

**SHIFTING THE POWER: ADVANCING LOCALLY LED
DEVELOPMENT AND PARTNER DIVERSIFICATION
IN U.S. DEVELOPMENT PROGRAMS**

HEARING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTEENTH CONGRESS

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**SHIFTING THE POWER: ADVANCING LOCALLY
LED DEVELOPMENT AND PARTNER DIVER-
SIFICATION IN U.S. DEVELOPMENT PRO-
GRAMS**

Thursday, September 23, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT,
INTERNATIONAL
ORGANIZATIONS, AND GLOBAL CORPORATE SOCIAL
IMPACT,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:01 a.m., in room 2172, Rayburn House Office Building, Hon. Joaquin Castro (chairman of the subcommittee) presiding.

Mr. CASTRO. The Subcommittee on International Development, International Organizations, and Global Corporate Social Impact will come to order.

Good morning, everyone. Thank you to our witnesses for being here today for this hearing, entitled “Shifting the Power: Advancing Locally Led Development and Partner Diversification in U.S. Development Programs.”

Without objection, the chair is authorized to declare a recess of the committee at any point, and all members will have 5 days to submit statements, extraneous material, and questions for the record, subject to the length limitation in the rules.

Mr. CASTRO. To insert something into the record, please have your staff email the document to the previously mentioned address or contact subcommittee staff.

As a reminder to members joining remotely, please keep your video function on at all times, even when you are not recognized by the chair.

Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you finish speaking. Consistent with H. Res. 8 and the accompanying regulations, staff will only mute members and witnesses as appropriate when they are not under recognition to eliminate background noise.

I also ask members who are present in the hearing room to keep their masks on when they are not speaking.

I see that we have a quorum and will now recognize myself for opening remarks.

Pursuant to notice, we are holding a hearing today on the role locally led development plays in the United States’ international development efforts.

Experience across multiple administrations, both Democrat and Republican, has found that locally led development has numerous benefits, including onsustainability and effectiveness.

Each of the last four administrations has prioritized locally led development in one way or another—through reforms at USAID and at multilateral institutions in the Bush Administration, the USAID Forward policy in the Obama Administration, and the Journey to Self-Reliance framework in the last administration.

The Biden Administration has stated their intention to redouble these efforts and is undergoing a review to establish policy positions. In her confirmation hearing, USAID’s Administrator Power argued that locally led development is, quote, “most effective development,” unquote. She has returned to this theme in countless speeches since, including when she testified before this committee. The Administrator has also signaled to the USAID staff that this is a top priority. But we are still waiting for the results from this review.

There are a few questions this hearing will be looking to answer for the members of the subcommittee. The first is to really discuss what we are trying to accomplish by pursuing locally led development.

Evidence demonstrates that working with local partners improves the sustainability and effectiveness of our foreign assistance programs. Local partners have a stake in their communities, are part of local governance mechanisms that can create long-term change, and can be less susceptible to disruptions. Locally led development can also be more cost-effective and lead to more equitable outcomes.

The second is to answer the question, what do we mean when we say, quote, “locally led development,” unquote? This is a basic, fundamental question which has different answers depending on who you ask.

One consequence of multiple administrations pursuing locally led development in slightly different ways is the different interpretation of what it means within our own government. One outcome of USAID’s review of its policies I will be looking for is a unified approach across foreign assistance, one that ideally prioritizes indigenous organizations that are independent from international NGO’s or even U.S.-based corporations.

This hearing also merits some discussion of the impediments to pursuing locally led development and what Congress can do to overcome them. These efforts will require USAID to change how it operates. Working with new local partners is worth it but will take extra effort.

We know that USAID’s contracting officers already have large caseloads and often do not have the time to experiment or try new things. Fortunately, the Biden Administration’s budget request and the House of Representatives’ planned appropriations would increase the size of USAID’s staff. It is essential that this legislation is signed into law as quickly as possible.

We also know that reporting and compliance requirements can pose challenges for local partners and smaller organizations to work with USAID. U.S.-based and international assistance organizations bill large administrative staffs and hire former USAID offi-

cial to ensure they write proposals that will appeal to the Agency as well as meet every compliance requirement, but that is not practical for small and locally led organizations.

When we talk about building local partner capacity, we cannot define that as making these local organizations more like big U.S. organizations in terms of their administrative capacity. Instead, we need creative solutions to meet new partners on their own terms, while also ensuring, of course, they are good stewards of taxpayer dollars. Ideas like expanding the use and thresholds of firm-fixed-price contracts, Development Innovation Ventures, and other innovative tools can reduce compliance burdens, but more needs to be done.

Of course, this is a two-way street, and Congress needs to do its part. USAID too often takes a risk-averse approach because they fear congressional blowback in response to critical GAO and inspector general reports. Congress needs to be nuanced in oversight and signal to the Agency that we understand there are different kinds of risks when dealing with new and local organizations but we believe the benefits far outweigh those risks.

We will discuss all of this and more with our distinguished panel today, but I want to emphasize that this is just the start of our efforts. We will continue to work on this issue in various ways, including through legislation. This will not be easy or quick, but I believe that it is essential.

And before finishing, I want to thank Congresswoman Sara Jacobs, the subcommittee's vice chair, for working with me on this hearing and for prioritizing this very issue in Congress.

With that, I will turn it over to Ranking Member Malliotakis for her opening statement.

Ms. MALLIOTAKIS. Thank you, Chairman Castro, for holding this hearing.

And thank you to our witnesses for agreeing to testify and share their experiences with us.

As we all know, the concept of localization in development and U.S. foreign assistance is not new. President Bush sought to institutionalize better connectivity with local partners, particularly through the President's Emergency Plan for AIDS Relief. The Obama Administration carried this through, as well, and sought to build better country ownership of programs. And in the Trump administration, Administrator Mark Green established the New Partners Initiative to more effectively design programs alongside local partners and direct funding to new and underutilized partners.

Subsequent administrations have recognized that, until we meaningfully support local ownership of local challenges and build the capacity of local organizations to solve these problems themselves, our foreign assistance will not have lasting impact. It is the same concept here at home: Local solutions to challenges in our diverse communities across the country are more long-term and effective than any top-down solutions from Washington. In the same way, we must do a better job of consulting with and learning from our partners around the world and meet them where they are.

This is especially important when considering some of the most pressing foreign policy challenges that require local solutions to local problems, like the root causes of migration from Central

America and the Caribbean. Just this week, I met with the Ambassador of a Central American country who was very critical of this administration's open-border policy and also expressed how funds provided through USAID are not having the intended result of stemming the flow.

Across Africa, where ISIS and al-Qaeda affiliates are gaining in strength and numbers, we need to listen to local actors who understand why terrorist recruitment is working and how to combat it.

We also need better metrics and tracking to ensure, as we do with all U.S. foreign assistance dollars, that the money provided is used effectively and achieving results. And that means robust monitoring and evaluation and a willingness to stop funding when they are not working or ending up in the wrong hands.

If we are to effectively rely on local community organizations to implement U.S. tax dollars, we must also work with these organizations to ensure financial systems and risk-management strategies are in place to prevent waste, fraud, and abuse.

I am also interested to understand the role of the private sector. As the drivers of economic opportunity and jobs in the communities they work, private companies are central to spurring locally led economic growth and can and should play a major role in advancing community-led development priorities.

Similarly, church networks and communities of faith in all parts of the world are also critical to any conversation about local ownership. Often the backbone of the community, we should continue to support faith-based organizations and their close ties with the communities where they work.

As many have said before, the goal of our foreign assistance and development programs should be to put ourselves, USAID, and the international development community out of a job.

I look forward to the discussion today about how to better support local ownership of development programs and build the capacity of these organizations to advance the health, well-being, and prosperities of the communities they serve.

Thank you, and I yield back the balance of my time.

Mr. CASTRO. Thank you, Ranking Member.

I will now introduce our distinguished witnesses on our panel today. Our witnesses for today's hearing are, first, Ms. Meghan Armistead, who is the senior research and policy advisor at Catholic Relief Services, where she works on local leadership, localization, civil society, and aid reform.

Ms. Degan Ali has been the executive director of Adeso, a humanitarian organization active in Africa. Her insightful critiques of U.S. foreign assistance have kickstarted a necessary conversation on how we can do better in working with local partners.

Mr. Ali Mohamed, who is the program director of GREDO, an organization that works in Somalia. He will contribute his experiences and discuss his experiences working with the United States and USAID on these issues.

And Mr. C.D. Glin, who is the global head of philanthropy at PepsiCo and was previously the president and CEO of the U.S. African Development Foundation. The USADF is an important government agency that has a proven record on locally led develop-

ment. I look forward to hearing from him his experiences in that role and in the role corporations like PepsiCo can play in this field.

And I will now recognize each of the witnesses for 5 minutes. And, without objection, your prepared written statements will be made a part of the record.

And before I call on our first witness, Ms. Armistead, I just want to remind the members and the witnesses, our witnesses are testifying virtually. You will notice that there is a 5-minute counter—if you go to the grid view, you can see the counter—that will give the 5 minutes for your testimony.

And I would just ask everybody, please, as much as possible, to stay on track with that. And, of course, to our members, if you can, as much as possible, try to keep your questioning within your 5 minutes so that we can stay on time today. If you go too far over, then I will have to gavel you out. So please do not think me rude, but I want to keep us on time. All right?

So, Ms. Armistead, you are recognized now for 5 minutes.

**STATEMENT OF MEGHAN ARMISTEAD, SENIOR RESEARCH
AND POLICY ADVISOR, CATHOLIC RELIEF SERVICES**

Ms. ARMISTEAD. Thank you.

Chairman Castro, Ranking Member Malliotakis, on behalf of Catholic Relief Services, the international relief and development agency of the Catholic community in the United States, thank you for calling this hearing and for the opportunity to highlight the need for the U.S. Government to advance locally led humanitarian and development assistance.

Supporting local leadership is core to CRS's foundation and Catholic social teaching and, in particular, its principle of subsidiarity, the idea that communities who are closest to challenges are best placed to address them. Supporting locally led development reflects this subsidiarity ideal and our commitment to respecting the dignity and agency of each person and community that we serve.

Working with thousands of local organizations has taught us that partners embrace opportunities to lead. And CRS is committed to supporting their growth because it is the right thing to do and because it is the most effective, efficient, and sustainable way to do development.

[Audio interruption.]

Mr. CASTRO. You may be on mute there. Did you get muted, or did we lose the audio?

Ms. ARMISTEAD. Am I okay? Can you hear me now?

Mr. CASTRO. Oh, you are back. Yes.

Ms. ARMISTEAD. Okay. How about picking up with: Our work with partners has shown us that a new way is possible.

One example is our \$40 million USAID-funded SMILE project in Nigeria, which successfully provided critical services to orphans and vulnerable children while also strengthening the capacity of 49 local service providers. In addition to hitting all of its programmatic targets, SMILE's partner agencies saw real improvement in their organizational performance, and 10 have now transitioned to become prime recipients of USAID funding. SMILE

proved to us that effective local organizations exist and, with investment, can begin to take the helm for a sustainable solution.

We also see this on the emergency side, where we have experiences like our PEER project, which worked with local faith-based institutions in India, Lebanon, and Indonesia. At the end of that project, all partners had measurable capacity improvements.

More interestingly, though, in 2020, we returned to these partners to see how they were responding to the COVID emergency and found that all 22 continued to apply lessons learned from participating in PEER and found their improved systems helped enable an effective emergency response.

These are just a few examples of many. In 20 years of working with civil society groups around the world, I can say that there are smart, capable leaders committed to advancing their communities. Listening, investing, and partnering with them and their institutions can make foreign assistance smarter, more cost-effective, and more impactful.

Efforts to advance local leadership must be guided by a few core tenets. First, CRS believes that localization must go beyond program implementation to also include local ownership of development goal-setting, prioritization, decisions, and strategies.

Second, we know that holistic capacity-strengthening underpins effective localization. Too often, local capacity is defined as the ability of organizations to comply with donor regulations. Real and enduring change happens when organizations own their capacity assessment and goals and when investments are made in organizational systems and procedures.

Next, the business of aid may have to change too. Local capacity is important, but transformation also requires change in business processes on the funding side, including things like size and timelines of awards, mechanisms of procurement, flexibility in funding, and fair risk management.

Finally, we stress the importance of supporting both a broad, inclusive civil society, including faith-based organizations, as well as local government in order to meet development goals.

With these principles in mind and rooted in our values and experiences, we offer the following recommendations.

One, local means local. Define the goal clearly. Donors and programs have developed a range of definitions of local civil society and other entities. There are significant differences across these definitions, causing confusion and raising a number of concerns. For both the integrity of the efforts to support locally led development and for effective transparency and funding, it is critical to clearly define the goal and what “local” means in a way that reflects the intent to support autonomous local institutions who are accountable to their nations and the communities they serve.

Two, if you do not measure it, it will not get done. Improve data collection and transparency. While some data is available on how much congressional funding goes to local and national entities, holistic data from the Department of State, USAID, and other U.S. Government donors is not available. We encourage Congress and the committee to urge the Administration to provide better data on where resources go and include local entities as an “implementing partner” subcategory on ForeignAssistance.gov.

Three, mechanisms matter. Fix funding vehicles to support localization success. Congress must ensure reasonable size and timelines of awards, align the choice of funding instrument with local actors' capacity, and embrace flexibility in funding and fair risk-management practices.

And, last, four, no shortcuts. Invest in holistic, not transactional, capacity-strengthening. We ask that donor agencies fully fund comprehensive, holistic capacity-strengthening approaches that ensure locally led goal-setting and go beyond simple, transactional one-off activities.

To close, we thank you, Chairman Castro and the committee, for your leadership and attention to this important matter. The time is now to reflect and make much-needed positive change to our foreign assistance. We look forward to working with you to make our foreign assistance dollars go further, do more, and, ultimately, support the dignity of every human person.

Thank you.

[The prepared statement of Ms. Armistead follows:]

Written Testimony of Meghan Armistead,
Senior Research and Policy Advisor, Catholic Relief Services

**“Shifting the Power: Advancing
Locally-led Development and Partner Diversification in U.S. Development Programs”**

**House Committee on Foreign Affairs
Subcommittee on International Development, International Organizations and Global
Corporate Social Impact**

September 23, 2021

Chairman Castro, Ranking Member Malliotakis: On behalf of Catholic Relief Services (CRS), the international relief and development agency of the Catholic community in the U.S, thank you for calling this hearing and for the opportunity to highlight the need for the U.S. government to advance locally led humanitarian and development assistance.

Rooted in Catholic Social Teaching, CRS is committed to its principle of subsidiarity: that a higher level of government or organization should not perform any function or duty that can be handled more effectively at a lower level by people who are closer to the problem and have a better understanding of possible solutions. Supporting locally led development and strong and effective local leadership encompasses this subsidiarity ideal. People should play a central role in their own individual, community, and societal development, including that touched by humanitarian and development assistance programs. Building and strengthening local leadership and their institutions ensures that CRS’ work respects the dignity and agency of each person and community we serve and codifies our commitment to serve the common good.

CRS’ commitment to subsidiarity is also reflected in our experience with partners. Working with thousands of partners every year has taught us that they embrace opportunities to lead, and CRS is committed to supporting their growth as new opportunities emerge. In recent years, we have also been excited to see donors, policy makers and other aid actors increasingly recognizing the need for local leadership across the humanitarian to development spectrum. From the global Grand Bargain to the USAID Journey to Self-Reliance to newer initiatives, governments, INGOs, local NGOs, and multi-lateral institutions are grappling with the task of transforming structures, processes, activities and staffing to reflect the importance of local leadership at all levels of decision-making and implementation.

I. Principles for Locally Led Humanitarian and Development Assistance

CRS affirms local leadership is critical for effective, meaningful and sustainable humanitarian response and development and must be a priority for the future of foreign assistance. Rooted in CRS’ values and experience with partners around the world, these policy principles guide our work to encourage, support and expand locally led humanitarian and development assistance.

Locally led development and humanitarian response requires local actors as implementers and leaders. Efforts to support local leadership must go beyond local program implementation to also include ownership of all development processes. While investing in capacity strengthening

is important, it should be paired with efforts to increase inclusive decision-making. A focus on local leadership means “shifting the power” from the international to the local level in responding to development and humanitarian challenges.

Effective partnerships underpin effective transition to local leadership. CRS’ decades-long global experience has shown that meaningful partnership that is rooted in trust, respect and mutuality is often at the foundation of successful transition to locally led development and humanitarian response. Ensuring strong relationships with clear and negotiated roles and responsibilities, as well as clear means of accountability, between international actors, governments, donors and local institutions can help ensure sustainable locally owned initiatives and maximal impact. Partnership requires intentionality and sustained collaborative work that is critical for successful transition to locally led and locally owned humanitarian and development efforts. This requires real change and often time and investment.

Holistic, not transactional, capacity strengthening is critical for sustainable change. Too often donors, policy makers and peer organizations define locally led development as the ability of local organizations to comply with donor regulations. However, meaningful and sustainable local leadership goes beyond compliance capacity, and should instead include the resources, systems and structures, staff and leadership needed for effective, appropriate and sustainable programming. Holistic capacity strengthening programs should respond to goals developed by local institutions in collaboration with their partners. These programs may address areas of organizational weakness in finance, programming, or compliance, but may also help local institutions strengthen their staff skills, organizational systems, structures and governance in order to lead more effectively and sustainably. Successful and sustainable locally led implementation requires holistic approaches and methodologies that are responsive to context and barriers to change. This means capacity strengthening that goes beyond simply training, addressing organizational systems and structures, and buttressing organizational sustainability.

Funding mechanisms and conditions help determine localization success. A humanitarian aid and development assistance system with local actors as the main implementers has many advantages. However, it may also require structural and/or operational changes for it to succeed. Consideration of the size of awards that are reasonable for a range of local actors to bid for, design, implement and evaluate; the timelines of their operation; the mechanism for procurement (e.g. assistance or acquisition); risk management and overhead are all important to ensure successful local leadership pre, during and post implementation. Humanitarian funding that is less directed, more flexible and with multi-year possibility; harmonization of funding and reporting requirements; improved transparency and cost efficiency; innovative tools and mechanisms all encourage and support local institutions in taking more lead roles. All humanitarian and development stakeholders should develop joint strategies to manage and overcome compliance and due diligence obstacles and move towards effective risk-management and sharing. This must include ensuring local institutions have strategies for covering indirect costs.

A broad and inclusive civil society, including faith-based organizations (FBOs), is important. Local leadership goes beyond institutions that are immediately capable of being donor compliant or “prime ready”. There are many local actors who have important roles to play in meeting development goals but may not be ready or interested in to serve as prime implementers of USG

programs. In many places there are nonprime ready, or not-yet-prime ready actors who are also those reaching the most vulnerable. These are important local leaders and institutions for reaching program targets, and they also need capacity support. Faith-based organizations can also play a particularly powerful role in reaching communities and effecting meaningful change. Moreover, sustainable leadership is not just about sustainable individual institutions, but strong associations of local organizations, that provide a voice and support for the full range of local organizations of various sizes and capacities. In addition to interconnectedness, local leadership thrives in an environment that is conducive to civil society and that promotes effective civil society local government collaboration. Too often, threats of closing civic space threatens authentic and inclusive local leadership.

Government matters. Localization should not replace an effective public social service sector. While CRS fully supports local civil society, it is important to remember the critical role of public national, regional and local systems and structures, in addition to individual institutions. Aid should not seek to supplant local public institutions. Strong partnerships with shared responsibilities between the government, local civil society and others such as INGOs can result in transformative change at scale.

II. Advancing Locally Led Development Assistance

CRS supports local institutions in achieving their ambitions to be effective, dynamic, and sustainable catalysts for change for the people and communities they serve. Grounded in our Catholic values, CRS believes that when it invests in people and helps build healthy institutions, local governments, organizations and communities are better able to lead their own development. The dynamic nature of today's development environment has made clear that local ownership of development programming is key to sustainability.

Through our many years of experience working with partners around the world, we have seen how investment in meaningful partnerships and holistic capacity strengthening can result in effective and sustainable development. A recent example from our \$40.9 million project aimed at sustainably helping orphans and vulnerable children (OVC) in Nigeria demonstrates this kind of impact at scale. The nationwide USAID-funded Sustainable Mechanisms for Improving Livelihoods and Household Empowerment (SMILE) project served over 300,000 people with a range of services including household economic strengthening, access to HIV care, nutrition, education and psychosocial support, while also working to strengthen the capacity of 49 civil society and local government partners. By its close, SMILE succeeded in meeting all its programmatic targets, while also reporting demonstrably improved partner capacity, including metrics like financial risk ratings rising from an average 58% at baseline to 90% and by project end, 10 partners transitioned to prime recipient status for direct USG funding. SMILE shows how effective partnership and holistic capacity strengthening approaches can yield systemwide change for sustainable development.

A similar project in Uganda further cements our belief that high capacity, dedicated local civil society organizations exist and are primed to take the lead, especially when they can access investment and support for their capacity. In that example, CRS led the USAID-funded Sustainable Outcomes for Children and Youth (SOCY, 2015-2021) project, designed to improve the health, economic, educational, and psychosocial wellbeing of OVC and their households, as well as

reduce abuse, exploitation, and neglect among this population. Through a network of civil society organizations, social workers and frontline para-social workers, SOCY provided services that reduced the risk of HIV and violence and linked individuals to much needed services. This \$45.5 million project emphasized local civil society capacity strengthening to meet the needs of children and families and targeted 13 local partner institutions. All partners demonstrated increased organizational performance, and one, the Transcultural Psychosocial Organization (TPO), has now transitioned to become a major prime recipient of USG funding. Too often, capacity strengthening is aimed at simply strengthening organizations' ability to manage project funds. However, with TPO, CRS utilized additional funding and time to go beyond strengthening just the project and we continue to provide technical assistance to TPO as a subrecipient under their new prime award. This experience highlights how important strong, trust-based partnerships can be for long-term locally led development outcomes, and also how capacity strengthening and supporting local leadership often requires timelines and funding approaches beyond single project cycles.

Our experiences also strengthen our assertion that strong partnerships among development stakeholders, investment in meaningful capacity strengthening, and use of funding mechanism that allow for transition and increased access to leadership opportunities, can all help create effective and sustainable locally led development solutions. In The Gambia, CRS' \$11 million Global Fund malaria program was implemented with the Ministry of Health from 2010-2018, where strong partnerships with national and local partners led to the eventual full transition of the Principal Recipient role to the National Malaria Program. During the period that CRS served as co-Principal Recipient, malaria parasitic prevalence decreased from 4% in 2010 to 0.1% in 2017, and the project recorded other improved outcomes including uptake of intermittent preventive treatment of malaria by 82% of pregnant women, and reported long lasting insecticidal nets use by 94% of pregnant women and by 95% of children under 5. These outcomes accompanied significant improvements in partner capacity, resulting in leadership and replication of the approach by the National Malaria Control Program and other government agencies. Now in a Sub-Recipient role, CRS provides technical support.

III. Supporting Locally Led Humanitarian Aid

In addition to supporting partners to lead development efforts, as a signatory to the Grand Bargain – the global agreement to reform humanitarian assistance by increasing aid effectiveness and efficiency, including through localization of aid delivery – CRS is committed to the advancement of local leadership in humanitarian response. Locally led humanitarian response can reduce the costs and improve the efficiency and effectiveness of humanitarian action and ensure that aid is addressing the needs of local populations. Part of this commitment, and in line with our principles, is a strong emphasis on investment in meaningful capacity strengthening of local partners.

A recent revisiting of an emergency response capacity strengthening project provides an example of how effective investing in local institutions can be, and how lasting their impact. In 2016, CRS began implementing the Preparing to Excel in Emergency Response (PEER) project to strengthen the capacity of Local Faith Institutions (LFIs) in India, Indonesia, Jordan, and Lebanon when responding to emergencies. By the project's end, all partners had measurable improvement in their organizations' systems and procedures for both emergency and non-emergency work; partners increased contribution to national coordination body meetings to better coordinate with other actors; partners began to obtain and use beneficiary feedback on programming; and partners gained

new respect from and opportunities to collaborate with government and peer organizations. More interestingly, however, in 2020, these former PEER participating partners had begun responding to the COVID-19 pandemic in their communities, and CRS was eager to learn if capacity strengthening investments made during the PEER project were sustained and utilized during the COVID-19 response. The subsequent study found that PEER partners were able to actively and positively contribute to COVID-19 response providing relief to millions of people in this unprecedented emergency. In part, their ability to do so was made possible by CRS's investment in strengthening their capacity through PEER and our continued partnership. All 22 partners interviewed reported that they continued to apply lessons learned from participating in PEER and utilized improved systems which enabled a more effective emergency response. This experience demonstrates the importance and effectiveness of investing in meaningful, holistic capacity strengthening before, during and after an emergency.

PEER showed CRS how local organizations – even those often overlooked by the aid world – could play meaningful roles in emergency response. Building on this experience, CRS began the EMPOWER project to go further, and not just focus on capacity, but also on working to center local actors not simply as transactional implementers, but of leaders and architects of their own destiny. In a deliberate paradigm shift, with EMPOWER, CRS has moved from its role as gatekeeper of emergency resources to bridge builder: connecting Local Faith-based Institutions (LFIs) directly with donors, and at the decision and request of LFI prime implementers, provides technical assistance as a sub-contractor. Since inception, EMPOWER's initial seven partners across six countries have secured over \$21 million to implement 17 emergency programs. They have also accessed funding from 11 donors with an 86% proposal win rate. Of these, four accessed \$8.6 million (53%) from USAID/Department of State across 4 countries. Currently, three EMPOWER partners have successfully passed the Office of Foreign Disaster Assistance (OFDA) Pre-Award Survey, and 10 have been registered in the grants.gov system. Through business development support, the EMPOWER project will help local partners directly raise an additional \$5 million by the end of 2022 to implement high quality humanitarian responses, as well as become eligible to receive U.S. government funding directly.

IV. Recommendations to the U.S. Government

Grounded in our principles and based on our experience, CRS makes the following recommendations to the U.S. government to help advance locally led humanitarian and development assistance.

Local means local: define the goal clearly. Donors and programs have developed a range of definitions of local civil society and other local entities. Some have also introduced additional categories of institutions that might be considered 'locally established', i.e. international organizations with local presence and local ties. Significant differences exist across these definitions, causing confusion and raising a number of concerns about their impact on advancing truly locally-led development and humanitarian response. We urge that any definition reflect an intent to support autonomous local institutions who are accountable to their nations and communities of which they are an expression and serve. This is essential to maintain the integrity of efforts to support locally led development, and for effective transparency in foreign assistance funding.

If you don't measure localization, it won't get done: improve data collection and transparency. While some data is available on how much Congressional funding goes to local and national entities, holistic data from the Department of State, USAID, and other U.S. government donors is not available. Administrator Power announced at a recent hearing that a little more than 5% of USAID funding goes to local partners but it is unclear who falls under this category and what the funding entails. CRS submitted Fiscal Year 2022 appropriations language to Congress to require USAID to report to Congress on funding under the Development Assistance and International Disaster Assistance accounts for programs implemented directly by local and national nongovernmental entities. House SFOPS included the language in their report. This language by no means resolves the data gap but will shed light on two important program accounts totaling more than \$8 billion. We encourage Congress and the Committee in their oversight role to urge the Administration to provide better data on where resources go and include local entities as an Implementing Partner Subcategory on ForeignAssistance.gov.

No short cuts: invest in holistic, not transactional capacity strengthening. Good partnership and effective capacity strengthening is critical for any effort to support local leadership. Based on decades of experience, we insist that donor agencies fully fund comprehensive, holistic and participatory capacity strengthening approaches that ensure participatory, locally led capacity goal setting, and go well beyond simple transitional one-off activities. It is also important for USAID and other donors to plan, fund and give time in partnership activities, while also exploring new funding mechanisms to incentivize and support INGOs to play different roles in humanitarian response and development assistance programming.

It's about power: support local leaders to be implementers and leaders. Locally led humanitarian response and development requires local leaders and their institutions be at the decision-making table. Localization efforts too often focus primarily on increasing the ability of local partners to implement US funded projects, but do not consider the broader sphere of power and decision making in these sectors. Congress should encourage policy that supports local institutional participation in decision-making processes and encourage monitoring, continual engagement, adaptation and mutual accountability mechanisms for stakeholder engagement and participation. In humanitarian settings, policy should also encourage and fund area-based coordination.

Mechanisms matter: fix funding vehicles to support localization success. Strengthening local capacity is important, however, equally important are the mechanisms that help or hinder access to critical development resources. To truly 'shift the power' and increase opportunities for local leaders and their institutions, Congress must work to: ensure size of awards are reasonable for local actors to design, bid for, implement and evaluate; set timelines for design and implementation that are aligned with local capacity; align the choice of funding instrument with local actors' capacity to respond and comply, including using mechanisms that do not require significant upfront resources from bidding organizations; and embrace flexibility in funding and adaptive management approaches. Efforts must also be made to develop and fund strategies to manage risk and help local organizations manage risk and compliance measures, and to strive to harmonize minimum criteria among donors, share information on the criteria, and expand pooled fund coverage.

Diversity is strength: encourage inclusive approaches that bring in a diverse set of local civil society actors, including Faith Based Organizations (FBOs). Effective support for locally led development and humanitarian response must recognize and support a robust and broad civil society and the critical role it plays for service provision and holding the public and private sector to account. These efforts must also recognize the critical role FBOs play as essential parts of the social and civic fabric. FBOs are often deeply rooted in the community, reach people and communities often most marginalized, and remain committed to the most vulnerable long after other aid actors have left. and support the inclusion of FBOs in humanitarian structures and in development strategies. Finally, around the world, Congress must support efforts to protect civic space.

To close, we thank you, Chairman Castro and the committee for your leadership and attention to this important matter. The time is now to reflect and make much-needed positive change to our foreign assistance. We look forward to working with you to making our foreign assistance dollars do more, go further, and ultimately support the dignity of every human person.

Mr. CASTRO. Thank you very much for your testimony.
And I will now call on Ms. Ali for her testimony.
Ms. Ali, you are recognized for 5 minutes.

STATEMENT OF DEGAN ALI, EXECUTIVE DIRECTOR, ADESO

Ms. ALI. Thank you, Chairman.

Chairman Castro, Ranking Member Malliotakis, and members of the committee, good morning, and thank you for the opportunity to testify today.

Adeso is an organization based in Kenya that has long advocated for more locally led development and the need for the system to shift power to local organizations. Adeso has provided critical humanitarian and development assistance to millions of people in Somalia, Kenya, and South Sudan with the support of many donors, including USAID.

There are three major reasons that I will elaborate on. And this is not comprehensive; there are many other good reasons why we need to do locally led development.

And one is inefficiencies. Chairman Castro already spoke about that. There are layers and layers of intermediaries between USAID funding and local organizations, in the form of U.N. agencies, who then subcontract to an INGO, who then contracts a member of their INGO family. For instance, one member of the family—the U.S. member of the family of these federations will give the funding to the international member of the federation or European member of the federation, who then contracts to a local organization.

These inefficiencies in the system are costly and mean that there is huge wastage of resources, as organizations take a portion of the grant for their operational costs in each layer, ensuring that what reaches the communities has been reduced significantly. And this does not apply only to INGO's or American NGO's but also contractors.

Impact. If the projects and programs are being designed with no or limited engagement of local organizations and the communities that we are aiming to serve, who understand the context and what they need best, it means that USAID's funding is having less impact than desired. There have been countless projects funded by USAID and other donors that have wasted funds on infrastructure not being utilized by the communities or activities that have no lasting benefit.

Third, fairness and the issue of power. Imagine during Hurricane Katrina that organizations from France all of a sudden swooped in to respond to the crisis. They excluded American NGO's from local coordination meetings and even wanted all the meetings to be held in French and not English. They took over all decisionmaking forums, marginalizing the American Red Cross, other very small State-level, county-level charities, State authorities, and even FEMA. Well, this is the reality of what local organizations and national governments experience every day during a crisis in our countries. What would never be accepted in the U.S. is commonplace treatment in Africa and Asia.

So here are some recommendations for moving USAID's efforts on locally led development.

No. 1, the large awards in RFPs and RFAs only incentivize the Agency to work with contractors and INGO's, as most local organizations do not have the capacity to submit a competitive bid nor manage an award of \$75 million, \$100 million, \$45 million, and so on. Some of the reasons for the desire for large awards is because of capacity constraints at missions and in D.C. to manage many smaller awards rather than one big award.

No. 2, require that all American and European partners of USAID have a 3-year exit strategy out of a country, where they are start off as a prime to a local partner but transition to being subcontractors after 3 years and the INGO provides only technical support to the local partner. Meghan from CRS has already described some amazing examples from their projects. After 3 years, both humanitarian and development assistance should be led by the local organization or the local university or the government or the private sector, while the American or the European NGO or contractor has transitioned to becoming a subcontractor to a local partner.

No. 3, USAID needs to develop strong tracking tools of how much of its humanitarian development funding goes directly to partners. It should also provide incentives for the missions that increase their percentage of funding every year while simultaneously investing in institutional capacity-strengthening of their partners. The missions that perform the best on various metrics should be rewarded and given public accolades and other ways of rewarding them.

No. 4, USAID missions lack enough specialized personnel to support the capacity development of partners to manage many smaller local grants. The missions are often understaffed and overwhelmed. This is one of the reasons they do not want to manage multiple partners with small awards. Congress can support USAID and other development agencies engaging in more local partnership by supporting the staffing of those agencies.

And, last, to say that, you know, there is already a great precedence with PEPFAR that has given, I think, over 40, 50 percent of its funding to local organizations, USADF, and other U.S. Government institutions that are doing excellent on these metrics of supporting more locally led development. So the question needs to be asked, why is it that some parts of the U.S. Government agencies are doing well while others aren't?

And I think this is a question of both not just capacity but also risk willingness on the part of USAID. And we need to provide as much support as we can to change the behavior and the attitudes of those who have—there are many in the institutions who are champions of locally led development, but there are many others who find it very risky and really find it a very scary concept. So we need to support those members of USAID who really need serious, strong capacity development on their part to understand the impact and the other benefits to locally led development.

Thank you, Mr. Chairman and committee members.

[The prepared statement of Ms. Ali follows:]

Witness Statement of Degan Ali
Executive Director, Adeso
Before the House Committee on Foreign Affairs
Subcommittee on International Development, International Organizations and Global Corporate Social Impact
Hearing on
"Shifting the Power: Advancing Locally-led Development and Partner Diversification in U.S. Development Programs"
10:00 a.m., Thursday, September 23, 2021

I am the Executive Director of [Adeso](#), a small local NGO based in Kenya that works in Somalia, Kenya and previously in South Sudan. I provide my statement based on my experience as a leader of a local organization that has been at the forefront of implementing humanitarian and development programs directly with communities in partnership with larger INGOs and some donors, including funding from USAID. This experience has informed much of my thought leadership in the localization and shifting the power movement and Adeso's work changing the aid system. Adeso pioneered cash transfers in 2003 and later trained American and other INGOs and UN agencies on how to do cash transfers, with the support of USAID. Adeso also founded the [NEAR Network](#), the first global south network of local organizations working to transform the humanitarian and development architecture to be more locally led and resourced. Adeso led the global advocacy on localization and decolonization of aid for the past 10 years. It was during the World Humanitarian Summit that Adeso advocated for the establishment of a target and initially proposed 20% of funding to be directed to local organizations by 2020. This target was later approved and increased to 25% as part of the [Grand Bargain](#).

The Grand Bargain target of 25% is important because only .2% of all humanitarian funding goes directly from bilateral/multilateral donors to local organizations and about 2-4% of development funding. However, through an indirect partnership with donors, these organizations are often doing the bulk of the work in implementing humanitarian and development programs for UN, American NGOs and contractors. In humanitarian setting these organizations are risking their lives in conflict zones to ensure that food or cash gets to the most vulnerable people, yet these organizations often get the least amount of funding. The power dynamics between American NGOs and contractors and UN agencies is manifested in that the vast majority of projects are designed without the engagement or involvement of the ones who understand the local communities the best, the local organizations. Lastly, the local organizations delivering the bulk of services and assistance to communities often have little to no decision making power at national or international level. When donors create structures to coordinate their humanitarian response in a particular, they do it through such groups such as the Humanitarian Country Teams or the Inter-Agency Steering Committee (IASC) or Clusters. These international and national coordination structures are usually dominated by the UN and International NGOs (American and European) with very

little representation and leadership of local organizations to participate or steer decisions. So here we have 3 major consequences of not doing locally led development.

1. Inefficiencies and Cost - There are layers and layers of intermediaries between the donor and the local organization in the form of a UN agency who may then contract an INGO who then contracts a member of their INGO family (e.g. such as CARE or Save the Children US will give the funding to another family member) and then it is contracted to a local organization. These inefficiencies in the system are costly and mean wastage of resources as organizations take a portion of the grant for their operational costs in each layer – ensuring that what reaches the communities has been reduced significantly. The same level of inefficiencies can be said for contractors. The alternative is that USAID funding will go directly to local organizations without any intermediaries. The reality is that the cost structure of local organizations is extremely less than an American NGO, UN or contractor. The same activities implemented by a local NGO as opposed to an American NGO, UN or a private contractor would result in significant cost saving for USAID for various reasons including the size of local organizations and reduced salary scale.
2. Impact – If projects and programs are being designed with no or limited engagement of the local organizations who understand the context and the communities the best, it means that USAID's funding is having less impact than desired. There have been countless projects funded by USAID and other donors that have wasted funds on infrastructure not being utilized by the communities or activities that have no lasting benefit.
3. Fairness/power – Imagine during Hurricane Katrina or Sandy that organizations from France all of a sudden swooped in to respond to the crisis. They excluded American NGOs from local coordination meetings and even wanted all meetings to be held in French and not English. They took over all decision making forums marginalizing The American Red Cross and other NGOs, State authorities and even FEMA. Well this is the reality of what local organizations and governments experience every day during a crisis in their countries. What would never be accepted in the US is common place treatment in Africa and Asia.

These are 3 critical reasons for committing to locally led development. While the world is collectively trying to reorient towards more locally led approaches, the US has an opportunity to be a global champion of locally led development. In addition, USAID is a signatory to the Grand Bargain and has committed that 25% of its humanitarian and development funding to go to local organizations by 2020, a commitment that it has not been met. Lastly, locally led development is simply the right thing to do. It is something that more and more countries are wanting as they exercise their sovereignty and it is something that global south organizations have been demanding now for almost 10 years. These are demands that can no longer be ignored.

Adeso was one of those organizations that from its founding in 1991 until 2008 could not break through the glass ceiling and get direct funding from USAID or any bilateral donor. However, due to the strong belief in locally led humanitarian response from one person at USAID/OFDA, Adeso became a partner in 2008. From the moment we became a partner, we did not receive any training or support in understanding USAID rules and regulations. We were left on our own to navigate the massive and complex machinery that is USAID rules and regulations. We made several very expensive and costly mistakes along the way due to our ignorance and even the ignorance of the USAID program people we would seek advise from.

As a local partner to USAID, we also were able to experience first-hand many of the challenges and bureaucratic processes within USAID that hold the agency back from effectively partnering with local organizations. For example, in 2012, Adeso participated in a competitive Request For Proposal (RFP) and won a US\$45 million resilience program operating in Kenya beating many American and other INGOs. Some of the organizations that we beat during this competitive process were organizations we had asked during the lead up to the RFP if they would be interested in having Adeso as a partner/sub-awardee and they all refused. I inquired later from a friend who was part of the procurement team, why Adeso won this grant, which was not only a shock to us but all the competitors and even many at the Kenya mission. He said it was because we had the most innovative and sound proposal that seemed to understand the context the best. Adeso Kenya is the legal entity that applied for the RFP and won the RFP. However, when Adeso Kenya was about to sign the agreement, the Contracting Officer at USAID explicitly demanded that this grant be signed with Adeso's 501(c)3 entity, Adeso USA a small organization that existed only for fundraising purposes and had one part-time staff at the time. The organization had no capacity to manage a \$45 million USAID award. We informed the CO that the entity that applied for the RFP was the Kenya entity, and that the US Entity had no capacity to manage the award. He didn't care. We even told him that the Kenya Mission had a 30% target to meet in local procurements as part of the Forward strategy and this award being signed with Adeso Kenya would help them meet that target. He didn't care. We told him that the USA entity didn't have an established NICRA and was never assessed by USAID. He didn't care. Finally, he said that Adeso had to sign the agreement as Adeso US or forfeit the agreement. He further said that he was making this requirement because "if something went wrong, he could come after Adeso in the US".

While we realize our experience is likely a result of one risk-averse Contracting Officer, the story points out a key challenge USAID will have to face – how to overcome the internal risk/reward calculation inside the agency that would hinder Contracting and Agreement Officers from working with local organizations in a more holistic way. The decision by the Contracting Officer to sign the agreement with a shell that was the US entity was the original sin that spawned 4 years of problems around which rules and regulations applied to Adeso when implementing this award (as an American entity or the rules that apply to a local entity) and how to recoup NICRA for which entity. Eventually after the end of the project, USAID commissioned a close out audit with Ernest & Young (EY) that was poorly managed by both USAID and EY as neither was able to clarify to Adeso which entity was being audited – Adeso US, the prime or Adeso Kenya the real entity on the ground who was doing all the implementation and oversight. The lack of clarification on this really important issue resulted in an audit that led to significant disallowance based on mis-interpretation of the rules. Millions were disallowed, not because the actual costs were not substantiated through supporting documents and therefore there were problems with these documents but rather with misapplication of USAID rules. Adeso refused to sign the audit report and strongly disputed the findings. Adeso then initiated an appeal process with USAID in DC which has been on-going now for 4 years. Another close out audit commissioned by USAID for the same project with PWC (different time period) did not find any of the same issues identified in the EY audit. In fact, less than US\$30,000 was disallowed by PWC in that audit of the same project as the EY audit. We have had independent finance experts, who were former USAID staff, review the EY audit and all the supporting documents and they have agreed with us that the audit was extremely flawed. We have informed USAID on many occasions that Adeso simply requests a repeated audit for the same project period as the EY audit and that even Adeso would pay the cost of the audit. This request has been denied on all occasions.

This experience has made it extremely difficult for Adeso to ever work with USAID as an important global partner on cash, regional partner with expertise on humanitarian response and an important regional partner on resilience. However, the collective experience on both the humanitarian side and development work with USAID has given Adeso an important view of some of the obstacles to locally led development. Overall it should be noted that there are some amazing people who work with USAID and are very committed to improving how USAID works shifts more resources to local partners. However, many barriers exist that make this aspiration very difficult to be realized:

1. There is no systematic onboarding process for all local partners to ensure expansive capacity building on USAID rules and regulations. This should begin at the capacity assessment/due diligence assessment that is done on all partners followed by a long term investment in addressing their gaps to ensure compliance with USAID rules and regulations.
2. USAID missions lack enough specialized personnel to support the capacity development of partners or to manage the many smaller local grants. The missions are often under staffed and overwhelmed. This is one of the reasons they don't want to manage multiple partners with small awards. Congress can support USAID and other development agencies engaging in more direct local partnerships by supporting the staffing of those agencies.
3. Large awards beyond the capacity and maybe the risk level for a local organization. Very few local organizations can manage a \$45 million award. Adeso could have managed such a large award effectively if we had been given the support needed but the moment we began the partnership we were met with distrust and put in a box (Adeso USA) that meant that falsely classified Adeso as an American entity thus that we had sufficient capacity to manage a USAID award, which was not true. These large awards and RFP/RFAs only incentivize the agency to work with contractors and INGOs as most local organizations don't have the capacity to submit a competitive bid nor manage an award of \$20 million and more. Some of the reason for this desire for large awards is because of capacity constraints at missions and DC to manage many smaller awards rather than one big award. This is a reality both for the development assistance as well as the humanitarian teams.
4. There is a need for USAID to be more flexible and work with pooled funding mechanisms where donors can put their funds together to be managed by a fund manager. The largest example of this in the humanitarian space is the UN/OCHA led Country Based Pooled Funds where all the major donors give a portion of their humanitarian funding to OCHA to then grant to both INGOs but also to local organizations. However, pooled funding mechanisms include the Global Fund for Aids and TB and other World Bank managed funds. There is a need to establish more of these funds at national level that are exclusively to support granting to local organizations which removes the burden of USAID managing the grants and relationships with hundreds of partners, rather this would be done by the fund manager. There is an internal misunderstanding that this is not possible but it seems that this may be as a result of poor interpretation of the rules as there are missions that have established humanitarian pooled funds such as Pakistan where Concern manages a pooled fund for local organizations.
5. There has to be more behavior change to make staff understand the financial and impact level benefits of working with local partners. Currently, while there are some staff who are champions of this approach, there are equally many who see local partners as just fraud in waiting. Of course, this presumes that no such fraud occurs with American NGOs or UN or contractors when we know that has happened on many occasions.

6. Require that ALL American and European NGO partners have a 3 year exist strategy out of a country where they start off as a prime to a local partner but transition to being the sub-contractor after 3 years and the INGO provides only technical support to the local partner. After the 3 years, both humanitarian and development assistance should be led by local organizations, universities, governments and private sector while the American/European NGO or contractor has transitioned to being a sub-contractor of a local partner to provide technical assistance as needed.
7. USAID needs to develop strong tracking tools on how much of its humanitarian and development funding does go directly to partners. It should also provide incentives for the missions that increase their % funding every year while simultaneously investing in institutional capacity strengthening of their partners. The missions that perform the best on various metrics should be rewarded and given public accolades.
8. Locally led development and its relevant metrics should be part of the Job Description of the Mission Director, Deputy Mission Director, CFO/Controller, Contracting Officer, and Regional BHA Advisors

Mr. CASTRO. Thank you, Ms. Ali.
I will now call on Mr. Mohamed for his testimony.

STATEMENT OF ALI MOHAMED, PROGRAM DIRECTOR, GREDO

Mr. MOHAMED. Thank you, Chairman Castro, and also the rest of the committee.

On behalf of GREDO, I believe locally led development aid would work if the donors and the international agencies can fundamentally change the way they think and also adopting ideas of giving the space to locally led initiatives.

This means local communities set their own priorities and approach; hence, the INGO's can provide technical backup on the know-how and the technical expertise. It would also be locally owned, where INGO's start as an outsider but then hand over the implementation to local NGO groups to create a sense of ownership.

But, unfortunately, what we normally see is that aid is locally delivered, where INGO's get the funds and subcontracts a national NGO to do a part of the project, which are called partnership agreements, while actually it is a delivery contract approach, which shouldn't be the case.

Locally led initiatives could be effective and cost-efficient. For instance, in Somalia, we piloted a COVID-19 response project with Save the Children which, within 3 months, benefited almost 103,000 beneficiaries. This has been piloted, and it was locally designed. And it came through the idea of GREDO developing a

[inaudible] Project in response to the COVID-19 response mitigation. And what this gave us is the

[inaudible] To absolutely be known by the project, which is also designed by the organization itself in a means that fits the community and the local context.

Second pilot—what the added value of a

[inaudible] Pilot project is, it is like it has created pride within the organization in delivering solely the whole project. It strengthened aid localization in the context of means to boost localization within Somali. Contextualized approach in delivering project among the community. Created sense of owner within the community, especially in the engagement of various community groups.

To be effective, locally led aid should be part of the bigger picture. And to achieve this, you need context, specific knowledge, and local people on the ground willing to take the leadership and risk.

In this scenario, what we really need is to rethink what partnership really means in the current context of aid structure. It shouldn't be only or limited to outsourcing and subcontracting national NGO's for delivery of projects in their respective countries and in this case Somali. It should be basis of local knowledge, initiatives, new ideas, and commitments to do better for the future. Donors and INGO's should get smarter on how they help local NGO groups to scale up.

True partnership should be based on respect, trust, and humility, while locally led aid and a true partnership with INGO's will increase the appropriateness, establishing more connection to the local communities at risk and eventually increase aid effectiveness.

True locally led development can happen, and it needs the willingness to trust and experiment locally driven approaches and ideas. It is important that we reform the aid sector, putting local actors—in this case, national NGO's, civil society, government institutions, and the local community—at the center and giving the space to fully respond locally.

Recommendations to USAID on locally led development:

One, to diversify USAID partnership approach with the engagement of national NGO's, government institutions, the private sector, and the local community.

Two, establish a suitable funding bracket for NGO's to apply directly at a country level, or maybe establishing a pool of funding to increase the quantity and quality of funds channeled to local actors.

Invest more in national NGO's' capacity-strengthening and systems. And this should go beyond the basic in-house trainings and invest more in the organization system.

Facilitate open and honest dialog between all actors with regard to funding.

Promote greater NNGO sustainability through multi-annual funding or fundraising support and equitable overheads.

Localization on working with first responders. Increase and support multiyear investment in the institutional capacity of local and national responders, including preparedness, response, and coordination.

Back to you, Senator.

[The prepared statement of Mr. Mohamed follows:]



Written Testimony

Locally led aid works if the international agencies and donors fundamentally change the way they act and think while adopting the idea of giving space to the local led initiatives, this means local communities set their own priorities and approaches hence the INGOs can provide technical back up on the know-how and technical expertise. It could be locally owned where INGOs starts an an outside but they hand over the implementation to local NGOs / groups to create a sense of ownership but unfortunately what we normally see is aid that is locally delivered where INGOs get the funds and then sub-contracts a national NGO to do part of the project which are called partnership agreement while actually it's a delivery contract approach which shouldn't be the case.

Locally led initiatives could be effective and cost efficient for instance in Somalia, Save the Children (SCI) through its member SC Norway had piloted a COVID-19 response project where SCI had sent a call for concept note for 3 national NGOs that it works with in Somalia and GREDO, the organization I work for happened to have won the call application and awarded the pilot project. This pilot project [“Promoting and Supporting Observance of Covid-19 preventive Protocols Among Community Members in Somalia’s Baidoa IDP Site in the Wake of Covid-19 Pandemic”](#) was implemented at two main IDP settlements (Hanno II and Salaamey Idaale) in Baidoa main town, SWS Somalia.

Achievement

- *A total number of 103,565 individuals had been benefitted this pilot project over a period of 3 months.*

Localized Response

The project is **absolutely owned by GREDO** with the whole project concept design being developed by GREDO which has a strong understanding of the context and the people it serves too. This project is **designed to the best means that the community** can be sensitized with more localized awareness raising approaches is best works within the community, often other projects are partially or fully designed by partners and at times they design of those projects might not 100% work in Somalia context at some points which then forces GREDO as an implementing partner to readjust in delivering those projects

Added Value from This Project

- It created pride within GREDO for the sense of delivering a solely developed project in Baidoa.
- Strengthens Aid localization and this is the best means to boost localization within Somalia.
- Contextualized approach in delivering project among the community.
- Created sense of owner within the community especially the engagement of various community groups from Youth, religious figures and community elders in Baidoa.
- Slightly contributed to partner capacity building which is helped in areas of GREDO capacity gaps that is been address through the partner support in this small grant.
- Gender empowerment through the youth group selection of 40 female and 40 male boosted the engagement of young girls in wider community awareness raising of COVID-19

Lessons Learnt

- Local engagement is crucial in responding to such pandemic scenario like COVID-19 to local structures to disseminate systemic awareness raising among IDPs and host community.
- Local organizations are the first to respond to humanitarian crisis, emphasizing on the importance of strengthening capacity, position and leadership of local organizations is key of localized response
- Training the youth and engaging with the local elders and religious leader showed great impact on the people's acceptance and behavioral change.
- Engaging with the Communities at the implementation of the project show their commitment is fundamental to control the outbreak and at level of project ownership.
- Mobilize media players, including social media networks and radio station continued to be a successful way of disease spread control.
- Given the experience of responding to previous outbreaks in Somalia like cholera, it is imperative that communities must be engaged accountable to the response to COVID-19.
- Health actors and authorities must co-construct solutions to address COVID-19 with community leaders and communities.
- Each community is unique, and engagement must be contextualized to affected communities of each country. This engagement of cooperation with communities calls for an urgent change in the approach to health emergency response.

To be effective; locally led aid should be part of the bigger picture and to achieve this; you need context specific knowledge and local people on the ground willing to take leadership and risk and in this scenario what we really need is to rethink what partnership really means in the current content of aid structure. It shouldn't be only be or limited to outsourcing and subcontracting NNGOs for delivery of projects in their respective country and in this case Somalia. It should be basis of local knowledge, initiatives / new ideas and commitment to better future. Donors / INGOs should get smarter on how they help local NNGOs/groups to scale up.

True partnership should be based on respect, trust and humility, locally led aid and true partnership with INGOs will increase the appropriateness, establishing more connection to the locally communities at risk and eventually increase aid effectiveness.

- A true locally led development can happen and it needs the willingness to trust and experiment locally driven approaches and ideas. It's important that we reform the aid sector, putting local actors (NNGOs, Government institutions and local community) at the center and giving space to fully response locally.

Recommendations to USAID LLD.

- Diversify USAID partnership approach (NNGOs, Government institutions, private sector and local community)
- Establish a suitable funding bracket for NNGOs to apply directly at country level. (Establishing pool of funding to increase the quantity and quality of funds channeled to the local actors)
- Invest more on National NNGOs capacity strengthening and systems
- Facilitate open and honest dialogue between all actors with regards to funding
- Promote greater NNGO sustainability through multi-annual funding, fundraising support & equitable overheads.

Mr. CASTRO. Thank you very much for that testimony. I now want to call on Mr. Glin for his testimony. Mr. Glin, you are recognized for 5 minutes.

STATEMENT OF C.D. GLIN, VICE PRESIDENT OF PEPSICO FOUNDATION, GLOBAL HEAD OF PHILANTHROPY FOR PEPSICO, INC., AND FORMER PRESIDENT AND CEO OF THE UNITED STATES AFRICAN DEVELOPMENT FOUNDATION

Mr. GLIN. Chairman Castro, Ranking Member Malliotakis, and members of the subcommittee, thank you for inviting me to appear before you today and to share my perspective on this important and timely global issue.

With the rise of the global pandemic, organizations in almost every sector have had to rethink, reshape, and retool their ways of working. This is especially true in the international development sector. Fortunately, for decades, PepsiCo has built strategic local partnerships to ensure the provision of locally driven solutions, enabling us to continue to execute and monitor our programs even in the face of pandemic-induced challenges.

PepsiCo has experience realizing the benefits of locally led development, both for the business and for our communities. As the largest food and beverage company in the country and one of the largest in the world, our foods and beverages are consumed nearly 1 billion times each day.

While our reach is global, we remain committed to a multi-local approach, believing that it is our duty as a company to contribute to the prosperity of the communities where we operate by contributing to the GDP, creating jobs for the local population, contracting and sourcing from local suppliers, while connecting and engaging with local community and stakeholders.

At the PepsiCo Foundation, our local approach and local strategic partnerships are key to the success and the sustainability of our work. We have hired and empowered local staff to co-create programs with local partners. The result of our inclusive, locally led approach has been the development of innovative solutions that build upon local insights.

For example, in Peru, we have been working with small-scale women producers since 2019. The program with CARE Peru was disrupted by the pandemic. Instead of hosting in-person training for small-scale women farmers, we worked together with them to pivot to a virtual approach and, in doing so, created an e-commerce vehicle for these small-scale women producers, who now are able to advertise and sell their produce via WhatsApp.

In Palakkad, India, frustrated community members have been independently trying to establish reliable infrastructure to access water. In consultation with WaterAid India and the People's Service Society of Palakkad, we established dialog with community members and co-created a program combining local insights and ideas with the technical expertise needed to build a functional water system. Through this participatory approach, a new pipeline was installed, and local leaders now operate and maintain a system that provides water to nearly every home in the community.

That said, PepsiCo's decades-long global-to-local footprint has also exposed us to the barriers, risks, and limitations of going local,

including limited implementation capacity of local partners; inadequate accountability, transparency, and oversight systems; nascent monitoring, evaluation, and reporting expertise.

Our experience with these barriers hasn't stopped our international efforts; rather, they have informed our approach. For example, we engage third parties and grant intermediaries, who play a fundamental role in helping prospective local nonprofits to meet our requirements. They vet new projects, assess organizational capacity, provide training, and monitor performance to ensure that locally led projects remain on track, on time, and on target, adapting where necessary.

To truly scale localization efforts, USAID will play the central role. PepsiCo and USAID have a strong relationship. While we celebrate our successes together, there are opportunities for improvement.

We offer five critical lessons and suggestions that could accelerate the progress on the quest to shifting power and prioritizing locally led development: One, hire locally. Two, prioritize local co-ownership. Three, incentivize co-creation with the private sector. Four, modify monitoring and evaluation criteria to ensure mutual accountability. And, five, share local networks.

In conclusion, this work is difficult. The barriers to locally led development are real and must be addressed thoughtfully. But we must prioritize progress over perfection. PepsiCo is committed to localization in our business and our philanthropic investment. And we are encouraged by the bipartisan commitment, from Bush to Biden, administration to administration, to locally led development.

While we celebrate the progress the global development community is making, including that of international NGO's who are creating local entities with all local staff and local governance structures, at PepsiCo we are listening to and learning from our local partners, to empower them to lead long-term solutions. While far from perfect, we are making progress, and PepsiCo is proud to play our part in advancing the thinking and the doing, as we all seek to shift the power.

Thank you, Chairman.

[The prepared statement of Mr. Glin follows:]

**Testimony of
C.D. Glin, Global Head of Philanthropy, PepsiCo & Vice President, PepsiCo Foundation
for the hearing
Shifting the Power: Advancing Localization in U.S. Development Programs
before the
Subcommittee on International Development, International Organizations and Global
Corporate Social Impact
United States House of Representatives
September 23, 2021**

Introduction

Chairman Castro, Ranking Member Malliotakis, and Members of the Subcommittee, thank you for inviting me to appear before you today to share my perspective on an important and timely global issue impacting our economy, communities and millions of people: the advancement of localization in U.S. Development Programs and global corporate social impact. First, I'd like to thank you for your leadership and support in continuing to explore lasting solutions for socioeconomic concerns that are impacting so many around the world. Thank you for your leadership, conviction, and bipartisan commitment to building a more collaborative and prosperous world for all and for elevating this critical issue to the forefront of our policy discussions.

My name is C.D. Glin and I am Global Head of Philanthropy at PepsiCo and Vice President of The PepsiCo Foundation, PepsiCo's philanthropic arm that has decades of experience working to advance development programs globally. Prior to PepsiCo, I served as the President and CEO of the U.S. African Development Foundation, a U.S. government agency dedicated to supporting African-led and African-driven development solutions via catalytic financial investments in, and local technical assistance to, African grassroots communities and local enterprises. As an appointee in the Obama Administration, I served as the first Director of Intergovernmental Affairs and Global Partnerships for the Peace Corps and designed the agency's initial Strategic Plan for Partnerships. Lastly, I began my career as a Peace Corps Volunteer in the first South African program during the transformational leadership of President Nelson Mandela.

My experience working on pathways to global localization and leveraging strategic local partnerships to co-create solutions that empower self-sufficient and thriving communities is extensive yes, but more importantly, it's personal. I'm a firm believer in leaving the world in a better condition than how I found it, and to that end I have dedicated my career to the advancement of causes that address the needs of underserved communities around the world. However, no man is an island. In order to accomplish such a goal, it takes collaboration, partnership and the collective passion and efforts of many.

Not only is that my personal and professional mantra, but also colors the way we approach our work at PepsiCo and The PepsiCo Foundation.

With the rise of the global pandemic, organizations in almost every sector have had to rethink, reshape and retool their ways of working. This is especially true in the international development sector, which historically has leaned heavily on employees travelling from high-income countries

to administer and track programs in lower income countries. The ability to maintain this work structure has proven to be nearly impossible as COVID-mandated restrictions have stymied our ability to travel the globe as readily as we have in the past. Fortunately, for decades, PepsiCo and its Foundation have adopted an approach of seeking out strategic local partnerships to enable the provision of locally-driven solutions which means we are able to continue executing and monitoring our programs, even in the face of pandemic induced challenges.

Benefits of Locally-led Development

Business Impact

PepsiCo, based here in the United States, is the largest food and beverage company in the country and one of the largest in the world, with more than \$70 billion in net revenue. Our foods and beverages are consumed nearly one billion times each day in almost every country around the world, and we have a diverse portfolio of 23 billion-dollar brands that consumers know and trust, including Pepsi Cola, Quaker, Tropicana, Lay's and Gatorade. While our reach is global, we remain committed to a multi-local approach, believing that it is our duty as a company to contribute to the prosperity of the communities where we operate by contributing to the GDP, creating jobs for the local population, contracting, and sourcing from local suppliers and connecting and engaging with the local community and stakeholders. These communities are not just markets where we sell products, they are places where we, our employees and their families and friends live, work and raise children.

A shining example of the benefits our multi-local approach and presence is PepsiCo's operations in Egypt. Launching our operations in Egypt 70 years ago, PepsiCo has since been steadfast in our focus to create opportunity and smiles for every Egyptian household. We have achieved success through our diverse portfolio of iconic brands in the market, and over the past five years, we have invested over EGP 12 billion (approx. 762 Million USD) in the country. Our operations in the country have continued to grow as today, we have 10 facilities, 31 distribution centers, and more than 3,500 suppliers, which has created 15,000 jobs. Additionally, PepsiCo uses 100 percent locally sourced potatoes, providing opportunities for 4,000 farmers to work across 40,000 acres. Over the past seven decades, we have designed programs to empower the Egyptian people and develop their skills.

But we knew we could do more.

With that mindset, in 2019, PepsiCo Egypt, in collaboration with Care Egypt and under the auspices of the Ministry of Social Solidarity, launched the "She Feeds the World"; investing \$3.7MM in a program that aims to empower those who give us power: female farmers. PepsiCo believes the economic empowerment of these women -as the feeders of the world- will increase the food security of the country. In that vein, the program provides technical knowledge and financial aid to small-scale producing female farmers. PepsiCo hopes the program will help raise the standard of living, create job opportunities, and eradicate malnutrition for rural Egyptian women and children. To date, 1,800 women have participated in the program's trainings. The potato farmers' productivity increased by 40% compared with the previous year and 88% of the crops were bought by PepsiCo's iconic Chippy brand.

But again, we knew we could do more.

One of PepsiCo's core values is creating a diverse workplace. As a result, 41% of our female workforce are in managerial roles. Further, we introduced the Enable program in collaboration with Helm (Arabic for truth) Foundation, a local Egyptian non-profit promoting the social inclusion of people with disabilities aiming to provide special development for employees with different abilities. We aspire to continue investing and creating value for our consumers in Egypt whilst enabling and empowering the communities where we operate.

Philanthropic/Corporate Social Impact

At the PepsiCo Foundation, we've been investing in tangible social impact since 1962. Collaborating with industry peers, local and international organizations, non-profits and our employees around the globe, we're focused on helping communities obtain access to nutritious food, safe water and economic opportunity. We recognize that supporting a more equitable world is not only the right thing to do, it is the right thing to do for our business, our employees, and our customers.

In our experience, we have found that our local approach and local strategic partnerships are keys to the success and sustainability of our work. As a leading global organization, we understand the importance of ensuring the authentic participation and leadership of local actors and community ownership within our work – and we're accomplishing this through our international teams of employees, community-focused programs and the engagement of our action oriented and result proven network of local partners. Localization helps ensure that the people and communities who will be directly impacted by our work co-create, design and deliver the solution, meaning they are included and integral to every step in the process, from conception through completion. We understand that when we listen to local communities, learn from local communities and allow efforts to be led by local communities - local ownership and the long-term sustainability of our efforts is ensured.

The benefits of PepsiCo undertaking a locally-led approach in our corporate social impact efforts are proven. The results of listening, learning and allowing initiatives to be led locally are both tangible and mutually beneficial. Listening leads to programs sparked by inclusive insights, learning garners innovative solutions to previously perceived intractable challenges and allowing for local leadership results in impactful and sustainable solutions.

Inclusive Insights

Going into another country and attempting to unilaterally solve problems is a bridge to nowhere. Language, cultural, and political barriers and perspectives can hinder access and execution. As an outsider, we are not equipped with the knowledge, local reputation, or ties to truly understand or substantially impact the real issues affecting the regions we are looking serve. PepsiCo has a vast global footprint and has been an integrated thread in the fabric of numerous communities across the world for over 30+ years, which helps to inform many of the insights we have into the places we choose to operate. However, that 30+ years of experience has also shown us that it is imperative

to include local stakeholders and the people in the communities to ensure the success of any program. By leveraging strategic partnerships with trusted local organizations, listening, and approaching problem solving in an inclusive manner, we can unlock insight into the core of the problems impacting local communities we are striving to empower. Listening and the resulting inclusive insights enables us to be demand driven and demand responsive to local needs, challenges and opportunities.

A prime example of the importance of obtaining inclusive insight is PepsiCo's Recycling work in Latin America. In 2015, PepsiCo integrated its Waste to Wealth program into the Interamerican Development Bank's Regional Initiative for Inclusive Recycling (IRR), which works to integrate recyclers into formal recycling supply chains. Established in 2011 by the IDB, the Avina Foundation, the Latin American Network of Recyclers (Red-LACRE) and Coca-Cola Latin America, PepsiCo's participation brought together two competitors to transform the initiative into a true industry-wide platform with a potential for greater impact. PepsiCo provided a \$2 million contribution over five years, as well as recycling expertise, nine inclusive recycling programs from PepsiCo's Waste to Wealth regional initiative, and a large network of bottlers to help the IRR improve reach and impact.

Through this platform, PepsiCo and the IDB work hand in hand with public and private actors in 12 countries to create the necessary conditions for the inclusion of grassroots recyclers into the integral management of solid waste and the recycling value chain. To date, more than 19,000 recyclers have benefited from the program.

The broader impact of this alliance raises the bar for public-private partnerships and encourages companies everywhere to put competition aside so that entire industries may better collaborate to advance social innovation. To date, our collective results are more effective recycling, a cleaner environment, and better lives for recyclers themselves. None of which could have been accomplished without the insights gained from the intentional partnership with local organizations that could identify the barriers and direct needs that existed in the community. It continues to place a strategic focus on improving the economic and social conditions of recyclers by increasing their access to markets and helping national and local governments, businesses, civil society, and recycling cooperatives build inclusive and commercially viable recycling value chains. For example, as a result of our work in Colombia, today municipalities are required to incorporate inclusive recycling into municipal cleaning systems. In Bogota, where recyclers are part of the cleaning system, they have received over \$23 million as payment for their service in the last 4 years and have collected more than 742,000 tons of recyclable material.

Another great example is The PepsiCo Foundation's "Millions of Meals" program in Pakistan. While the coronavirus has been wreaking havoc indiscriminately in all parts of the world, it has had a ten-fold impact on many underdeveloped countries. For instance, in Pakistan, the outbreak is believed to have caused an economic impact that amounts to a staggering loss of Rs2.5 trillion, and the loss of about three million jobs; disparately impacting everyday people who live in some of the country's most underserved communities and creating mass issues of food insecurity.

To answer this call, PepsiCo and the PepsiCo Foundation created 'Millions of Meals,' an inclusive, nationwide disaster relief program to address the issue of food insecurity by making millions of meals available to the communities most impacted by the COVID-19 outbreak. The PepsiCo Foundation engaged and supported some of the country's most lauded charities in Punjab, Sindh, Balochistan, Gilgit-Baltistan, Khyber Pakhtunkhwa and Azad Jammu and Kashmir covering approximately 90% of the districts in Pakistan, and established an alliance with Prime Minister's Ehsaas Rashan Portal, which is run under the Poverty Alleviation and Social Safety Division, to identify program beneficiaries. This collaboration resulted in 13 million meals delivered across the country, informed by PepsiCo's business footprint and expertise to create, move and sell products en masse.

Moreover, PepsiCo and the PepsiCo Foundation engaged McKinsey & Company to develop a nationwide ration donation platform for the government. Over 500 PepsiCo employee volunteers joined partner organizations to deliver meals to underserved communities in the region as identified by insight we obtained through our local partnerships, including people with disabilities, transgender communities, religious minorities, remote fishermen villages and more.

The success of both Millions of Meals and our Recycling program was intrinsically tied to the insight we were able to obtain from the intentional inclusion of our local partners on the ground. We learned that working alongside government agencies and, at times, peers and competitors enables greater collaboration for lasting impact. This approach enabled us to hone in on the most vulnerable communities, provide the most needed resources and tap into the expertise of those who have a trusted reputation in addressing some of these region's most pertinent issues which leads to the co-creation of innovative solutions WITH and not FOR the communities we serve that will get to the core of the issue and not just act as a bandage over an ancillary symptom.

Innovative Solutions

An example of the importance of innovative solutions is PepsiCo's Pioneer Foods Schools Breakfast Nutrition Program and Food Innovation Valley in South Africa. PepsiCo has operated and had local presence in South Africa for more than 20 years and, with the acquisition of Pioneer Foods, we are further demonstrating our commitment to remain in, with and for South Africa for the long haul. That commitment includes working on to the issue of food insecurity. In 2015, we created an innovative partnership with South Africa's Department of Basic Education's National School Nutrition Program to leverage the company's nutritious cereals and porridge, logistical capabilities and local partner network to deliver healthy breakfasts for more than 30,000 disadvantaged children in 35 schools across the country.

Further, we are investing 600MM Rand to launch a Development Fund which aims to tackle issues of food security and hunger in South Africa by working with partners to co-create innovative lasting solutions, build a Sustainable Food System and scale impact through catalytic investments. The fund will provide agricultural development to assist emerging farmers and support education by enabling initiatives that provide appropriate training and upskilling, thereby enhancing a skills pipeline for PepsiCo SSA or other corporations and to provide incubation and technological support to small businesses which can provide their goods or services to PepsiCo or other corporations with whom we partner.

Our ambition is to establish a Food Innovation Valley in South Africa, building on Pioneer Foods' existing Enterprise and Supplier Development initiatives, Simba's extensive agriculture programs as well as experience and best practices from the global PepsiCo teams.

The establishment of the Development Fund will support our efforts in building the Sustainable Farming Program in Africa and establish a PepsiCo-led initiative to create a food innovation ecosystem for South Africa. We'll work with farmers to boost yields, improve livelihoods, and preserve precious natural resources such as water. We'll also procure the crops from these farms - thereby offering farmers an important and valuable route to market. We need to attract younger people to farming, and to bring the technology along with them. In Africa the average age of a small hold farmer is over-60, while 70 percent of the population is under 35.

The initiative is built on the conviction that stronger and more knowledgeable local producers well-versed in sustainable development will contribute to our continued and combined success.

We know that patience is required when investing in emerging farmers. It is not uncommon to wait 7-8 years before seeing the full benefits. Therefore, government and stakeholder support needs to be certain and for the long haul if these farmers will grow, create more cost efficient crops, have access to markets and then create other jobs in the areas of operations, software solutions, inventory management and others.

Another example of the positive results yielded from impactful implementation is "She Feeds The World," The PepsiCo Foundation's partnership with CARE in Peru. She Feeds the World began in 2019 and our partnership is tackling gender inequality in agriculture, supporting the right to food, water and nutrition, gender equality and economic opportunity in the long-term, helping communities respond to systemic shocks like COVID-19. We, as partners, pivoted our approach to reach beneficiaries in response to the coronavirus crisis.

Peru was hit hard by the COVID-19 pandemic and the government mandated lockdowns to stop the spread of the virus. CARE and the PepsiCo Foundation teams responded to program participants' immediate needs transitioning adeptly to predominantly virtual activities. Throughout the COVID-19 pandemic, the CARE and PepsiCo teams in Peru have been able to continue to provide trainings with small-scale farmers via virtual methods like WhatsApp. Since the pandemic began, we have maintained continuous contact with program participants through a combination of WhatsApp and text messaging, phone calls and radio programs.

Liduvina Rupire Garibay is a small-scale farmer and SFtW program participant from San Jose de los Molinos in Ica, Peru. She has been a part of the SFtW program since 2019. Participating in SFtW virtual trainings has helped Liduvina to continue producing vegetables to feed her family and maintain her livelihood during the pandemic. Despite a few initial months of uncertainty at the beginning of the pandemic in 2020, she has increased sales during the pandemic because of her new marketing strategy using WhatsApp. Liduvina says, "It [She Feeds the World] has certainly been a great help for all of us. Selling vegetables has allowed an income for our families, but what is important is our food. Currently we sell our vegetables through a WhatsApp group, where we have our clients added, without the need for them [clients] to leave their homes." In the

future, Liduvina plans to continue supporting her community and expand her vegetable business throughout the district of San Jose de los Molinos. She hopes to start a restaurant and sell food created with organic products from her farm. She also hopes that in the future her children will become professionals.

Another example of the power of innovative local solutions is the work The PepsiCo Foundation has been able to accomplish in the space of safe water access in India thanks to the partnership of WaterAid India. PepsiCo has long understood the importance of water to the communities in which we operate. In 2009, we were among one of the first global companies to publicly recognize water as a basic human right in the context of the World Health Organization's and the United Nations' Joint Declaration on the Human Right to Water. By seeking out strong and trusted water partners, PepsiCo and the PepsiCo Foundation support and enable creative new strategies that achieve measurable and sustainable progress in the fight to alleviate water insecurity, providing more than 59 million people with water access to date in underserved communities across the globe, including India.

The PepsiCo Foundation and WaterAid India partnered to increase access to clean drinking water, sanitation and hygiene to more than 270,000 people in Sri City, Nelamangala and Palakkad, rural communities within southern India that face water scarcity. For these communities, cost is a key factor in determining the most feasible solution to local drinking water problems. While the initial investment for the infrastructure would be supported by the PepsiCo Foundation, WaterAid India and local partners were seeking infrastructure that would be affordable for communities to maintain for years on end. One of the common problems of water, sanitation and hygiene (WASH) infrastructure failing in rural areas is due to high technology solutions that require specialized and often expensive parts.

For example, thirteen years ago, the Kerala Water Authority built a well in the Walayar Dam Road community and connected it to a water storage tank. More than 260 households benefited from the connection to the water tank, but there was never enough water for everyone and the water supply was irregular.

Frustrated by the irregular access to water, the community found its own way to collect water. Residents who could afford to spend as much as USD 200 were able to get storage tanks built in their houses. The storage tanks were connected to the water pipeline, but no taps were fitted to stop the water flow resulting in some people received too much water, while others didn't receive any causing arguments amongst the community members. Instead of reaching out to a technical expert for help, they tried to solve their water challenge together and due to their lack of technical knowledge, the residents only made the situation worse.

When PepsiCo Foundation joined hands with WaterAid India and our implementing partner, the People's Service Society Palakkad (PSSP), we saw firsthand that the Walayar Dam Road community water supply system was not functioning properly. Together, we re-established the inactive community-led water group known as Walayar Janagiya Kudivella Pathadi, building the capacity of local communities so they could learn how to operate and maintain the water system.

Through our partnership, the organization was able to hold discussions to come up with tactics to work together to ensure the equal distribution of water and WaterAid laid a new pipeline to connect the borewell with the tank and installed water meters in every household.

The pipeline was completed in October 2018 and is still operational today. Since then, the majority of households on Walayar Dam Road have gained access to the water supply, the cost of operation is regulated and the community works together to ensure availability.

Statements of intent inspire and motivate, but effective action on the ground is where change happens. Our greatest resource in both of these efforts centers on key collaborations with partners on the ground who have the insight to help create innovative solutions that will enable communities to be self-sufficient - creating impactful and sustainable interventions in the long term.

Impactful and Sustainable Interventions

Our programs, from inception, are created in partnership with local actors. When our approach to creating solutions is based in trust from local communities and community ownership, we are able to find innovative and novel solves thus making the process of intervening and implementing our solutions sustainable and impactful. The people we serve will support us because as a collaborator, they have a vested interest in seeing these programs work. They will know they are seen, valued and heard and not a charity case. The combination of the three aforementioned tenets and the efforts of our local businesses and employee workforce will enable us to make a lasting impact on people by creating communities that are self-sufficient and thriving thanks to our support, but most importantly our intentional efforts towards their inclusion and input.

An example of the results of impactful and sustainable interventions is PepsiCo's #Heartwork marketing campaign in India. This marketing campaign celebrated PepsiCo's approach to localization in India. As COVID-19 rapidly changed the way of life last year, our marketing team in India teamed up with a leading Indian NGO, the Smile Foundation a local organization working to benefit more than 15 million children and their families every year, through more than 400 live welfare projects on education, healthcare, livelihood and women empowerment, in over 2,000 remote villages and slums across 25 states of India. We worked together to launch a campaign to recognize the #HEARTWORK of unseen heroes of the Lay's supply chain: Farmers, Factory Workers, Truck Drivers, Retail Workers and more. 100 percent of the potatoes PepsiCo uses for Lay's potato chips are purchased locally. And PepsiCo pioneered collaborative farming in India, providing 360-degree support to the farmer through assured buy back of their produce at pre-agreed prices, quality seeds, extension services, disease control packages, bank loans, weather insurance, and the latest technological practices. So in this time of exceptional need, the local marketing team celebrated the 24,000 farmers, 4,300 factory workers and 650,000 retailers who worked relentlessly against all odds, putting their heart into their work, to ensure Lay's brings joy to millions across the country. The campaign spurred engagement from consumers, celebrities and even other brands – and hundreds of articles about the campaign – because inclusive insights lead to an innovative idea and impactful implementation. The impact here is sustainable due to our intentional parenting with a local organization coupled with our leveraging of local Lays Brand to amplify the impact.

- **How PepsiCo executes locally**

The benefits PepsiCo has gained from shifting both the perspective and power of our impact from global to local are vast. We have learned that when we listen to, learn from and are led by local non-profits, community leaders and stakeholders, that type of intentionality leads to interventions permeated with inclusive insights and innovative solutions which are both impactful and sustainable. While our operational wingspan is wide, our ability to execute locally-led development wouldn't be possible without the contributions three crucial actors: **local employees**, **local enterprises** and **global intermediaries**.

- **Local employees** lead and support local efforts recommending and connecting to local actors which the company, foundation and the employees themselves support. Who to fund, where to find them, level setting expectations in outcomes and impact provide proximity, insight and local knowledge. PepsiCo's employee volunteer programs, PepsiCo Gives Back and Give Together programs and Disaster relief programs all are examples of how local employees activate PepsiCo's locally-led development approach. The engagement of local employees results in our being demand driven and demand responsive to local needs, challenges and opportunities.
- **Local Enterprises:** By establishing local businesses in international and country specific markets that contribute to GDP, create jobs, and contract locally – this enables the business to leverage connections to the community to work with local partners, procure from local entities, purchasing power and the ability to demand pull of the business to contribute to local development. This helps to facilitate the integration of local entities into our supply chain and enables us to our logistics capabilities for immediate response to community needs. This is evident in our ability to source, pack and deliver meals to children or schools via our Millions of Meals program in South Africa and Pakistan.
- **Global Intermediaries:** There are many instances wherein direct grant making prohibited. For many private foundations based in the United States, direct international giving is prohibited. While barriers to granting directly exist, we are still able to support locally led organizations by forging a relationship with locally connected fiscal sponsor entity who serves as a conduit - taking on the risk and role of reaching the local organization directly with funding provided by our business while we establish direct programmatic engagement with the local organization. Those conduits are global intermediaries which we leverage to facilitate our locally led development efforts at scale and around the world, working with PepsiCo to create lasting impact in the communities in which we live and work. Our intermediary partners include:
 - **CAF America**, a global grantmaking organization assisting corporations, foundations, and individuals with international, localized giving. PepsiCo and the PepsiCo Foundation have been working with CAF America since 2010. In 2020 alone, the PepsiCo Foundation supported over 65 hyperlocal organizations from CAF America's network in response to the pandemic. This year, through the CAF America partner network, we are mobilizing over \$10 million of philanthropic capital for local organizations in Latin America, Europe and the Middle East, bringing us closer to local organizations

- An important example of our collaboration is the collective response for the Lebanon Explosion which took place in August of 2020.
- PepsiCo, The PepsiCo Foundation and our bottling partner in Lebanon, SMLC, joined forces address local community needs in response to the devastating explosion in Beirut. Together, we created a campaign to mobilize our employee workforce (over 550 employees across 38 countries donated funds in support of the relief efforts) and raised US\$1 million to assist relief efforts following the explosion, helping to address the needs of the 300,000 people who were impacted. CAF America facilitated the giving of this contribution, the engagement of the PepsiCo workforce in giving, and catalyzed additional donations from US-based donors to maximize the impact of our efforts.
- Our collective funding provided support across three key areas: the provision of meals, rebuilding efforts, and, assisting local healthcare facilities and impacted hospitals. With these funds, local NGOs managed to rehabilitate homes, small businesses and schools and provide essential medical care to children with cancer and people wounded during the blast.
- In 2021, CAF America is facilitating PepsiCo's longer-term commitment to the Lebanese Red Cross to ensure provision of medical services to communities impacted by ongoing crises in the country to sustain their existing health and relief operations and ensure aid goes to those in need. Georges Kettaneh, Secretary General of the Lebanese Red Cross, has lauded our partnership stating, "Now more than ever, the Lebanese Red Cross needs the help of trusted partners to be able to continue providing its life-saving services to the population throughout Lebanon. PepsiCo has been at our side during the worse crises of the past two years, and we are now proud to enter into this key partnership."
- **Give 2 Asia:** Founded in 2001, Give2Asia is a U.S.-based nonprofit organization that connects corporations, foundations, and individual donors with trusted local charities in 23 countries across South Asia and Asia Pacific. PepsiCo and the PepsiCo Foundation have been working with Give 2 Asia since 2005.
- Give 2 Asia helps strengthen communities in Asia by making cross-border giving efficient. We work with Give to Asia Country Offices in India, Pakistan, Australia, Thailand, Vietnam and China and their local subject matter experts to 1) identify hyperlocal organizations we can co-create programs with; 2) work with our devoted monitoring and evaluation agency, True Impact, to track performance against agreed-upon goals, and reach impact at scale; 3) select a large pool of portfolio of programs that are sustainable and whereby ownership could be transferred to the communities following a proof of concept investment, and 4) managing cost-effective solutions that address local systemic barriers in a cost effective manner.
- Through Give 2 Asia's partner network, earlier this year PepsiCo Foundation partnered with Sustainable Environment and Ecological Development Society (SEEDS), a leading not-for-profit organization, to launch an extensive community

relief outreach program to support Government of India's ongoing efforts against Covid-19 across five States - Maharashtra, Punjab, West Bengal, Uttar Pradesh and Telangana. This collaboration enabled the:

- 1) Provision of over 100,000 vaccines doses to the communities administered through the local healthcare system.
- 2) Set up five Covid care centers, equipped with beds and medical facilities including oxygen cylinders for the communities.
- 3) Donation of over 100 oxygen concentrators to be provided to the Central Government for distribution to various Government hospitals across States.

Barriers to Locally-led Development

While we will always tout the extensive benefits of going local, PepsiCo's decades long global-to-local footprint has also exposed us to the reality of barriers, risks and limitations to be cognizant of in the process of going local. Here is a summary of some of those barriers and our lessons learned:

- Limited and/or low **Capacity** of local partners to deliver on projects or manage/absorb funding: Some of PepsiCo's hyper-local partners are too small to absorb our contributions and meet our monitoring and evaluation requirements. Extended lockdowns, closed businesses, and restricted movement are causing loss of incomes, remittances, and livelihoods. As the prolonged pandemic threatens to pull vulnerable communities back into extreme poverty, our grant intermediaries, Give 2 Asia and CAF America play a fundamental role to these hyperlocal partners to provide the best coordination between PepsiCo and the hyperlocal organizations in-country to monitor local needs, assess NGOs' capacity to respond, and vet potential projects. Once a grant begins, our advisors coordinate with each grantee or nonprofit partner to monitor progress and respond to changing conditions. The accompaniment, governance, and oversight of the intermediaries help these organizations build capacity, back community-led solutions, and catalyze funding from other donors for sustainability and scalability of localized efforts.
- Limited and/or low level of **Trust** including challenges with accountability, transparency, oversight and corruption: PepsiCo prioritizes connecting directly with even our most remote partners to visit communities and hyperlocal programs, as travel restrictions will allow. Our partnerships look beyond financing to tap into each organization's strengths — including sustainability best practices, case studies and know-how — to maximize sustainable, on-the-ground impact in ways that are enhanced by the local know-how of the organizations we are supporting. We use our employee workforce and expertise to help ensure the solutions are backed by local governments and ensure a lasting impact on society. As a result, our local partnerships allow for development efforts that are both innovative and ripe for integration into public policy.
- Limited and/or low level of **Monitoring, Reporting and Evaluation** capabilities present in the local partner: Hyperlocal organizations are often presented with numerous monitoring and evaluation frameworks to follow, on a project-by-project basis or donor-

to-donor basis. Building capacity for these organizations to respond to reporting needs is of paramount importance to PepsiCo. To capture the overall impact of The PepsiCo Foundation's various investments across the globe, we have developed an integrated theory of change model to harmonize social outcomes across our implementation partners. We have a third-party monitoring and evaluation agency that onboards each of our partners and provides training every quarter to ensure accountability and to promote continuous improvement for our investment decisions among our implementation partners. We envision expanding this measurement structure, inviting new partners as our geographic footprint expands to contribute to and learn from the successes and failures of the broader community of practice.

Lessons Learned from Engagement with USAID

Since 2019, PepsiCo India has been working with USAID to empower women farmers in West Bengal through education and training in sustainable farming practices, irrigation and crop rotation techniques. PepsiCo-supported financial literacy and entrepreneurship programs also help women become lead farmers on their own. Additional community initiatives are designed to support women in leasing land, educating men and women to support changes in gender norms, and engaging male champions to help design local approaches to more equitable and sustainable agriculture.

So far, this partnership has provided potato production training for approximately 500 women and gender awareness training to PepsiCo India staff and partners, and also developed a training module to address gender-based violence. The West Bengal program is ultimately expected to reach more than 300,000 women through direct and community engagement. In addition to further expansion in West Bengal, the company plans to bring the program to other Indian states, beginning with Maharashtra.

While our collaboration with USAID and other partners has delivered significant impact in our communities, it has not been without challenges. The barriers to locally-led development are real and must be addressed thoughtfully. *But we must prioritize progress over perfection.*

These are the critical lessons we have learned that could accelerate progress on the journey to locally-led development:

- 1) **Foster a more inclusive environment to build solutions on local insights**
 - a. **Hire locally**: It is critical to hire local staff that knows and understands local partners, is able to bring local organizations together and is skilled at building partnerships. When local staff has private sector experience, they are more able to engage the breadth of partners needed, including for-profit implementers/contactors, to maximize impact. Most importantly, the local staff must be empowered to make decisions critical to advancing the objectives of the partnership.
 - b. **Prioritize local co-ownership**: Local organizations must be engaged from the beginning, not just for implementation. While smaller organization may not have

capacity for full program ownership, their insight and ideas should be prioritized in the planning process and time and funds should be invested into building capacity for local implementation and long-term ownership. This process takes time and, with travel restrictions impeding the ability to conduct assessments and planning in-person, virtual partner development is even more challenging. Hiring and empowering local staff is key to building local ownership from the start.

2) Unlock innovative, sustainable solutions together with the private sector

- a. Incentivize co-creation with the private sector: Companies like PepsiCo bring expertise, resources and influence to international development. Companies can take risks to prove new models. And once a development solution proves to be financially sustainable, other investments will follow. Congress can help support the new partnerships, thinking, tools and patience needed to unlock these solutions. By offering incentives to initiate private sector-led, public sector-facilitated sustainable development, new solutions will be proven that can be scaled and replicated.

3) Facilitate more impactful implementation

- a. Modify monitoring and evaluation to ensure mutual accountability: many small, local organizations do not have the capacity to manage USAID's reporting requirements. But ensuring effectiveness of USAID investments is critical. The first step to address these competing realities is to ensure clarity and alignment on the priority measures of success. While this might seem obvious, far too often, valuable time and money is spent preparing extensive reports that don't effectively measure success or inform improvements. When monitoring and evaluation are treated as compulsory and disconnected from planning and implementation, critical resources and opportunities are wasted. But alignment upfront on priority measures of success *and* how they will be used to inform the program can increase accountability while streamlining the process. Still, local organizations may lack capacity to own monitoring and evaluation that meets USAID requirements. In these cases, international or U.S.-based NGOs could serve a key mentoring role, enabling near-term support for reporting while providing platforms and capacity-building to enable long-term local ownership of monitoring and evaluation.
- b. Share local networks: while not a policy recommendation, USAID could play a valuable role in sharing their local networks so partners like PepsiCo could connect with strong, local organizations to advance priorities like regenerative agriculture.

Conclusion

We must continue the bipartisan push to localize our efforts that has progressed over the past several decades. It is with capable, local leadership that we will find success and, as current USAID Administrator Samantha Power noted recently, we must take a "much more bottom-up approach, of much more support for local actors." Thankfully since the Bush Administration we have seen an intense focus placed on this work. As former USAID Administrator to the Bush Administration Andrew Natsios once noted, "only where national commitment exists can these initiatives take hold and bring results."

We saw this important work furthered under the Obama Administration in more aggressive ways, with USAID leadership taking a more disruptive approach in procurement reform. In 2010, the launch of the Local Solutions initiatives represented a major step forward in this important work, and highlighted the renewed importance of procurement reform. At the time, Former USAID Administrator Rajiv Shah proclaimed,

This agency is no longer satisfied with writing big checks to big contractors and calling it development. We've already accelerated our funding to local NGOs and local entrepreneurs, change agents who have the cultural knowledge and in-country expertise to ensure assistance leads to real local institutions and lasting, durable growth. All of this is part of the most aggressive procurement and contracting reform our agency has ever seen.

The Trump Administration also understood the importance of furthering this work, with USAID Administrator Mark Green arguing that our assistance cannot be “open-ended or ... a substitute for what they must take on themselves. Our support must never be seen as a gift or handout, but instead as a proverbial hand up.”

In her first nine months on the job, we are pleased to see current USAID Administrator Samantha Power again signal the agencies commitment to this work. She was correct to note that the shift to local efforts will be time and resource-intensive, but that it is “also vital to our long-term success in sustainable development.”

There must also continue to be a critical role for the private sector in this work. According to publicly available data, in 1969, “70 percent of all capital flows from the United States to the developing world were in the form of foreign assistance,” whereas today, 80 percent of all money spent on foreign development comes from private entities, including “foundations, NGOs, universities, and most significantly, private companies.” By continuing the push to localize these efforts, we will “make development efforts more effective, more enduring, and less costly,” argues Casey Dunning of the Center for American Progress.

Now we ask that this Congress, and this committee in particular, further this critical work to ensure that we move towards a more efficient, effective, and sustainable procurement system. We must continue to evolve our policies to ensure this trend continues, and it is the position of PepsiCo and the PepsiCo Foundation that Congress and the Administration continue to emphasize the policy transition that has been underway for decades, and work in a bipartisan nature to ensure its longevity.

Mr. CASTRO. Well, thank you, Mr. Glin, for your testimony.

And thank you to all of our witnesses for your testimony.

And I will now recognize members for 5 minutes each for questioning. And pursuant to House rules, all time yielded is for the purposes of questioning our witnesses.

Because of the hybrid format of this hearing, I will now recognize members by committee seniority, alternating between majority and minority. If you miss your turn, please let our staff know, and we will circle back to you.

If you seek recognition, you must unmute your microphone and address the chair verbally.

And I will start by recognizing myself for 5 minutes of questions.

As I mentioned in my opening statement, before we can embrace locally led development, we first need to come to an agreed-upon definition of the term. And different parts of the U.S. Government define the term differently. USAID is currently reviewing how it will define the term.

And I believe it was Ms. Armistead—you spoke to this during your testimony. Can you elaborate on the different approaches the U.S. Government takes and what a single definition would be?

Ms. ARMISTEAD. Thank you so much. Sure.

I think what we have seen in recent years is a proliferation of a range of definitions, and it is that differentiation that sometimes causes some confusion and concern. We see “local entities” established in a number of ways in different places, whether that is in PEPFAR or within NPI. And then we have also seen the interaction of this “locally established” category, which is, I think, aimed at recognizing this entity that is affiliated with perhaps international organizations but has a local presence.

And I think what we really are urging the committee to do is to clarify what the goal is. And I think we have heard across the witnesses and across the statements that the goal is really to shift the power and have local actors owning the development process and leading. And if we are talking about that as the goal, I think we have to talk about “local entities” and define “local entities” in a way that reflects that local nature.

So clarifying that we are talking about organizations that are a part of the social fabric of the countries in which we are operating or talking about here with foreign assistance and who are accountable to those communities. So I think that those lines, the autonomusness, the autonomy of the organizations and the lines of accountability would be important lines to consider as we seek a common definition.

I would also like to add that coming to that common definition is important for the goal, but it is also important for just doing aid effectiveness well and increasing our transparency. A number of witnesses have talked about needing to have a better picture of where funding goes. And without a clear definition and a common definition, it is very hard to see that.

So, if we can come to a clearer definition of what “local entities” is, that can help inform our effort to really have a better picture and a more transparent system that shows how much of our foreign assistance is going to local institutions.

I hope that is helpful.

Mr. CASTRO. Thank you very much for that.

And, Mr. Glin, you formerly led the U.S. African Development Foundation, which is a pioneer when it comes to locally led development. What lessons do you believe USAID can apply from USADF's model as the Agency tries to do more locally led development?

Mr. GLIN. Thank you, Chairman. I truly appreciate the question. And, as you mentioned, I was president and CEO of U.S. African Development Foundation for approximately 5 years. And that model of development, along with that of the Inter-American Foundation, we feel like is exemplary to locally driven, locally led development.

Some of the tenets of that is being demand-driven and being demand-responsive to the local needs and challenges. So not developing solutions to problems from afar, whether Washington, DC, or writ large, but locally within the communities. So being demand-responsive, demand-driven, looking at bottom-up-driven solutions.

But also supporting those entities directly, with direct support, grant support, but also having oversight by local organizations as well. ADF has a very cost-effective model, because not only do they grant directly to grassroots enterprises and organizations but they also leave it to local organizations to do some of the monitoring, evaluation, and support.

And I want to appreciate the role that Congress led in creating and codifying USADF and the Inter-American Foundation by law. And, in that codification, it mandated that we had to support local organizations and provide them that support directly and build their capacity with local entities.

If that mandate was not there, we might see a model that is not as transformational as currently exists, where local organizations are enabled to build their own capacity, are enabled and supported not through implementers or implementing programs for them, who really have to support and provide support with and through them, so that the entities are sustainable organizations, that they are long-serving, and that there actually is a pathway to prosperity. We talk about developing them, growing them, and scaling them so that they can take on some of the development challenges in their communities on their own.

I think USAID could, at scale, take some of the tenets of USADF, with the local implementing partners, with direct support to organizations, and modify some of the current structures.

But I will say that one solution is to scale up what is working. USAID and USADF consistently, on an annual basis, are somewhat under threat. And so by doubling down on those institutions to be complementary to USAID is also another way for the U.S. foreign assistance toolbox to really use some of the tools that are there—USADF and the Inter-American Foundation.

Mr. CASTRO. Yes. Thank you. Thank you.

I am over time, so I am going to turn it over to our ranking member, Ms. Malliotakis.

Ms. MALLIOTAKIS. Thank you, Mr. Chairman.

I have a question for Mr. Glin.

You know, we are in a time where there are many who attempt to vilify corporate America. And I think that there are a lot of

things that we can point to in terms of how corporate America has helped fill in the gap, where, you know, obviously, we cannot—it is not an endless stream of taxpayer money. We do rely on private-sector partners to implement some types of programs.

And you, as the global head of philanthropy at PepsiCo, I would love for you to share some of the examples from your company's foundation, as well as perhaps others that you can give us from other private-sector entities.

Mr. GLIN. Thank you for the question.

Yes, at PepsiCo, the PepsiCo Foundation, we see ourselves truly as a collaborator with others in development, whether those are communities where we live and work or whether it is other actors who are trying to meet some of the those community needs. So collaboration is key to all that we try to do at PepsiCo, collaborating with the communities. We are a true contributor, as I mentioned, whether that is directly increasing GDP, creating jobs, sourcing locally, and impacting the community.

At USAID, we work with others to solve some global challenges in the local context. And so our priorities revolve around access to food security, creating more equitable access to nutritious foods, safe water access, as well as economic opportunity. And we work with other private-sector entities in collaboration and we also work with community organizations to bring about those solutions.

We see ourselves also as a catalyst to, really, as you mentioned, using our corporate power and the power of business as a positive role in society to catalyze solutions and sometimes to go in earlier than maybe government and other entities want to, but to catalyze solutions to show what works and then have those scaled up by USAID and others.

So I think that there are ways and with USAID and other corporations can also “follow,” quote/unquote, some of the corporation's lead in areas like food security, in areas like water or economic opportunity. There are ways to align to corporations investing in communities. And then also USAID and government entities that are involved in development, creating a local operating environment, an ecosystem where it is easier not only to do business but to do good.

So we look at our impact as really creating local community impact, as well as engaging our employees in these countries—we have hundreds of thousands of employees globally—and also where we as a company can be a better corporate citizen. And so there are—

Ms. MALLIOTAKIS. Mr. Glin, could you give us, like, one or two specific examples that you are most proud of of what your foundation has been able to accomplish?

Mr. GLIN. In the area of water is where we have had transformational impact, where we have a goal of impacting 100,000 people to provide safe water access by 2030. In countless areas around the world with groups like WaterAid, we have been able to work on access, conservation, and distribution of safe water. We recently announced taking this globally—that was in South America and in South India—to sub-Saharan Africa.

In areas of food security, partnering even with USAID in West Bengal, India, working with smallholder farmers to help them develop new solutions to agri-nomical issues.

In Egypt, we work directly with empowering women farmers in a program called She Feeds the World, where we really are helping engage women, as the breadwinners of society, to build their capacity.

So, in countless areas, the foundation comes together with local communities and with potentially other actors such as USAID to bring our corporate expertise, our convening power, and our resources to really amplify efforts of community-driven impact.

Ms. MALLIOTAKIS. Thank you.

Mr. CASTRO. Thank you, Ranking Member.

I will next call on the Congresswoman from San Diego, Sara Jacobs.

Ms. JACOBS. Thank you, Mr. Chair. And thank you for convening this really important hearing about an issue that I know does not always seem sexy, kind of wonky and niche, but actually critical to getting our foreign aid right.

In Fiscal Year 2020, only 5.6 percent of USAID funding went to local partners. And, you know, the question is, why does this matter? Why is it important to fund local partners directly? And the answer is: Power.

Because we talk a lot about improving development outcomes in countries, but we do so from an ivory tower, and we often task largely White organizations to carry out this work in other countries, and when they leave, the development outcomes, if they worked to begin with, are no longer able to be sustained.

We need to understand that people know what they need. They do not need us to tell them. They just need us to ensure access.

And as a report from Peace Direct found, there remains a culture in the development field that oftentimes fails to recognize the strengths of local people and properly include those in the design of projects who understand the context best.

I am encouraged by Administrator Power's commitment to this issue, and I think this hearing is an important step in making sure the Administration realizes their goal.

So I wanted to ask our witnesses a question. The New Partners Initiative, established in 2019, streamlines USAID's partnering process to work with new and local partners. And the Administration is seeking to update programs and strengthen partners.

So, Ms. Armistead, I was wondering, in your view, how can USAID effectively build upon and improve this program to ensure that local communities, not just international organizations who hire local staff, are supported more effectively?

And then, Ms. Ali and Mr. Mohamed, could each of you describe the top three specific barriers your organizations have encountered when trying to work with USAID?

Ms. ARMISTEAD. Thank you so much for all of those important points.

And I think the New Partnerships Initiative is a great example of the increased interest in locally led development. And we are very enthused by that and encouraged as the U.S. Government is

taking more of an interest and a recognition that locally led development is the right way to do foreign assistance.

I think one question we have is, where does NPI fit within the larger ecosystem of U.S. foreign assistance, and how can we integrate it into all the work that we do to support effective, efficient, and sustainable development, not just in a silo, but ensure that we are making efforts across the whole system and, within those efforts, always putting, as you say, local voices at the center?

So, looking holistically. Also, ensuring participation, so opening up new avenues for getting input from a range of voices, as these new initiatives are designed and implemented is critical. I think looking at the definitions issue again is important.

Thinking about making sure that we are aligning initiatives such as NPI with the goal of effective locally led development is important. So I think getting into the nitty-gritty about, you know, how we are actually designing this is an important thing to do as we look forward.

And looking at, kind of, the business-of-aid side of things. So ensuring that, as we are looking at new ways and opening up new mechanisms for increasing access of local actors to lead development assistance programs, are we making sure that the business processes match those goals? So things like the size of those awards, the timelines of those awards, the risk-management strategies of those awards.

And I know a number of witnesses have talked about this too, but those things matter in terms of how successful it will be as an initiative to support locally led development.

Ms. JACOBS. I am just going to cut in so we can make sure that Ms. Ali and Mr. Mohamed have time to answer before my time runs out.

Ms. ALI. Should I go ahead?

Ms. JACOBS. Yes, please.

Ms. ALI. Okay. So just three barriers. Well, I think the first one is that there is the rules and regulations are extremely vast, and they are complex, not meaning that local organizations cannot meet those challenges, but they are extremely complex. And the advantage that American NGO's have is 60 years ahead of us and they have developed these massive compliance departments.

So, unless we have a more shared approach to compliance, a more shared approach to risk, and we think about how we can reduce some of these compliance burdens and think about what is the most important issues that we really need to address in these compliance burdens, rather than, you know, just the array of issues that are constantly there.

Many of the rules and regs, in my opinion, could be done away with, and they are just too cumbersome. Some of them are very important and really necessary. So I think there needs to be a real reexamination of the usefulness that a lot of these rules and regs are serving and what that burden does to local organizations who are 60 years behind American NGO's and billions of dollars of investment behind. You know, they have had all of that time and resources to invest in their capacity.

The second thing I would say is that there isn't a very systematic onboarding process that happens for local organizations. It is indi-

vidual-specific. It is mission-specific. Sometimes you are lucky enough to get someone that really understands what you need and support you in the process. Oftentimes you are kind of left on your own to figure this machinery and this maze out on your own. So there has to be a consistent process on that.

And the last thing I would say is the attitude and the behavior. I think there has to be more recognition and more capacity development of the USAID staff themselves to be more risk-sharing with the partners, rather than this very, I would say, racist attitude that, if you are a local NGO, you are fraudulent, you are corrupt, and if you are an American NGO, we can trust you—which, the data does not prove that.

I am sorry to say, the data does not prove that. There is just as much experiences and issues and problems with corruption or fraud or mismanagement of resources that happens with U.N. agencies, American NGO's, as it happens with local organizations. So I—

Ms. JACOBS. I am sorry—

Ms. ALI [continuing]. Think we really need to change the perspective of the staff on that end.

Ms. JACOBS. And I totally agree with you.

I am over time, so I will yield back. Thank you.

Mr. CASTRO. Thank you, Vice Chair.

All right. We are going to go now to Representative Houlahan.

Ms. HOULAHAN. Thank you, Mr. Chair.

And thank you to everybody for joining us today for this hearing, a very important one, where we are focusing on shifting the power to local organizations and local actors in this space of foreign assistance and foreign aid.

I have a couple of questions related to the pandemic. What have we learned or gained from this very difficult time in the world's history that we can apply to help accelerate the timelines of being able to direct local owners and actors to be able to be helpful in foreign, I guess, assistance?

I know that, Mr. Glin, you mentioned something about technology being something that was deployed because of the pandemic. Are there other things that the speakers can give examples to or breathe life into that would be helpful in understanding how to accelerate timelines?

And I will start with Mr. Glin since you were the one who brought up the first example.

Mr. GLIN. Great. Thank you, Representative. I appreciate it. Good seeing you again.

You know, the pandemic has exacerbated some challenges but also, as you said, brought about some positive solutions. So I think that one is just a sense of trust. We couldn't—quote/unquote, "we," the international community, couldn't travel the way we were used to, so we had to rely on local capacity in ways that we had never been forced to do. And I think it has been proven successful, with individuals showing real resilience, local actors having the ability to survive, adapt, and then thrive, even in the face of the global pandemic.

So I think it has really changed one of the things around credibility and familiarity, which are some of the barriers to why going

local and using local organizations is sometimes challenging. So trust has been, I guess, strengthened.

I would also say innovation, in that we had to come up with new solutions and doing things differently. And those solutions were typically driven locally, asking local actors, local providers, organizations: How might we—what can we do to improve? And so the power shifted, where they were on the ground, and we needed to engage them in the solutions because we weren't there, and we had to rely on their ability, again, to adapt to the solutions. So I think that innovation came.

And, as I have mentioned, the use of digitization transformed a lot of how we deliver services, how we engage with those organizations. And it also really transformed the way in which we were able to see some locally driven innovation in new ways.

I could go on, but let me stop there for the sake of time. But I think trust and innovation are two things that we have learned that also can lead to improvements in how we not only work with local organizations but also how we manage programs and projects.

Ms. HOULAHAN. And perhaps, Ms. Armistead, would you have anything to contribute to that?

Ms. ARMISTEAD. Absolutely. I would say that we have seen our local partners around the world responding to the crisis in their communities in flexible, smart, sustainable, and effective ways.

I think that our recent experience going back to partners that had previously received some capacity-strengthening investment was a great example for us, too, of how local institutions exist, with great ability to respond best to the needs of their communities. And with investment, you can see real lasting change in their ability to do that effectively.

And, especially, I think, one other thing that we are curious about, though, is, I think a lot of us felt that this was going to be the moment for localization. And I think what we are seeing is, our partners are there, our partners are ready, and we are ready to support them, but perhaps the funding itself has not flowed in the way that we expected.

So I think it is also a moment of reflection for us to think about, you know, we have local institutions out there, they are ready to lead, they may need some investment to do so most effectively, but we know that it works. And we know that COVID was a moment when they were best placed, in many cases, to respond. But we are not seeing that the funding necessarily followed that.

So I think it is a moment for examination, a moment for reflection, and a time to dig into seeing, OK, what are those enduring barriers and how can we help move beyond them.

Thank you.

Ms. HOULAHAN. Thanks.

And with what is left of my time, I would like to kind of dive into—I know the purpose of this hearing was about foreign assistance and foreign aid, but I am also intrigued by the fact that we have Mr. Glin here from industry, you know, from the for-profit sector. And I was hoping to get reflections from each of you, for the record if we do not have time, on what the power is of business.

Mr. Glin, you mentioned the ability for business to do good.

What kind of partnerships can you guys see from your NGO's and your NGO positions where you could engage in the power of people who are focusing more and more on environmental and social governance issues? Is there something that we can be doing as a government and as a Congress to be able to enable that relationship to be even stronger between the for-profit sector and the NGO or nonprofit sectors?

Mr. GLIN. That is definitely a place where we could provide greater insights and recommendations.

But I would say, you know, one of the things that we see government playing a strong role is being a, sort of, honest broker and bringing together companies and nonprofit partners and civil society leaders together in a way where we can have a shared understanding, where one is not necessarily dominating the conversation.

And so, where we have in industry pre-competitive alliances, these are ways where the power of the government to bring us together for a shared purpose, where everyone can align their issues and the opportunities, is one area where I think that there is greater room for improvement.

I think that there is also this opportunity of working directly with local organizations. And we are privileged that the same was true at USADF. Having local staff in the countries really gives you the local insights to be able to really figure out what needs to be done and listening and learning from them to be demand-driven and demand-responsive.

And so using entities that have a strong ground game, such as corporations, with employees who are finding, funding, and supporting local organizations but also entities like USADF and IAF, who have local staff who are trusted and true community connectors, listening to them and allowing them to, sort of, bring up some bottom-up-driven solutions that we can then take forward to scale, whether through the private sector or through government.

So I think that the power of government to bring us together but also to incentivize greater collaboration is a key area for greater exploration and an opportunity.

Ms. HOULAHAN. I know that I have run out of time, but if any of our other speakers would be willing to provide that information or some ideas later on, I would really appreciate that.

And, with that, I yield back.

Mr. CASTRO. Thank you, Congresswoman.

And I want to give, as a followup, an opportunity for Mr. Mohamed to provide an answer to Ms. Jacobs' question about essentially, you know, your experience with USAID or American NGO's and what you think needs to change or what could be improved.

Mr. MOHAMED. Thank you, Chairman.

I think one issue that we sort of would like to see change is the idea of partnership, in the sense that there has to be a mutually direct partnership with the local actors or entities on ground.

A couple of times,

[inaudible] Includes the sort of perception that there is no capacity—so the capacity of responding to likes of pandemic, if there is a COVID outbreak or anything.

But getting direct partnership, I think that that is the main issue that needs to be focused, and also to be, like,

[inaudible] Downstream at any point.

So, looking from the USAID, I think they can look into the structures that are in place, facilitate the environment that allows NGO's or local actors to have an equal opportunity in terms of funding access, so local ideas are driving innovation of creative

[inaudible] Could be implemented in a wider reach and also with cost-effectiveness.

So I think that the position has to be changing on the structure so nationals can have an equal opportunity in terms of

[inaudible].

Mr. CASTRO. Thank you. Thank you for that.

And next we will go to Congresswoman Tenney.

Congresswoman Tenney? I see you on the video, but I do not know if you can hear us.

We will come back to Congresswoman Tenney. I know that Congresswoman Houlahan had a few more—

Ms. TENNEY. I am here. Sorry. Are you there?

Mr. CASTRO. Okay. Yes, we will go to Congresswoman Tenney, uh-huh.

Ms. TENNEY. Sorry about that. I was trying to get my thing here set up, but thank you. Thank you, Chairman Castro, for convening this hearing.

And thank you to the witnesses for your testimony as we look at these global development issues impacting our economy.

And I am going to direct my first question to Mr. Glin.

Could you tell me examples of success in assistance provision models that have proven effective in directing capital and capacity-building support to nongovernmental organizations and community leaders, if you could?

Mr. GLIN. Thank you, Representative.

One example that I will cite is our work in Egypt. So, in Egypt, for example, we source 100-percent locally sourced potatoes, providing opportunities for 4,000 farmers who work across 40,000 acres. So this is PepsiCo, the business, but we also work in collaboration with CARE Egypt, the local arm of CARE International, to ensure that, as we are sourcing it, we are increasing the yields and incomes for small growers but also supporting for their families.

So this is an example of using the power of business to engage local growers and the farming community but also linking to a non-profit that is operating locally, CARE International, to implement a program that not only provides a sourcing opportunity for us but improves the lives and livelihoods of those growing the product, but also their families.

And so PepsiCo, with CARE, with our local partners, but also with the local communities. And so those partnerships, tripartite and the like, are really critical to our ability to serve not only as a good corporate citizen but a real community connector.

Ms. TENNEY. Okay. So on those—you are talking about those types of assistance. What type of grant structures can we use, like, to help local partners improve their capabilities and manage the assistance? Do you think that this is the best model? You said a

tripartite model. Can you just expand on that with how you mean and how we would see the U.S. funds spent that way?

Mr. GLIN. No, great. So that is an approach where, looking at the model of global development alliances, which are public-private partnerships, where USAID can come in, where PepsiCo comes in, and then we support, for example, another program that is in agriculture in West Bengal, where we have an MOU with USAID. PepsiCo is bringing funding, resources, capabilities on the ground, USAID is supporting a local implementing partner, and we are going in, quote/unquote, “aligned” and together.

There also are other models to really tackle the problem that we face with the capability and the accountability of local partners, and that is the USADF model, which really has a tiered grant structure that really is about building the organizational capacity of the entity that you are eventually going to want to see run the program. So you are going in and building their capacity, and then you are expanding their ability to perform, and then eventually they are in a position to run the program on their own.

So it is going in with a long-term, sort of, graduation model in mind. We think of it that elementary school prepares for you high school, high school prepares you for college, and then you are out on your own. With these local organizations, sometimes we do need to go in and develop them, work with them to grow them, and then, hopefully, when they scale, they are able to absorb broader forms of capital from U.S. foreign assistance providers.

So, if we look at AID and other development assistance programs, there is a dovetailing and a linkage and a continuum where one U.S. foreign assistance provider can hand off organizations and can look at ways to grow the organizations for the long term. So collaboration—

Ms. TENNEY. Just quickly, because I want to ask Ms. Armistead a question, so when you get to that higher level, when you develop them, we still maintain our oversight and ability to look at where the funds are spent, correct?

Mr. GLIN. A hundred percent. And it also leads to a difference in the relationship. It goes from not using international implementers to those international organizations really providing oversight and monitoring, which is less costly, which does not require the level of investment for using international organizations to implement programs. We then become more of a service provider, but they are the implementers. They own the solutions, and they own the sustainability of the interventions.

Ms. TENNEY. Great. Thank you so much.

Ms. Armistead, I just wanted to ask you a quick question. How can the U.S. Government more effectively partner with some of the private foundations to utilize their pretty much vast local networks, their resources, and support some of the development solutions? Is that an option for us, you know, similar to what Mr. Glin just outlined?

Ms. ARMISTEAD. Yes, thanks. I think that what we have seen is that partnerships among all development stakeholders can really be powerful in terms of bringing about a more locally led development landscape, whether that is with U.S. foundations, we also do

public-private partnerships, support public-private partnerships, as well as with local NGO's.

I think for us the key is investing in those partnerships, really understanding who the stakeholders are, what assets they can bring, and how we can invest in those partnerships to bring about the most optimal solution.

So I think each one of these has a role to play. And I think investing in those trust-based, mutuality, transparent, equal partnerships can really be a powerful way to approach doing development better.

Ms. TENNEY. Thank you.

I think I am out of time. I yield back, Mr. Chairman. Thank you.

Mr. CASTRO. Thank you, Congresswoman.

We will go right back to Congresswoman Houlahan for a few more questions.

Ms. HOULAHAN. Thank you again.

My question this time will be for Ms. Ali.

Data shows that when women are empowered communities are more prosperous and the world is, of course, a more stable and peaceful place. And so working with more women-led organizations and focusing on women's economic empowerment, I believe, should be a priority of this body and the United States as we aim to take a more locally led approach.

Has failing to sufficiently fund and empower NGO's led by women and other marginalized populations negatively impacted the effectiveness of our foreign assistance? And if so, are there some examples that you might be able to share with us?

Ms. ALI. Thank you, Congresswoman. Actually, that is a very good question because this is one of the things I always talk about.

Lack of locally led development does not just mean that it harms the ability to have impact and it is the right thing to do, but it actually harms women-led organizations. Why do I say that? I will give you a very good example, Somalia.

I am a Somali American, and I have been living here now for about 20-something years. And a majority of the strong, quote/unquote, "strong" organizations that most international NGO's and U.N. agencies partner up with are male-led, almost exclusively. There are very, very few real partnerships with women-led organizations.

And why is that? Because the women-led organizations are oftentimes those small CBOs in country. They do not have access to these meetings in Nairobi. They cannot fly out to Nairobi as easily. They do not have as much grasp of the English language. And they are very local in nature. They are not trying to become these big—they are not trying to mimic the international NGO's, and they want to stay local.

So the policies and what we are doing is actually harming our ability to have a real partnership, meaningful partnership, with those kinds of organizations. I am always in a room of male-dominated Somali NGO's, and that is commonplace.

And I wouldn't say that that is unusual also in Somalia; I would probably say that is probably a global epidemic. Because the more professionalized you want the NGO to be, the bigger capacity they

have, oftentimes the less grassroots they are, and they tend to be more male-dominated.

Ms. HOULAHAN. Thank you.

Would any of our other speakers like to comment on that question?

Mr. GLIN. Thank you, Representative. I couldn't agree more with Ms. Ali.

And I also want to highlight that PepsiCo and the PepsiCo Foundation has for years prioritized women across its entire portfolio of work and sometimes specifically. And so we have a great partnership with CARE International, which is to reach 5 million women farmers and their communities.

And this focus on women, whether—and it is in our programs for access to nutritious foods. We have a focus on women there. Safe water access. We know women are the water bearers and bear the burden of carrying water for distribution essentially around the world, and so we focus on women there. And even in economic opportunity.

So the three pillars of our work, women are integral to every aspect of the work that we do around the world.

Ms. HOULAHAN. Anybody else who would like to weigh in on that?

My next question, with my last minute and a half, is really a general question, which is: What can Congress do to better help here in the area of enabling USAID to work with new organizations, smaller organizations, and local organizations, in very specific terms?

Perhaps Ms. Ali first.

Ms. ALI. Yes, I mean, I think we need to—as I have said, we need to examine the legislative kind of support that can be given to USAID and to incentivize them. There are certain barriers that they have, some compliance, some real barriers.

I think earlier there was a question around innovative ways to move capital to more local organizations. One of the things we have been advocating for for many years is to establish national funds. And the importance of that is because USAID staff are overworked and understaffed, so they want to write big checks, and that is why they like the \$45 million, \$50 million, \$100 million RFPs. But if they establish national funds that are led by civil society in the country that have maybe a humanitarian window, an education window, a human rights window, whatever it may be, they can pool their money into that fund with other donors.

And that allows them to have a greater reach of local organizations. So, instead of having layers of intermediaries, you have one intermediary which is at a national level, led by civil society.

So I think helping USAID to establish different kinds of mechanisms to move money would be really, really important.

Ms. HOULAHAN. Thank you.

And I have run out of time, and I yield back.

Mr. CASTRO. Thank you, Congresswoman.

And that concludes our questions for our witnesses today. I want to say thank you to each of our witnesses, also our members who asked questions.

To our witnesses, thank you for lending your expertise on this issue and your experiences as we move in the direction of more locally led development.

And, with that, this meeting is adjourned. Thank you.

[Whereupon, at 11:15 a.m., the subcommittee was adjourned.]

APPENDIX

**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS**

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

**Subcommittee on International Development, International Organizations, and
Global Corporate Social Impact**

Joaquin Castro (D-TX), Chair

REVISED

September 20, 2021

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held by the Subcommittee on International Development, International Organizations and Global Corporate Social Impact, to be held in Room 2171 of the Rayburn House Office Building. Members who wish to participate remotely may do so via Cisco WebEx. The hearing is available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>.

DATE: Thursday, September 23, 2021

TIME: 10:00 a.m., EDT

LOCATION: 2172 Rayburn House Office Building

SUBJECT: Shifting the Power: Advancing Locally-led Development and Partner Diversification in U.S. Development Programs

WITNESSES: Ms. Meghan Armistead
Senior Research and Policy Advisor
Catholic Relief Services

Ms. Degan Ali
Executive Director
Adeso

Mr. Ali Mohamed
Program Director
GREDO

Mr. C.D. Glin
Vice President
PepsiCo Foundation

Global Head of Philanthropy
PepsiCo, Inc.

*
*(Former President and CEO, United States African Development
Foundation)*

*NOTE: Witness title has been updated.

**NOTE: Witnesses may be added.

By Direction of the Chair

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

HOUSE COMMITTEE ON FOREIGN AFFAIRS

*SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT, INTERNATIONAL DEVELOPMENT
AND GLOBAL CORPORATE SOCIAL IMPACT HEARING: "SHIFTING THE POWER"*

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