

STOPPING AS SUCCESS: TRANSITIONING TO LOCALLY LED DEVELOPMENT

USAID MISSION CHECKLIST FOR SUSTAINABLE TRANSITIONS

DECEMBER 2021

ACQUISITION & ASSISTANCE

- Include **strategic objectives in calls for proposals** for traditional implementers to transition activities and projects to local entities.
- Consider **innovative award structures** such as [Refine & Implement](#) or [Transition Awards](#).
- RFPs/RFAs should call for capacity development of the local organization in areas that are not directly related to program performance such as **strategic planning, operations, fundraising, and financial management**.
- Provide funding for local organizations to attend co-creation workshops in person.
- Employ host country nationals in key personnel positions.
- Request, co-develop, and evaluate offerors' proposals based on an initial, but **detailed sustainability plan** with a clear process laying out steps throughout program implementation.

PROGRAM OPERATIONS

- Require Prime implementers to submit regular reports documenting progress towards the sustainability plans submitted with the proposal.
- Provide funding for **financial audits of local organizations**, either through direct provision, third-party contracting, or allocating funding for traditional partners to audit subgrantees.
- Support local organizations in identifying USG resources procured under a project or activity that can be **retained by the local organization** after close out.
- Tailor financial reporting regulations to individual host countries to allow for **culturally sensitive standards** in different contexts.
- Allow contract or **grant documents and reports in the local language** where possible, or provide no-cost translation services to local organizations.

COMMUNICATIONS AND OUTREACH

- How USAID enters a community matters.** Spend time with communities in a non-extractive, collaborative, open-ended, and respectful way to build trust, ideally before and after programming.
- Advocate for **new host country regulations** covering alternative association models, providing new avenues for local organizations outside of traditional grant-funded models.
- Consider flexibility around waiving branding and marking regulations in countries where governments and civil society have a tense relationship.
- Provide outreach to **inform local organizations of strategic opportunities** available through grants, contracts, and partnerships with other organizations.
- Conduct **ex-post evaluations** or (if ex-posts are not feasible) informal check-ins on activities or projects which incorporate transitions.

For more information and examples that flesh out these recommendations, please see below.

INTRODUCTION

[Stopping As Success: Transitioning to Locally Led Development](#) (SAS+) is a four year cooperative agreement (2021-2025) funded by [USAID/DDI/LFT Hub](#) that seeks to generate learning on how to facilitate development transitions from international to local actors at the organizational, project, and activity level. Implemented by [CDA Collaborative Learning](#) (prime), [Peace Direct](#), and [Search for Common Ground](#), the goals of SAS+ are: to enable development partnerships to be more locally led; for transitions to be more effective and sustainable for the local actors involved; and for systems of development actors (local organizations, international partners, and USAID) and networks to be more responsive to the communities in which they work.

SAS+ builds on learning outcomes collaboratively developed through the original [Stopping As Success](#) (SAS) program's (2017-2020) evidence base of 20 original case studies, and corresponding tools and resources to foster responsible transitions and partnerships that promote local ownership and leadership. The SAS research has revealed a significant gap between the desire of USAID stakeholders to foster sustainable local development and their practical knowledge of how to do so. Put simply, people in a variety of contexts are looking for guidance on how to plan for, implement, and learn from good transitions. Phrased in the language of the project-focused international development and peacebuilding sectors, this document includes high-level suggestions, considerations, and lessons learned around how USAID Missions and Operating Units (OUs) can facilitate effective, sustainable transitions at each stage in an activity and project's lifespan, drawing on illustrative examples from the SAS research.

ACQUISITION & ASSISTANCE

- USAID can include **strategic objectives in calls for proposals** for traditional implementers to transition activities and projects to local entities (whether existing partners or organizations created during implementation) during the period of performance, for example, through a Transition Award. Transitions to a new or existing local organization during a grant or contract allow for a period of accompaniment and capacity development potentially crucial to future success.¹
- AOs and COs should consider **innovative award structures** such as [Refine & Implement](#), which can provide implementing partners with dedicated time to build relationships, establish roots in communities, and forge partnerships with local organizations after the award but before implementation of program activities. Another innovative award structure to consider is a [Transition Award](#) which assists local subawardees in receiving direct assistance awards from USAID. Transition awards are awarded after an initial award is granted to and then transitioned from an international awardee.
- If a transition is scheduled to occur during a grant or contract, USAID should include **funding for broad-based capacity development** of the local organization. This should be in areas beyond technical skills and program implementation, encompassing skills such as organizational management, strategic planning, operations, fundraising, and financial management. Many of the most effective transitions documented by SAS declined to utilize traditional one-off trainings, but rather a longer-term accompaniment model with recurring engagement with beneficiaries and clear milestones for success built into work plans and reporting mechanisms. Specific capacities to develop should be identified through any locally relevant capacity assessment or governance tool, such as USAID's [Organizational Performance Index \(OPI\)](#), and reported on throughout implementation.²

¹ For more information on how to incorporate these lessons into procurement documents, please see the SAS tool "[Procurement Language for USAID Missions and Operating Units](#)."

² USAID's CBLD-9 standard indicator, which measures whether USG-funded capacity development efforts have led to improved organizational performance in organizations receiving organizational capacity development support, provides an excellent reference for capacity development.

- There is increasing interest across USAID in holding co-creation workshops or collaboration events, often through Broad Agency Announcements or Annual Program Statements, in the initial stages of activity design in order to match potential organizational partners, verify local context analysis, and jointly identify effective strategies that can lead to sustainable and positive change. USAID has an opportunity to **provide funding for local organizations to travel and attend these workshops**, giving them a chance to build networks, establish strategic partnerships, and expand their influence. **Alternatively, USAID can meet organizations where they are in the field.**
- Requirements that **key personnel positions in program leadership roles be staffed by country nationals** are an excellent way to build local staff capacity and ensure sustainability after a transition. While some situations may require an expatriate in the director or Chief of Party role, other program leadership roles such as DCOP, Technical Directors, or Finance and Administration Managers can be filled by national staff. In some contexts, it may be difficult to identify qualified local staff or staff may be unwilling to work for a local organization after activity close-out. In this situation, SAS research demonstrates that local key personnel, especially those with a clear interest in continuing to work for the local entity post-transition, can transition to leadership roles with well defined, long term coaching and mentoring built into key personnel scopes of work and activity budgets. This process allows for appropriate personnel to be identified, mentored, and transition into a more senior role.
- Sustainability plans are now commonly included in proposals. However, they can easily become a box-checking exercise. USAID can request, co-develop, and evaluate offerors' proposal based on an **initial, but detailed sustainability plan with a clear process laying out steps throughout program implementation.** The initial plan submitted with the proposal should include indicators to track sustainability of the transitioning entity, including around organizational development (e.g., strategic and business planning, legal registration, hiring), financial sustainability (e.g., financial management capacity, fundraising goals), and technical capacity, along with a capacity development plan to meet milestones. These milestones should be collaboratively defined between USAID and activity staff during program implementation. The initial plan should also include a process to develop a transition strategy, which will define how the INGO plans to transition key program elements to the local entity in the final years of the activity. Since implementers may only identify critical elements of a transition strategy, including capacity development approaches, transitions to specific local leaders, and asset purchases, after the activity starts up, it is likely that concrete transition planning will begin midway through implementation.

PROGRAM OPERATIONS

- Requiring that INGOs submit regular reports as deliverables **documenting progress towards the sustainability plans** submitted with the proposal would be a useful step towards **institutionalizing a sustainability agenda** within a given program. This could take the form of being included as annexes to recurring quarterly reports and annual work plans, or could be included as separate stand-alone deliverables. Reports should detail actions (e.g., milestones around capacity development, registration of local entity, local staff replacing international staff) taken to date and planned actions to ensure program sustainability. The preparation and reporting of sustainability plans/ transition strategies allows long-term sustainability considerations to enter into day to day activity planning and implementation.
- Local organizations are often unable to secure funding for financial audits. **Establishing an audit history**, either through provision of funding for an audit or USAID contracting auditors directly,

allows organizations to take an important first step towards developing a financial track record and policies that will set them up for financial sustainability, regardless of chosen funding model. The general purpose of these audits should not be to assess specific compliance with USG regulations, but more broadly to develop financial systems that will strengthen the organization as a whole. However, if the organization is interested in future USAID funding, the audit will assist with compliance as well as helping them to create an indirect cost structure to recover overhead costs. Otherwise, organizations are forced to rely on the base 10% de minimis rate.

- Local organizations highlighted the **retention of property** such as vehicles, furniture, computers, and information technology systems during project close-out as important to organizational and programmatic sustainability. Besides their obvious functional use, the ability to, for example, sell a car during ebb funding periods can sometimes mean the difference between staying open or closing. As described in [ADS 303mab](#), Agreement Officers have significant latitude in this area: “Disposition may include the following: (1) The recipient may retain title with no further obligation to USAID; (2) The recipient may retain title, but must compensate USAID for the USAID share, based on the current fair market value of the Property; (3) The recipient may be directed to transfer title to USAID or a third party, including another implementing partner or the host country government. In such case, the recipient will be compensated for its proportional share of the Property that the recipient financed with its own funds, if any, based on the current fair market value of the Property.” SAS recommends USAID Agreement Officers **support local**

organizations in identifying USG resources procured under a project or activity that can be retained by the local organization after close out.

- USAID should consider **tailoring financial reporting regulations to individual host countries** to allow for culturally sensitive standards. For example, many cultural contexts include some form of gift-giving when establishing new relationships. For local NGOs entering communities, this means purchasing small gifts is a necessity to establish trust. The inability to expense these gifts without significant documentation means that NGO workers either pay out of pocket (often at significant personal cost) or risk incurring severe penalties. Tailoring financial requirements and allowable costs to the local context can make an enormous difference.
- Many local organizations do not have native English speakers on staff and would find it significantly easier to sign contract or grant documents and write reports in a different language. English language requirements are a significant barrier. USAID should consider **allowing grants, contracts, and reports to be written in the local language** or provide no-cost translation services to local organizations.
- Some local organizations that SAS worked with saw their formal partnerships with contractors and INGOs as being extractive in nature. USAID can gain a stronger understanding of the dynamics involved in such partnerships, as well as of existing issues or strengths, by **distributing a partnership survey** to subgrantees or transitioning organizations implementing a particular activity or project.

COMMUNICATIONS AND OUTREACH

- **How USAID enters a community matters.** Spending time with communities in a non-extractive, collaborative, open-ended, and respectful way is important to gain trust. SAS recommends establishing the expectation of routine feedback loops from program inception, and demonstrating that feedback is being heard, and is valued and

respected even if it is not incorporated into programming. Next, allowing communities to define locally relevant interventions and measures of success can lead to more effective and sustainable programs. This process can create a sense of local ownership that can sustain program outcomes beyond their period of performance. This can take

the form of listening tours, recurring focus group discussions, or simply asking for permission to place staff in communities.

- Host country regulatory architectures are often not prepared or permitted to regulate alternative models of association that can support local organizations' financial sustainability, such as NGOs with a consulting wing, social enterprises, community management organizations, or microcredit organizations. Through formal programs and informal outreach, USAID can advocate for **new host country regulations** covering alternative association models, providing new avenues for local organizations outside of traditional grant-funded models.
- USAID can be more flexible with requests to waive branding and marking regulations in countries where governments and civil society have a tense relationship. This is of particular concern for local organizations, who may face increased government pressure relative to INGOs and may require assistance completing waiver requests.
- Many local organizations profiled by SAS were not aware of strategic opportunities available to them. USAID missions and OUs interested in locally led development should **provide outreach to inform local organizations** that they are able, for example, to request overhead rates (even just the 10% de minimis), to request capacity development from INGO partners, to accompany INGO staff to USAID meetings, and to advocate for retention of property after activity close-out. USAID staff may also consider assisting local organizations with development of a NICRA. Please see the SAS tool [Effective Transitions Through the Project Cycle: NGOs and CSOs](#) for more recommendations.
- **Ex-post evaluations of activities or projects which incorporate transitions** can be an important way to understand the strengths and weaknesses of a contractor or grantee's approach to sustainability. In contexts where ex-post evaluations are not feasible, USAID Missions and OUs can simply check to see if a local organization still exists three or five years after a transition.

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