

Localization Considerations: Lessons from a Novel Activity in Mexico

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Authors:

Allie Gamble, Project Associate
Patrick Lohmeyer, CEO
Rich Fromer, Managing Director
LINC

About LINC

LINC is a mission-driven U.S. small business committed to supporting national stakeholders to lead their own development, which we believe increases development effectiveness and sustainability. Our commitment to localization is reflected in our mission: “working alongside local actors to create sustained change.” Our research, learning, and thought leadership have influenced USAID’s policies, and the projects we have implemented and the tools we have developed help the international development community better understand, engage, and empower national actors worldwide. The recipient of USAID’s “Small Business of the Year” award in 2017, our country experience spans more than 30 countries in practice areas including monitoring evaluation, research, and learning (MERL); localization; collective action; capacity strengthening; and systems thinking.

Contact us:
1201 Connecticut Avenue NW, Suite 200J, Washington, DC 20036
[+1 202 640 5462](tel:+12026405462) | info@linclocal.org | www.linclocal.org

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ACRONYMS

AOR	Agreement Officer's Representative
CSO	Civil Society Organization
FCFN	Fundación Comunitaria de la Frontera Norte (Northern Border Community Foundation)
FICOSEC	Fideicomiso para la Competitividad y Seguridad Ciudadana de Ciudad Juarez (Trust for Competitiveness and Citizen Security in Ciudad Juarez)
MSA	USAID/Mexico Multi-Stakeholder Strengthening Activity
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Within the broader context of increasing localization of international development, **this study sought to distill lessons learned about the challenges of localization using the [USAID/Mexico Multi-Stakeholder Strengthening Activity \(MSA\)](#) as a case study.** MSA was a unique USAID activity that was designed, funded, and implemented by a diverse consortium of partners at the national and international level, including: (i) USAID/Mexico; (ii) two Mexican resource partners, *Fideicomiso para la Competitividad y Seguridad Ciudadana de Ciudad Juarez* (FICOSEC, “The Trust for Competitiveness and Citizen Security in Ciudad Juarez”) and *Corporativa de Fundaciones A.C.* (Corporativa, “The Foundations Corporation”); (iii) US-based small business, LINC; and (iv) Mexican implementing partner *Asamblea de Organizaciones* (“The Assembly of Organizations”). The program was funded in equal amounts by USAID and the Mexican resource partners.

During its 27-month period of performance (August 2020–November 2022), **MSA increased trust and collaboration among Mexico’s private sector, civil society, and government to effectively address problems affecting communities related to crime and violence prevention, criminal justice systems, and human rights.** MSA did this by using a collective action approach, grounded in systems thinking, that strengthened the capacities of civil society organizations (CSOs), local government, and private sector actors, to identify, prioritize, and address priority issues through improved transparency, strengthened accountability to their communities, and collaboration in multi-stakeholder dialogues.

What made the project so unique was that the design and approach to project implementation represented an intentional effort to deviate from the traditional roles of participating organizations, with USAID engaging in co-design with national stakeholders, LINC serving as a facilitator and coordinator, Mexican resource partners providing funding and strategic input, and Mexican organizations leading implementation. As such, it served as a use case for how to promote localization in USAID’s portfolio and put national stakeholders in the lead. It also highlights some of the key challenges to achieving localization from the point of view of each set of stakeholders involved.

Note: Throughout this report we use the term “national” as opposed to “local” to refer to Mexican organizations.

As part of MSA’s unique collaboration model, FICOSEC and Corporativa contributed leveraged funds to the project while simultaneously receiving funds from USAID and working as project implementers and subawardees to LINC, the prime awardee, who coordinated and facilitated the activity.

What is localization?

USAID defines localization as the set of internal reforms, actions, and behavior changes it is undertaking to ensure its work puts local actors in the lead, strengthens local systems, and is responsive to local communities. The Agency directs its localization work according to four lines of effort:

1. Adapting its policies and programs to foster locally led development.
2. Shifting power to local actors.
3. Channeling a larger portion of funding directly to local partners; and
4. Serving as a global advocate and thought leader.

Read more about [USAID’s vision](#) for and approach to localization.

LINC conducted this study in three phases between the months of October 2022-January 2023 and included: (1) desk review, (2) key informant interviews, and (3) analysis. It was guided by three overarching research questions:

1. How did the relationships between the implementing organizations positively or negatively affect MSA implementation? What changes, if any, could have been made to facilitate more effective collaboration between the three organizations?
2. How did USAID's policies and procedures for technical and financial reporting positively or negatively affect MSA implementation and collaboration between the implementing organizations? What changes to policies and procedures, if any, could have facilitated MSA implementation and/or decreased the reporting burden on national partners with more limited USAID experience?
3. What factors, if any, limited national organizations' ability to take ownership over MSA's design and implementation? What could donors (USAID) and international NGOs/contractors (LINC), and national organizations do differently to facilitate increased ownership by national organizations?

Analysis of MSA documents and key informant interviews led to the following findings and recommendations:

FINDINGS

1. **Early engagement promotes ownership.**
Engaging national partners early in MSA's project design led the partners to feel a strong sense of ownership over project design and implementation.
2. **Administrative inflexibility creates tension.**
The inflexibility of both the timeline for project implementation and the requirements for reporting, especially financial, resulted in tensions between implementing organizations and frustration on the part of national partners.
3. **Power dynamics are an obstacle.**
Though all partners emphasized the importance of horizontal management rather than the typical vertical relationship between funders, prime awardee, and subawardees(s), misunderstandings of who was imposing reporting requirements led Mexican partners to feel like others were trying to impose traditional prime/sub hierarchies.
4. **Communication is key.**
Clear and open communication between all funders and implementers is vital for setting expectations, defining roles and responsibilities, avoiding and clarifying misunderstandings, and overall successful implementation of projects.
5. **Compliance questions can be sensitive.**
While USAID projects require extensive documentation and compliance verification – requirements which traditional implementers are familiar with – they may be deemed as intrusive or demeaning to newer partners. Particularly when coupled with the power dynamics described above, they can complicate efforts to build trust and establish strong relationships.
6. **USAID has an important role to play.**
Increasing USAID's work with national organizations will undoubtedly require more, and deeper, engagement than USAID currently devotes to traditional implementing partners.



RECOMMENDATIONS

1. **Invest in the up-front work.**

Invest more time and resources during project design and early phases of implementation to properly align expectations, define roles and responsibilities, and provide any guidance and training national partners may need to comply with award requirements. This support can be foundational for eventual success.

2. **Embrace flexibility.**

Increase donor flexibility in all areas for future awards that include national partners. This should include the intentional selection of award/contract mechanisms, and increased flexibility in donor reporting requirements, rules for communication, timelines for implementation, and modifications.

3. **Reimagine the role of the prime.**

USAID typically requires a single prime implementer to receive the award, and to be the primary point of contact on communications and the responsible party on the award. However, this can undermine a truly collaborative consortium, especially among multiple national partners who need to work together to address large, complex development problems. Explore ways this could work differently, for instance where there might be an informal alliance/association of one or more national partners that could sign an award with USAID.

4. **Shorten the learning curve.**

Offer ongoing compliance and reporting support to national partners, with time and budget intentionally allocated. This can take many shapes and forms.

5. **Continue to engage national partners in co-designing future awards.**

Meaningful engagement with and integration of national voices – through co-creation and other participatory design methods - will lead to better and more sustainable development programming. It is also an important step to build trust, which is crucial for effective partnerships. And co-design should not only happen at project start, but rather be an ongoing process throughout implementation.

CONTEXT

The international development community continues to emphasize the shift towards increased localization of development programming. This agenda has been pushed forward by a variety of actors in the sector including United States Agency for International Development (USAID) Administrator, Samantha Power, who emphasized the need to change international development in her November 2021 address “A New Vision for Global Development”.

“We must offer people not a vision merely of international development but a vision of inclusive development.”¹

Administrator Samantha Power

As international organizations continue to make this shift towards sustainable, locally led development, there is a need to determine how to effectively partner with national (local) organizations. Administrator Power recognized that partnering with national organizations creates an opportunity for donors to double their impact and “not just manage a project and deliver results, which is important, but to grow the local capacity of that business or organization so its impact will be sustained long after its relationship with [the donor] ends.”² She has also noted that there is a need to lower the barriers to entry for national organizations to access USAID and other donor funding.



Picture 1. USAID's approach to localization.

USAID has committed to providing at least a quarter of all funds directly to national partners by 2025 and at least half of all funds to projects that “place local communities in the lead to either co-design a project, set priorities, drive implementation, or evaluate the impact of our programs.”³ LINC and others in the international development community would add that, to foster truly meaningful localization, this laudable goal should also include a shift in not only who is receiving the funding, but also to strive for a change in approaches, structures, and roles.

Even though USAID has made notable improvements in the amount of funding directed to national partners, this shift will not be without its challenges. USAID will need to determine how to effectively change long standing practices so as to not overwhelm national partners’ administrative, compliance, and regulatory capacities with overly burdensome reporting and contractual requirements, and to change standard approaches to, structures of, and roles in program design and implementation to effectively center national partners. Another challenge will be determining

how to continue to effectively engage international organizations and utilize their knowledge and capacity to support and promote national partners.

As the shift towards localization accelerates, innovative programs such as the USAID/Mexico Multi-Stakeholder Strengthening Activity (MSA) present opportunities for donors like USAID and international

¹ Administrator Samantha Power on “A New Vision for Global Development”. U.S. Agency for International Development (usai.gov). November 4, 2021.

² Administrator Samantha Power on “A New Vision for Global Development”

³ Administrator Samantha Power on “A New Vision for Global Development”

implementers like LINC to pilot unique collaboration models to determine what kinds of programs and approaches most effectively promote localization.

MSA OVERVIEW

The USAID/Mexico Multi-Stakeholder Strengthening Activity (MSA) was a unique USAID Activity that was implemented in the states of Jalisco and Chihuahua from August 2020 to November 2022. MSA was designed, funded, and implemented by a diverse consortium of Mexican and international partners, including: (i) USAID/Mexico; (ii) two Mexican resource partners, Fideicomiso para la Competitividad y Seguridad Ciudadana de Ciudad Juárez (FICOSEC) and Corporativa de Fundaciones A.C. (Corporativa); (iii) US-based small business LINC; and (iv) Mexican implementing partner Asamblea de Organizaciones.



Picture 2. Map of Mexico. Highlighted in red: the states of Jalisco and Chihuahua.

The USAID/Mexico Strategic Alliances for Mexico - B (SAM-B) Annual Program Statement for 2019-2020, released in March 2019, sought activities led by US implementers in partnership with non-US Government donors to target high priority objectives of the Mission. LINC's relationships with a wide network of Mexican CSOs includes several organizations with resources to invest in collaboration to make progress toward their relevant strategic objectives, such as crime and violence prevention, rule of law, human rights, transparency, and sustainable landscapes. After discussions with a number of potential partners interested in expanding the influence of their resources and activities through a collaboration with LINC and USAID, two regional community foundations highlighted their work over the past two decades strengthening the institutional, networking, and advocacy capacities of CSOs and other stakeholders to address local issues: FICOSEC in the state of Chihuahua and Corporativa in the state of Jalisco.

The three consortium members - LINC, FICOSEC, and Corporativa - prepared a concept note in response to the SAM-B solicitation combining their shared interest in applying systems thinking, strengthening institutional and collective capacity, and mobilizing additional resources in each region to address crime and violence and to increase citizen security. The consortium also offered 1:1 matching resources to USAID to support the planned activities. The SAM-B process then moved to a co-design phase with the consortium and USAID/Mexico. During that phase, LINC worked closely with both USAID and the two Mexican partners to refine the activity design. The award with LINC was subsequently signed on August 3, 2022.

The organizational structure of MSA was unique in its design, seeking to create more equitable relationships among consortium members and demonstrating two different models of localized implementation. On a contractual level, USAID was the donor and LINC was the prime recipient. In Jalisco, Corporativa was both a resource partner (funder) and a subrecipient of USAID funding

implementing activities. In Chihuahua, FICOSEC was a resource partner (funder), and Asamblea de Organizaciones received funding⁴ from both LINC (USAID) and FICOSEC to implement activities.

In terms of project roles, USAID served as a donor and was also engaged in other ways, including as a technical expert and convener. LINC was a facilitator, coordinator, and administrator of USAID funds and contributed technical expertise. Corporativa and FICOSEC were resource partners in the two localities and provided technical and local context expertise. Corporativa and Asamblea de Organizaciones served as the project implementers, leading the daily work, providing technical and local expertise, convening stakeholders, and ultimately delivering services.

MSA was designed to strengthen the institutional and collective capacities of Mexican stakeholders, including CSOs, local governments, and private sector actors, to identify, prioritize, and address priority crime and violence prevention issues through improved transparency, strengthened accountability to their communities, and collaboration in multi-stakeholder dialogues. The Activity was organized into three components: (1) an institutional training program delivered to CSOs with accompanying mentoring and peer-to-peer learning opportunities; (2) multi-stakeholder dialogue sessions that engaged civil society, academia, government institutions, and the private sector in meaningful conversation of local issues and which produced action plans for specific activities; and (3) the mobilization of local resources, both through in-kind and cash contribution, to support the implementation of the action plans.



Picture 3. Capacity strengthening training participants receive their diploma of completion.

To facilitate effective collaboration between the diverse set of program partners, MSA established specific program management activities including:

- An Operations Team of representatives from Corporativa, FICOSEC, and Asamblea de Organizaciones that met weekly to discuss the design and implementation of project activities across the two states.
- An Advisory Board with representatives from Corporativa, FICOSEC, and LINC that met regularly to facilitate decision making.
- Regular Pause and Reflect sessions, to support collaborating, learning, and adapting (CLA).

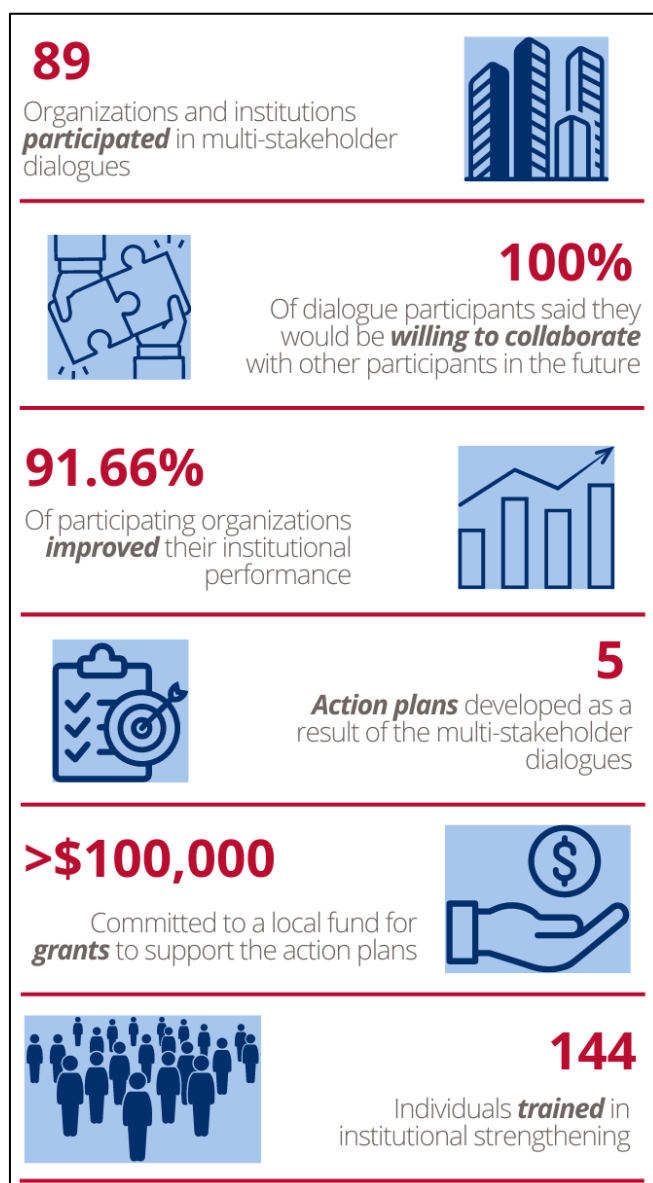
⁴ Asamblea de Organizaciones is an association of Mexican non-profit organizations in Chihuahua. As it does not have formal legal registration, it is fiscally and legally sponsored by its member organizations who sign contracts and agreements on its behalf and receive and disburse funds from donors for Asamblea de Organizaciones to implement activities.

RESULTS

MSA strengthened the capacity of 33 CSOs in Jalisco and Chihuahua, both in their institutional planning and management practices and in their approaches to social intervention through delivery of a 68-week training program. MSA measured the institutional capacity of participating organizations at the beginning and the end of the training process, and the results showed that of the 36 organizations assessed, **91.66 percent** improved their institutional capacity.

MSA brought together organizations and institutions from different sectors to develop common action plans to address relevant social problems in Jalisco and Chihuahua. MSA hosted a series of multi-stakeholder dialogue sessions with representatives from state and municipal governments, the private sector, academia, and civil society between February and June 2022. At the conclusion of each dialogue, the participants collaborated to develop action plans to implement specific crime and violence prevention-related activities.

MSA mobilized local resources to begin implementing the action plans and to build a foundation for future sustainability of the program. Corporativa and FICOSEC created a financing instrument called the Community Support Fund to support projects arising from the multi-stakeholder dialogues and resulting action plans. A total of MXN \$1.9 million (approximately USD \$110,000) was committed to financing grants to implement the action plans.



Picture 4. Highlighted results from MSA. Click to enlarge.

STUDY METHODOLOGY

This qualitative study was conducted by LINC from October 2022 to January 2023. It was designed as a case study of a unique activity that prioritized national ownership over the design, implementation, and funding of a program as a means for increasing knowledge surrounding challenges to localization. The study was completed in three phases: (1) desk review, (2) key informant interviews, and (3) analysis.

A small-scale desk review of relevant literature was conducted to frame the study in the relevant context. Documents reviewed included MSA’s proposal and grant agreement, reports from MSA’s pause and reflect sessions, and USAID Administrator Samantha Power’s November 2021 remarks on “A New Vision for Global Development” and various analyses thereof. Following the desk review, the following guiding questions were developed:

1. How did the relationship between the three implementing organizations positively or negatively affect Activity implementation? What changes, if any, could have been made to facilitate more effective collaboration between the implementing organizations?
2. How did the donor’s (USAID) policies and procedures for technical and financial reporting positively or negatively affect implementation of the Activity and collaboration between the implementing organizations? What changes to policies and procedures, if any, could facilitate Activity implementation and/or decrease the reporting burden on national partners with more limited USAID experience?
3. What factors, if any, limited national organizations’ ability to take ownership over the Activity’s design and implementation? What could donors (USAID) and international implementers (LINC) do differently to facilitate increased ownership by national organizations?

LINC developed an interview guide and conducted key informant interviews with representatives from USAID, FICOSEC, Corporativa, Asamblea de Organizaciones, and LINC. Interviews were conducted virtually in either English or Spanish, depending on the respondents’ preferences, in November 2022.

The interviews were analyzed according to key themes, including program ownership, inter-implementer relationships, and donor and prime recipient regulations, to distill lessons learned about the challenges to localization.

FINDINGS

This study highlighted important findings relevant to USAID’s and its national and international implementing partners’ efforts to increase localization and create systemic conditions that are more encouraging of leadership by national, regional, and international actors. Some of the study findings have been raised and discussed in the past while some warrant further discussion on how best to incorporate them into future efforts of the sector.



1. Early engagement promotes ownership.



Engaging national partners early in MSA’s project design led the partners to feel a strong sense of ownership over project design and implementation. To respond to the SAM-B solicitation, LINC identified FICOSEC and Corporativa as promising potential partners, given their technical and geographic coverage, and LINC worked collaboratively with both partners and USAID to design the Activity.

When asked whether they felt ownership over the design of MSA, respondents from the national partners responded affirmatively, reporting that they felt included in the design of the program. and the national partners reported having “full autonomy” over project implementation in their respective localities.

Respondents from FICOSEC noted that they were given ample opportunity to contribute to the design of the program, but their involvement was limited by their lack of pre-existing experience with designing

Qualitative Study: Localization Considerations

institutional training programs. This was the only factor national partners identified as limiting their ability to take ownership over project design and implementation. When reflecting upon the experience, respondents from FICOSEC highlighted that they felt the experience they gained by participating in the co-design of MSA would enable them to meaningfully contribute to co-designing programs in the future. Respondents from FICOSEC highlighted that projects like MSA that are codesigned and cofounded by national organizations help to increase national capacity and strengthen national organizations working in the sector but noted that national organizations with limited USAID experience may need more support to build agency early in the design process. Though they are interested in engaging in codesign on future projects, they have not identified any opportunities to date.

2. Administrative inflexibility creates tension.



The inflexibility of the project design, timeline for project implementation, and requirements for reporting, especially financial, resulted in tensions between implementing organizations and frustration on the part of national partners.

Timeline

MSA's implementation began while the COVID-19 pandemic was rampant worldwide. As a result of the unpredictability of the pandemic in Mexico, the MSA partners, in consultation with USAID, determined that the planned in-person training program should be delivered in an online format instead. The transition to an online format impacted both the planned implementation timeline and the cost of implementation. To successfully deliver the training program online, the MSA partners needed to develop a sufficient virtual infrastructure to do so, which caused delays in implementation. To accommodate the implementation delay, USAID issued a two-month no-cost extension to the Activity, in the hopes of allowing all components sufficient time to be implemented. Despite this additional time, the national partners still felt there was not sufficient time remaining after the training program and multi-stakeholder dialogues concluded to effectively allocate the financial resources they had committed as part of the local resource mobilization component.

Activity Design

While there was some flexibility in project design which enabled the consortium to pivot from in person delivery of the training program to a virtual format and to create the Community Support Fund that was not originally a part of the Activity's design, national partners felt that future projects should be granted even more latitude to adapt program design during implementation. Respondents specifically stressed the importance of separating results from process, noting that a variety of activities can lead to the same results and should therefore be interchangeable and adaptable during project implementation. Partners emphasized that national organizations have the most in depth understanding of the local context and are more in tune with how that context is changing on a day to day basis, which gives them better insight into how a project may need to be adapted. While they understand that USAID funds projects with a specific outcome in mind, they felt that USAID should be more open to changes in project activities that will still lead to the desired outcome.

Reporting

The compliance requirements of the prime award between USAID and LINC, and USAID's regulations, such as those under the Code of Federal Regulations (CFR), also resulted in tensions related to financial reporting. In one instance, national partners expressed frustration with the fact that they were required to follow LINC and USAID financial reporting requirements, even for the leveraged funds they were providing. To comply with USAID's regulations, LINC initially required the partners to submit financial

reports that included backup documentation to show how funds, both leveraged and USAID-provided, were utilized and allocated, and to ensure no double-counting of resources. This request resulted in tension between LINC and one of the partners, in part due to a misconception that LINC was arbitrarily applying onerous restrictions on them. After discussion of the issue with USAID, LINC was able to lower the reporting requirements for leveraged funds and only require a certification from the partners regarding (i) the amount of leveraged funds committed, (ii) a brief description of the activities/work completed with the leveraged funds. Regardless, the partners collectively found the requirements to comply with the cost-reimbursable subawards challenging and time-consuming.

3. Power dynamics are an obstacle.



Though all partners emphasized the importance of horizontal management rather than the typical vertical relationship between funders, prime awardee, and subawardees(s), misunderstandings of who was imposing reporting requirements led Mexican partners to feel like others were trying to impose traditional prime/sub hierarchies.

This study found that all the MSA partners recognize that localization requires that the traditional hierarchical relationships between funder and prime recipient, and prime and subrecipient(s), be replaced with more horizontal relationships between donors, prime recipients, and subrecipients. However, national partners reported feeling like LINC was attempting to impose a traditional prime/sub relationship.

MSA is a unique case in which the lines between funder and implementer were inherently blurred. In Chihuahua, FICOSEC acted only as a funder and deferred implementing power to Asamblea de Organizaciones; however, in Jalisco, Corporativa was both a founder and a subawardee to LINC on its award with USAID. This dual role meant that while Corporativa was contributing leveraged funds, it was also subject to compliance with USAID regulations on receiving funds *and* compliance with its subaward.

Interviews revealed that national partners felt that LINC was attempting to give them orders and force them into a subordinate role on the project by requiring them to submit both technical and financial reports. This was due, in part, to a misconception that these requirements were being imposed on national partners independently by LINC, rather than as a means for LINC to comply with its commitments with USAID. No matter the cause, the resultant feelings that LINC was trying to impose a hierarchical relationship caused tension among the consortium partners.

In another instance, Asamblea de Organizaciones reported feeling like their voice, as solely an implementing subawardee, was not equally valued by the national resource partners because they were not contributing funds to the project.

This finding suggests that while stakeholders value the importance of dismantling historical hierarchies created by the existence of typical contractual arrangements in favor of more horizontal partnerships, there is still a fundamental underlying power dynamic that favors the voice of donors over prime recipients and international primes over national subrecipients.

4. Communication is key.



Clear and open communication between all funders and implementers is vital for setting expectations, defining roles and responsibilities, avoiding and clarifying misunderstandings, and successfully implementing projects.

Both the desk review and key informant interviews revealed that misunderstandings and misalignments of expectations related to reporting, roles and responsibilities, and financing resulted in heightened tensions during program implementation, as highlighted by the preceding findings. Though MSA held several pre-planned pause-and-reflect sessions during implementation, this suggests that they were not frequent enough to allow for timely reflection and resolution of issues. After several issues had emerged, all the implementing organizations agreed to schedule regular and ongoing meetings at both the director and “operational” levels. All interview respondents acknowledged that these meetings facilitated open communication that allowed for many of the disagreements to be resolved. However, there were some cases in which these meetings were not sufficient to manage all disagreements. In some instances, this was because not all stakeholders were present. In other cases, despite all parties being in attendance, differences in working and communication styles made it difficult to resolve disagreements.

5. Compliance questions can be sensitive.



While USAID projects require extensive documentation and compliance verification – requirements which traditional implementers are familiar with – they may be deemed as intrusive or demeaning to newer partners. Particularly when coupled with the power dynamics described above, they can complicate efforts to build trust and establish strong relationships.

In one instance, LINC asked the national partners to certify that they had not used any USAID funds to purchase alcoholic beverages. This is standard practice for USAID implementers as alcohol is an unallowable expense on USAID awards; however, it resulted in a misunderstanding as the national partners expressed that this request made them feel as though LINC fundamentally lacked trust in them. In another instance, following concerns over one national partner lagging behind their required provision of leveraged contributions, they were asked to provide documentation to show that they were on track to hit their contribution milestones. This was again perceived as a demonstration that LINC did not trust the local partners.

6. USAID has an important role to play.



The nature of USAID involvement in award management differs based on the nature of the agreement. Further, USAID typically does not engage directly with project partners below the level of the prime. MSA had a unique funding and implementation modality, where funding and implementation responsibility were split amongst several organizations, but the nature of MSA’s fixed-amount award initially restricted the ability of the USAID Agreement Officer’s Representative (AOR) to involve themselves in project implementation, even in cases when all prime and subawardees felt it would be beneficial. Due to the AOR recognizing this need, and based on their willingness to put additional time into this activity, MSA established additional opportunities for clear and open communication between *all* partners, including USAID, which enabled several conflicts to be resolved more fluidly. Increasing USAID’s work with national organizations will undoubtedly require more, and deeper, engagement than USAID currently devotes to traditional implementing partners.

RECOMMENDATIONS

Considering the above findings, and in an effort to improve future development programming and support localization, LINC offers the following recommendations:

1. Invest in the up-front-work.



Many of the challenges experienced during project implementation were caused by a lack of proactive communication and misalignment of expectations. Though the partners were able to overcome these challenges through discussions during pause and reflect sessions, adding more regular coordination meetings, and mediation with MSA's AOR, they could have been avoided or at least minimized via proactive communication.

To proactively address such issues, all project donors and implementers should invest more time and resources - both during the project design and early phases of implementation - to properly align expectations, define roles and responsibilities, and provide any guidance and training that national partners may need to comply with award requirements. **This can start with a “before-action review” where all partners set priorities, define management processes, discuss financial and technical reporting requirements (including who is imposing those requirements: donor or prime recipient), and allow for national partners to be involved in the development of required reporting tools and templates, for both financial and program monitoring.**

Modalities for contract/agreement modifications and dispute resolution mechanisms should also be discussed. In addition to increasing transparency, this workshop can serve as an open forum for discussion and learning, wherein all stakeholders are actively encouraged to participate, share concerns and feedback, and have their ideas heard. This will serve the dual purpose of breaking down the traditional prime/sub relationship and minimize the potential perception that prime recipients are intentionally giving orders to and imposing upon subrecipients.

The donor(s) should also take the opportunity to clearly outline what aspects of the contract or agreement can be changed to accommodate changing global and local circumstances, which aspects of the contract or agreement cannot be changed in any circumstances, and what the limitations of the selected award mechanism are as this may not be as apparent for organizations that have less experience working with donors like USAID. Similarly, the prime recipient should detail which aspects of its agreements with subawardees are able to be modified and which cannot.

Pushing this recommendation a step further, the findings indicate that USAID regulations are a source of frustration and often a burden to the “non-traditional partners” that USAID seeks to engage. LINC believes that the balance between good stewardship of US Government funds and effective implementation by national stakeholders currently puts a heavy emphasis on reporting requirements and limitations. This works against USAID's localization goals. While the ability to remove some of these requirements may not fall within the authority of any AOR/COR or AO/CO, some can be addressed through appropriate application of award mechanisms, payment milestones, reporting requirements, and other levers. That said, as an agency, USAID also has an opportunity to go beyond setting targets and measuring progress towards localization, by listening closely to the challenges faced by national actors such as those raised under MSA, and working to streamline and simplify requirements that are unnecessary or overly burdensome.

2. Embrace flexibility.



The shift towards increased co-creation and co-implementation of projects with national partners inherently means an increase in working with organizations that will not have robust experience working under and complying with USAID rules and regulations. To not overwhelm national partners' administrative, compliance, and regulatory capacities with overly burdensome reporting and contractual requirements, USAID and other donors should actively explore opportunities for flexibility, including in terms of the intentional selection of award mechanisms, reporting requirements, rules for communication, and timelines for implementation.

For example, USAID and its prime recipient implementers could explore: (i) increasing pre-award due diligence in exchange for decreasing reporting requirements during implementation, (ii) allowing AORs of fixed-amount awards to engage more heavily when implementing partners request such engagement, and (iii) designing awards that are outcome or results-based rather than activity based. Donors and prime recipients should also carefully evaluate when to use fixed-price agreements (where partners invoice upon successful completion of the milestone/deliverable) as opposed to cost-reimbursable mechanisms, which are inherently more complex.

Similarly, respondents in our study emphasized the fact that national organizations have a better understanding of the on the ground context in which projects are being implemented, suggesting that they should be given a greater voice to determine when contracts/agreements need to be modified to accommodate dynamic implementing environments.

By increasing the flexibility of these rules and requirements, USAID and international primes can effectively lower the barrier to entry for local organizations to engage with and access international funding opportunities. Having the right mechanism and "requirements" can also allow national partners to engage openly, contribute effectively, and lead programming while protecting them from USAID and international partners' regulations that could create risk for the national partners.

Through its work on a related activity – the [Local Organization Market Research Activity](#) conducted for the USAID/Kenya and East Africa Mission in 2021- LINC provided several resources to USAID to support technical and acquisition and assistance staff with designing and procuring activities targeting national partners. These included tips for creating flexible milestones, considerations for creative procurement approaches, and tips for sustainable transitions, among other resources.

3. Reimagine the role of the prime and USAID.



USAID typically requires a single prime implementer to receive the award, be the responsible party on the award, and be the primary point of contact on communications. However, this can undermine a truly collaborative consortium, especially among multiple national partners who need to work together to address large, complex development problems. MSA presented an interesting use case, in which implementation responsibility was divided amongst several organizations. The primary relationship was still between USAID and LINC though, which caused certain difficulties, as stated above.

There could be many advantages to exploring ways this could work differently though, for instance where there might be an informal alliance/association of two or more national partners that could sign an award with USAID, with clear rules/processes for managing collaboration, sharing resources, and making decisions, and a rotating administrative/financial lead taking responsibility. Systems mapping

tools and approaches (such as organizational network analysis) can help donors and primes identify promising potential partners.

This also means not merely recreating the existing international development funding and implementation system/structure with national recipients replacing international ones. Activities, including their contracts or agreements, must take new approaches that create more equitable and trusting partnerships among national partners and which fit the national context.

On a related note, donors and primes should be encouraged to identify the valuable role(s) for USAID and international partners to play that don't impede national leadership. This could include serving as a facilitator, convener, coordinator, or knowledge-sharer. Specifically, as noted above, establishing relationships that are more horizontal and more equitable will require USAID AORs and CORs to shift their role. Maintaining the flexibility described in recommendation 2 means letting go of some power and allowing national actors to make decisions, identify objectives, adapt interventions, and define what success means for their work and community.

Under MSA and other activities that LINC has researched, AORs/CORs have said that despite letting go of some of that decision-making power, they need to spend more time overseeing their activities, in particular supporting relationship management, facilitating decisions, and helping national stakeholders navigate obstacles that arise.

Further, through the MSA experience and other LINC research, facilitation skills have emerged as among the most important abilities for both USAID staff and international implementers to bring to locally led development efforts. Enabling true local leadership requires many of the key characteristics of facilitators, such as patience, encouraging constructive feedback, impartiality, keen observation, managing conflict as an effective part of the process, and asking curious questions, among others. Additionally, good facilitation is a crucial component of the reimagined role of USAID and international partners necessary for creating and maintaining an open environment and supporting others to achieve their goals.

4. Shorten the learning curve.



The national resource partners reported that there was a steep learning curve for compliance with USAID's financial and operational reporting requirements. While USAID and international prime recipients can increase transparency as to what the requirements are via a workshop as suggested in recommendation 1 above, they should also be prepared to offer ongoing compliance and reporting support to national partners. LINC provided this support during implementation, but it was not originally planned or budgeted for. This capacity strengthening could and should be offered in a more intentional way for future awards, with time and budget intentionally allocated. As Administrator Power notes, this will functionally lower the barrier to entry for national organizations and facilitate increasing "the local capacity of that business or organization so its impact will be sustained long after its relationship with [the donor] ends."

And training is not the only way to strengthen capacity, or always the most effective. **Donors and primes should embrace other types of institutional capacity strengthening, which have been proven to produce impressive and sustainable results.** Examples include peer-to-peer support, action learning groups, coaching, mentoring, exchange programs, and embedding expertise.

Similarly, be sure to focus on strengthening *collective* capacity as well, which LINC's research and implementation experience has found is a critical determinant of capacity strengthening and

sustainability. For instance, communities of practice are an excellent way to strengthen south-south cooperation and create a more structured avenue for organizations to come together to innovate, share, and learn while addressing development challenges. And Participatory Systems Analysis enables actors to come together to gain a better understanding of their own system, create joint visions of how it could improve, and agree on practical ways to do it.

5. Continue to engage national partners in co-designing future awards.



Community or local ownership is a key characteristic of localization. This study found that engaging national organizations in the design process of the program facilitated their feelings of ownership over both program design and implementation, which should be considered a major success of MSA's unique collaboration model. It is vital to continue fostering a sense of ownership for future awards, and this analysis suggests that continuing to involve national partners throughout the design and implementation of programs would be an effective way to do so. More than focusing merely on the amount of funding going to local organizations, meaningful engagement with and integration of national voices – through co-creation and other participatory design methods - will lead to better and more sustainable development programming. It is also a key way to build trust, which is crucial for effective partnerships.