

# Introducing USAID's Forthcoming Local Capacity Development Policy: A Conversation with the Development Community

## TRANSCRIPT

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Recording available on USAID Learning Lab:

<https://usaidlearninglab.org/library/introducing-usaids-forthcoming-local-capacity-development-policy-conversation-development>

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### **Arjun Tasker:**

Hello everybody. Welcome. Thank you for joining us. This is our first public webinar on the Agency's effort to develop a new local capacity development policy.

My name is Arjun Tasker with the New Partnerships Initiative and along with my colleague Zach Pusch of the Office of Local Sustainability we coordinate the Agency's effort to develop this policy. I just want to, a couple housekeeping matters. We are recording this webinar. We are welcoming questions. In fact the whole focus of this is to answer some questions and take in input. And so there's a question and answer box that we are using for that purpose. Please also respond to the poll that my colleague Hannah has placed in the poll section. Today we will be hearing from the senior leader champions of this effort within the Agency and a number of presenters from the drafting team. I'll ask everyone to mute themselves. And before we kick it off, I'll turn it over to our kind producer Cydney for one or two BlueJeans-specific housekeeping items.

### **Cydney Gumann:**

Alright thank you, Arjun. And apologies to everyone if you're seeing a little bit of back-and-forth with the presentation. But I am going to do a quick overview of how BlueJeans is supposed to run.

So all of you should see a screen that looks like this. You will see in the far right-hand corner, what is now in red, a couple of series of icons. The first one you will click when you are ready to leave today's webinar. From there, you have an attendees list. This is where you can see the moderators and you can search for other attendees who are joining today's webinar. Then below that icon you will see a public chat. If you have tech issues or want to share resources or experiences, please type that here. If you do have tech issues one of our presenters or moderators will reach out to you through this private chat icon and you can talk to them and try to fix your tech issues. Below that is that polls icon. That is what Arjun just mentioned you will find a poll available for you to answer. And then a Q&A. If you have any questions during today's webinar, please type them in this Q&A pod and we will capture them and then get to as many as we possibly can after today's presentation.

Also down below is a Settings, you'll find that bottom-right corner of your screen. If any of you need closed captioning, that is where you will find that option. You will also find a low-bandwidth option. If you have any audio, tech issues that might be a helpful place to start.

In the middle of the screen during today's presentation you will see a toggle option. If you toggle all the way to the right like where we are right now, you will see the presentation full-screen. If you toggle all the way to the left you will see the person who is presenting. And if you toggle in the middle you will be able to see both. So feel free to adjust as you would like.

And finally over in that bottom left-hand corner you will find a volume button, a full screen button, and that closed captioning button. So feel free to please click any of those if they are helpful. And with that I am going to turn it back over to Randy Tift to start off today's webinar.

**Randy Tift:**

Thank you so much. Welcome everybody. Today Kimberly Rosen and I are here to update all of you on the local capacity development policy that was recommended and approved under Effective Partnering and Procurement Reform, or EPPR, under Transformation. And it's now being developed by a cross-Agency team of experts, some of whom you'll hear from today.

There are a number of reasons why the Agency has decided to embark on the development of a new Agency-wide policy on local capacity development. Capacity development of local organizations is a long-standing area of USAID's work and a cornerstone of the Journey to Self-reliance, and long-term sustainable development. Yet, while local capacity development is practiced across every sector, country, and context, there is no unifying or authoritative Agency policy on these principles and approaches related to this common area of practice. At the same time, USAID faces a number of challenges in implementing effective capacity development programming.

At times, USAID's work in this area has emphasized the strengthening of individual local organizations to meet USAID's internal requirements over increasing organization's capacities to deliver development results. The purpose of capacity development is to improve the performance of local systems and actors, including civil society, government, the private sector, academia, and others, to achieve results. Capacity development is central to how we think about the Journey to Self-reliance, or J2SR, and sustainable development more broadly, and it must be at the center of an increasing number of Agency programs.

As we go to the next slide, you'll see that the idea of developing a new policy on local capacity development has its roots in the earliest days of the Agency's Transformation. Capacity is one of the key pillars of the self-reliance country road maps, which is the foundation of our self-reliance theory of change. And this was later officially articulated in the Agency's Policy Framework that launched in early 2019. Earlier, in 2018, the Effective Partnering and Procurement Reform initiative recommended, and former Administrator Green later approved, that USAID develop an Agency-wide policy on effective local capacity development. Later that year, the Agency's Acquisition and Assistance Strategy articulated how USAID would shift to

embrace capacity development that places strengthening local organization's capacity to deliver results at the center of its program.

The vision for capacity development was further advanced by the New Partnerships Initiative in 2019. The Agency adopted, and NPI helped operationalize, a new Agency-wide indicator, known as CBLD-9, capacity building for local development, that tracks Agency progress towards improving organizational performance and local actors' increased capacity to deliver on results. Even more specific, CBLD-9 measures percent of US government assisted organizations with improved performance at the end of a performance year.

We're now working with each Mission to begin using this indicator to measure their local capacity development efforts in line with the principles of the forthcoming policy. Each Mission set targets for improving organizational tasks in their two-year NPI Action Plans which were finalized in May of this year. And the target set by all Missions aggregate to a global target of improved performance by nearly 75% of all local partners by the end of 2021. And that's a pretty impressive target, and that the Missions have set ambitious targets is also quite encouraging. In June of this year, PPL leadership approved an Action Memo to begin development of this policy with USAID's Office of Local Sustainability in the E3 Bureau serving as the lead coordinator for this cross-Agency effort.

And as we go to the next slide, I'll just go back to the A&A Strategy, which really sums up the spirit of this new policy. Back in December of 2018 we issued the A&A Strategy and it said this: "USAID will shift from viewing successful local capacity building as an organization's ability to receive and manage federal funding directly to measuring success by the strengthened performance of local actors and local systems in achieving and sustaining demonstrable results."

So this shift is now being operationalized under EPPR and NPI, and the CBLD-9 indicator is a good example of how the Agency is tracking this shift. The new policy will bring greater policy coherence to the shift. And while this is a common area of practice at USAID, again, surprisingly, there has been no unifying or authoritative policy on the principles of effective local capacity development. So we intend to address that with this new policy. It's also important to note that this will be a principles-based policy, which we think will make it particularly relevant and appropriate across contexts, initiatives, sectors, and Agency leadership priorities.

Beyond these key elements of the policy, we intend to clarify key definitions related to LCD, or local capacity development, and articulate capacity development within the context of the country's journey to self-reliance. We also will provide a rationale for choosing to invest in local capacity, with a focus on improved organizational performance, again what the indicator is actually measuring. And finally we will describe the change management roles and responsibilities and requirements for USAID to support this shift, and that will be an ongoing process as we learn how to apply the new policy. I'd like to turn it over to my colleague Kimberly Rosen, again with whom I've served as the Senior Leader Champion for this policy. Kimberly?

**Kimberly Rosen:**

Good morning. Great. Can we go to the next slide, please? Great, thank you. So again, thanks Randy, and good morning everyone. My name again is Kimberly Rosen and I'm the Deputy Assistant Administrator at USAID in the Bureau for Economic Growth, Education and the Environment, or E3. I'm so honored to be here today as one of the two Senior Leader Champions of this policy and I would like to take a few moments to give you more information about the drafting process.

So I'll start off by mentioning that we organized two cross-Agency working groups, inclusive of headquarters and the field, to advance the development of this policy. Several months ago we formed a core drafting team, which is being coordinated by E3's Office of Local Sustainability. And this body leads on the day-to-day management of the process and will have the pen on drafting the key deliverables, including the final policy document itself. And we also formed a cross-Agency resource group, made up of technical experts from again, both Washington and the field, and the resource group's primary function is supporting the core drafting team by reviewing and providing feedback on deliverables before products are shared with Randy and I, and other agency leadership.

So can we go to the next slide, please? So this graph highlights some of the key milestones towards developing and launching the policy. Over the Summer, we established the two working groups I just mentioned and we held a series of virtual workshops to brainstorm on capacity development principles, as well as the vision and parameters for the document. And we'll continue to engage stakeholders, both within and outside the Agency, through various venues including this webinar. We'd like to use this time today to inform the broader development community of our work. And we're certainly delighted that you're able to take some time in your busy schedule and join us here today.

So over the coming weeks as we conduct these events with colleagues and partners, our drafting team will be taking the input and feedback, and will start developing the initial draft. We hope to have that first full draft of the policy completed sometime in November. And per ADS guidance, there will be a one month open comment period once a \_\_\_\_\_ draft of the policy is ready to be shared.

And that, again, will likely occur sometime in November or December timeframe, things always shift, but that's what we're aiming for. And we strongly encourage you and your colleagues to provide feedback during this period as we know the policy is always greatly strengthened by your input. And we aim to launch the policy, again inshallah, sometime in early 2021 and begin communications and implementation of our adoption strategy for the policy across the Agency.

So if we can go to the next slide, please? As Randy mentioned earlier, this will be a principles-based policy, which we believe is the most effective way to ensure the policy is relevant longer-term and across all sectors, countries, and different contexts in which we work given the broad application of this common area of practice.

And David Jacobstein, from our policy core drafting team, is here to provide an overview of the initial draft principles for the policy and we look forward to discussing further with him during the discussion. So over to you, David.

**David Jacobstein:**

Thank you Kimberly, and thanks to everybody for being here. Glad to see so much interest in this policy. And so as a member of the core drafting team, I'll walk through the five current draft principles that we have and talk a little bit about what we think each one might mean. And then, as Randy and Kimberly have laid out, we very much look forward to your questions and your input to help make this a stronger policy as we go. So with that, let's move into the first principle.

So the first principle that we have laid out for ourselves is to recognize that there is always a system and there are capacities at many levels within the system. So what do we mean by that? Well, first of all, when we talk about capacity development we can think about that at different social levels. We can think about the capacity of individuals, of organizations, of networks - different types of actors. And all of those actors interact with other actors within a system. And so, part of what that means is that it's those interactions that shape what are the roles they can take on, what are the responsibilities they're trying to absorb, how do the rules that govern that system affect what sort of space they're in. There is plenty of research that the capacity of any local actor is to some extent bounded by and shaped by how they fit into a local system. And this also implies that we need to think about a variety of different actors and whether we are working at national, sub-national, regional, local, what geographic scale we're looking at will define some of that system and then we'll select which actors within that we're hoping to strengthen. And how we go about doing that will be reflective of where they are in that system and who else is around them. Alright, let's move on to the second principle.

So the second principle, or draft principle I should say, is to develop diverse capacities by responding to local priorities and leveraging local strengths and assets. And so there's a couple of different aspects of this that are probably worth unpacking. First of all, when we talk about an asset-based approach to capacity development, this is generally distinguished from a gap-based approach. So it's to say, what is it that actors have that they are good at, that is working well, and how can we build further reinforcement of their capacities on what is already working rather than using a lens purely of what's missing here, what needs to be created or provided before things can work. So that's very important just to respect our partners and local stakeholders in the variety of things that they already effectively do that contribute to development results. Secondly, just the diversity of capacities implies that what we do and how we strengthen really needs to be tailored to context. There have been concerns at times, not specifically with USAID but I would say with international development writ-large, that there's too much emphasis on training and that there are a variety of other modalities that can serve to strengthen capacity. And we might focus too much on certain capacities and ignore others, and that some of the areas of leadership or relationships or a variety of other forms of capacity can actually explain a lot of whether actors are able to perform better, whether they're able to become more effective. And so that's something that's important. And then finally this emphasis on responding to local priorities. That drawing a distinction between the USAID strategic

decision to invest in certain local actors' capacities and then the way we go about strengthening actors' capacities that we would be responding to the ways they want to shift - what they want to change their performance towards, how they want to see improvements, what roles they'd like to take on within a given system - that needs to inform the way that we strengthen capacities of local actors. And I will also point out this final bullet that, again, capacity development can sometimes achieve greater economies of scale when it's working with multiple actors at once, whether that's a cohort, or a network, or a cluster, or any sort of different grouping of actors. And sometimes what prevents us from doing that is that we default to thinking that we are only interested in developing capacities of those who have awards or sub-awards from USAID. So this is kind of a reminder that capacity development as an enterprise does not need to be linked to award status in any way. So then let's move on to principle 3.

So Principle 3 is to be mindful of, and mitigate, the unintended consequences of our engagement. And of course there's a little bit of a challenge in there in that, by definition, we don't know what unintended consequences will be. So this principle is really reminding us, how can we try to structure our thinking before we engage in capacity development to really minimize negative unintended consequences. And so the first point here is to do no harm. So among other things, what this means is that we do not want to displace local capacity through the way we are trying to engage in capacity development. We do not want to drain the resources, skills, and abilities of local actors in order to have them be part of a process that's intended to help them. As Randy said going into the background of this that we don't want to overemphasize capacity to partner and compliance with requirements associated with partnering rather than those capacities that actually foster locally led development and greater self-reliance. And finally that we don't want to assume before we have done our engagement with the context, with the local system, with the actors, that we already know what capacities are required, and say we have this list of best practices and this applies to every organization, every individual, every situation. So that's a variety of things that we can, kind of, avoid doing. And then in order to be more effective at being mindful of potential unintended consequences, we can explore our assumptions, we can explore our biases, we can pause-and-reflect a little bit, both before we engage with local actors and then throughout that process. And we can conduct our consultations and assessments in ways that are attuned to power dynamics because whether we're talking about a community or a household or a network there's always power dynamics, there's always groups that are excluded, and one of our intentions as USAID is to improve inclusion and get to more equitable development results. And so that's something where being aware of those dynamics can help us avoid conflict and avoid other negative \_\_\_\_.

Principle 4, next slide, please.

And so this is a principle that says we should nurture local partnerships based on respect and mutual accountability. And what we mean by mutual accountability is to try to be careful and thoughtful about the power difference that we ourselves and our implementers bring and ensure that we are engaging with local actors in partnerships that are based on mutual respect, seeing who they are and what they're already doing and accomplishing. And that we are accountable to each other for doing well. And then, further, that mutual accountability is embodied in the capacities that we are developing. That we also want those we are strengthening, whether

they're government agencies, whether they're private businesses, whether they're community groups, that they also are accountable to those around them in the system, to their stakeholders, constituents, and others. As it says here trust grows partnerships. And so we need to ensure that we are behaving in ways that are trustworthy and that we're encouraging others to as well. And that is actually a really important underlying aspect of capacity. And then part of that is embodying the idea of "do nothing for them, without them." So really ensuring that we are not planning what is going to happen to those we \_\_\_\_\_. That we are engaging with them and having joint conversations and joint processes to set shared visions around how we can collaborate and how we can strengthen in ways that meet their needs as well as our interests. And then holding ourselves accountable for shifting our organizational culture to support this. We recognize and we're trying to be explicit here that some of what this entails, it builds on a lot of what we already do, and do well in a number of instances, but it also challenges us to go farther in some respects than we sometimes do. And so to that extent, we really want to figure out how can we become better partners to our partners, a better supporter of effective capacity development, by embodying mutual accountability, by really thinking that through and ensuring that despite the pressures and incentives and other mandates that we have to meet that we're doing our best to uphold these values in how we carry out capacity development. And then finally moving on to principle 5. Next slide, please.

So this is a principle that is looking at how do we measure the capacity development work, how do we monitor it. And it currently says measure performance and monitor for improvement over time. So there are a few different aspects of what this means. First of all is to measure performance, not potential. So ensuring that if we want to say that capacity development is making a difference that we are engaged in. That we are saying it is making a difference because the actual performance of those actors who we are aiming to strengthen is improving, not that they have plans or ideas or knowledge that we think could down the road help them to perform better. So this is perhaps holding ourselves to a higher and a more tangible standard, that what we're doing is actually realizing meaningful change in how those we strengthen are performing. Secondly, that we distinguish between three different purposes that we have for different tools that we typically use for capacity assessment. One is risk mitigation where we are looking at what are the risks to USAID from partnering with an actor - reputational, fiduciary, etc. - generally in the context of providing awards or sub-awards to some actor that is going to receive some of our funding. Second is tools that catalyze action through capacity assessments. So these are things like a SWOT analysis where we would help a partner walk through their strengths, weaknesses, opportunities, and threats and think through where do they think that they are strong and where do they think they are weak. And the purpose for this is to really encourage them to come up with some action steps and follow through on those steps and make changes. And then finally, monitoring, which is where we're really looking at whether this enterprise of capacity development, these actions we're undertaking, are working - what type of change they're leading to, how do we know? So then ensuring that we distinguish those tools. Those purposes should each have tools in them that are fit for that purpose. We should not be trying to use one thing to do everything. The point on measuring performance and monitoring for improvement over time means acknowledging incremental change and that capacity development strengthens the actors in ways that they will then go on to express over time. So

we should not expect instant improvement. And related to that, as well, that we also are acknowledging that some of the strengthening that actors should see should help them to cope with dynamic situations, a change in futures. And so we will also have to monitor for change that appears over time in ways that couldn't have been predicted initially. If we were strengthening partners three years ago, nobody would have said, "And how are they going to cope with the global pandemic." And so if we want to see what types of change our investments are leading to, that we need to be in a position to monitor that change over time with the appropriate tools to do so. And finally, that we use these metrics to improve mutual accountability so that we're transparent in what we're finding, that we're sharing information with local actors and their stakeholders in ways that can help us deliver better capacity development and actors improve their performance in more meaningful ways.

So, I'll stop there. I think this is a good overview of where we currently are with the five draft principles that we have. And we can move on to the next slide into the next stage of the presentation, which I believe is going over to Arjun Tasker. So thanks, Arjun.

**Arjun Tasker:**

Thanks, David. Appreciate it. And that was an excellent overview. And we are on time to get into questions, which should be the bulk of this presentation today for next steps. Actually our first step will be to put the slides on our event page on Learning Lab. So we will get the slides up there as well as the recording and I think Sarah shared that, so coming soon.

Please feel free to send us feedback and comments. There is an \_\_\_\_\_ email box, and I am actually one of the people who get those emails so I will see all feedback that comes in. We will be opening the comment period, but aren't exactly sure when yet because it of course depends on us having a full and complete draft of the policy. But we are looking forward to working with all of you in the launch of the policy but also in how it can best be implemented, which I think you'll see it reflected in the answers to some of your questions.

But let's turn to questions now. And for our first question I will actually turn it to Randy to answer because the question is: how could a change in administration affect the final policy? Randy?

**Randy Tift:**

Thanks Arjun. So, I have a fair degree of confidence that this policy will continue between administration's whether there is a change or whether there is a second term. The external listening tour was the launch of the Effective Partnering and Procurement Reform effort. Some of you on this webinar will have participated and remember some of the feedback you provided at the very beginning of this reform effort. There was a great deal of input on the need to shift our approach to local capacity development. And we took that onboard.

I'll just go back a little in history, in 2018, after the listening tour, we rolled into working groups that included more than a hundred and fifty USAID staff from Missions, from Washington. And this became a solid conviction that we need to overcome the impediment that was created when we launched Local Solutions. Now some of you will remember during the Obama administration the

Local Solutions effort, which was really blazing a trail in the right direction toward country ownership, local engagement, but it overemphasized, as David pointed out, the focus on capacity to help partners work with USAID and manage compliance requirements. And so we have created new flexibilities. We can talk more about those in a few minutes.

We have included a focus on the value of sub-awards, which Local Solutions did not. And so what we've seen is a great deal of flexibility and a larger toolbox and a more diverse set of approaches being introduced, which I think is just good development. And I think this will have broad support going forward just because it is good development.

**Arjun Tasker:**

Thanks, Randy. I appreciate that. I'm going to actually stay with you because you mentioned the Effective Partnerships and Procurement Reform effort and that directly bears on the next question. And that is: what flexibility will there be an operational requirements to enable us to focus more on the ability to effect change rather than the ability to accept our, so USG, \_\_\_\_\_. What do you think of that?

**Randy Tift:**

Thanks, Arjun. It's a good question. Under EPPR part of the broader transformation we have introduced new flexibilities. The New Partnerships Initiative has been one way of operationalizing these new flexibilities, and I'll just talk about a couple of them.

The focus on sub-awards. We have developed as part of our theory of change that the strategic use of sub-awards can enable our local partners to actually, as Administrator Green used to say, lead in their own development, which we interpret to mean lead in the implementation of activities. So under NPI, we've introduced partnership approaches or models that include one, which has a prime awardee sub-awarding the majority of funding, between 50 and 75% of total award funds, to sub-award partners, not always local, but with an emphasis on local entities and locally established partners taking the lead as sub-award partners in the implementation, in owning the development objective.

And, in addition, as part of this, we're emphasizing the use of co-creation. Now many of you will have experience in which the idea of co-creation is associated with the Broad Agency Announcement, BAA. We still value the BAA as an approach, as a solicitation approach, but we have, as part of our A&A Strategy and in practice over the last year, year-and-a-half, we have applied co-creation to many other types of solicitations - standard RFAs, annual program statements, even RFPs with two-step approaches - can be effective ways of building greater flexibility in the design of an award such that we empower local partners. We are also applying, and we're increasingly expecting, co-creation and other collaborative techniques to be part of sub-awards. So a Prime awardee will be expected to convene at the table with USAID and sub-award partners to co-design those sub-awards. We expect work plans to reflect co-creation and collaborative approaches. So we're really trying to operationalize these things.

And one more I'll mention is adaptive management. So you as implementers know that CLA has been part of our practice for years now. But one of the things we discovered in the listening tour is that we don't have the enabling policies we've needed. So changes that were introduced to ADS 303, some of you know that that's our policy series for assistance related to what agreement officers do, how they work through an agreement officer's representative to manage awards. We've introduced greater flexibilities that we think will help partners have the freedom to pivot, have the freedom to consult, and use the resources you have to strengthen partners on the ground that have the real staying power to lead in development for many years ahead. This includes enhanced substantial involvement, it includes making it easier to do programmatic shifts within the scope of an assistance award.

So all these things together we hope will enable empowered partners to operate in ways that really do strengthen and shift resources toward local capacity development.

**Arjun Tasker:**

Thanks, Randy. I don't, I'm not going to add too much more to that, but I did just want to say that there's an element to which that question of handling USG \_\_\_\_\_ and able to lead on achieving some sort of development results, they're not mutually exclusive. And so part of what we need to do is ensure that this principle sets up a framework where we, as maybe activity designers, solicitation designers, because we're a donor agency, are being very intentional about what we're trying to achieve when we talk about capacity development.

And I think one question that really gets at this is the question on indicators and the ability to monitor. So the question is: I'd love to hear more about indicators and ability to monitor and evaluate this paradigm shift from "able to handle federal money to...able to lead own development"? I might phrase that question a little bit differently but in terms of indicators and monitoring, I will first turn it over to Colleen. Do you want to take a stab at this question?

**Colleen Brady:**

Sure. Thanks, Arjun. I think this question really deals with Principle #5, right? Which looks at what are we measuring, how are we measuring it, and who are we measuring for. And so David covered this a bit earlier in talking about the principles, but we're really trying to measure performance, not potential. Which is challenging, right? We have to find a way to measure capacity being exercised, so you're not checking to see if someone has a sustainability plan or a fundraising plan, but actually measuring to see whether they are successfully fundraising local resources. Just as an example.

We recognize there there's a whole range of tools that might be appropriate to use for this. And David was speaking a bit about those. Whether we're looking at performance in context versus ability to accept USAID funds.

And then finally I would just speak to the possibility of identifying locally relevant metrics for success. Perhaps co-creating and collaboratively identifying what those indicators would be and making sure they're reflective of the local context.

And then, David, do you have anything you'd love to add to that?

**David Jacobstein:**

Sure, thanks Colleen. I think that's actually a very good job, and I was just going to add that, trying to link it up with another question that we got in here, which is around how are we going to have attribution for these types of measurement change given the complexity involved in how an organization performs.

And so, I think this is just to say that as we are measuring performance we're going to have to acknowledge that even if we strengthen a coffee cooperative to be much more effective at grabbing the interests of its members and then the next year we see that they were able to get better prices, or we strengthen a community health worker association and then we see that they are able to get the health system to provide greater respect or funding or something like that for community health workers, we are not going to be in a position to say, well, our investment in their capacity is the only thing that changed and therefore everything they went on to do is attributable to us. And that's just partially the idea of capacity development. We're investing in actors, and those actors have purposes and incentives and things that explain how they behave that are outside of the fact that we choose to invest in them.

So that will put us into a contribution paradigm. And I think there are plenty of effective ways that we can measure how much our investments helped, be it outcome mapping or outcome harvesting, or a variety of other things, where we can actually look at the changes we saw and the extent to which that reflects on the way we did capacity development. And I think that's fine, and that's also an appropriate label for the reality that we are looking at. So we don't really have another choice. We will never be in a position to say we trained somebody and everything they did for the next year was because of the training we gave them.

So we will cope with that reality and still be able to measure the fruits of our investment, pretty effectively I think.

**Arjun Tasker:**

Thanks, David. I appreciate that. And you know, Wendy Bevins in the questions had an interesting comment about the need to open space for us to capture qualitative data and look at our MEL intake from that perspective as well. I'll point out, we do do that at the Agency. I think it is difficult and a bigger lift when we start talking about coding qualitative data and turning it into something digestible \_\_\_\_ who aren't actually doing that work. And so I think, but it's definitely something on our mind.

I will maybe throw it back to Randy for a question on how this relates to the former USAID Forward policy. And just, that question is: will USAID move towards more local staff rather than expats? Randy?

**Randy Tift:**

Great question. So, many of you will recall that USAID Forward had a few different streams. The one that's best remembered is Local Solutions that came up in the prior question. And as I mentioned, and David also mentioned, we diagnosed that approach as having been too narrowly construed. That it was only measuring direct awards to local partners and defining local partners narrowly as local entities. So we did a couple things - we broadened the definition of local partners to include not only those indigenous local entities, but locally established partners, which are US or international organizations that demonstrate locally led operation through criteria we now have in our USAID policy and which we're implementing through NPI.

We also had the local system strengthening stream under USAID Forward and that part has really provided great impetus to this policy which you saw reflected in Principle 1. So a lot of what USAID Forward achieved has been harvested and we think that some things that needed to be, we needed a broader toolbox for example, we've introduced that. Where we've had good success and established a foundation, something positive, we've harvested that in.

On the question about national staff we have relied on Foreign Service Nationals throughout the Agency for many years. We see the role of FSNs growing. I would just cite two examples which we're going to feature in an internal webinar on local capacity development. This is for Agency staff. It's coming up this Tuesday. It's actually a series of webinars on the New Partnerships Initiative. And in this particular one we're focusing on local capacity development and on the CBLD-9 indicator. The two Missions, Lebanon and Paraguay, had great success in the period last Spring when the New Partnerships Initiative action plans were being developed by Missions and the setting of targets on the CBLD-9 indicator was being executed at the same time through those action plans. In both cases, it was Foreign Service Nationals who took the lead and have really helped all Mission portfolios, whether it's education, health, food security, and all of the implementing partners under those portfolios understand how to apply this indicator, how to measure improved organizational performance, and how to report, which we will be doing in the coming weeks as part of the first performance year with this indicator. FSNs have been critical and they'll continue to be.

**Arjun Tasker:**

Thanks, Randy. I appreciate that. And I'm looking forward, actually, we have a number of engagements at the FSN Councils coming up, and it's \_\_\_ have been invaluable in developing this policy draft pieces and in providing us with input.

This is theoretically a quick question. The answer is build-upon. But I'm going to turn it to Jessica and ask her to stay a little bit more. The question is: does this build from HICD or replace it? And Jessica, I'm wondering if you can speak to that but also speak to some of the different ways we're building upon what we have learned through the implementation of HICD processes over the years, or maybe a couple of decades, I'm not sure. But also maybe touch on a couple questions related to \_\_\_ the measurement of different kinds of capacities and adaptive management a little bit. And you can do all those things at once.

**Jessica Bagdonis:**

Great, thanks Arjun. Yes, quite a few questions wrapped in there. So, I will just respond to the question about whether this policy replaces or builds on our previous work on HICD. Before I do that, I will introduce myself. My name is Jessica Bagdonis and I am an Human and Institutional Capacity Development Advisor in the Bureau for Resilience and Food Security.

So, no this policy will not replace our work on Human and Institutional Capacity Development. A lot of great work by many of you on this call has already been done in that space. But this policy will build on our learning from our work in Human and Institutional Capacity Development. And it does that in several ways. I think, most notably, I would refer back to David's presentation around Principle 1 in which we're stepping back, perhaps, and taking a broader systems perspective, so recognizing that all of our capacity development work starts from a systems perspective. And then that drives our strategic and intentional choices about which social level, whether that's individual or human or organizational or institutional at which we're supporting our efforts.

One way that we're shifting our support, or our way of measuring some of this change, is through that CBLD-9 indicator that everyone keeps mentioning. CBLD-9 indicator is actually focused on measuring performance, the performance of our organizational capacity development activities. And so it actually is unique in that it focuses both on the process for support capacity development, which is something we have learned through our HICD and other work is incredibly important. But it also provides space to inclusively engage and ensure that the organizations that are benefiting from our support are really determining the performance outcomes towards which we will be supporting them to achieve.

So, Arjun I hope that answers the question. I know that there are a lot of pieces packed in there. Please let me know if there's something that I missed.

**Arjun Tasker:**

Thank you. I'm going to stick with Jessica for just a \_\_\_\_\_ before moving to a really important set of questions where I'll turn to Colleen. But for this one: could you talk a little bit more about the LCD definition used - is the way that it is phrased - the strengthened performance of local actors and local systems in achieving and sustaining demonstrable results. How will performance of local actors be measured? How will performance of local systems be measured? Who defines success?

**Jessica Bagdonis:**

Great, thanks, Arjun. It's very much related to the previous question, I believe. And on the question of the definition, we're currently defining local capacity development as an investment into improving the performance of the local actors. Again that emphasis on performance of local actors - whether that's individuals, organizations, or networks - to jointly produce valued development outcomes, valued by those actors. That means effective local capacity development strategically and intentionally supports an actor's ability to achieve their own mission - to learn, to adapt, and innovate - so they're remaining relevant to changing context. And able to transform to sustain positive development outcomes over time.

Again, referring back back to the CBLD-9 indicator that we've been speaking so much about. That indicator makes clear in the definition the need to be inclusive in the process piece of that work so that we are enabling and empowering our local partners to lead and determine which performance improvement priorities that they would like to achieve through our support.

And that means, also, that organizations are able to define those key performance metrics in a way that makes sense for their organization. And that's, I think, the uniqueness of this indicator in that it provides a lot of broad flexibility for various approaches and ways to capture organizational performance.

**Arjun Tasker:**

\_\_\_\_\_ usually make a joke here about \_\_\_\_\_ policy because this is government work. But the real answer is, of course, that everyone in international development has been working on these issues for a very long time. And within the Agency, and many of our colleagues attending this webinar, have been working for this, and pushing the Agency in this direction, for a long time. So the development of the indicator, I think, was something that grew organically from that. And developing the \_\_\_\_\_ policy takes a lot longer.

And one of the reasons it takes longer is because of this next question and trying to be thoughtful about this next question. So I'll turn to Colleen: how are gender and social inclusion being considered/incorporated into this policy?

**Colleen Brady:**

Thanks, Arjun. And that's such an important question and it really cuts across all of our work. But I think it comes out most strongly in our third principle where we're talking about nurturing local ownership of capacity development through partnerships that are based on mutuality.

And so, in our understanding, when we're supporting local partners and their capacity development, we should be really embodying mutuality by doing nothing for them, without them. And this includes all actors in the system. So that's women and girls, persons with disabilities, LGBTI people, displaced persons, migrants, indigenous groups, and others. Really a whole gamut of actors in the system that may or may not have had an official role in it before.

And what we're trying to do is really start the capacity development process by listening to the local system. And appreciate how it currently operates. And to understand through this engagement what local actors' needs, desires, and commitment to playing a role in the capacity development process are. And we think that by taking this sort of approach and understanding the system, embracing mutuality, we'll be able to ensure a more inclusive approach.

**Arjun Tasker:**

Thanks, Colleen. And I appreciate that there were a number of questions about this. And one in fact that was explicitly asking: how will we ensure inclusion of disabled people's organizations or local organizations representing \_\_\_\_\_ groups who may \_\_\_\_\_ "development table".

Colleen, I won't ask you to dig further into that, but I will say, it's an important question, and this policy is trying to highlight the need to be intentional and to be aware of that question. \_\_\_\_\_ continue to work on implementation that gets at the phrase \_\_\_\_\_. Ensuring that inclusion is very difficult, as all of us know, and a work in progress. But we look for your support to help us be able to do that.

Let me turn the next question to David: on Principles 2 and 5, does USAID envision the value of supporting and measuring improved \_\_\_\_\_ that is the capacity of multiple actors to work together rather than individual actor capacity/results?

**David Jacobstein:**

Yea, thanks, Arjun. And I think that is a really good question and consistent with a lot of the emerging evidence around capacity development, which is finding that, you know, it's an old phrase - who you know matters as much as what you know. But the way that actors relate to each other and are able to undertake collective action is something that explains their collective success, and through that any of their individual success, as much as any other capacity.

And so I think, to start with, as we're thinking about which capacities does it make sense to try to invest into, I think we need to move away from an automatic presumption that you have to start with everything within the walls of an organization and only once they get very sophisticated do you try and help them work more broadly. I think it also gets a little bit at some of the points on mutual accountability where if we are helping a particular actor engaging in a system who has a bunch of other stakeholders, helping them to relate better to their stakeholders - get their feedback, learn and adapt from what they're hearing from those they're supposed to be working with or serving - can both be an effective way to strengthen them and an effective way to help them be more accountable to those around them in the system.

And so I think that that certainly all goes together. I think there is a question on measurement that's a little trickier. I mean, there are some interesting innovations around things like network analysis, looking at can we see the relationships between a large number of actors and how those are changing in different ways that folks are working collectively. You know, and I think, we will have to come up with what we think are the best indicators or the best forms of measurement relative to what we are trying to achieve. But certainly the idea that we will care about collective capacity is something that would make tremendous sense and would be consistent with several of the principles.

**Arjun Tasker:**

Thanks, David. I am going to ask you to take the first step of this question but then maybe turn it over to Randy: as USAID shifts to engage local actors more directly, what do you see as the role of large international development NGOs in facilitating local capacity development?

**David Jacobstein:**

So that's a really good question, and I do love the use of the term facilitation, which I think is a big emphasis for all of us on the drafting team in terms of the role we can play and international organizations, INGOs, can play in capacity development.

I think part of it is moving away from the idea for all of us that the reason we do capacity development is so that our projects can get delivered. You know, as Randy said at the beginning we're trying to move into a space where it's more tied to development results and self-reliance in the countries. And so in that vein, I think there remains a really important role for INGOs. Not only in some instances helping to effectively facilitate capacity development as a project to be implemented because that's what we want to see. But then also more broadly, I've worked with a number of local organizations in a variety of countries who have benefitted from INGO support, and you know, no longer are receiving that but are still in touch with those INGOs and are part of regional or global movements around human rights, around media freedom, around a variety of different issues where those INGOs still play an important convening role, still play an important role in expressing American leadership in global movements. And I think that's something we absolutely want to see continue.

And so, I think, if we move our mental model away from, but who will do what in project delivery, to how do we design INGOs collaborating with local actors jointly so that we get at better development outcomes over time, that there are very clear roles for INGOs in terms of thought leadership, in terms of movement building, in terms of continuing to broker and build relationships that are important for both their long-term mission and vision and that of the groups they are supporting. So it does imply, perhaps, a shift in some regards, but I think it absolutely is a vital role that the INGO will continue to play.

**Arjun Tasker:**

Thank you.

**Randy Tift:**

And I would just add, David, that we're trying to conceive differently the role of a Prime recipient. And through the New Partnerships Initiative, we have issued a few awards in which the Prime is taking on, not the lead role in implementation, but a role in equipping sub-award partners to lead in the implementation. Daryl, who's with us, is actually managing an award like this and maybe could offer a comment. The role that the Prime is playing in these cases is to provide technical oversight to the sub-awardees with USAID's involvement, to provide compliance support, and also, of course, to build local capacity. Daryl, anything you would add?

**Daryl Martyris:**

Yeah, just to say that the NPI \_\_\_\_\_ project implemented by Palladium is doing this in seven countries to-date. And it's a very flexible mechanism designed to take local organizations at any point in their development and basically work with USAID Missions to equip those organizations to do what the funding is intended for, working with the organizations to co-create, following many of the principles that we've covered today. Over.

**Arjun Tasker:**

Thanks, Daryl. We're really running out of time, and I apologize because there's so many excellent questions. And the one thing I appreciate is the way that questions can drive our thinking as we do the work of pulling this policy together and drafting different sections. And so I appreciate that. And I'll point out that we will be putting out a written frequently asked questions that will address these questions as well.

But let me touch on a couple things and then end with, maybe a question on \_\_\_\_\_ on Daryl, Randy, and even David were highlighting \_\_\_\_\_ one question that came up a couple of times on the tension between regulations and the flexibility required for adaptive management. One thing I'll just touch on there is that tension was definitely something we \_\_\_\_\_, but we also need to ensure we navigate that appropriately because we are stewards of taxpayer dollars, and that's an important responsibility. At the same time, internally there are some really fascinating conversations going on, on the humanitarian-development nexus and how you might walk that tension differently in different contexts. And so we want to make sure that our policy is applicable no matter if the context changes where in that tension you can operate, or where we as a bilateral donor agency can operate.

I will say that part of that will require a robust USAID internal change management strategy, and that was another question that came up. And we are beginning to plan that strategy and beginning to develop materials to help this policy align with MEL and procurement guidance, implementation guidance, what are the incentives within our own system and how can we leverage those to ensure uptake of the policy. It's definitely something on our mind, thank you for highlighting it. And we will look to our partners, especially when it comes to implementation guidance that is more sector-specific to help us develop guidance for the implementation of this policy that makes sense in those different contexts.

Let me turn actually to Jessica for the final question, and it's just because I think this is a fascinating question. Which is: the question first acknowledges that there are various aspects of capacity for local organizations - the capacity to exist over time, to do things, to relate with their constituents, other organizations - how are these different facets of capacity considered for measurement, or how might we differently measure these different types of capacity. And let me just ask Jessica to answer that question.

**Jessica Bagdonis:**

Thanks, Arjun. I think one way that I would start is by distinguishing whether these capacities are intended to be enacted by an individual, an organization, or a network? Because the ways in which we would support those different capacities at the individual, organizational, or network level may be slightly different, or the modalities that we may use to support those capacities might be slightly different.

At the organizational level, I'll refer back to the CBLD-9 indicator because we've been talking a lot about that during this webinar, partly because it is a new way of measuring capacity development for the Agency. And that it creates a lot of flexibility within a structured framework

so that we're being accountable for the processes through which we engage local partners to support their capacity. But that it's flexible in that we have the ability to work with our local partners and organizations to set key performance metrics to understand whether capacity development efforts are contributing to positive changes in performance. And that may be on any of those types of capacities that you mentioned Arjun - so whether it's the capacity to adapt, the capacity to connect with others, the capacity to reflect and learn.

And again I would go back to my first point then and that also depends on at which level these capacities are being enacted because that would inform the way we develop our interventions as well. But again, using the CBLD-9 indicator as an example, it is illustrative, I think, of the types of shifts that we're hoping to see with this policy. And that we're creating structure for consistency and processes and ways that we're engaging and acting the principles that will be described in the policy. But that we're creating flexibility alongside that structure so that we're working with partners to measure what counts for them in achieving their own vision and mission.

**Arjun Tasker:**

Thank you very much, Jessica. That was an amazing answer, and I think also addressed a number of different questions that have come up, some recent ones on mutual accountability, that are also top of mine for the drafting team. And it's been a privilege, really, to watch the drafters pull together the different components of this policy.

I will end this webinar here, only five minutes overtime. And, again I apologize that we couldn't get to even a third of the questions. But look forward to more answers coming from us, to you as the policy moves forward. And for additional, sort of notifications and communications from the Agency as we get closer to the public comment period. And please do send your comments, input, feedback to the [lcdpolicycomments@usaid.gov](mailto:lcdpolicycomments@usaid.gov). Thanks so much everyone. Have a great afternoon.