Comments on USAID's Draft Policy for Localization of Humanitarian Assistance

Humentum is the leading global nonprofit working with humanitarian and development organizations to improve how they operate and to make the sector more equitable, resilient, and accountable. Together with our over 270 member organizations, we create and advocate for data-driven policies and standards that address sector-wide challenges. To this end, Humentum has been an active participant in US Government executive branch policymaking for over 30 years.

Comments for Section 1: Introduction

Humentum commends the Bureau for Humanitarian Assistance (BHA) for its commitment to localizing humanitarian assistance and appreciates the opportunity to submit comments on the Policy for Localization of Humanitarian Assistance. We particularly value BHA's acknowledgement that "many current practices and ways of working within the bureau, agency, and larger humanitarian system are not fully compatible with the localization agenda" (p. 5). In the introduction, BHA indicates that this policy aspires to balance the bureau's interests "in serving as effective stewards of USG resources, and as effective and principled responders to the humanitarian needs of the world's most vulnerable" (p.5). Humentum understands the bureau's need to balance competing interests but recommends that BHA further clarify which practices and policies are within their control, and which are determined by external actors and thus will require additional time and advocacy to change.

Comments for Section 2: Guiding Principles

Section 2 expands upon the traditional humanitarian principles of neutrality, impartiality, and independence to reflect Agency-wide principles of equity, context specificity, and sustainability. These are welcome additions and will serve as important guiding principles as BHA seeks to localize its operations. However, BHA should further clarify how each guiding principle translates into action. For example, how will the principle of equitable partnership translate into more equitable funding practices? Which elements of the policy are flexible and adaptable to specific contexts, and which are not?

Furthermore, BHA "recognizes that some contexts are more conducive to advancing the localization agenda than others" (p. 6). How will BHA determine which contexts are conducive? How will this determination impact which local partners receive direct funding or have decision-making authority? More clarification on this point is necessary.

Comments for Section 3: BHA's Strategic Approach to Localization

Humentum appreciates BHA's efforts to clearly outline its strategic objectives for localization and the inclusion of short, medium, and long-term actions and anticipated outcomes. Although this policy is not an implementation guide, the bureau should still clarify points regarding implementation in Section 3.

SO 1- Funding and Partnership Development

Humentum welcomes BHA's acknowledgement that the bureau has not made "substantial progress" in increasing direct funding to local partners (p.13) and its commitment to future improvement. However, to foster more equitable funding practices and partnerships, BHA must address the following questions.

BHA indicates that in the short-term, it will "identify opportunities to increase direct funding, including in ER4 settings and protracted crises where significant local capacity exists" (p.13). By which metrics will BHA measure local capacity? How does BHA define local capacity, and how will it determine whether 'significant' local capacity exists? In the long-term, BHA intends to "prioritize funding for local organizations… gradually moving toward increased funding to local actors where feasible" (p. 13). BHA should clarify what this gradual allocation process looks like in practice. Does 'prioritized funding' indicate increased dollar amounts going directly to local partners? Does it refer to an increased number or percentage of local partners receiving direct funding? How does this goal align with Agency goals to direct 25% of funding to local actors by 2030?

Finally, in the SO 1 Desired Outcomes chart on page 15, BHA should expand upon its mention of "intermediary-based funding mechanisms [that] reflect BHA principles of effective partnership." While it is essential that intermediaries also adopt funding mechanisms like full cost recovery and co-ownership, how does BHA intend to encourage this among its partners? The bureau should clarify whether this desired outcome will result in additional requirements for intermediaries and how it plans to hold intermediaries accountable for using appropriate funding mechanisms.

SO 2- Organizational Culture and Internal Resources
Humentum is encouraged by BHA's attention to its internal staff capacity and intent to address limits regarding staff numbers, skills, and commitment to the localization agenda. However, it is unclear what BHA means by "localization skills and knowledge" when addressing current strengths and gaps in staff capacity (p.16). How does BHA define and assess localization skills and knowledge? Humentum encourages BHA to move beyond a definition that focuses on experience working with local partners to one that focuses on experience living and working in humanitarian contexts and honors local knowledge as a key asset. While it is important that BHA staff have "experience working with local partners," Humentum urges the bureau to expand its recruitment practices beyond US-based candidates and hire more foreign service nationals (FSNs) (p.16). Experience working with local partners does not equate to the experience of being a USAID local partner or living and working in a humanitarian context. To truly build the bureau's capacity and localize operations, BHA should not only hire more FSNs, but equip them with appropriate decision-making authority.

In the SO 2 Desired Outcomes chart on page 18, BHA references a Localization Toolkit Resource to be launched in the short term. BHA should clarify whether this is an internal toolkit, or whether it will inform the policies and practices of intermediaries. Regardless of the purpose, BHA should remain transparent regarding the development and release of such resources, and develop them in concert with the humanitarian community, particularly with local actors.

SO 3- Capacity Sharing

Humentum appreciates BHA's use of "capacity sharing" to reflect the importance of mutual capacity strengthening and the multi-directional flow of knowledge between partners and funders. However, this language is different than that of USAID's recently released Local Capacity Strengthening (LCS) policy. The LCS policy, which applies to both international development and humanitarian assistance, utilizes "capacity strengthening" and clearly outlines the Agency's overarching strategy for engaging with local actors equitably and effectively. Although BHA states that their Policy for Localization of Humanitarian Assistance is aligned with USAID's LCS policy (p.34), SO 3 adopts different language and a different approach to capacity strengthening. The differences between the two policies may create confusion and indicate a general lack of internal alignment on language, approach, and messaging within USAID. Specifically, BHA does not identify how its use of 'capacity sharing awards' aligns with USAID's overarching focus on capacity strengthening across all its programming. Will the bureau provide capacity

sharing awards to all its partner organizations? Will funding for capacity sharing be mainstreamed across all programming? How will BHA ensure that capacity sharing awards are implemented in a way that prioritizes local goals and objectives?

Furthermore, Humentum is concerned that SO 3 does not center around proactive co-creation of goals and approaches with local actors. For example, the SO 3 Desired Outcomes chart on page 21 indicates that short-term programming will "reflect lessons learned from previous/ongoing BHA capacity initiatives," and "BHA FSN perspectives" (p.21). In keeping with the USAID LCS policy, BHA's capacity initiatives should be *co-created by* local partners and FSNs, rather than simply reflecting past efforts. BHA should also further clarify what kinds of support and resources it intends to provide for capacity initiatives. For example, the medium-term column states that capacity sharing will be "embedded into all ER4 programming" (p. 21). Will BHA fully fund capacity sharing activities in ER4 programming? Finally, BHA should clarify how it intends to hold intermediaries "accountable for local capacity investments" (p.21).

SO 4- Local Humanitarian Leadership

Sub-SO 4.2 addresses the expansion of locally-led program design and "Refine and Implement" approaches (p. 23). Although Humentum supports the expansion of local ownership, it is unclear what specific steps BHA will take to operationalize this in humanitarian contexts. In addition, there needs to be more information on how BHA will refine and implement approaches, and how those approaches align with the localization agenda in other parts of the Agency, particularly in its development programming.

SO 5- Policy Leadership

Humentum applauds BHA's focus on policy leadership, which is a crucial component of operationalizing locally-led development that has been neglected in other Agency policies and frameworks. BHA should certainly continue to engage in policy leadership at the international level and partake in various initiatives and pledges among funders. However, BHA should elaborate on how they intend to learn from the errors of The Grand Bargain and ensure that the donor community is held accountable for any subsequent pledges or initiatives on localization.

Humentum is also encouraged by sub-SO 5.3, which discusses intermediary engagement. Although engaging this group of stakeholders is vital to the localization agenda, BHA should further clarify its expectations for intermediaries. For example, regarding intermediary risk-management strategies, BHA should indicate how it plans to support intermediaries in developing "partnership frameworks that include such elements as program complementarity and risk sharing with local partners" (p.26). Will BHA issue guidance on developing these frameworks? How will BHA hold intermediaries accountable for developing appropriate frameworks?

Comments for Section 4: Advancing Localization Across All Dimensions of HA

Section 4's commitment to advancing localization across all dimensions of humanitarian assistance is critical given the frequent sidelining of local actors in rapid onset scenarios. The bureau acknowledges that it can be difficult to "identify and develop new local partnerships" in crisis situations. Furthermore, BHA states that "developing these relationships takes time, and provision of funds to local organizations can be difficult, as new partners may not be familiar with U.S. Government funding requirements or BHA funding guidelines and processes. Under the time pressure of an urgent response, BHA staff often do not have the time to adequately support new partners in applying for BHA funding" (p. 30).

While Humentum appreciates these challenges and BHA's intent to identify "potential local partners during steady-state," the bureau should also seek to reduce compliance barriers and make funding more accessible for local organizations that are often the first responders in crisis situations. While BHA should continue to direct

rapid, small-scale funding through local Red Cross or Red Crescent chapters, it should also develop a database of vetted local organizations that can receive funding upon a Declaration of Humanitarian Need. These efforts should also be more explicitly linked to BHA's relationship-building efforts as part of disaster risk reduction (DRR) and existing relationships formed through development programming across USAID.

Furthermore, as DRR programming frequently occurs in steady-state situations, it is unclear why BHA plans to issue "awards that begin with an INGO or PIO, then [transition] to local organizations for sustained implementation" (p.29). Concerns regarding risk are understandable in rapid onset or non-permissible contexts, but the reluctance to fund local organizations directly in steady-state situations does not reflect USAID's stated commitment to trusting local actors.

Comments for Section 5: Additional Considerations

The consideration of both risk and strategic alignment are critical to the policy's success. While Humentum appreciates BHA's inclusion of these considerations, there are still gaps in fully addressing them.

First, BHA states that "local partners who seek direct donor funding will remain at a disadvantage as long as they lack the support and capacity to develop risk mitigation and management strategies" (p. 33). Although Humentum understands BHA's responsibility to be good stewards of USG funding and mitigate risk where possible, this statement disregards the existing capacity that local partners possess, and the onerous nature of USAID compliance requirements. Local partners consistently state that they do have risk management strategies, but they are overwhelmed by the numerous compliance burdens set by each donor they receive funding from. BHA should clearly define its strategy to move from risk-transfer to risk-sharing with local partners. As it currently stands, BHA's language and approach places the onus to mitigate risk fully on implementing partners. In the spirit of USAID's updated Risk Appetite Statement, BHA should adopt a higher risk tolerance to working with local partners.

Second, regarding strategic alignment across USAID, BHA should better align some of its language and approaches with existing policies, such as USAID's LCS policy. As addressed in Humentum's comments on Section 3, SO 3, there are still major questions about how BHA's Policy for Localization of Humanitarian Assistance fits with USAID's LCS Policy.

Comments for Section 6: Localization in Practice

Finally, Humentum applauds BHA's stated commitment to implementing this policy in an iterative, transparent, and accountable manner. However, BHA has not indicated to what extent local actors were involved in crafting this draft of the Policy for Localization of Humanitarian Assistance. Although local actors should inform and lead efforts to implement this policy, Humentum urges BHA to directly consult with local actors before releasing the final draft of the policy.

Furthermore, while Humentum encourages the release of a summary report that details "progress and gaps" as well as "constraints and opportunities for future action," we are concerned by BHA's decision to release such reports internally rather than externally. Unless these reports are accessible and transparent, local actors cannot utilize them to hold BHA accountable for their stated commitments and actions. We urge BHA to reconsider this decision and to release material related to the implementation of the Policy for Localization of Humanitarian Assistance in a transparent manner.