



**USAID**  
FROM THE AMERICAN PEOPLE



## LOCAL CAPACITY DEVELOPMENT POLICY

USAID supports local capacity development in every sector, country, and context. Still, there has never been a unifying, USAID-wide policy on this common area of practice. Furthermore, USAID’s work in this area often emphasizes the ability of local organizations to meet USAID’s internal requirements - rather than increasing organizations’ capacity to achieve development outcomes. As USAID looks to support partner countries to achieve self-reliance, local capacity development is key. With an Agency-wide policy, USAID hopes to improve local capacity development programming by: institutionalizing effective principles-based approaches; articulating a common definition and understanding of capacity and capacity development; and better aligning incentives between USAID and our partners.

### VISION

With the new capacity development policy, USAID will define capacity development as such: improving the performance of local systems and stakeholders—including civil society, government, the private sector, academia, and more—to achieve results. This will also be a principles-based policy, which will make it particularly relevant and appropriate across contexts, initiatives, sectors, and Agency leadership priorities.

In addition to the key elements of the policy, USAID intends to:

- **Clarify key definitions** related to local capacity development, and articulate capacity development within the context of a country’s Journey to Self-Reliance;
- **Provide a rationale** for choosing to invest in local capacity development, with a focus on improving the performance of local organizations and systems;
- **Describe change management roles, responsibilities, and requirements** for supporting USAID’s shift towards adoption of the policy.

“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)*

EQUAL EXCHANGE

## BACKGROUND

The idea to develop a new policy on local capacity development originates from the earliest days of the [USAID Transformation](#) and [The Journey to Self-Reliance](#) framework. “Local capacity” was first identified as a priority in the Journey to Self-Reliance [Country Roadmaps](#), and was further advanced in the Agency’s [Acquisition and Assistance Strategy](#) (2018), [Policy Framework](#) (2019), and [New Partnerships Initiative](#) (2019).

In 2018, USAID’s [Effective Partnering and Procurement Reform](#) (EPPR) initiative recommended—and former Administrator Mark Green approved—the development of an Agency-wide policy on effective local capacity development. In June 2020, USAID formally approved the development of a local capacity development policy.

## PRINCIPLES (DRAFT)

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

1. Recognize that there is always a system and there are capacities at many levels within the system
2. Develop diverse capacities by responding to local priorities and leveraging local strengths/assets
3. Be mindful of, and mitigate, the unintended consequences of our engagement
4. Nurture local ownership of capacity development through partnerships based on mutuality
5. Measure performance and monitor for improvement over time

## TIMELINE



## QUESTIONS WE WILL WELCOME YOUR INPUT ON

- What do you see as core principles and/or approaches of effective local capacity development?
- What do you hope this policy changes or reinforces about the way USAID works on local capacity development?
- What examples of effective local capacity development can you share from your own work?

## CONTACT INFORMATION

Please reach out to [lcdpolicycomments@usaid.gov](mailto:lcdpolicycomments@usaid.gov) with feedback, resources and examples to share, and thoughts on the questions.