernmental organizations (INGOs), global private-sector firms, and other international organizations when they work with USAID as either direct contractors or recipients or as sub-awardees, whether under acquisition or assistance.

- **Other international donors** are international nongovernmental organizations, global private-sector firms, and other international organizations when they provide development assistance themselves.

Linear Approach to Local Capacity Strengthening

Network Approach to Local Capacity Strengthening
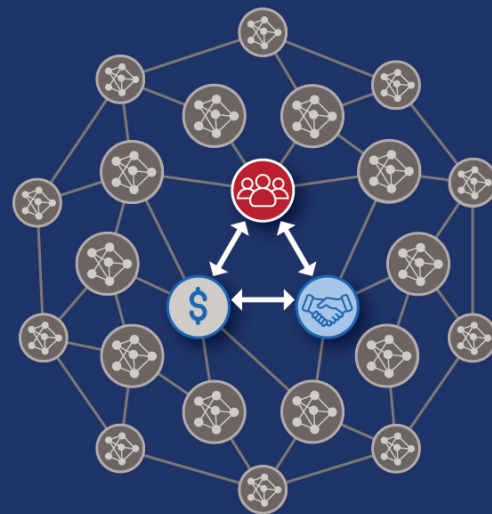
Each of these types of actors can contribute different strengths and resources to solving global development challenges. However, achieving the vision of this policy and advancing global equity and inclusion may require some actors to shift their roles in humanitarian and development programming in local 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 affected by aid and development programs.

# Principle 2: Strengthen diverse capacities through diverse approaches.

Once USAID gains a comprehensive understanding of the local system and has collaboratively decided with local partners to invest in capacity strengthening, we can determine the most appropriate approach. Successful capacity strengthening supports local actors to perform roles and have relationships that will shape a local system in a way that meets their aspirations, goals, and needs. Thus, in selecting the approach, we must collaborate with local actors to understand their priorities, existing strengths, and performance improvement goals. We must also appreciate that each actor is different, develops in unique ways, and has varying levels of agency, power, and access to resources. We must avoid a one-size-fits-all approach and be flexible, creative, and innovative in leveraging different approaches to meet the diverse needs of local actors and longer-term local systems strengthening goals. The following considerations about fit to the local system and the role of USAID can help inform strategic decision-making about why and in what circumstances different approaches for local capacity strengthening may be most effective.

Fit to the local system:
Effective local capacity strengthening is strategic and intentional about which actors to engage and how to support them. It considers both the social level (i.e., the individual, organizational, or network level) and geographic scale (i.e., the sub-national, national, regional, or global scale) of local actors in relation to development objectives. It also reflects that many kinds of capacity and approaches may be necessary to improve both short- and long-term performance of local actors and systems. Some technical, management, and financial capacities help an actor better deliver goods or services or play specific roles, such as conducting and maintaining a rigorous sponsored research or medical program. Other functional or relational capacities help an actor to reflect and be accountable to community feedback, serve and govern as a responsible leader, problem solve and adapt to remain relevant, or forge new partnerships to leverage collective expertise and resources. Regardless of the type of capacity, USAID will strive to strengthen local capacity in ways that go beyond producing short-term results and to leverage diverse capacities in achieving long-term results.

Too often, we default to an approach that relies on training for capacity strengthening because it is predictable and visible. However, training frequently models one-size-fits-all ideas about how local actors should look and often prioritizes outside expertise over local knowledge.

Capacity Strengthening Approaches Differ Across Social Levels

Social Level

Local Systems

Networks

Organizations
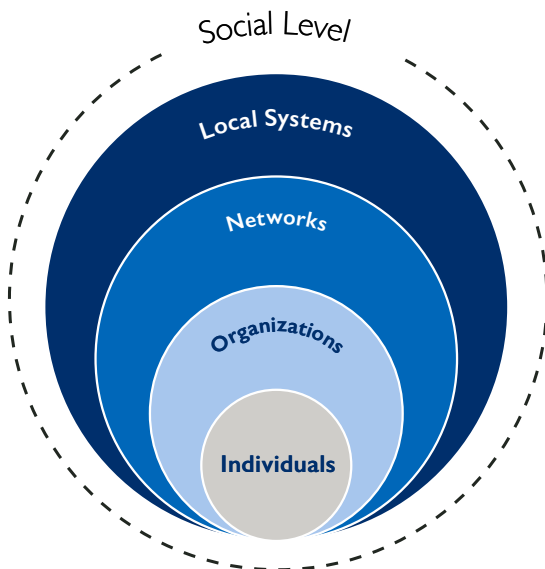
Individuals

Local Systems. A local system performs well when its individuals, organizations, and networks have the capacity to perform roles and develop relationships that enable them to jointly produce and sustain locally valued solutions to humanitarian and development challenges.

Networks. At the network level, effective capacity strengthening approaches facilitate and support the ability of multiple actors to coordinate, cooperate, and collaborate to achieve collective impact.

Organizations. Organizational capacity strengthening supports organizations, a group of people who work together in an organized way for a shared purpose, to achieve their strategic aspirations and deliver results for the stakeholders they serve. Organizational capacities related to human, physical, financial, and technological systems are interdependent. They should be addressed as relevant for supporting organizations' contributions to sustainable development.

Individuals. At the individual level, culturally relevant adult learning approaches foster an appreciation for lifelong learning. These approaches offer safe learning environments, respect for learners, and opportunities to immediately apply new knowledge, skills, or attitudes and then reflect on that new practice.

In reality, various capacity strengthening methods may be necessary to help local actors reach their performance goals and contribute to positive change in their communities and societies. Therefore, approaches should be fit-for-purpose and co-created with local actors, taking into account the aspirations, goals, and needs of each local actor and the rules and resources of the local system. Methods could include accompanying local actors to learn by doing through participatory methods, creating peer-to-peer learning opportunities, and facilitating relationship brokering and network strengthening. In some circumstances, training can be effective, but it should not be our default approach to local capacity strengthening.

Role of USAID:
USAID must also understand our own unique role within the system. Our comparative advantage as a donor will differ based on the existing capacities, relationships, and resources of and among local actors, international organizations, and donors within the local system. This role will often extend beyond traditional approaches of development and humanitarian assistance programming. It might be our ability to connect local actors with desired sources of technical assistance, convene local actors with global actors, strengthen relationships and connections across the system, or direct resources to key local actors to strengthen their influence. Having a full understanding of the unique role we play in a local system will also inform the approach we take.

As part of this consideration, we must take into account the role that our financial resources play in advancing local capacity strengthening. Our resources can be a powerful way to support—indirectly and directly—the capacity strengthening of local actors. Resources provided indirectly to local actors through international partners can help local actors access specialized expertise and forge new network connections. Additionally, funding local actors through direct awards can strengthen the ability of local actors to learn by doing and enhance local leadership and influence, which are respectively an important approach and form of capacity. Ultimately, the decision to support local capacity strengthening via an indirect or direct award to local actors should be made based on a thorough understanding of why the selected approach is best suited to help investments in local capacity contribute to broader systems change and sustainable outcomes. Then we can have confidence that the award will be more than a financial transaction.

A NOTE ON AWARDS TO LOCAL ACTORS & RISK

As reflected throughout the Principles for Effective Programming for Local Capacity Strengthening, the decision to make an award to a local actor for the purpose of local capacity strengthening must be based on programmatic considerations and not on acquisition and assistance requirements. The decision should arise from a rigorous analysis of the local system and deliberate consideration about the types of capacities and approaches that are necessary to improve the short- and long-term performance of local actors and systems to build local ownership and sustain development results. Basing this decision on programmatic considerations can ensure that an award meets the needs of the local partner and communities and that any risk associated with an award to a local actor is evaluated within the context of the overall programmatic needs and potential benefits.

Further, assessing risk to USAID and assessing local capacity strengths and needs are not the same thing. Both play an important role, but it is not appropriate to substitute a risk assessment for a local capacity assessment nor to substitute a risk management plan for a capacity strengthening plan. To maximize efficiency, ensure effectiveness, and support mutual accountability, risk assessment and mitigation plans should be carried out separately from local capacity strengthening assessments and implementation plans, but all should occur in tandem and in partnership with local actors.

A holistic assessment of the opportunities and threats is consistent with USAID guidance on enterprise risk management, the Agency Risk Appetite Statement, and the Acquisition and Assistance Strategy. In this way, USAID can lean into the positive programmatic outcomes associated with working with local partners and be confident that our decision to make an award to a local actor results in an award that can both be managed effectively from a fiduciary standpoint and stays integral to contributing to the achievement and sustainability of humanitarian assistance and development outcomes.

3 Principle 3: Plan for and measure performance improvement in collaboration with local partners.

Performance refers to the extent to which an actor is able to achieve its intended outcomes effectively and consistently. It is the key consideration in determining whether capacity has been changed.

Performance Improvement is a programmatic approach that refers to a deliberate process undertaken to improve an actor's realization of their goals.

Capacity is a form of potential and is not visible until exercised. Therefore, any programmatic considerations regarding local capacity strengthening must plan for and measure improved performance—not latent capacity. It is through performance, or the exercise of capacity, that local actors demonstrate the achievement of their own development priorities. This means that theories of change and plans for monitoring, evaluating, and learning from local capacity strengthening investments must focus on demonstrable changes in the performance of actors and systems, not solely on easily countable features like number of trainings attended or plans or procedures developed. Further, USAID and international partners must prioritize engaging local partners—through direct or indirect award relationships—to determine the performance improvement priorities and jointly lead the identification of performance metrics and development of measurement plans.

Effectively monitoring performance requires selecting an appropriate measurement approach. Because reporting requirements can introduce perverse incentives that may lead to a focus on short-term results at the expense of sustainable development outcomes, the frequency and emphasis of reporting should deliberately focus on monitoring incremental progress toward longer-term change. Incorporating output indicators into a monitoring plan are helpful in monitoring progress against planned timelines and budgets but must not be used as a substitute for genuine outcome-level measurements of performance improvement. Additionally, whenever possible, performance metrics and approaches already being used by the local organization, including those established under local authorities or by other local standards, should be used in place of those created for the sole purpose of reporting to USAID.

Effectively monitoring performance also requires discerning which tools are most useful for which purpose—performance measurement, capacity action planning, or risk mitigation:

Performance Measurement Tools monitor and measure the extent of performance improvement as a result of capacity strengthening support. They help USAID, its partners, and local communities learn whether local actors can better exercise their capabilities to perform roles within their local systems as a result of our support. These tools, however, must be distinguished from tools to catalyze the process of capacity strengthening and from those to identify and manage risk.

Capacity Action Planning Tools facilitate a process through which local actors identify their own priorities for performance improvement and become motivated to own and manage their own progress. These tools can also help USAID and international partners learn about existing local strengths and the type of capacity strengthening support desired and needed by local actors.

Risk Mitigation Tools are primarily designed to assess and help develop plans to mitigate risks to USAID for partnering with any given organization. While these tools may identify existing strengths and areas for improvement within local organizations, they should not be used as a substitute for catalyzing the process of local capacity strengthening or for measuring performance improvement as a result of capacity strengthening support.

While each of these are valuable tools for different reasons, USAID and its partners should be mindful that local actors often are requested or required to participate in assessments conducted by various donors, international partners, and other types of organizations, such as governmental bodies that issue registrations and third-party providers that offer accreditation or certification. As a consequence, local actors often suffer from "assessment fatigue." However, due to existing power imbalances, local actors may not feel confident in expressing concern or declining requests or invitations to participate in additional performance assessments. Therefore, prior to undertaking any new assessment with a local actor, USAID must commit first to requesting and making use of the results of other recent assessments as relevant. In addition, the Agency must share results of any USAID-supported assessment conducted with local actors in an accessible format and discuss these results with the local actors who were the subject of the assessment. Sharing accessible results and making sense of them jointly with local actors creates a learning opportunity that honors our commitment to equitable partnerships.

Ultimately, performance measurement of local capacity strengthening must be connected to the systemic change that USAID and local actors seek. From our systems analysis to our strategic and intentional decision to invest in local capacity strengthening as an approach, USAID's strategic priority is to improve the ability of local systems to produce and sustain development outcomes in collaboration with local actors. Planning for and measuring performance can help USAID and our partners understand the relationships between the process of local capacity strengthening and the improved performance of local actors, as well as between the improved performance of local actors and development outcomes at the system level over time. Focusing on performance measurement along this theory of change can support evidence-based learning and decision-making essential for adapting and improving local capacity strengthening programming. Further, this knowledge provides USAID with the confidence to assert how our local capacity strengthening investments contribute to sustainable development results across sectors and legitimize the role of USAID in promoting local ownership, sustainability, and democratic values abroad.

Photo Credit: Jamie Barnett/FHI 360

III. PRINCIPLES FOR EQUITABLE PARTNERSHIPS IN LOCAL CAPACITY STRENGTHENING

> "USAID must shift our paradigm from partnering *for* to partnering *with*."

Power imbalances often are at the heart of global development challenges. Power can be expressed in many ways. It can be expressed forcibly, as "power over" others. It can be expressed to find common ground and forge partnerships that advance collective impact, as "power with" others. It can be exercised by each individual, as "power to" shape their life and the world around them. And it can even be expressed through our capacity to imagine and hope by finding and unleashing the "power within" ourselves.[2]

Accordingly, USAID acknowledges the inherent power held by official development assistance donors and commits to the four principles for equitable partnerships in local capacity strengthening that are described in this section. These principles will support local capacity strengthening programming across different sectors and regions and guide partnerships that align with local priorities; take a strengths- or asset-based approach; are mindful of and mitigate unintended consequences; and are based on mutual respect and reciprocity.

By using our power to commit to the following principles, along with the principles for effective programming for local capacity strengthening described in the previous section, USAID aims to shift power toward local actors to support more robust and resilient communities that are more inclusive of diverse voices and backgrounds. Local capacity strengthening that includes people who may otherwise face discrimination and legal, social, and economic exclusion can transform individual agency and create opportunities for new and different collaboration across individuals, organizations, and networks. 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 sustainable development.

2   Gaventa, John. "Finding the spaces for change: A power analysis." IDS Bulletin 37, no. 6, (November 2006): 23–33. https://doi.org/10.1111/j.1759-5436.2006.tb00320.x.

Photo Credit: Neil Brandvold for USAID

4 Principle 4: Align capacity strengthening with local priorities.

USAID is committed to helping partner countries achieve their own humanitarian and development goals, while also using U.S. taxpayer investments to produce longer-term sustainable development outcomes. However, short budget cycles and risk aversion can sometimes skew local capacity strengthening toward skills development for short-term gains, such as donor-specific financial management or branding and marking. While implementation of official development assistance often requires risk mitigation activities, which are important to our work and stewardship of resources, support for developing these skills should not be construed as local capacity strengthening that propels longer-term social change. In actuality, an over-emphasis on compliance or the ability to deliver short-term results can have distorting effects that may increase dependence on international donors and weaken resilience by stifling local revenue generation. Over time, such support can undermine the mission of local organizations.

Therefore, once a decision has been made to invest in local capacity strengthening, our focus must be on engaging local actors to identify capacity strengthening priorities jointly and on supporting performance improvement in those areas, regardless of whether we enter into a funding relationship with those actors. In pursuit of equitable partnerships for local capacity strengthening, USAID will embrace the spirit of "nothing about us, without us"—a motto that originated in political movements in Eastern Europe and was made popular by the disability rights movement.[3] This means that no programming decisions about local capacity strengthening should be made without the active participation of members of the group affected by that programming. USAID must shift our paradigm from partnering "for" to partnering "with."

When USAID recognizes power that is inherent within local actors and local communities, we support, rather than undermine, local agency and locally led development. Decisions about which capacities to strengthen, which approaches can be most effective, and what performance improvement targets to set must be grounded in the aspirations and goals of local actors. Likewise, when USAID recognizes inequality or the exclusion of particular groups of local actors, we can use our power intentionally to include, elevate, and empower them, rather than perpetuate their marginalization. Furthermore, the priorities of individuals may be distinct from the priorities of organizations that act on their behalf, so USAID should seek opportunities to hear directly from people rather than representatives who may or may not act on their behalf. USAID must also recognize that local circumstances and needs may change or evolve, so local capacity strengthening should be managed adaptively to accommodate unpredictable shifts and unfolding needs of local actors.

Ultimately, when local actors identify priorities, as well as value and own the change process, they are much more likely to succeed in achieving and sustaining positive change over time. Therefore, by responding to local priorities, USAID can have greater confidence that its investments in local capacity strengthening will result in sustainable development.

5 Principle 5: Appreciate and build on existing capacities.

Local actors have long expressed concerns about how international donors and other international organizations understand and support them. They repeatedly highlight the tremendous local capacity that already exists within their communities and is often overlooked by international actors. Therefore, when USAID provides support to strengthen the capacity of local actors, we will adopt a strengths- or asset-based approach that supports local communities in identifying their strengths and envisioning ways they can use those assets to meet the needs of their communities. Strengths-based practices fundamentally challenge traditional approaches to power relationships between individuals, among organizations, and within communities. Rather than operating from a position of power over another, strengths- or asset-based approaches

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3   Charlton, James I. *Nothing About Us Without Us: Disability, Oppression and Empowerment*. (1998) Berkeley, CA: University of California Press.

Smorgorzewski, Kazimierz, "Poland's Foreign Relations." in Slavonic and East European Review (1938), quoted in Janine Owens, "Exploring the Critiques of the Social Model of Disability: The Transformative Possibility of Arendt's Notion of Power." in Sociology of Health and Illness (December 2014).

pave the way for equitable partnerships by requiring critical reflection on the power dynamics in our relationships and focusing on power with and power to, as well as nurturing the power within.[4]

USAID and its partners will not focus on identifying gaps or weaknesses. Instead we will use participatory approaches that appreciate the existing capacities of local actors and the strengths of local systems, including Indigenous and local knowledge, practices, and beliefs. By accompanying local communities to identify and leverage existing, but perhaps unrecognized or underappreciated, strengths and assets, USAID can support people and organizations to self-identify barriers they face, recognize the resources and power they already have to address these barriers, and appreciate their own adaptive capacity. This process will help local actors lead efforts to set their own agendas, develop solutions, and bring their capacities, leadership, and resources to make those solutions a reality. By building on existing strengths and assets, our support will contribute to more sustainable development outcomes.

Properly considering strengths and assets goes beyond simply recognizing that each local actor has its own existing strengths, however. It means the very nature of the approach to developing capacity is suited to improving the effectiveness of each actor in its local system. To this end, we will not enter a partnership with a preconceived vision for how an "end state" for local actors will be achieved, nor deploy a standard 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. While performance may be measurable against normative outcomes, capacity may take diverse forms that enable performance achievement. Other experiences, models, and international comparisons may be informative but must not be determinative. We should expect every local actor to grow in distinct ways. We must provide support for local capacity strengthening to each local actor based on the context and unique priorities, strengths, opportunities, and

risk tolerance. For this reason, we must shift away from a directive role and toward a facilitative role in local capacity strengthening—a role that inspires and encourages local actors to recognize their "power within" and realize their self-defined potential.

SPOTLIGHT ON A LOCAL CAPACITY STRENGTHENING APPROACH: POSITIVE YOUTH DEVELOPMENT

Inclusively engaging the voices and skills of 2.4 billion youth, defined by USAID as people between the ages of 10 and 29, is critical for achieving sustained development. One programmatic tool that reflects how a strengths-based approach can be used to support inclusive local capacity strengthening is the Positive Youth Development (PYD) Framework. PYD is an intentional, prosocial approach that engages youth within their communities in a manner that recognizes and enhances youth strengths to promote positive outcomes. Instead of viewing youth as passive recipients of assistance, a PYD approach can ensure that young people are recognized as agents of their own development and that local capacity strengthening for youth supports them to exercise their power to shape their life and the society around them. A PYD approach involves youth in co-creation and co-design of programs as well as in decision-making about the implementation of local capacity strengthening activities that:

• Recognize and build upon youth's assets such as key soft skills or academic or technical skills and knowledge.

• Develop youth agency by helping them set goals, develop their own identities, and build confidence that they can accomplish those goals.

• Link youth to a supportive environment through internships and access to mentors.

RESOURCE: Positive Youth Development Measurement Toolkit

4   Mathie, Alison, Cameron, Jenny, and Gibson, Katherine. "Asset-based and citizen-led development: Using a diffracted power lens to analyze the possibilities and challenges," *Progress in Development Studies*, 17, no. 1 (February 2017): 1–13, https://doi.org/10.1177/1464993416674302.

Stuart, Grame. "Strengths-based practice and ABCD." https://sustainingcommunity.wordpress.com/resources-for-students/strengths-based-approaches/.

Principle 6: Be mindful of and mitigate the unintended consequences of our support for local capacity strengthening.

Like other development interventions, capacity strengthening approaches can also potentially cause unintended harm. Because few social interactions are ever power neutral, power and politics fundamentally matter for local capacity strengthening outcomes. Before engaging with local actors, USAID should reflect on the visible, hidden, and invisible 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. Paying attention to how power shapes decision-making and political or agenda setting can help us build partnerships that are based on mutual respect and trust and help balance power asymmetries through local capacity strengthening programming.

Local systems may be characterized by entrenched patterns of inclusion and exclusion that reflect competition for resources and power through formal and informal roles, histories, relationships, cultural beliefs, and other social norms. Achieving and sustaining strengthened local capacity and positive local systems change requires responding to the incentives and power dynamics among local actors in a local system. However, some capacity strengthening activities may affect roles, competition, and vested interests in a manner that shifts authority and influence from some individuals and groups to others. While these shifts can often support positive change and sustainable development at the systems level, they may also create or exacerbate competition or conflict. Therefore, USAID must assess the potential for harm by applying conflict-sensitive, political economy, and "do no harm" approaches. These approaches can help identify underlying dynamics that might otherwise result in conflict or other unintended consequences, and we must use such findings to mitigate any potential negative effects.

In some cases, this may require empowering and elevating the voice of marginalized and underrepresented populations to an equitable status without putting them in harm's way. Such groups will vary depending on the local system and may include, but are not limited to, women and girls, persons with disabilities, LGBTQI+ people, displaced persons, migrants, Indigenous Peoples, youth, the elderly, non-dominant religious groups, non-dominant racial and ethnic groups, people in lower castes, and persons with mental health needs. Every individual and community, of all diverse identities and experiences, are instrumental in the transformation of their own societies. Their equitable inclusion in local capacity strengthening helps reduce the likelihood of unintended consequences by validating and improving on our understanding of contextual knowledge, bolstering the credibility of programming interventions that USAID supports, increasing the likelihood that proposed solutions will be taken up and maintained, and enhancing USAID's ability to address humanitarian and development challenges comprehensively.

In other cases, achieving the vision for local capacity strengthening outlined in this policy will require that USAID and its partners re-examine our roles in development and explore our biases and assumptions before engaging local actors. Historical legacies of colonialism and exclusion have produced power imbalances that have ongoing impacts on humanitarian and development programming, and diverse actors perceive and experience those impacts differently. USAID must acknowledge when our own processes might unintentionally foster this imbalance, because these inequalities compromise the impact and sustainability of USAID foreign assistance programming. These historical legacies are further exacerbated by resource constraints, whereby local partners often strive to gain or maintain funding by aligning their activities with international donor priorities, requiring local actors to dedicate significant time and resources to such efforts. Additionally, USAID and other international donor policy priorities are subject to sudden changes, which may result in funding shifts to new and different priorities. Consequently, local actors' pursuit of international donor funding, especially if it lacks continuity, can be highly disruptive to local systems and may undermine the credibility of local partners with their constituents. Thus, activities designed to advance donor priorities, rather than strengthen local partner capacities to carry out new or existing roles more effectively within the local system, pose risks and potential harm to local partners. Ultimately, USAID must take care to mitigate harm that may stem from local conformity to international donor priorities and undermine the ability of local actors to work toward their own aspirations and goals or organizational missions.

7 Principle 7: Practice mutuality with local partners.

Successful local capacity strengthening inherently involves working together to identify objectives, strengthen capacities, and measure change over time. To facilitate a positive partnership and therefore, effective local capacity strengthening, USAID and its partners should approach local capacity strengthening from a mindset of mutual respect and trust. This means that USAID and its partners recognize and value the different aspirations and goals, capacities, and resources that each brings to the partnership. To this end, USAID should be clear about why we decided to invest in local capacity strengthening and the change to which we hope it leads, while also being receptive to the reality that local actors may have different but equally valid reasons to seek support for capacity strengthening. We also should incorporate adequate time and resources into program design to establish an enabling environment for co-creating development solutions, as this can help build mutual respect and trust.

Local capacity strengthening needs to be locally owned. Mutuality in partnerships can help drive that local ownership.

Mutuality is a positive condition or shared mindset about a relationship whereby two (or multiple) partners aim to balance power differences by striving for reciprocal partnerships that accrue benefit to each partner through relationships built on trust and respect. It is achieved when USAID and its partner(s) each share or exchange information and take action toward shared goals, such as through mutual accountability, which is a process by which partners agree to be held responsible for the commitments that they have voluntarily made to each other.

In practicing mutuality[5], USAID and local partners also should hold one another mutually accountable in local capacity strengthening programming. Mutual accountability is a process in which two or more partners agree to be held responsible for commitments that they voluntarily make to each other. It relies on consensus around shared agendas and prioritizes the successful performance of the partnership. Mutual accountability can be exercised in multiple directions and among numerous actors, such as across donors and local leaders, local organizations and their constituents, networks and their members, and citizens and their governments or service providers. Partnerships for local capacity strengthening that commit to mutual accountability can foster transparent and equitable engagement that achieves mutually valued results.

Mutual accountability also provides an opportunity for USAID to learn from local actors throughout the design and implementation of local capacity strengthening activities. One way that USAID can deliver on our commitment to support mutual accountability in local capacity strengthening programming is by developing and honoring stakeholder accountability plans through which local partners can provide meaningful feedback about what is working and what can be improved. To learn and improve, USAID must reflect on and make sense of our experiences in supporting capacity strengthening with local partners and actors, giving equal validity to their perspectives as our own. Partnering with local actors for monitoring, learning, and adapting can take a variety of forms, such as co-creating theories of change, jointly selecting performance indicators that reflect a locally led vision of success, collaboratively analyzing and interpreting data, or cooperatively prioritizing actions for program adaptation. Regardless, by moving the locus of learning and adaptation closer to local stakeholders, USAID can support local leadership and ownership.

Spotlight on LCS Programmatic Approach: G2G Partnerships

Government-to-government (G2G) assistance, which refers to direct funding agreements between USAID and partner governments, is one programmatic tool that USAID uses to support improved performance and sustainable development outcomes in local systems. These agreements employ a variety of funding mechanisms and are not an end in themselves. Rather, they provide a mechanism through which USAID and partner governments can redefine their relationships and discover "power with" one another to collectively address the most pressing global issues. Through a process of co-creation and co-design, USAID and partner governments identify mutually agreed-upon objectives and implementation activities that can be delivered through national and sub-national systems and institutions and commit to advancing these objectives through mutual accountability plans. By going beyond traditional donor-grantee relationships, G2G partnerships support inclusive country ownership and strengthen public sector capacity to better deliver and sustain services that are responsive to the needs and aspirations of all citizens.

REFERENCE: ADS Chapter 220 Strengthening the Capacity of Partner Governments through Government-to-Government (G2G) Assistance

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5   Rose, Marin and Wadham-Smith, Nick. "Mutuality, Trust, and Cultural Relations" London: Counterpoint, British Council (2004): https://uscpublicdiplomacy.org/sites/uscpublicdiplomacy.org/files/legacy/pdfs/Mutualit-Rose.pdf

IV. INSTITUTIONALIZING CHANGE: THE PATH FORWARD

> "The Agency will continue to make local capacity strengthening fundamental to how we think about achieving, measuring, and sustaining humanitarian and development results."

The previous sections of this policy outline a vision about why and how to invest in the capacity of local actors based on a shared understanding of principles for effective local capacity strengthening. To realize the full potential of this vision, Agency policies, practices, and processes must integrate the principles described earlier. Accordingly, this section outlines a change management approach through which the Agency will continue to make local capacity strengthening fundamental to how we think about achieving, measuring, and sustaining humanitarian and development results. These approaches are equally relevant to international partners and other donors, considering the important role they also play in supporting local capacity strengthening.

Our holistic change management process must begin by recognizing operating environments, mindsets, structures, and practices that may be at odds with achieving the policy's aspirations. For example, current USAID staffing is insufficient and staff are not incentivized to support deeper and longer-term engagement with local partners. Therefore, the vision in this policy requires structural change and strategic incentives to motivate and enable staff to work in new ways. Effectively addressing these issues also requires institutional accountability described below.

Recent policy assessments point to sustained, consistent, and coordinated leadership-level support as a key enabler of successful policy implementation.[6] For this policy, this leadership will be assumed by bodies operating at three levels.

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6   This finding emerges from a series of Policy Implementation Assessments (PIA) conducted by USAID.

USAID. "Policy Implementation Assessment of the Local systems Framework" (January 2021): https://pdf.usaid.gov/pdf_docs/PA00Z8CG.pdf.

USAID. "Policy Implementation Assessment of the USAID's Building Resilience to Recurrent Crisis: Policy and Program Guidance-Executive Summary" (November 2021): https://pdf.usaid.gov/pdf_docs/PA00ZDBM.pdf.

At the highest level, the newly established Policy Advisory Council (PAC), comprising the most senior Agency leaders, will provide high-level coordination and elicit the commitments needed for the realization of USAID's development and humanitarian assistance priorities, including local capacity strengthening.

At a second level, a subcommittee of the PAC, chaired by the Bureau for Development, Democracy, and Innovation (DDI), is envisioned to provide more direct leadership oversight on this policy, confirming that Agency practices and programming increasingly reflect the principles laid out in the policy and approving the priority actions provided in annual implementation plans. At the working level, a cross-Agency Local Capacity Strengthening (LCS) Implementation Team, chaired by the Local, Faith, and Transformative Partnerships Hub (DDI/LFT) in close collaboration with the Bureau for Management (M) and Bureau for Policy, Planning, and Learning (PPL), will be responsible for developing the annual plans and coordinating their implementation. These implementation plans will address four overlapping priority areas.

Photo Credit: USAID/Sayora Khalimova

1. Institutionalize Accountability of USAID Leadership to Advance Reform

Over the past decade, USAID has made significant progress—from Implementation and Procurement Reform (IPR), to Local Solutions to Effective Partnering and Procurement Reform (EPPR), to a renewed commitment to localization and an elevation of diversity, equity, inclusion, and accessibility (DEIA) principles—toward improving programmatic guidance and acquisition and assistance practices in support of local capacity strengthening. While the principles outlined in this policy build on the work accomplished under those efforts, the Agency will need to continue to identify and address barriers and obstacles to integrate the principles for local capacity strengthening effectively in all USAID programming and acquisition and assistance processes. To succeed, Agency leadership must provide staff the necessary incentives, resources, and flexibilities to implement local capacity strengthening. Accordingly, annual LCS implementation plans will identify specific opportunities where Agency leaders can:

- Coordinate with M Bureau, the Office of Budget and Resource Management (BRM), the Office of Human Capital and Talent Management (HCTM), and other relevant Bureaus and Independent Offices (B/IOs) to secure the resources necessary for creating a conducive operating environment, obtaining and mobilizing staff, and securing funding for LCS-aligned programming.

- Engage relevant congressional committees to advocate for adequate resources to fund and support the management of LCS programming.

- Communicate continued USAID commitment to the principles laid out in this policy.

2. Prioritize Accountability of USAID to LCS Stakeholders

The LCS Implementation Team will coordinate a comprehensive effort to prioritize accountability to local actors and stakeholders to secure adequate resources dedicated to experimentation, innovation, and best-fit practices in local capacity strengthening. This effort will include:

- Elevating, supporting, and disseminating evidence-based and best-fit practices in monitoring, evaluation, and learning techniques for capacity strengthening programming.

- Supporting peer networks, communities of practice, and/or resource hubs devoted to effective local capacity strengthening practice.

- Broadening conversations with local actors by convening annual feedback and listening sessions and engaging them in assessments of the policy.

- Promoting a culture based on mutuality that rewards trust-based relationships with local partners, respects their existing capacities, and follows their own capacity strengthening priorities.

To provide accountability, the Implementation Team will conduct a policy implementation assessment five years after the publication of the policy to evaluate the effectiveness of our LCS programming. Feedback from local actors will be a critical component of this assessment.

3. Integrate Effective Local Capacity Strengthening Practice into the USAID Program Cycle Guidance and Resources

The Program Cycle is USAID's operational model for planning, delivering, assessing, and adapting development programming around the world. An ongoing priority for the LCS Implementation Team will be to work closely with PPL and the Bureau for Management's Office of Acquisition and Assistance (M/OAA) to institutionalize the principles and practices of effective local capacity strengthening outlined in this policy across all elements of the Program Cycle, including through new guidance, tools, training, and other resources that empower and enable staff in the field to advance this practice.

An initial priority will be updating core USAID Program Cycle guidance to reflect and advance the principles articulated in this policy. The LCS Implementation Team will work with PPL colleagues to identify where current guidance can be adjusted or augmented to align across the full spectrum of Program Cycle processes—from strategy, project, and activity design; to monitoring, evaluation, and learning; to government-to-government finance.

At the same time, and in recognition that local capacity strengthening needs to be adapted to specific contexts, the LCS Implementation Team will work with USAID functional Bureaus to develop implementation guidance that integrates the LCS principles into programming that addresses specific sectoral or operational issues. These guides will be a priority for the first year of policy implementation and will need to be approved by the PAC committee focused on local capacity strengthening.

In addition to programmatic guidance, the LCS implementation Team will identify other Agency practices that serve as barriers to effective local capacity strengthening, especially when those concerns displace programmatic objectives. Particularly important will be collaboration with M/OAA to identify and remove regulatory barriers that impede the adoption of the principles and practices articulated in this policy.

4. Develop Tools and Resources to Incentivize and Support Staff

Development and dissemination of new training, tools, personnel incentives, and communications products are essential for USAID staff, partners, and other stakeholders to have the skills and tools necessary to implement the policy effectively. These reforms and resources will equip development practitioners to make the behavior change necessary to implement local capacity strengthening. Among the most important are:

- Developing and implementing an internal and external engagement strategy to promote the policy, educate key actors on what it will mean for their work, and engage directly with local actors and international partners to disseminate the strategy.

- Establishing, maintaining, curating, and promoting a robust Resource Hub on effective local capacity strengthening on ProgramNet.

- Ensuring that Agency training, including core offerings from PPL and M/OAA, integrates the principles and practices of the policy.

- Proposing changes to relevant Core Competencies and the Foreign Service Skills Matrix to align the Agency's personnel incentives and hiring and promotion processes with the policy.

- Empowering further the Agency's Foreign Service National (FSN) staff as a critical asset for local engagement, partnerships, and capacity strengthening.

The LCS Implementation Team will be responsible for identifying specific actions, through an annual implementation plan, to advance this agenda.

However, translating those plans into actual reforms—and LCS principles into actual practices—will require commitment, creativity, and courage from across USAID. To succeed, clear guidance, practical innovations, and streamlined processes must be coupled with consistent leadership, adequate resourcing, and shifts in the understanding of development partnership. Only with such systemic changes within USAID will we be able to realize our shared vision for local capacity strengthening.
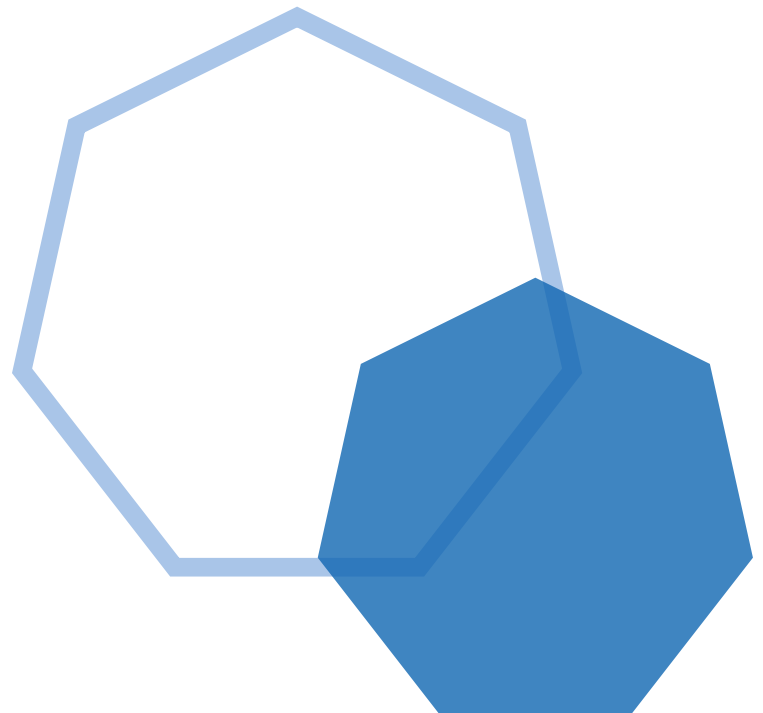
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