

International Disaster Assistance Localization Report to Congress

The U.S. Agency for International Development (USAID) submits this report pursuant to House Report 117-401 (incorporated by Sec. 7019(e) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2023, (Div. K, P.L. 117-328)). The House Report provides:

“Not later than 120 days after enactment of this Act, USAID shall submit a report to the Committees on Appropriations detailing programs awarded to local and national nongovernmental entities from funds made available under this heading. The report should include a description of how USAID is working to increase funding to capable local and national nongovernmental entities.”

This report complements the USAID Fiscal Year 2022 Localization Report to Congress, (available at:<https://www.usaid.gov/sites/default/files/2023-07/USAID%20Localization%20Report%20to%20Congress%20.pdf>) which includes additional reporting pursuant to the Fiscal Year (FY) 2023 Joint Explanatory Statement (incorporated by Sec. 7019(e) of Div. K, P.L. 117-328)

1. Background

Administrator Samantha Power has set ambitious goals for the Agency to recognize local and national actors as leaders, decision-makers, and drivers of change in their own countries and communities and elevate their leadership in our work. USAID’s Bureau for Humanitarian Assistance (BHA) leads the agency’s localization efforts within the humanitarian sector.

The Agency defines localization as the set of internal reforms, actions, and behavior changes that USAID is undertaking to ensure our work puts local actors in the lead, strengthens local systems, and is responsive to the needs of local communities. In the humanitarian sector, this means supporting humanitarian responses that are as local as possible, a goal that aligns with the Grand Bargain—a 2016 agreement signed by the U.S. government (USG) and other donors, and humanitarian aid organizations to streamline funding, remove systemic barriers to entry, and make resources of all kinds more accessible to local partners.

As part of USAID’s embrace of localization, BHA commits to placing local and national actors at the forefront of humanitarian efforts where possible and appropriate, building on previous successes, learning from past challenges, and expanding these efforts across responses to complex humanitarian crises. USAID also understands that its localization efforts must be measured and realistic, with the ultimate goal of facilitating the delivery of life-saving humanitarian assistance more effectively, efficiently, and sustainably.

Early in her tenure, Administrator Power announced two ambitious Agency-wide targets to track and motivate localization progress. First, that by the end of FY 2025, USAID will strive to provide at least a quarter of its program funds directly to local partners, and second, by 2030, 50 percent of Agency programming will place local communities in the lead to set priorities, co-design projects, drive implementation, and evaluate the impact of its programs. Over the past year, USAID has developed new or revised Agency policies and strategies—and come up with additional tools—to help facilitate progress toward these localization goals. And the Agency has made progress, increasing direct funding to local organizations and working with local actors to co-create programs and approaches. BHA has been actively engaged in exploring opportunities to expand direct partnerships with local actors, where possible, and strengthen the impact of local partnerships beyond funding.

The Bureau's broader localization goals and imperatives are outlined in a forthcoming USAID Policy on Localizing Humanitarian Assistance, the final draft of which will be released publicly and accompanied shortly thereafter by a strategic implementation plan and additional guidance for key partners to ensure coherence with Agency efforts and initiatives in the broader humanitarian community.

2. Efforts to Increase Partnerships and Funding

In FY 2022, BHA directly contributed \$42 million in International Disaster Assistance (IDA) funding to 21 local non-governmental organizations (NGOs), and provided an additional \$98 million in IDA funding to 221 local NGOs through subawards. Taken together, BHA obligated more than \$140 million in International Disaster Assistance (IDA) funding through direct and indirect funding contributions to 242 local NGOs, which constitutes almost four times the funding and more than twice the number of partners compared to FY 2021.

In addition, BHA's Public International Organization (PIO) partners also rely significantly on local organizations for program implementation; however, agreements with PIOs are not subject to federal subaward reporting requirements, so these subaward partnerships are not captured in BHA's figures for overall funding to local organizations. USAID provided \$5.65 billion in IDA funding to PIOs in FY 2022, including both regular and supplemental resources. BHA contributed \$49 million in FY 2022 to country-based pooled funds, a significant portion of which are then allocated to local organizations. This represents an increase over FY 2021, during which BHA contributed \$2.2 billion in IDA funding to PIOs, of which \$30 million went to support country-based pooled funds.¹

¹ FY 2022 funding to PIOs represents a significant increase over FY 2021 PIO contributions due in large part to Ukraine supplemental funding, and does not signal a long-term trend.

Baselining and Target-setting

In early 2023, BHA participated in an Agency-wide exercise to align local partner funding indicators across the agency, identify the bureau's FY 2022 baseline for local partner funding against which progress towards agency commitments will be measured, and establish incremental targets to increase year-over-year funding to local actors.

Using the Agency's proxy definition of a local partner², BHA has identified that .86 percent of BHA's program funding³ - nearly \$36.2 million⁴ - was awarded directly to local partners in FY 2022. BHA plans to make annual increases in the total number and value of local awards. The target-setting process also identified additional areas to strengthen staff resources and support the facilitation of local partnerships, including increased staffing capacity for pre-award audit processes to help partners onboard more quickly, additional support for centralized USG system registration processes, and additional guidance and outreach to local actors interested in partnership with BHA.

Localization Workstreams

BHA is currently exploring a range of approaches to continue to increase the scale and reach of funding to local and national actors, both through direct and indirect funding. Efforts to expand local actor support occur along a number of overlapping lines of effort, including, but not limited to:

- Supporting capacity-strengthening and capacity-sharing programs (both global and country-focused);
- Identifying and supporting local partners in both rapid onset and protracted complex emergencies;
- Advising and funding country-based pooled funds, with a focus on awards to local actors;
- Piloting new approaches, including simplified acquisition and assistance award models;
- Partnering with local private sector actors where appropriate; and

² A local partner is defined as an organization for whom *country of incorporation* data from the System for Award Management (SAM.gov), *physical address country* from SAM.gov, and *place of performance country* in the Agency's acquisition and assistance award-generation system all match and are not the United States OR where the vendor country and place of performance country are the same and are not the United States.

³ Per agency guidance, program funding calculations exclude interagency agreements, personal services contracts, and PIO funding.

⁴ Agency-defined localization figures generally include both IDA and Title II Food for Peace Act funding, local commercial vendors, and miscellaneous expenses for administrative and program support to local actors, and may differ from those in the Annex. Information provided in the Annex includes information solely for IDA-funded grants and cooperative agreements to local partners.

- Supporting local leaders to take part in humanitarian coordination structures and decision-making fora.

BHA is also exploring opportunities to integrate localization into its guidance, trainings, and resources to ensure staff have the information, support, and skills necessary to operationalize locally led development throughout all stages of the Agency’s acquisition and assistance process.

3. Select examples

Current successes can serve as a springboard for future programming. USAID will take lessons learned from these examples to inform future program design and partner support mechanisms. A few notable examples include:

Engagement in Grand Bargain Caucuses and Other Fora

USAID’s participation, through BHA, in the Grand Bargain—an agreement between humanitarian donors and organizations to improve the effectiveness and efficiency of humanitarian assistance—offers additional opportunities to advance locally led humanitarian response and harmonize approaches. Grand Bargain workstream engagement includes efforts to consistently track and report funding to local actors, streamline and align partner assessment and reporting processes, jointly advocate for full cost recovery among local prime funding recipients, and collectively promote equitable overheads for local subrecipients. BHA remains engaged in the Grand Bargain’s localization workstream and plays an active role in the quality funding caucus and the localization caucus. Likewise, BHA’s coordination with the U.S. Department of State’s Bureau of Population, Refugees, and Migration (PRM) on advancing diplomatic efforts in the UN General Assembly, the UN Security Council, UN agencies’ executive board meetings, and other fora increases awareness of and advances needed reforms on localization.

Capacity Strengthening in Action

USAID supported a portfolio of Local Capacity Strengthening for Response awards, implemented in 16 countries in Africa, Asia, Latin America, and the Caribbean. These awards paired targeted training with coaching and mentorship, ensuring that participating organizations lead in mapping their own learning objectives. As a result, more participating organizations engage in local humanitarian coordination structures, and multiple local organizations became direct recipients of donor funding.

Through a directly funded capacity strengthening program component, USAID is working to ensure that local organizations in Ukraine have the training and systems necessary to manage

U.S. government funding while building their experience with USAID guidelines and technical and financial management requirements. USAID recently established a direct partnership with one Ukrainian NGO which will make available essential emergency transit services to disabled and elderly people; provide dignity kits to meet needs during the period of relocation; and conduct first-aid, psychosocial, hostile-environment, and sexual exploitation and abuse training for evacuation staff. USAID also sits on the advisory board for the Ukraine Humanitarian Fund, a country-based pooled fund and another valuable tool to increase direct funding to national and local organizations.

Supporting local Syrian relief organizations through pooled funds

Although contributions to country-based pooled funds are not captured in the methodology USAID uses to track Direct Local Funding, they can be an important mechanism for channeling funding to local NGOs. For example, after the devastating February 6, 2023 earthquakes and aftershocks impacted Türkiye and Syria, BHA's Syria Team prioritized contributions to two cross-border pooled funds as the most efficient and effective way to get resources into the hands of the local Syrian organizations meeting the humanitarian needs of those affected by the earthquake in opposition-held northwest Syria. These funds, combined with contributions from other donors, provided approximately 68 percent of the total pooled fund allocations in direct funding to local NGOs for the earthquake appeal. USAID contributed \$50 million to these two funds. All pooled fund partners are subject to thorough monitoring, reporting, and audit requirements to confirm funds are utilized for intended purposes. A 'risk based approach' enables the funds to prioritize projects for monitoring based on risk levels assigned to each implementing partner, as well as a framework to identify context specific risks and ways to mitigate them.

New Partnerships Initiative (NPI) Incubator

In 2022, BHA bought into a contracting mechanism based in USAID's Bureau for Development, Democracy, and Innovation which engages external advisors to advance local partnerships by offering a "menu" of support services. Pilot projects are currently underway to respond directly to needs identified by four geographic teams, with opportunities for future expansion:

- In the **Democratic Republic of Congo**, NPI supported four partners in securing registration in the System for Award Management (SAM) so that they are eligible to receive BHA awards (registration in SAM is a required pre-award step that is often a barrier for many local partners due to requirements for documents in English, limited non-English support, and other challenges). Once registered in SAM, local partners are eligible to apply for USAID awards such as the Program for the Promotion of Primary Health Care, Rebuild Hope for Africa, the Association Locale pour le Développement Integral, and Caritas-Développement Goma.
- In **Zimbabwe**, advisors are supporting USAID with a needs assessment and capacity

strengthening services for Mwenezi Development Training Centre, which recently become a new prime awardee, as well as a capacity strengthening needs assessments for three local subawardees to provide roadmaps for potential future partnership opportunities: Bulawayo Projects Center, Nutrition Action Zimbabwe, and the Linkages for the Economic Advancement of the Disadvantaged Trust.

- In **Malawi**, Incubator consultants are co-defining capacity strengthening needs and developing a support plan that balances technical assistance to prepare local partners to work and be in compliance with USAID requirements, with broader support for organizations to effectively advance their missions through humanitarian programming. USAID local partners include Churches Action in Relief and Development, Find Your Feet, and Malawi Red Cross Society.
- In **Iraq**, the Incubator supported a partner needs assessment with three local partners to jointly determine their capacity strengthening priorities and provide support for those identified priorities.

Building the Evidence Base for Local Partnership

USAID continues to support research on localization approaches and impacts in diverse settings in partnership with NGO and academic partners.

In early 2023, Tufts University's Feinstein International Center released the results of its BHA-funded study on the challenges faced by global south humanitarian research institutions, opportunities for increasing equitable participation, and recommendations for donors and international non-governmental organizations (INGOs) to better support the work of global south humanitarian researchers. The final research report highlights the importance of including diverse voices and experiences in the humanitarian research literature and the need for donors and INGOs to provide equitable opportunities for researchers. The study follows Tuft's 2022 Localization Landscape report, also funded by BHA, which provided a snapshot of the current landscape of issues and perspectives associated with the localization agenda in the humanitarian sector.

USAID also partnered with the INGO Concern Worldwide to identify evidence-based strategies for overcoming obstacles to locally led humanitarian response. The research, which examines five distinct humanitarian contexts, aims to develop transferable learning on funding and staffing issues within the lens of localization, and ultimately inform the development of practical tools which will be launched in participating countries as well as globally.

4. Opportunities and Constraints

Convening Local Actors

USAID/BHA has established a formal partnership with the International Council of Voluntary Agencies (ICVA), a global humanitarian network that provides a platform for increased collaboration and coordination between NGOs and other humanitarian organizations. ICVA currently represents more than 80 NGOs from around the world engaged in humanitarian activities. This new partnership significantly expands USAID/BHA's network of local actors for the purposes of soliciting input and feedback, disseminating partnership information, coordinating regional convenings on key issues of shared interest, and strengthening connections between regional BHA staff and local organizations and networks.

Continued Challenges

To expand USAID/BHA's partner base, BHA seeks to work with local organizations in advance of crises to address federal and Agency requirements, while ensuring partner safety, accountability, proper stewardship of USG funding, and oversight of U.S. taxpayer dollars. This requires BHA to undertake pre-award audits that carefully consider internal controls (including fiduciary and organizational systems) employed by local partners, while strengthening their compliance capacity. Due diligence measures require BHA to address a range of internal staffing constraints, including:

- Need for additional Agreement Officers and Agreement Officer Representatives to award and administer a larger number of smaller grants and cooperative agreements;
- Need for additional audit and risk management focused staff to conduct pre-award audits, and build internal control capacity;
- Establishment of localization-focused staff and units, both in the field and at headquarters; and
- Recruitment of staff with experience working with local partners.

As USAID seeks to advance localization, it will engage stakeholders to consider realistic solutions. Ultimately, USAID recognizes that all humanitarian actors face risks, but certain risks may disproportionately affect local partners. Thus, BHA will further analyze and address these complex constraints.