

Advocacy Advisor

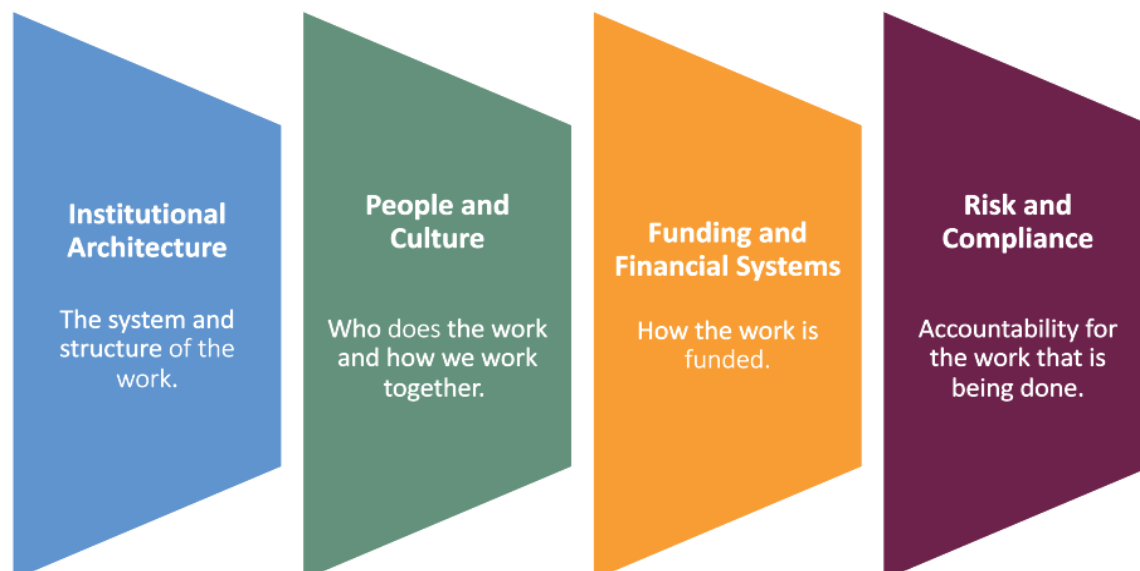
Fourth Quarter 2022

Spotlight: Next Steps in Operationalizing Locally-Led Development

In January 2022, Humentum launched a year-long webinar series for prominent global thought leaders to consider what it will take to operationalize locally-led development. We convened more than 2,000 policy makers and practitioners from over 100 countries – donors, international NGOs (INGOs), and national NGOs (NNGOs) alike – to debate what it will take to realize not only USAID’s specific targets, but also a more inclusive and locally-led sector.

From these discussions, and other conversations with our members and stakeholders, [we believe that change will only happen when organizations unlock the strategic power of their operating models](#), and funder policies create an enabling environment for more equitable ways of working.

What do we mean by the strategic power of operating models? At Humentum, we’ve focused on four key components of operations that can foster equitable, resilient, and accountable ways of working. They are:



Humentum believes that power will shift when funders, international, and national organizations focus on these [four components of operations, and what we call the 12 levers of change](#). This belief has driven our advocacy work throughout the past year and will continue to do so in 2023.

We focus our efforts across the sector—with funders, INGOs, and NNGOs—to create a global appetite for operational change. Through the power of this sector-wide network, [we've learned many lessons about what it will take to operationalize locally-led development](#).

Despite differences in positionality, experience, and focus area, one theme rose to the top of our discussions: to make change happen, we must work together to form [partnerships of consequence](#), rather than partnerships of convenience. And, to develop truly equitable partnerships for development, we must rethink our organizations' institutional architecture, our approach to people and culture, funding and financial systems, and risk and compliance practices. These changes won't be easy, but by continuing 'business as usual,' we risk excluding local partners and implementing ineffective and unsustainable programs.

The good news is that change is already happening, and powerful actors are understanding the importance of equitable development. Our 2022 ERA Index and our December Executive Summit, which brought together over 100 executives from across the sector, showed that INGOs are thinking and talking about change and are already implementing changes in areas where they have the most autonomy, in their institutional architectures and people and culture practices. While this is encouraging, we risk snapping back to outdated ways of working if funder policies continue to prohibit transformative change, especially in areas of funding and risk.

This edition of the Advocacy Advisor rounds up the important policy and regulatory updates in each of Humentum's four components of change. Read on to see the latest developments and check out our team's thought leadership from the past quarter. If you are interested in our work on locally-led development for FY22, check out this [Resource Roundup](#). We are excited to have you along for the journey and invite you to be on the lookout for our policy recommendations and State of the Sector report in early 2023.

Government Affairs and Advocacy

Thought Leadership

[Operationalizing Locally-Led Development: Where Do We Go Next](#) (November 2, 2022)

Watch Humentum's webinar on its findings from the year-long webinar series.

[FY22 Resource Roundup: Locally-Led Development Policy](#) (December 5, 2022)

See resources on locally-led development policy in one document.

[50,000 companies on hold because of GSA's UEI validation problems](#) (November 1, 2022)

Jason Miller interviewed Humentum's Cynthia Smith once again to discuss the impact of delays and glitches in the US Government's switch from the DUNS numbers to Uniform Entity Identifiers (UEI). These delays continue to have consequences for foreign local partners.

[Operationalizing Locally-Led Development: What We Learned](#) (October 18, 2022)

Read Cynthia Smith and Jenna Thoretz's summary findings from Humentum's year-long Operationalizing Locally-Led Development webinar series, which convened over 2000 professionals from over 100 countries.

[Community philanthropy is essential for lasting and transformative change \(October 19, 2022\)](#) Jenny Hodgson, Executive Director of the Global Fund for Community Foundations, reflects on how community philanthropy is a form of innovative development financing that is all about going back to the basics.

[Equitable Development Through Operating Models \(October 13, 2022\)](#) Humentum's Kim Kucinkas walks us through our new theory of change and its implications for equitable, locally-led development and shifting power.



[How identity numbers have caused chaos for USAID overseas partners | Devex \(October 10, 2022\)](#) Devex's David Ainsworth interviews Cynthia Smith in this piece about the transition to Unique Entity Identifiers (UEI) and its impact on local organizations.

[Who is the UK's inaugural minister for development, Vicky Ford? \(September 8, 2022\)](#) "She's not just rhetoric and good intentions, it seems she gets that it's complicated to do good development well. That's important [for] #locallyled development to make it accountable and resilient." In this Devex article by Will Worley, Humentum's Tim Boyes-Watson shares his comments on the appointment of the UK's inaugural minister for development, Vicky Ford.

[WATCH: Operationalizing Locally-Led Development: Innovative Finance \(September 7, 2022\)](#) Part of Humentum's year-long Operationalizing Locally-Led Development webinar series.

[WATCH: SocialEx Podcast with Pape Gaye on locally-led development and working together in partnership \(September 6, 2022\)](#) Pape Gaye, Founder and President of Baobab Institute, discusses power imbalances, the importance of partnerships in locally-led development, the need for global participation, and more.

[WATCH: NGOs need proper back office funding, says Humentum \(September 1, 2022\)](#) Devex's David Ainsworth interviews Humentum CEO, Christine Sow, at Devex World.

[Rebalancing Risk and Accountability \(August 9, 2022\)](#) After Humentum's fourth installment of our Operationalizing Locally-Led Development webinar series, we sat down with panelist Dr. Riva Kantowitz, Founder of Radical Flexibility Fund, to hear her perspective on how organizations can reimagine risk and accountability practices to shift power and operationalize LLD.

Emergent Issues

[The General Services Administration \(GSA\)'s transition to the Uniform Entity Identifier](#)

On April 4, 2022, the federal government transitioned from using the DUNS number to identify entities, replacing it with the Unique Entity Identifier (UEI) created on SAM.gov. GSA claimed that the transition to the UEI would streamline the process of doing business with the federal government. To the contrary, glitches and processing issues have continued to plague the process resulting in a backlog that has reportedly grown to 50,000 applicants. As Cynthia Smith explains in this recent [Federal News Network article](#), the delays have had an outsized impact on new and local foreign partners' ability to do business with the US government.

Thanks to Humentum's advocacy on this issue, USAID issued guidance to its agreement and contracting officers to extend a temporary waiver to the requirement of having a UEI in place prior to administration of funds and commencement of programming [assistance](#) and [acquisition](#) guidance. This is only a temporary reprieve, however, and will not resolve the overarching issues that only the GSA can fix. Humentum will continue to support its members in their efforts to navigate this challenging terrain. Humentum Associate Trainer Olga Wall has prepared the following [primer on the UEI requirements](#), which she has generously shared with the community.

[Compliance with Section 889 of the National Defense Authorization Act \(NDAA\) FY19](#)

Humentum works with its members to address challenges surrounding compliance with Section 889 of the National Defense Authorization Act (NDAA) FY'19 restrictions on the use of certain prohibited Chinese technologies. Over the past year, we have engaged USAID, USDOS, OMB, and related entities on questions regarding Office of Director of National Intelligence (ODNI) 889 waivers, General Services Administration (GSA) guidance, and the agencies' own due diligence. Both USAID and the [US Department of State have requested and received waivers](#) through 2028 for assistance recipients. In addition, [CDC/PEPFAR recipients are exempted](#) from compliance with the prohibition through the same period, ending September 30, 2028.



Institutional Architecture

USAID's Policy Framework

- In August, USAID released its [Policy Framework](#), which it describes as the “overarching framework for advancing USAID’s major policy priorities.” The draft was released for public comment.
- **COMMENTS:** Read Humentum’s comments submitted on behalf of our members.

USAID's Policy for Localization of Humanitarian Assistance

- In October, USAID’s Bureau for Humanitarian Assistance released its [Policy for Localization of Humanitarian Assistance](#).
- **COMMENTS:** Read Humentum’s comments submitted to USAID on behalf of and with input from our members.

People and Culture

USAID's Local Capacity Strengthening Policy

- In October, USAID released its [Local Capacity Strengthening \(LCS\) Policy](#), which is revised from the December 2021 Local Capacity Development Policy draft. It sets forth the Agency’s overall vision for capacity strengthening and seven principles for effective programming and equitable partnerships.
- **POLICY BRIEF:** Read more about the final policy and Humentum’s recommendations for implementation.

USAID's Draft Guide to Collecting Beneficiary Feedback

- In September, USAID released its [Draft Guide to Collecting Beneficiary Feedback](#) for public comment. Intended to help USAID implementing partners incorporate feedback into their activities, the document outlines good practices for collecting and responding to beneficiary feedback.
- **COMMENTS:** Read more about the Draft Guide and Humentum’s recommendations.

Funding and Financing

International Financial Reporting for Nonprofit Organizations (IFR4NPO)

- Humentum has been partnering with [CIPFA](#) on the [IFR4NPO Project](#) to develop International Non-Profit Accounting Guidance (INPAG). Part 1 of the draft guidance was released in November and will be open for comments until 31 March 2023. It covers four key topic areas: (1) Defining Non-Profit organizations, (2) the format of the primary financial statements, (3) the narrative reports that accompany the annual audited accounts, and (4) the concepts and principles that provide a framework for INPAG. Please check out the proposals, share your views and subscribe for free updates from www.ifr4npo.org

Breaking the Starvation Cycle: Report Findings

- Through the Administration Costs Research Project, we gathered evidence on the extent to which international donor funding covers the real administration costs of national NGOs.
- **WATCH:** Learn more about the findings in this webinar.

Risk and Compliance

USAID's Updated Risk Appetite Statement

- In August, USAID released an [updated Risk Appetite Statement](#) (RAS). First crafted in 2018, the RAS details the Agency’s willingness to absorb, share, and/or mitigate the various risks – which have historically ranged from programmatic, reputational, fiduciary to legal, security, and human capital –

related to its strategic objectives. Since these objectives change over time and across administrations, so too must the Agency's RAS.

- **POLICY BRIEF:** Read more about the updated RAS and its implications for locally-led, inclusive development.

US Government Donor Operational Policy and Guidance Updates

Executive Office of the President

National Security Strategy

- In October 2022, the Biden-Harris Administration released its [National Security Strategy](#), outlining the Administration's roadmap for fostering democracy, diplomatic cooperation, and regional security and engagement across the globe. Among its tools of statecraft, the Strategy emphasizes the importance of "[m]aking development assistance more accessible and equitable by increasing engagement with and shifting 25 percent of US Agency for International Development (USAID) funding to local partners, and double USAID's work on empowering women and girls."

US Agency for International Development

FY23 First Quarter New Business Forecast Webinar and Partner Update

- On December 7, USAID/M/OAA hosted the FY23 First Quarter New Business Forecast and Partner Update webinar. A list of responses to questions, as well as a transcript and recording of the webinar, are available on [USAID's Business Forecast page](#), along with FAQs and recordings from prior webinars. During this quarter's meeting, Director Mark Walther provided a recap of recent achievements and an update on the status of the [forthcoming Acquisition and Assistance Strategy "refresh"](#).
- Highlights included: 1) a record number of obligations this last fiscal year, totaling \$35.5 billion going through over 21,000 A&A actions. This was a nearly \$8.7 billion increase from the previous fiscal year, largely due to the war in Ukraine; 2) the results of the Agency's first Partner Experience Survey – which received over 1,400 responses – will be released in the coming weeks; 3) to address the myriad issues with the UEI, USAID developed escalation procedures for urgent registrations, updated guidance for existing exceptions, and provided resources for navigating SAM registration; 4) the final draft of the A&A Strategy refresh is currently with the Office of the Administrator for clearance and public launch early next calendar year. The refreshed strategy will focus on the A&A workforce, streamlining barriers throughout the A&A process, and diversifying the partner community; and 5) OAA is also working on an A&A Strategy Implementation plan, for which they plan to seek community input on award processes and lowering barriers to partnership.

Acquisition and Assistance Policy Directives (AAPD) on UEI Exemptions

- Assistance: [AAPD 22-04 | U.S. Agency for International Development \(usaid.gov\)](#)
- Acquisition: [AAPD 22-03 | U.S. Agency for International Development \(usaid.gov\)](#)

US Department of State

Section 889 of NDAA FY19 Waiver Extension

- [USDOS 889 Waiver through 2028](#)



Get Involved

- ✓ Visit the members only [Humentum Connect Government Affairs & Advocacy Community](#) for real-time updates on these and other related outreach, engagement, and advocacy opportunities.
- ✓ Visit the [Advocacy webpage](#) for a clearinghouse of Humentum advocacy action items and updates.
- ✓ Take advantage of Humentum's topical [webinars, roundtables, and working groups](#) on donor policies and critical issues, as they arise.

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