

# ACFID Feedback on DFAT's Discussion Note for Partners: Investing in Locally Led Development

ACFID and its Members welcome the opportunity to provide feedback on DFAT's *Discussion Note for Partners: Investing in Locally Led Development*. The strong support for locally led development is a welcome emphasis within the Australian International Development Policy and the development of additional Guidance is a positive step in implementing the Government's commitments.

This feedback has been drafted in collaboration with ACFID's Locally Led Action Community of Practice and is structured around the key questions in the *Discussion Note*. ACFID would be happy to provide clarity on any of the issues raised in this feedback document.

## Rationale

What key messages would partners like to see in the rationale?

The rationale could be strengthened by **acknowledging the colonial legacy and resultant power imbalances that continue to influence the global aid ecosystem**. The rationale should reference DFAT's new First Nations Foreign Policy Strategy and acknowledge that our evolving locally led development ways of working will be informed by the strengths and ways of working of First Nations Australians. Also, that First Nations Australians as our original diplomats and traders have much to offer contemporary international engagement through all aspects of the aid program, cultural and learning exchange, diplomacy and trade. It could further highlight the integration of indigenous knowledge and practices into development projects, stressing the importance of recognizing, respecting, and leveraging local cultural heritage and traditional wisdom.

The rationale could also be strengthened by clearly articulating the **value of investing in civil society** as development actors and partners in their own right. The presence of a vibrant civil society not

only plays a critical role in supporting effective and accountable governments and institutions, but also creates a thriving local workforce that represents local priorities and perspectives. Broader investment and engagement with civil society organisations which represent those with lived experience and a deep understanding of the local context is critical for ensuring the long-term sustainability of localisation efforts.

ACFID and its members welcome the acknowledgement in the Rationale that local people are best placed to identify local challenges and propose feasible solutions. This point should be expanded further to recognise that **locally led approaches also produce more effective development outcomes** which directly respond to local contexts and priorities.

Likewise, there should be a greater focus on a **strengths-based and equitable approach to partnership**, with acknowledgement that the shift to locally led development is also an opportunity for Australia to learn from its partners. We suggest



referencing the following statement from the International Development Policy in the rationale: “We will start from a place of respect and an appreciation of the strengths and interests that all partners bring to the table.” (p.26)

The shift to locally led development will require **broad transformational change, and a willingness to engage with complexity**. The rationale could emphasize the imperative for a paradigm shift in development models and advocate for a departure from traditional approaches, urging a genuine

empowerment of local entities. It could also reinforce the need for **systemic change**, pushing beyond token inclusion to ensure that local actors become primary decision-makers in the developmental processes. There is an opportunity to reevaluate existing models and frameworks, urging a recalibration towards strategies that genuinely empower and uplift local communities. This will require a period of adjustment for all involved, and it would be useful to note that the Guidance note is one step of many in a long process.

## Definitions

**Do partners think the proposed definitions adequately capture locally led development, and the range of local actors involved? Should DFAT adopt the OECD working definition?**

ACFID and its members welcome the recognition in DFAT’s definition that the localisation process is essential for ensuring effective development outcomes. However overall, the OECD definition provides greater specificity, and is focused on an expected outcome.

A key concern with both definitions is how they **frame the agency of affected people and local actors**. Both currently imply that agency is being granted, or improved, by external actors and ignore the existing agency of local people and actors. This does not set a positive or equitable tone.

Both definitions also lack an explicit recognition of **power dynamics**. We recommend that DFAT amend its definition to explicitly address the need to name and address power dynamics as a core element of locally led development. It is critical to recognize and challenge existing power imbalances, positioning local actors as leaders who shape and drive the development agenda rather than merely participating in predefined roles.

Likewise, rather than focusing on the ‘needs of local people’, we suggest highlighting that localisation supports and enables development which reflects the aspirations and priorities of local people.

Given that a broad description of local actors is included in the explanatory text rather than a formal definition, we suggest **removing the explicit reference to partner governments** in DFAT’s definition.

We would also suggest that as part of the guidance and in the context of locally led development, that partner governments are considered ‘local actors’ when they are responsive and representative of the demands/wishes of local civil society as opposed to serving the interests of elites and politically beneficial groups.

The description of local actors should be expanded to **include non-traditional actors** such as grassroots innovators and informal sector leaders. These actors are often overlooked in formal definition, yet often play a transformative role in driving change. A comprehensive definition should acknowledge that impactful actors may emerge from various sectors and backgrounds.

While not formally defined, the current articulation of **‘capacity building’** inadequately reflects the importance of two-way learning and knowledge exchange necessary for effective localisation. We suggest the inclusion of a statement highlighting DFAT’s and sectoral commitment to maturing and seeking opportunities to improve its own capacity.



## Country and Program Level

What opportunities do you see to integrate locally led development at country and program levels?

### Decision making and consultation approach

The integration of locally led development commitments at the country and program level requires an intentional commitment to meaningful dialogue and consultation, not just in the implementation phase of an investment. Meaningful engagement requires time, and the development of relationships with diverse local actors who can provide different perspectives. This should be factored into program design.

There is an opportunity to trial models that challenge traditional consultation approaches, and which actively seek the involvement of a range of actors, and which encourage co-creation of programs and on-going engagement in decision-making. There is a risk that without a considered and meaningful approach to engagement with a diverse range of local actors, and careful listening to their priorities, efforts to achieve greater locally led development will only perpetuate an Australian-driven model of what locally led development looks like.

The current DPP process has the opportunity to actively seek the input and decision-making of a diverse range of local actors in the national contexts. It has the potential to create space for an open dialogue within country contexts to explore the role of development partners and to support locally-identified priorities and objectives.

Applying a locally led development lens to both the DPP process and other DFAT facilitated conversations around strategy development (e.g. humanitarian, climate) will help promote the integration of locally led development commitments and actions across a wide range of programs.

### Donor collaboration

There are challenges for local actors and intermediaries in coordinating with multiple donors driving similar agendas across different countries and regions. The establishment of collaborative frameworks to streamline efforts and avoid duplication around locally led development would be a positive and practical step forward. There is an opportunity for DFAT to take the lead in

creating a platform for knowledge-sharing and coordination among donors in the Pacific, facilitating a harmonized approach to locally led development that aligns with the priorities and needs of each specific context. Through such processes, there is also an opportunity to work collaboratively with other donors to reduce duplication and minimise the resources required by local actors to meet multiple reporting and governance requirements for local partners.

### ANGO partnerships

Many ANGOs have well established partnerships and connections with local actors and can play a valuable role connecting DFAT with local partners and communities, and providing an accompaniment role in the transition to locally led development. While there are always areas to improve, many ANGOs have invested in a long-term presence and partnership models – beyond specific financing agreements or program delivery arrangements. ANGOs are actively committed to promoting local leadership and decision-making and more sustainable, equitable partnership models.

### Role of intermediaries

Changing policies, practice, habits and norms to advance locally led development will take time. The need for change is urgent, but progress may be non-linear. The pace and nature of change will vary widely between contexts. Given this, there is a need to recognise and support the role of intermediaries in some circumstances. We suggest the work of [Peace Direct](#) as an example of the range of different roles that intermediaries can play.

### Identifying 'local' actors

In progressing locally led development there is an opportunity to challenge the current status quo in terms of who is considered a local actor within each country and program context, and actively seek engagement with a more diverse range of actors. It is essential that consideration is given to the full range of local actors that could be impacted by potential investments. This may



include non-traditional actors, such as youth-led organisations or movements.

### Data management

There is also an opportunity to leverage local data more effectively for program design and impact

measurement. Data collection and analysis should be led by local entities to accurately reflect on-the-ground realities. Investments at country and program level could include capacity building to ensure data ownership and utilization, fostering a culture of evidence-based decision-making rooted in the local context.

## Delivery, Financing and Risk Management

What delivery models, financing or risk management practice have you seen working well, or is worth trialling? What should DFAT do more/less of?

### Delivery models

We recommend:

- Building locally led development into **investment design** including through specific outcomes and strategies, including theories of change.
- Linking locally led development and partnership modalities that are based on **established relationships and aligned values** rather than 'marriages of convenience'.
- **Co-creating** with local actors reporting requirements and performance measurement indicators that reflect both local and international actors' requirements and expectations regarding outcomes, risk management, learning and accountability.
- Supporting an **accompaniment approach** as an interim measure in progressing to local led delivery, where an ANGO works alongside a local NGO, or civil society or community based organisation to take on some of the administrative and reporting burden.
- Approaching **capacity building as a continuous and evolving process**, led by local demands and contexts. This approach ensures that capacity building efforts are responsive to the evolving needs and priorities of local actors.
- DFAT undertakes **regular, independent reviews** of their approach to Locally Led Development. This ensures continuous improvement, adaptation to local needs, and accountability in the pursuit of more effective and impactful development strategies.
- Minimising the use of competitive procurement processes that effectively transfer local capacity away from local actors by design (the outcomes set) or by procurement modality (such as exclusivity arrangements), which as a result divert the human resources of local actors to DFAT's structures and programs including those of contractors.
- Support delivery models and investments that **decentralise decision-making**, such as participatory budgeting at the community level. There is transformative potential of empowering local communities to actively shape and direct development resources. An example of this is work being undertaken in the Pacific by PIANGO around Public Finance Management.
- Explore **public-private partnerships** that leverage local businesses and startups. This not only fosters economic growth but also aligns with the principles of locally led development by integrating local entrepreneurship into the development agenda. Local partners should be engaged from the outset to ensure the





value chain of private ventures support and are relevant to local communities. Initiatives such as Australian Development Investments offers an opportunity to rethink ways of working and private sector involvement in achieving development outcomes.

## Financing

We recommend:

- Acknowledging that locally led development is likely to require additional funding in the short-medium term and should not be viewed as a cost saving measure.
- **Funding** timeframes which are appropriate for the size and complexity of change being pursued.
- Increasing support to more **diverse local actors** particularly those organisations that represent the interests of marginalised social groups and affected communities.
- Ensuring that all investments include an agreed percentage component of **core or flexible funding** which is provided directly to local civil society or NGO partners. This is essential for building the long-term capacity and sustainability of local actors, particularly civil society networks and organisations.
- Increasing the level of **administrative costs** for both local actors and intermediaries in recognition that a transition to locally led development may require an accompaniment approach, with personnel working alongside their partners, and in some cases an initial uplift in the strengthening of organisational systems and processes.
- Provide support for **partnership brokering and management** as a dedicated line item in all program and project budgets.
- Developing and funding initiatives that nurture **civil society networks or civic**

**space 'ecosystems'** to create opportunities for community partnership and collaboration within civil society, as well as stronger ties and feedback loops between civil society, government and the private sector.

- Tailor financing modalities including the **procurement** application process to the needs and capacities of local actors rather than as a 'one-size fits all' approach. For example, a local actor may have less experience in managing large contracts but more experience in dealing with local communities or authorities.

## Risk management

We recommend:

- Actively supporting the development and implementation of **locally-developed accountability and reporting mechanisms**. These should be considered when initiating and developing partnerships. An example of this is the Pacific Regional CSO Accountability Framework, developed by PIANGO and its national liaison units across the Pacific region. Locally-developed standards and accountability mechanisms are an opportunity for governments, international partners and donors to accept a local model and vision of accountability, that reflects the values, strength and diversity of civil society.
- Supporting the development of **localised risk assessment tools**, created and managed by local actors. This ensures a better understanding of and mitigation strategies for risks inherent in specific contexts, empowering local entities to take proactive measures.
- Taking a **proportionate and adaptive approach to risk management** particularly when working with local partners that is commensurate with the context, scope of activities and resourcing.



## Measuring progress

How can we measure progress? Are the proposed indicators useful, adoptable and useable? Are there any key indicators missing?

ACFID and its members welcome DFAT's efforts to measure progress in this area and the recognition that approaches will need to be adapted to different contexts.

It is important that the Guidance provide a **clear and shared understanding for DFAT and its partners about the overall purpose and expectations** in terms of monitoring, evaluation and learning against its locally led development commitments. It would be beneficial if the Guidance could outline how the collection of data will be used to learn and drive change across the Department, and some further articulation as to what is expected at the different levels of investment.

To improve the measurement of progress in locally led development we recommend the inclusion of an **overarching reflection and learning process for DFAT** in the Guidance. This should outline accountability measures and expected learning processes, that would bring together learning at a portfolio or investment level. Ideally it would include long-term and qualitative MEL and research on locally-led development and the extent to which partnership structures, cultures, systems, processes and relationships change over time, to enable DFAT to learn from and demonstrate its experience.

The **useability and usefulness** of some of the indicators for measuring progress in locally led development depends on how some of the elements are defined. For example, what constitutes 'codesign with local leaders and stakeholders' or 'local participation' or even 'local personnel/advisers' could be interpreted widely. A lack of consistent approach will make establishing baselines, as well as ongoing monitoring challenging. Having a clear understanding of the purpose of measurement will be critical, particularly for measuring progress across the Department. Additional definitions and guidance will be needed to support consistency and the usefulness of some of the proposed indicators as baseline data.

Overall, there is a valuable opportunity to outline in the Measuring Progress section how users of the Guidance can **implement MEL processes that explicitly progress locally led development**. For example, the guidance could encourage users to adopt existing locally tailored MEL systems or to collaborate with local partners in the design of MEL systems. This could also be linked to any MEL related elements in the Spectrum.

We recommend:

- **Removing the final indicator** "Evidence of local organisational systems...that meet Australian due diligence and legislative or policy compliance" as it is unclear how this would directly empower and support the aspirations of local actors. DFAT should review its requirements to meet local organisations halfway.
- **A new indicator which seeks the views of partners**, e.g. "% of local partners who say that the program and partnership meets their expectations and definition of locally led development."
- **A new indicator**: "The number of local partners that represent the interests of marginalised social groups".
- **A new indicator**: "% of partner agreements that include mutually agreed capacity strengthening support".
- Development of more complex indicators that capture the nuanced aspects of local leadership and empowerment, incorporating **qualitative assessments of local actor autonomy and decision-making power**.
- Encouraging the development of indicators which **reflect the aspirations and priorities of the communities being served**.
- **Grouping the indicators** in some way to give further guidance for users about which might be most appropriate, e.g.



around the type of investment, or in alignment with the Spectrum. If there are core indicators which will be used for baselining these should be identified. It would be beneficial to outline a clear link between the indicators and the different elements in the Localisation Spectrum.

- **Utilising existing data collection processes and indicators** and including an explicit recommendation in the Guidance that **consideration given to the impact** of any new requests for data on downstream partners, including local actors.

## Localisation Spectrum

**Is the spectrum a useful tool in defining localisation intent? Does it adequately capture the role of intermediaries?**

ACFID and its members welcome the development of a Localisation Spectrum and its use by DFAT as a tool for tracking progress and establishing a common language in the localisation journey. The following recommendations are provided to strengthen the Spectrum and its useability and usefulness for DFAT and its partners.

### Rationale and use of the Spectrum

The usefulness of the Spectrum could be enhanced by the expansion of the accompanying explanatory text. In particular it would be useful to explain what the intent and expectations are around the use of the Spectrum by DFAT and partners. For example, is it for self-assessment or a monitoring tool; or who should be involved in using the Spectrum as a tool; how should the tool be used to inform decision-making; how will DFAT use this tool with partners. Additional guidance or examples about how the Spectrum could be used by a variety of stakeholders would be helpful.

It would be good to also recognise in the guidance that locally led development can be a non-linear process, and that a program may shift over time, particularly if affected by disaster or conflict. We note this is included in 'Ways to Embed Locally Led Development' at a portfolio level, and could be reiterated here.

Likewise, it would be helpful to note that a program or portfolio could be working across more than one level. For example, they may be operating at 'Partial' in the MEL approach, but 'Emerging' in terms of decision making and responsibility.

We would suggest framing the overall ambition as having all portfolios and programs progress along

the Spectrum, in ways that meet their specific objectives and contexts. Stating that not all will be 'advanced' seems to limit the ambition, rather than encouraging a reflection on what is possible for each portfolio or program.

### Structure

We recommend structuring the Spectrum around phases of investment, rather than characteristics or functions. For example, the Spectrum could outline what emerging, partial and advanced locally led development looks like through policy and direction setting, planning, risk assessment, safeguarding and design phase, implementation (including phases of procurement, granting and sub-granting as relevant), performance management, review and evaluation. Considering the "supply chain" of the Department's investment allows for a more holistic approach to the application of locally led- principles, and maximises the opportunity to engage the whole Department.

We strongly support the inclusion of **case studies and program examples** in the Guidance but suggest reformatting so these do not sit at the bottom of the Spectrum. Doing so implies that the Spectrum should only be read vertically, and that one program could not include evidence of emerging, partial and advanced locally led development characteristics. The case studies would be more beneficial if they were accompanied by additional detail and a clear link to specific elements in the Spectrum.

If the current structure is maintained, we recommend separating staff profile from procurement, as these are two distinct domains which involve different DFAT and partner processes. The evidence of an 'Advanced' MEL



approach could also include reference to the collection of data, evidence and learning which serves the interests of the local partners and stakeholders. This recognises that MEL approaches are often focused around donor needs, which can be extractive and burdensome for local partners.

### Design phase

The Spectrum could be strengthened by the inclusion of specific content around program design and agenda setting.

### Role of intermediaries

There is an opportunity to be more explicit about how intermediaries are being defined, as this is not a term used elsewhere in the document. Without a clear definition or description, the term is open for interpretation, which significantly changes their role and the opportunities for progressing locally led development.

### Language in Spectrum

There is an opportunity to acknowledge within the Spectrum the diversity of local actors, and that some 'local actors' will be more 'local' than others. It is likely that there will be significant differences in the expectations and intent in the application of the Spectrum, and it would be useful to consider including more language around the inclusion of diverse local actors, to avoid the risk of concentrating the process within local elites or purely at a government level. Having a clear

understanding of who is considered 'local' within that program or portfolio context will also help DFAT to collate and share meaningful examples and learning for a diverse range of investments. Locally led development will be most sustainable and effective if DFAT can support and work with a range of civil society organisations, including fledging groups, rather than simply consolidating and expanding the existing large/established organisations.

### Measuring progress

Once baselines are established, we suggest the inclusion of specific benchmarks within the spectrum to measure the progress of localisation. These benchmarks should be accompanied by clear, actionable steps that guide the transition from one stage to the next. Stakeholders would benefit from a practical and actionable framework that allows them to assess their current position on the spectrum and take concrete steps towards more localised and empowered development practices.

We also suggest that there be a clear link between the Spectrum and the indicators for measuring progress.

## Enablers and Barriers

What are the key enabling factors in supporting better locally led development? Conversely, what are the key barriers, and how can we overcome them?

### ENABLERS

- **Enabling Environment:** A strong, robust civil society is essential for effective and successful locally-led action, contributing the workforce that represents local priorities and perspectives. Locally led development can be supported where efforts are made to support an enabling policy environment, for both civil society and private sector actors. This includes policies that affect registration, financial

flows, taxation etc. These issues can be addressed by consulting with the actors concerned and agreeing modalities that meet these requirements or by agreeing exemption from standard requirements (e.g. coverage of VAT in some countries or working with unregistered organisations in others).

Supporting efforts to create an enabling environment for civil society and other





local non-government actors will reinforce efforts to develop resilient, robust and accountable institutions, and governments that will in turn be responsive to and represent local civil society.

- **Resourcing:** Policies and guidance that are consistent with locally led development must be supported by appropriate resourcing (financial and also technical support including for systems improvement). This can be addressed by investment designs that specifically capture the intent of locally led development (such as specific outcomes), are resourced (in time and finances) to cover organisational costs; and are flexibly managed (adaptive management).
- **Flexibility:** Flexibility in program management, including adjusting outcomes and indicators over time in response to changes in the context and based on the feedback from local actors. Greater flexibility also recognises that local actors often work under different pressures and issues (social, political, economic, etc.) that may not be fully understood during program design.
- **Capacity strengthening for personnel:** Change often starts with the individual. Training and support for DFAT personnel and partners to develop cultural competence and how to apply a strengths-based approach to development will be essential in building effective and equitable partnerships. Local knowledge and practices are often undervalued in traditional development paradigms, and we advocate for a more inclusive and culturally sensitive approach.
- **Personnel:** Likewise, increasing locally engaged staff and seniority at Post and reducing international staff would enable greater locally led development.
- **Recognising and addressing power imbalances:** Understanding how power imbalances may be impacting program delivery or a partnership, is a fundamental step in achieving greater locally led development. Simple tools, such as power

analysis, can assist in developing a deeper, more nuanced understanding of the specific program or partnership context. This can help identify where and how power should be yielded for a specific purpose, in order to achieve objectives.

## BARRIERS

- **Financing:** Some donors may see locally led development as a cost efficiency approach and fail to adequately resource the costs of supporting local actors or the costs of local actors. Local actors also require administration costs and these should be built into financing plans in addition to standard provisions (such as for indirect/administrative costs). This is particularly a barrier for civil society organisations, including grassroots and community based organisations, who may have limited access to core funding.
- **Address Systemic Barriers:** Unequal power dynamics, racism, prejudice and paternalistic attitudes are still prevalent in international development. Commitment towards locally led development must go beyond technocratic solutions to ensure organisations, including donors, reflect on what needs to happen to challenge colonialist, sexist and racist behaviours and practices that still dominate the international development system. This [Bond UK guide](#) and [ACFID's Yielding and Wielding Power Toolkit](#) are useful examples of how INGOs are reflecting on these issues, and how they relate to locally led development.
- **Procurement modalities:** In competitive procurement of services multiple bidders may compete for the services of local actors resulting in the local actor(s) becoming overwhelmed or key local actor(s) becoming excluded from the program if they are part of an unsuccessful bid. This can be addressed by purposefully removing exclusivity for key local actors during calls for proposals and by designing programs to consider



the capacity of local actors as a specific outcome.

- **Capacity:** Smaller local civil society organisations and local NGOs are more vulnerable to reliance on key individuals, multiple demands of different agreements/ priorities and limited cash flow. This requires more flexible partnerships that recognise and adapt to these constraints. This can be addressed through partnership arrangements that recognise and address these constraints and an intermediary approach which builds on established relationships to manage difficult conversations and provide support.
- **Risk:** A locally led development approach can reduce overall risk in the medium to long term but does represent short term implementation risk particularly in terms of achieving targets. This can be addressed by setting outcomes, indicators and targets with local actors and by setting these to focus on a transition to

locally led development as a specific outcome.

- **DFAT reporting requirements:** A high level of resource allocation can be needed for compliance and is a barrier to local ownership. Factoring this into staffing arrangements and/or adjusting reporting requirements commensurate with the size of the risk would reduce barriers.
- **Program design:** Not allowing enough time and space for genuine dialogue, joint decision-making, genuine participatory community engagement, along all steps of the program cycle from program scoping, to partnership formation, to design, tendering, inception, implementation, MEL, closure.

## Contextual and Operational Considerations

Are there particular contextual or operational considerations for your organisation, sector, country or region that you would highlight as relevant to locally led development?

**Shrinking civic space:** A key contextual and operational consideration is that in many countries governments are closing down civil society space. It is especially important that donors, including DFAT, continue to support CSOs in these contexts. Operating in these environments requires a long term and flexible approach including a shared acceptance of risk between donors, intermediaries and local partners.

**Conflict and Post-Conflict:** Traditional development models may fall short in conflict and post-conflict contexts, necessitating a more nuanced, locally informed approach that considers the specific challenges and dynamics of these situations. There can also be opportunities to actively progress locally led development, as local actors, particularly civil society organisations and

local NGOs, are often best placed and the most effective and trusted responders in these fragile conflict/post-conflict settings.

**Diverse contexts:** Tailored strategies should encompass not only geographic and economic factors but also sociopolitical, demographic and cultural nuances to effectively address the unique needs of each community. There is considerable diversity within local contexts and a one-size-fits-all approach should be avoided, even within a country context.

**Humanitarian response:** Compounding, complex, and long-lasting crises have become the new normal. The underlying vulnerabilities and causes of humanitarian crises are being exacerbated. Shifting power to local actors and transforming



systems is essential for effective and inclusive humanitarian response.

A clear roadmap to more locally led humanitarian assistance is needed within the new Humanitarian Strategy that signals the Government's commitment and intention to the agenda similar to the USAID Policy for Localization of Humanitarian Assistance.

To help measure progress this should include a commitment to regular and transparent reporting

on Australia's progress to meeting the Grand Bargain commitments, including providing at least 25 per cent of humanitarian funding to local and national responders, as directly as possible, and in consultation with civil society.

While DFAT's Discussion Note speaks to 'development', this should not exclude the inclusion and consideration of how Australia's commitments to locally led development are implemented in humanitarian assistance, as part of the development program.

