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**Entry Points For
Programming That
Supports Locally Led
Development:**

- Flexible, demand-driven award mechanisms
- Mentorship and collaboration

USAID/Paraguay Programming:

A case study in locally led development

This case study describes how, through a process of ongoing learning, the USAID/Paraguay team has supported locally led programming by developing partnerships within a culture of trust and collaboration. The Mission has streamlined its solicitation process to lower barriers for new and non-traditional partners to apply and has endeavored to ensure the success of the resulting programming by streamlining communication and fostering collaboration. Highlights from this case study include:

- » The use of **flexible, demand-driven award mechanisms** that are descriptive of desired outcomes, and not prescriptive of the interventions and management, like [Annual Program Statements \(APS\)](#)—a type of notice of funding opportunity (NOFO)—encourages smaller and non-traditional local organizations to apply and facilitates locally-designed and driven programs. Missions can also further **reduce barriers to entry** preventing such partners from applying by implementing changes like requesting concept notes that are no longer than two pages and accepting submissions in local languages.
- » When coupled with co-creation, descriptive award mechanisms help **align expectations** and allow local partners to focus on the achievement of program and **organizational goals they see as priorities**.
- » Fostering a **community of learning** inside and outside of USAID unites partners to achieve common development goals.

BACKGROUND: USAID/Paraguay has made partnering with local actors a Mission-wide priority for over a decade, recognizing the impact and effectiveness of such an approach to development. The Mission prides itself on having 85 percent of its obligations going to local partners as of fiscal year (FY) 2023—this is over three times the overarching FY 2025 target set by the Agency as part of its localization efforts.¹ With a 100 percent achievement rate in FY 2023, the Mission has also exceeded USAID’s second localization target of ensuring that at least 50 percent of programs provide space for local actors to exercise leadership over priority setting, activity design, implementation, and defining and measuring results by 2030.

USAID/Paraguay’s 10+ years of experience in enabling locally led development has afforded the Mission the opportunity to learn lessons and improve upon their processes in this area. Two key mechanisms that have been central to their success are 1) the use APSs coupled with co-creation sessions prior to finalizing awards, and 2) mentorship and fostering collaboration.

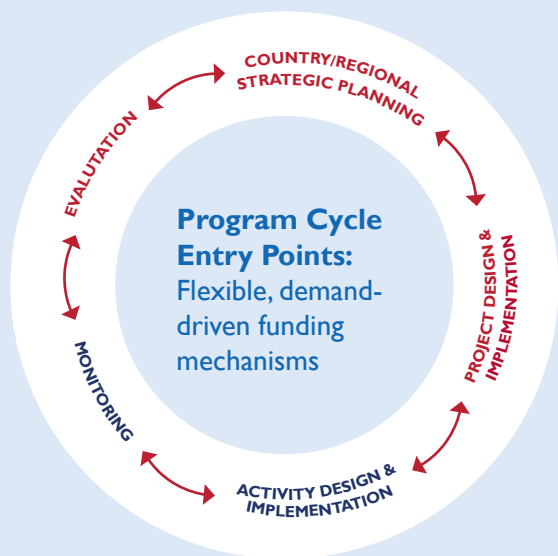
USAID/Paraguay’s efforts to finetune the use of APSs have been instrumental in ensuring that a diverse array of actors is able to succeed in the application process. These changes have especially taken the form of lowering barriers to entry to partnering with USAID and creating a supportive environment that new and non-traditional partners can turn to as they learn to navigate the partnership process. This emphasis on partner diversity is important, as highlighted by [USAID’s Local Systems Framework](#), “Effective and sustainable development is inclusive development.” Indeed, advancing inclusivity in development efforts means not only ensuring that no group is left behind, but also allows for the harnessing of diverse talents and perspectives. Additionally, by complementing these tools with ongoing mentoring and the facilitation of collaboration between partners, USAID/Paraguay has striven to create an environment where all partners can thrive during and beyond the timeframe of the contract.

1. To learn more on USAID’s localization progress read: [Moving Toward a Model of Locally Led Development: FY 2022 Localization Progress Report](#).



ENTRY POINTS FOR PROGRAMMING THAT SUPPORTS LOCALLY LED DEVELOPMENT

Flexible, Demand-Driven Funding Mechanisms



USAID/Paraguay has increasingly turned to demand-driven program design and flexible, funding mechanisms to bolster the use of locally-led solutions and level the playing field for new or non-traditional partners. To start, the Mission has shifted from advertising large sum grants through Requests for Applications (RFAs) NOFOs to advertising for smaller grants through APSs. APSs are much more flexible and allow local partners to submit concept notes identifying the development challenges they want to solve and the theory of change underlying the solutions they recommend. This more demand-driven approach has lowered application barriers for smaller and non-traditional partners and made room for local organizations to propose innovative, locally-driven activities. Moreover, it supports the sustainability of local organizations by allowing them to work on programs that can be designed in such a way that they are more in line with overall organizational objectives and creates a foundation of trust insofar as the voices of partners are of central importance from day one of the program lifecycle.

TIPS FOR SUCCESS: FLEXIBLE, DEMAND-DRIVEN FUNDING MECHANISMS

- Rather than pre-planning the activities associated with an award, couple APSs with highly intentional efforts to build on the priorities of local actors, starting with engaging in co-creation sessions. These efforts help ensure that activities are context-driven, impactful as a result of their focus on partners' priorities, and support building a foundation of trust that will facilitate project implementation.
- Strive for continuous learning. Streamlining the solicitation process should be an ongoing undertaking informed by partner feedback to help reduce barriers for local actors to apply without sacrificing on quality.
- Fixed Amount Awards (FAAs) have proven to be an excellent option for local organizations that do not require extensive support, in technical areas where setting measurable milestones is simpler, and topics are less sensitive, entailing lower reputational or programmatic risks for both USAID and the U.S. Government at large.

“There is a huge difference between what was required of partners before and what is required now. This has resulted in significantly more applicants, and in different types and new partners.”

-USAID/Paraguay staff member

It should additionally be noted that the shift to smaller grants using APSs has not required a change in the number of acquisition and assistance staff. This was achieved through the Mission's prioritization of the use of FAAs, not only to lower entry barriers for new and smaller local organizations, but also to reduce the amount of financial supervision required from agreement officer representatives (AORs), allowing them to manage more awards.

The USAID/Paraguay Mission has also made several changes to streamline the APS process and make it even easier for local partners to apply. These include:

1. Shifting from using application windows whereby partners could apply for different subsector-focused APSs during specific, limited windows of time, which some partners found to be confusing, to allowing partners to submit concept notes at any time during a period of a year following the release of an APS;
2. Working to improve reach by looking beyond USAID platforms to advertise solicitations, such as using national newspapers and social media platforms;
3. Simplifying the application process as much as possible, including by limiting the USAID jargon and overly-technical language that appear in APSs and keeping the number of documents required by APS applicants to a minimum so as not to shut out potential partners who might have trouble producing certain documents;
4. Providing very clear guidance on how the two-page concept note to be submitted should be structured to ensure that all the necessary information for ensuring their application is eligible for consideration is provided; and
5. Organizing webinars to make USAID staff available to answer any questions local actors may have about the APS process.

According to staff, the USAID/Paraguay Mission has seen a marked increase in new and non-traditional partners since shifting to the use of APSs and implementing these changes.



“Co-creation takes a lot of time. But it pays off – even though it takes a lot of time up front, it means things will run smoother and take less time during implementation. It also helps build trust from the outset and helps ensure partner ownership. Overall, it’s a just a much more human approach.”

-USAID/Paraguay staff member

Once USAID/Paraguay considers a concept to be sufficiently viable, the Mission informs the organization that there is interest in engaging in a non-binding (for all parties) co-creation process. The co-creation process is a lengthy one, with multiple sessions during a period of approximately three to four months, or even longer in other situations. However, this time is valuable as the process supports the development of trust, common objectives, and mutual commitment.

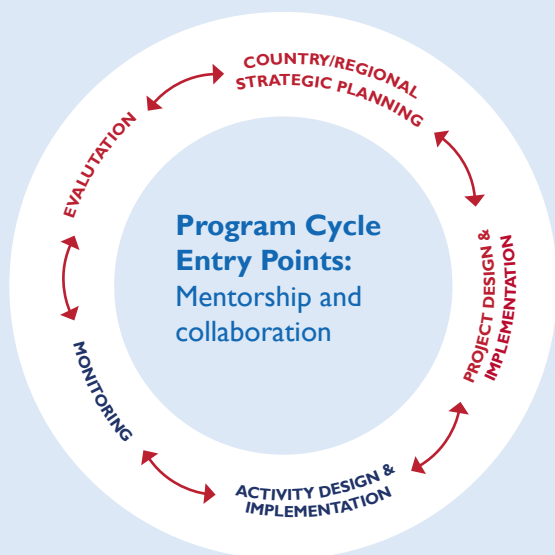
USAID and its partners also use these co-creation sessions to draft a Simplified Program Description with a development problem statement; theory of change; expected results and indicators; as well as gender and climate considerations. If the mechanism selected for the implementation of the activity is a FAA, then USAID also co-creates milestones with the partner. Milestones define stages of progress toward the overall objectives of the project and serve as the basis for the payment schedule outlined in the FAA. As a local partner stated: “payment per milestone... allows you to really focus on achieving the result so it doesn’t just stay in the proposal. The results become

concrete.” USAID/Paraguay staff maintain that well-established flexible award instruments, like FAAs, are especially advantageous for driving locally led development, because: 1) they minimize the reporting burden because partners allow staff to spend more time focusing on implementing quality programming; and 2) they divide any risk associated with the program from the partner, which supports increased ownership by local partners.

Although FAAs are an excellent choice for reducing the financial reporting burden of any implementing partner, there are certain elements associated with this award type that need to be clearly thought out during the design process. As a local partner put it, “[FAAs] can be a challenge for organizations that do not have a cushion of funds to rely on when there is a delay in achieving the result. This is especially hard for smaller organizations who aren’t more established.”

Furthermore, Missions should consider the time burden that comes with the combination of an increased number of smaller awards, coupled with several simultaneous co-creation processes. Although FAAs reduce the level of financial reporting that partners have to do, this does not mean that AORs can exponentially increase the number of awards they manage. Indeed, while the financial risk associated with contracting might be somewhat reduced under FAAs, Missions are still confronted with programmatic and reputational risks that they must mitigate in close cooperation with partners.

MENTORSHIP AND COLLABORATION



TIPS FOR SUCCESS: MENTORSHIP AND COLLABORATION

- Do not impose capacity strengthening initiatives on partners. Instead, create a culture of trust and collaboration whereby partners feel comfortable requesting Mission support.
- Create opportunities for stakeholders to engage and exchange learning both within (by, for example, facilitating coalitions) and outside of projects (by, for example, organizing regular workshops attended by a range of stakeholders interested in the same issue).
- Long-term Foreign Service Nationals are great assets in building a culture of collaboration and learning as they facilitate the development of trust with local partners by virtue of sharing a common background and having a stronger understanding of the context.

Once projects have launched, USAID/Paraguay continues to build on the sense of trust and the culture of learning and collaboration it began during the activity design phase of the program cycle. To start, the Mission relies heavily on the use of mentorship to support local partners throughout the implementation of their projects. Importantly, USAID/Paraguay staff does not impose mentorship or training sessions on partners, but rather, they make themselves available to support partners upon request. For example, if a partner requests assistance related to monitoring, evaluation and learning reports, USAID will counsel them in best practices associated with this topic. On occasion, the Mission has found itself in situations where they themselves don’t have the capacity to support their partners, in which case, they turn to their DC-based counterparts for support, or even to other more established local partners that hold the expertise they are in need of.

We try to explain the whole time that this is a co-creation process. Some first-time partners are really in a 'USAID pleasing mode.' We try to build trust and to make sure that they know it's okay to say no to USAID.

-USAID/Paraguay staff member

Outside the scope of specific projects, the Mission also facilitates a Community of Practice with implementing partners through quarterly in-person workshops. These events are an opportunity to discuss topics related to project management as well as others prioritized by partners themselves, including issues affecting the local context. The Community of Practice is a forum to exchange ideas and share learnings and a space for partners to connect and pursue collaborations.

The USAID/Paraguay Mission has also worked to engender collaboration between partners on a more formalized level by making it clear in its APS language that, while cost-sharing is by no means required, partnerships for local resource mobilization, including multi-stakeholder alliances with the private sector, are viewed positively. Indeed, the use of partnerships is outlined in the APSs' evaluation criteria and many of the projects the Mission has opted to pursue involve multiple partners with varying levels of experience working with USAID. The Mission has found that such arrangements support the upskilling of newer partners.

USAID/Paraguay attributes its propensity for learning and collaboration to an encouraging workplace culture that understands the benefits of partner

diversity and where silos are minimal. Additionally, the Mission is staffed by many long-term Foreign Service Nationals. This facilitates its ability to create sustainable working relationships with partners, as trust can more easily be built with less fraught power dynamics than would be at play between U.S. staff and local partners, and as a result of the mutual understanding that each party has a long-term interest in the well-being of the country. This shared background has proven to be particularly useful where working with new and non-traditional partners is concerned. Indeed, as highlighted by Mission staff, during the co-creation process, certain partners are clearly uncomfortable disagreeing with USAID staff. Such a situation can have ramifications in the long-run, such as a partner being unable to meet an agreed-upon milestone in the case of FAAs. Thus, USAID/Paraguay staff have learned to make it clear to local partners that it's okay to speak up about not being on the same page on certain issues. Such an environment of more open dialogue is made easier by the participants' shared background.

The collaborative culture USAID/Paraguay has sought to establish seems to have rubbed off on some of its local partners (many of whom can be described as having a culture of collaboration themselves). Indeed, at least one of the Mission's partners has reported using co-creation—having learned this approach from USAID—as a participatory tool to engage partners when working on activity design. Another has established their own Community of Practice as a ripple effect of their collaborative relationship with USAID.