

LOCALLY LED DEVELOPMENT: SWISSCONTACT'S POSITION AND FUTURE ENGAGEMENT

INTRODUCTION

At the heart of international cooperation lies the very notion of collaboration and exchange between a variety of actors at the global, national and local levels, each with their own expertise, to achieve the shared goal of sustainable impact at scale. Collaboration and exchange are also the main topics embraced in the debate over locally led development.

Locally led development in international cooperation has historic roots, including the participatory approaches of the 1970s and the debates about aid effectiveness in the 2000s. Concerns about the effectiveness of humanitarian aid led to the Inter-Agency Standing Committee of the United Nations' 'Grand Bargain' in 2016 and 2021. This agreement requires the largest donors and humanitarian organisations to deliver 25% of international humanitarian funding to national and local responders and involve recipients of aid in making decisions that affect their lives. In 2023, 15 major foundations and 18 bilateral donors signed the Donor Statement on Supporting Locally Led Development¹, committing to shift and share power, channel high quality (long-term, unearmarked) funding as directly as possible, and advocate for locally led development. Locally led development is associated with strengthening civil society. The OECD's Development Assistance Committee's standard linked to locally led development is called the DAC Recommendations on Enabling Civil Society in Development Co-operation and Humanitarian Assistance. A recent OECD toolkit suggests providing more direct, unearmarked and multi-year funding to local partners and covering their overhead costs in order to empower them in terms of how funds are spent.²

Swisscontact recognises the importance of enabling the agency and leadership of local actors in the design, implementation and monitoring of projects. However, the heavy focus of the localisation debate on direct funds for local actors distracts from the fact that locally led development and sustainable impact at scale can only be achieved in combination with non-financial support, such as intermediation, technology transfer and capacity strengthening. Swisscontact strives to achieve economic development through sustainable, inclusive impact at scale. We believe that this requires an independent facilitator who mediates between the different local stakeholders and promotes local mechanisms for sustainable development outcomes. This kind of facilitator role is impartial and temporary and thus dispensable. This role is fundamentally different from the role played by actors that are part of the "local" system, such as a value chain or educational system.

Swisscontact fully subscribes to the need for revising the colonial foundations of approaches in international development. For decades, it has been common practice in international cooperation to design and implement projects together with local actors. This provides a practical starting point. This paper describes Swisscontact's position in the localisation debate and includes various points that are relevant to the OECD, for example regarding the recommendations on direct high-quality funding and partnership quality (see chapter 4).

KEY MESSAGES:

- **Sustainable impact at scale is the primary goal of international cooperation. Locally led development shall serve to achieve sustainable impact at scale, rather than being an end in itself.**
- **The greatest impact will be achieved when stakeholders – whether local or international – assume the role in which they add the most distinctive value and for which they are best suited in accordance with the development objectives.**
- **Local actors must have decision-making power regarding development needs, priorities and solutions and these decisions must be oriented towards the goal of achieving inclusive and sustainable development.**
- **Transformational change and impact at scale require more than the transfer of financial resources; they require capacity strengthening, knowledge transfer, innovation and other non-financial support.**
- **International organisations can play a valuable catalytic role that complements the role of local actors and does not displace local actors or undermine the principles of locally led development.**
- **Strengthening civil society addresses some development challenges (e.g., in terms of advancing democratisation), but it may not be the priority intervention in other areas of work (e.g., economic development).**

1. TENSION POINTS OF THE LOCALISATION AGENDA

Swisscontact supports the goal of locally led development and the principles of leadership and agency for local actors. However, there are some critical aspects and risks, which must be well managed.

In general terms, we see the following three tension points:

- **The localisation debate emphasises money and power shifts rather than aid effectiveness.**
Discussions focus more on who receives funding, makes decisions, and implements, and less on the best ways to achieve sustainable impact at scale.
- **The localisation debate assumes that vocal local actors' interests and values are compatible with the principles of inclusive and sustainable development.**
There is a risk of ignoring conflicts of interests, such as the need to secure one's own future, as well as narrow interests representing only those of limited segments of society, or those based on values incompatible with inclusion, alleviating poverty, or human rights.



- **The localisation debate lacks nuance about what “local” actually means.**

There is a risk that identity politics could come to matter more than other aspects of local actors, such as capacities, experience and motivation. The legitimacy of representing local populations remains unquestioned for organisations that fall within the category of “local”.

More specifically, if the localisation agenda is implemented without considering these tension points, it may result in the following unintended consequences:

- **Regarding direct, high-quality (flexible and core) funding to local organisations:**

Direct funding does not automatically guarantee a power shift if donors or agents retain decision-making authority to ensure accountability or quality. Core funding allows for greater agency; however, if direct funding modalities do not assume the form of core funding, they risk becoming a kind of window dressing.

International donors prefer bigger projects to avoid funding many small projects, which increases the volume that needs to be handled by local CSOs – this could also increase the risk of fraud. Lastly, dependency on foreign funding is likely to remain high.

- **Regarding local power dynamics and conflicts:** Some local organisations may represent certain social, political or ethnic groups more than others. Involving or commissioning selected local actors in development initiatives may potentially change existing local power dynamics, thereby fostering a sense of exclusion for members of other parts of society and increasing conflict. If the lead for development initiatives is one-sided or unintentionally follows ethnic or other lines, there is a risk of unintentionally causing harm.

- **Regarding the implementation of complex projects exclusively through local actors:** These types of projects often work across international value chains, multiple geographic areas or national systems. The local implementing actor needs to have the ability to work across economic, geographic or political “boundaries” to ensure the effectiveness of the project interventions. Furthermore, development problems and solutions are rarely confined within local geographic or political boundaries. Focusing exclusively on solutions developed in the local context can fail to address the root causes of problems that may originate outside that context, e.g., in an export industry, changing consumer preferences or regulations in buying countries. This can also ignore valuable external expertise, technology and investment and focus on creating costly new local solutions while missing out on the benefits of adapting tested solutions from elsewhere, e.g., climate change solutions.



- **Regarding requirements for project design, steering and implementation:**

As requirements on compliance, accounting and reporting for implementing organisations tend to remain strict in order to reduce the risk of fraud, this could potentially reduce the landscape to the Civil Society Organisations (CSOs) most capable of working with international donors instead of promoting a diversity of local voices and interests.

2. SWISSCONTACT'S UNDERSTANDING OF LOCALLY LED DEVELOPMENT

Swisscontact's understanding of locally led development is linked to the approach we use in development interventions and to our position in the international aid value chain. For Swisscontact, promoting locally led development means enabling the agency and leadership of diverse local actors in the design, implementation, and monitoring of projects and strengthening their organisational capacities in terms of resourcing, management, and accountability.

From our point of view, the key aspects of locally led development are:

- Representatives of the target groups are involved in project development and strategic and operational **decision-making**
- **Partnerships are equitable** and based on mutual trust and respect

It is important to emphasise that: (a) there is a wide range of types of local actors, including civil society, the public sector, and the private sector; and (b) local voices are rarely homogenous or unified and the reality is a cacophony of local voices, which are not always representative of the entire local population.³ Facilitating a dialogue among different interest groups that allows for the buy-in of relevant actors is a prerequisite for economic development and, as such, is already an objective in its own right.

Based on our way of working and the development initiatives we are engaged in, we define local actors as those that are part of a particular local system: those that operate within the local context, are subject to local laws, and whose actions are centred around local issues.⁴



For Swisscontact, local actors include domestic NGOs, grassroots and community-based organisations, membership organisations, umbrella organisations, companies and entrepreneurs, municipalities, sub-national government departments and agencies, national ministries and agencies, academia and research organisations, etc. Depending on the actors' specific roles in the local society, politics, and economy and the goals of the cooperation project in question, Swisscontact applies different localisation practices based on what is relevant within the respective partnership (see table below). Within Swisscontact's partnership management policy, we distinguish between consortium partners, implementing partners, subcontractors and third parties. The questions of core contributions, overheads or organisational strengthening are not equally relevant for all these partners and depend on the goals of the intervention. Issues of core funding mostly concern civil society organisations, but usually not public partners or private sector actors because core funding may disrupt the financial sustainability of these actors.

3. SWISSCONTACT'S POSITION IN THE LOCALISATION DEBATE

FINANCE FLOWS

- **Direct access to funds can play an important role but impact at scale can only be achieved when combined with non-financial support**, including technical assistance, multi-stakeholder cooperation, and mediation to and between local actors. Knowledge is essential to stimulate and drive sustainable economic development that is based on innovation and system change.
- **Sustainable and inclusive economic development is the primary goal of our work.** From a perspective of “downward accountability” and a commitment to achieve the SDGs, the question of how goals can be achieved takes priority over the criteria of the local origin of the receiver of the funds.
- **Making sustainable investments in local organisations requires strengthening local organisations through strong, close and long-term partnerships.** As an international NGO, we have the experience and capacity to strengthen local organisations so that, in the future, they will be able to deliver impact at scale and raise funds on their own.

RELATIONSHIP QUALITY AND DECISION-MAKING POWER

- **Swisscontact's approach gives leadership and agency to national and local actors based on the principle of subsidiarity.** Swisscontact plays a temporary, catalytic role, co-creating and co-investing in innovative solutions with local actors, putting them in the driver's seat, and providing them with non-financial, technical assistance as necessary.



Swisscontact's role is to strengthen the different actors in a specific context or system so they can perform their role better in order for inclusive and sustainable economic development to be achieved. Depending on the role that local partners have, they are often given a leading or controlling role in project design and implementation (e.g., through steering committees).

- **Successful development cooperation needs to build on the distinctive value of each actor involved.** While each of the local actors plays a highly unique role, having an external, temporary, impartial actor play a catalytic role also creates a distinctive added value. This includes the transfer of ideas (in all directions, including South-South), innovation, and technology, as well as mediation and conflict resolution. Success means that the role of the external actor becomes less important as local partners recognise the benefits of institutionalised processes and take responsibility for development themselves. To become dispensable is in the interest of an external actor, but it cannot be the interest of an actor who has a permanent role in the local context.

- **For sustainable development outcomes, it is important to strengthen the public and private sector and their interaction.** A strong civil society will solve some development challenges (e.g., democratisation), but it will not necessarily advance others (e.g., economic development). For the latter, public-private development partnership modalities, in which local private and public partners become significant funders and drivers of the change agenda, are expedient.

In the long run, economic development processes need to be led by the dynamic interplay of different types of actors who have influence and take decisions at different levels. These actors include sub-national and national governments, which play a vital role in spreading development solutions, along with the private sector and civil society. The private sector tends to operate within complex supply chains that are not defined by geographic or political boundaries – or easily categorised as “local”.

4. SWISSCONTACT’S APPROACH TO LOCALLY LED DEVELOPMENT – NOW AND FUTURE

Swisscontact’s approach to locally led development is based on systems thinking and practice in which the ownership and sustainability of local systems and actors is integral. This includes:

- **Co-creation of innovations with national and local actors** through participatory workshops and other forms of direct interaction that bring actors together to co-analyse issues and opportunities and jointly create solutions.
- **Co-investment with local actors**, which includes risk sharing based on a common purpose, enabling these actors to steer the innovations and increasing their ownership.
- **Co-facilitation with local actors (sharing our facilitation role)** and thus practicing joint strategic decision-making and risk sharing.
- **Involvement of local actors in strategic decision-making**, for example in terms of sector selection and intervention design.
- **Building on local initiatives and incentives**, thus ensuring long-term ownership and sustainability of solutions.
- **Providing technical assistance and other non-financial support to local actors** within service-based partnerships in order to strengthen them as they are the ones leading the development process.



Based on these already existing practices, in general terms, priority will be given to:

- **Increasing leadership and decision-making of local actors regarding development solutions and steering**
- **Implementing more participatory methodologies for project design, monitoring and evaluation** (including joint definition of output/outcome indicators, MRM tools and intervention design)
- **Improving partnership quality** (defining partnership principles, more equitable contractual models, more transparent cost sharing modalities)

Depending on the type of partnership, Swisscontact will give priority to the following issues:

- **For consortium partners:** Partner-led strategies, design and monitoring; increased institutional capacity sharing
- **For implementing partners:** Increased mentoring, accompaniment and peer learning; increased institutional capacity sharing, pilot self-managed funds for institutional capacity strengthening
- **Subcontractors:** No priority issues since subcontractors implement based on a specific mandate.
- **Third parties:** Partner-led development initiatives, definition of outcomes and priorities; increased and enhanced participatory methodologies.

Swisscontact shares overhead costs when partnering with local organisations in a consortium. For implementing partners and third parties, our approach is mainly one of co-financing. We focus on making sure that the local actors have the capacity and see the need to fulfil their role. Our role is one of technical assistance to local stakeholders (both private and public).



Swisscontact does not follow a blueprint approach to all its projects. The role Swisscontact plays in the development process will depend on country context, including the level of capacities and resources of local public, private and civil society organisations. While we always work through a facilitator role, the different facets of this role might be more or less relevant depending on the context and can include being an advisor, co-facilitator, connector and eco-system builder, convenor, knowledge broker, stimulator, or co-learner.⁵

Further, Swisscontact acknowledges that different donors have different positions, preferences, framework conditions, and requirements in terms of localisation and locally led development. The way projects implement locally led development therefore also depends on the funding modalities offered and the risk appetite of the specific donor.

5. SWISSCONTACT'S INDICATORS TO MEASURE LOCALLY LED DEVELOPMENT

Based on our systems approach, we recognise that locally led development can evolve during the project cycle, with local actors increasingly assuming responsibility. To measure our commitment and progress on the principles of locally led development, we will consider the following aspects and measure them where possible (depending on the country context):

- **Level of engagement of local partners in project design and steering** (e.g., leading design, co-design, providing input, voicing concerns, being consulted)
- **Level of satisfaction of local partners with engagement in project design and steering**
- **Level of co-investment of local partners**
- **Volume of funds administered by local partners** (as a percentage of project volume)
- **Volume of funds provided to local partners for organisational development** (as a percentage of total funds administered by local partners) (this will be piloted only in a few selected projects)



¹ [Donor Statement on Supporting Locally Led Development | Basic Page | U.S. Agency for International Development \(usaid.gov\)](#)

² [Funding Civil Society in Partner Countries: Toolkit for Implementing the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance | en | OECD](#)

³ Within the localisation debate, “local” is used for very different types of Global South actors, spanning from national governments to grassroots organisations. In some cases, organisations that are legally local but founded by and dependent on organisations in the Global North are treated as local organisations.

⁴ This definition is aligned with the OECD. See OECD report “Pathways Towards Effective Locally Led Development Co-operation”, pp. 15. It additionally specifies: “Local actors can include government (national and subnational entities), parliaments, non-government organisations, grassroots associations, community-based organisations, traditional and spiritual leaders, academia, media, and the private sector. They can also include regional organisations, confederations, coalitions, and networks if member organisations maintain independent fundraising and governance systems. Internationally affiliated organisations, international NGOs, multilaterals, and international private sector organisations are excluded from the definition.”

⁵ See also the nine different roles of intermediaries identified by Peace Direct: <https://www.peacedirect.org/the-nine-roles-that-intermediaries-can-play-in-international-cooperation/>