LOCAL CAPACITY DEVELOPMENT POLICY

BACKGROUND AND RATIONALE

Local capacity development programming is a foundational component of USAID's work to foster sustainable results across all technical sectors and country contexts. Effective local capacity development can also address underlying factors of fragility, support local humanitarian response systems, and strengthen resilience to shocks and stresses, ultimately supporting countries to prevent, mitigate, and recover from crises.

Despite the importance of local capacity development programming, there has never been a unifying, USAID-wide policy on this common area of practice. For this reason, USAID has launched the development of a new Agency-wide policy on local capacity development. With this policy, USAID aims to establish an overarching framework that supports greater consistency and coherence across sectors, countries, and contexts.

VISION

With the new local capacity development policy, USAID will make strategic and intentional decisions about why and how to invest in the capacity of local actors, based on a shared understanding of the principles for effective local capacity development that contribute to achieving and sustaining development outcomes.

"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."

-USAID Acquisition and Assistance Strategy (2018)

Local Capacity Development as a Programmatic Approach

Investing in capacity development is a programmatic choice. It is one of several ways that USAID funding can be spent, and it is often one of several complementary approaches to addressing a development challenge. USAID's decision to invest in local capacity development has four key programmatic implications:

1. Local capacities can only be understood and meaningfully developed in relation to a local system.
2. Strengthening the capacity of a single actor is unlikely to result in systems outcomes; to achieve systems outcomes, it is important to pursue collective capacity development.
3. Because of the complexity of many local systems, capacity development may need to be paired with other efforts.
4. Providing funding to local actors through local awards is compatible with capacity development, but only when it is part of an overall systems-strengthening design. Local capacity is much more than an ability to meet donor compliance requirements.

Local Capacity Development Principles

The local capacity development policy is guided by seven core principles:

1. **Start with the local system.**
   - Listen to the system to inform the decision to develop local capacity.
   - Tailor capacity development to match partners' fit into the system.
2. **Develop diverse capacities.**
   - There are many kinds of capacity which may be relevant to improving both short-term and long-term performance of local actors and systems.
   - Leverage diverse approaches to develop diverse capacities.
3. **Align capacity development with local priorities**.
   - Strengthen capacity that balances local purposes with USAID purposes.
4. **Appreciate and build on existing capacities.**
   - Build on local assets.
   - Expect every local actor to grow in distinct ways.
5. **Be mindful of, and mitigate, the unintended consequences of our capacity development**.
   - Explore our own biases and assumptions before engaging local actors.
   - Consider and mitigate power asymmetries.
   - Do no harm. Instead, build trust and encourage inclusion and equity.
6. **Practice mutuality with local partners**.
   - Approach capacity development from a mindset of mutual respect.
   - Embrace multi-directional mutual accountability in capacity development.
   - Commit to mutual learning throughout the capacity development process.
7. **Measure performance improvement in collaboration with local partners**.
   - Measure for improved performance, not latent capacity.
   - Distinguish monitoring tools from other capacity assessment tools.
   - Monitor for unpredicted performance.
   - Connect performance measurement to systemic change.