



Capacity Development for Whom? An Agenda for USAID Reform in Haiti

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Executive Summary

For more than a decade, under both Democratic and Republican leadership, the United States Agency for International Development (USAID) has placed localization at the heart of its reform initiatives. Yet, despite these sustained efforts to expand the agency’s partner base and increase the level of funding directed toward local country systems,¹ progress has been hard to come by. Over the past decade, USAID funding going directly to local organizations has only increased from 4 percent to 6 percent.²

On November 4, 2021, USAID Administrator Samantha Power pledged to increase this figure to 25 percent within the next four years. The status quo, she noted, was incredibly hard to shift. “There is a lot of gravity pulling in the opposite direction, but we have got to try,” Power said.

This paper seeks to answer the question of why, despite this bipartisan commitment, reform has been slow to take root. It then sets forth a series of concrete recommendations for both the short and long term. The focus of this report relates to Haiti; however, the principal barriers to reform identified, and the recommendations, are equally applicable among the nations where USAID operates.

Nevertheless, Haiti makes for an exemplary case study. Since the 2010 earthquake there, USAID has spent more than two billion dollars on humanitarian relief and long-term development in Haiti. Nearly 12 years ago, donors pledged to learn from prior failures and truly “Build Back Better.” USAID’s initial adoption of the localization agenda occurred the same year as the Haiti quake, yet only 3 percent of USAID funding went directly to Haitian organizations, while a majority went to just a small handful of organizations based in Maryland; Washington, DC; and Virginia.

Perhaps the most significant “lesson learned” from the response to the 2010 earthquake is how foreign aid has undermined the ability to strengthen government institutions and local systems. The failure to operationalize USAID’s localization reform agenda clearly contributed

¹ According to USAID (2014), “Local systems refers to those interconnected sets of actors—governments, civil society the private sector, universities, individual citizens and others—that jointly produce a particular development outcome.”
² Power (2021b).

to the lack of sustainable results over the longer term.

What has prevented USAID reforms from taking root?

- **USAID is overly reliant on a small cadre of largely US-based contractors.**
- **USAID staff levels remain woefully inadequate.**
- **USAID reform efforts have rarely been accompanied by legislative action.**
- **Organizational culture and systemic racism also play a role.**

As Administrator Power noted, it will take time to change how USAID operates. The situation on the ground, however, cannot wait for long-term structural reforms to address these barriers.

Today, Haiti confronts a series of humanitarian crises, including responding to another earthquake which devastated the southern peninsula in August 2021. USAID has already awarded at least \$50 million to contractors for humanitarian relief. Not a single contract has gone directly to a local organization.

While addressing long-standing bottlenecks in the delivery of US foreign assistance will require more structural reforms, this does not mean that there are no short-term steps that the US can take to support relief and reconstruction efforts in Haiti in a way that avoids the mistakes of the past.

Specifically, in the short term USAID could:

- **Establish a permanent presence outside of Port-au-Prince;**
- **Perform a mapping exercise to identify local organizations in Haiti;**
- **Make every effort to empower the local mission and local staff;**
- **Establish a pilot program focused on supporting local partners;**
- **Fully incorporate community engagement and feedback into the contracting process ;**
- **Provide direct support to Haiti's Directorate General of Civil Protection (DGPC).**

None of these actions, even when taken together, will be enough to change the aid reform paradigm. However, it would be a mistake to wait for longer-term reform efforts to take root before at least trying to improve the delivery of aid on the ground. Rather than one-sidedly focusing on increasing the capacity of local organizations, these modest steps would shift the focus to increasing USAID's own capacity to reach local organizations.

Introduction

While addressing long-standing bottlenecks in the delivery of US foreign assistance will require more structural reforms, this does not mean that there are no short-term steps that the US can take to support relief and reconstruction efforts in Haiti in a way that would avoid the mistakes of the past.

In the short run, and without a legitimate government in place, it will be extremely difficult for the US or any donor to provide direct funding to public institutions, which is broadly recognized as necessary for long-term development. However, public institutions are only one component of local systems. This issue brief focuses on another critically important aspect: local organizations.

Specifically, this issue brief will analyze where USAID funds have traditionally gone in Haiti, what barriers exist to getting more funding into the hands of local actors, and then put forward a series of short- and long-term recommendations for reform.³

We know what does not work and we know what will work. Putting those lessons learned into practice, however, will remain a significant challenge for USAID.

Background

For decades, donors, aid organizations, and officials of aid-recipient nations have held high-level discussions on how best to reform and modernize foreign assistance. Convened under the auspices of the Organization for Economic Cooperation and Development (OECD), the Paris Declaration on Aid Effectiveness, signed in 2005, and the Accra Agenda for Action, signed in 2008, ushered in a new way of thinking about foreign assistance and long-term development.⁴

There are three main themes that emerged from these efforts. First, local ownership is imperative. In other words, countries must determine their own development priorities, and donors should work in support of those goals. Second is the concept of inclusive partnerships.

³ In the preparation of this report, the authors conducted more than a dozen interviews with development experts, leaders of Haitian organizations, individuals working with USAID contractors, USAID officials, and congressional staff. All individuals were granted anonymity to be able to freely express themselves.

⁴ OECD (n.d.).



Donor countries agreed to seek new relationships, especially with local organizations, to effectively deliver aid. Finally, there is monitoring and evaluation. Transparency, accountability, and investing in measuring results is a key factor in ensuring foreign assistance actually delivers for the intended beneficiaries.

These principles initially related most predominantly to longer-term development assistance as opposed to emergency humanitarian assistance. However, parallel conversations were also taking place among humanitarian actors.⁵ In 2016, donors, aid organizations, and other stakeholders agreed to the “Grand Bargain,” which currently has 63 signatories, including the United States.⁶ The Grand Bargain seeks to incorporate some of these development assistance principles into the humanitarian context, specifically with regard to transparency and increasing the amount of money going to local actors. The bargain also seeks to center affected communities in determining their needs and simplifying reporting requirements to ensure greater access to resources.

After the election of Barack Obama in the US, the administration made reforming foreign assistance a priority and undertook a series of measures aimed at bringing USAID more into line with the global principles espoused by the Accra Agenda for Action and earlier by the Paris Declaration.⁷

Unfortunately, translating those principles into action has proven much more difficult. This has especially been the case in Haiti.

The 2010 earthquake in Haiti caused unprecedented losses both in terms of lives and damage to infrastructure. The international community responded in kind, with donors pledging more than \$10 billion to both the humanitarian response and longer-term development. Donor efforts were encapsulated by the phrase “Build Back Better.”

While there is no doubt that humanitarian efforts saved lives, more than 10 years later, the failure to truly build back better is undeniable. There have been important shifts in the years since to enhance coordination, generally handled through the cluster system, and have greater local leadership. However there remain few mechanisms or institutions to ensure that local leadership and international support is actually accountable to affected populations.

⁵ For example, the 2005 World Humanitarian Summit focused on connecting humanitarian assistance to longer-term development aid.

⁶ IASC (2021).

⁷ USAID (2017).

Ultimately, the Grand Bargain and other reform dialogues acknowledge that more systemic changes are necessary. For this to occur, the underlying business model and funding mechanisms should be examined. In this regard, localization must be a priority moving forward.

This is especially true today, as Haiti confronts a series of humanitarian crises, including responding to another earthquake which devastated the southern peninsula in August 2021.⁸

Perhaps the most significant “lesson learned” from the response to the 2010 earthquake is how foreign aid has undermined the ability to strengthen government institutions and local systems.⁹ At the time of the earthquake, decades of foreign assistance largely bypassing the government had contributed to the hollowing out of the state and the consolidation of a parallel system of public services run largely by nongovernmental actors. “An empty sack cannot stand” is a common Haitian Kreyol saying and exemplifies the fact that, without direct funding, the local government will not be able to lead the country’s development.¹⁰

Governance therefore is intrinsically linked to development. Government capacity is not just a product of financing, but also of its credibility and legitimacy.¹¹ Even if donors were to provide financing to a government, if that government is not recognized by the population as legitimate, the chances of any long-term success are extremely low. This is especially relevant to Haiti’s current context, where a de facto prime minister is leading an interim government following the assassination of President Jovenel Moïse in July 2021.

There is often a desire to silo off issues related to governance from development and humanitarian assistance programs. As one example, “political instability” is often cited as a reason for the lack of results from foreign aid projects. However, there is relatively little recognition that this political instability is also related to US foreign policy and foreign assistance.¹²

⁸ Gardner and Sedky (2021).

⁹ Office of the Secretary-General’s Special Adviser on Community Based Health and Aid Delivery (2020).

¹⁰ Office of the Special Envoy for Haiti (2011).

¹¹ Another way in which foreign assistance has an indirect impact on governance concerns electoral participation. The fact that most public services are actually provided by nonstate actors has created a division between the population and the state, reducing the incentive to participate in politics through elections.

¹² There are direct interventions, such as support for coup d’états; overturning electoral results, as in 2010/2011; and political support for unrepresentative or illegitimate governments. However, there are also more indirect ways, such as described in Footnote 3.

Presently, US foreign policy is undermining efforts to increase localization of aid. If local actors are to lead their own development, as the global donor community now recognizes is imperative, a prerequisite is for local actors to take back the reins of their democracy.

In recent months, hundreds of civil society organizations, grassroots groups, and political parties have come together under the banner of the Civil Society Commission for a Haitian Solution to the Crisis. The commission has produced a broad-based roadmap for restoring legitimate governance in Haiti, which will be the basis for sustainable long-term development.

The US, however, has instead provided political support to the current prime minister. This follows a long pattern of US and foreign political intervention in Haiti, which has greatly contributed to Haiti's present governance challenges.

But the localization agenda is also a key component in terms of long-term state strengthening as well. If Haiti's civil society is weak, governance is likely to follow suit. This speaks to the unique importance of the localization agenda in Haiti. Not only will it improve the efficiency of foreign assistance, but it will also help advance long-term political stability.

Where Does the Money Go?

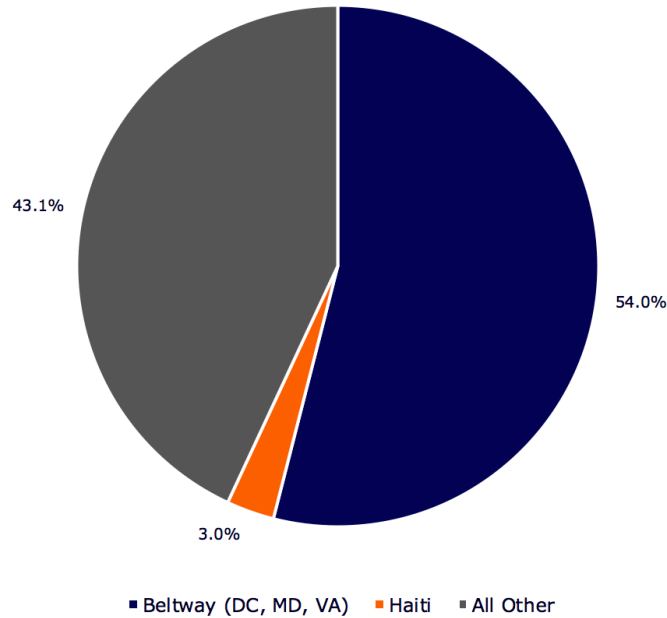
Since the 2010 earthquake, the United States government has been the largest bilateral donor to Haiti. The vast majority of such assistance flows through USAID. As will be discussed in more detail, USAID functions largely as a contracting agency, awarding contracts and grants to partners, which in turn actually implement USAID-funded programs.

From January 12, 2010 through the end of Fiscal Year 2021, USAID awarded \$2.8 billion in contracts and grants to third-party partners related to work in Haiti.¹³ Before looking at possible areas of reform, it is vital to first establish where that money has historically gone.

As can be seen in **Figure 1**, over the past 11-plus years, only 3 percent of USAID spending has gone directly to private companies or organizations based in Haiti. In comparison, more than half of all USAID spending has gone to a handful of firms located inside the Beltway region (Washington, DC; Maryland; and Virginia).

¹³ Authors' calculations based on data from USASpending.gov (2021).

Figure 1
USAID Spending in Haiti, by Location of Recipient

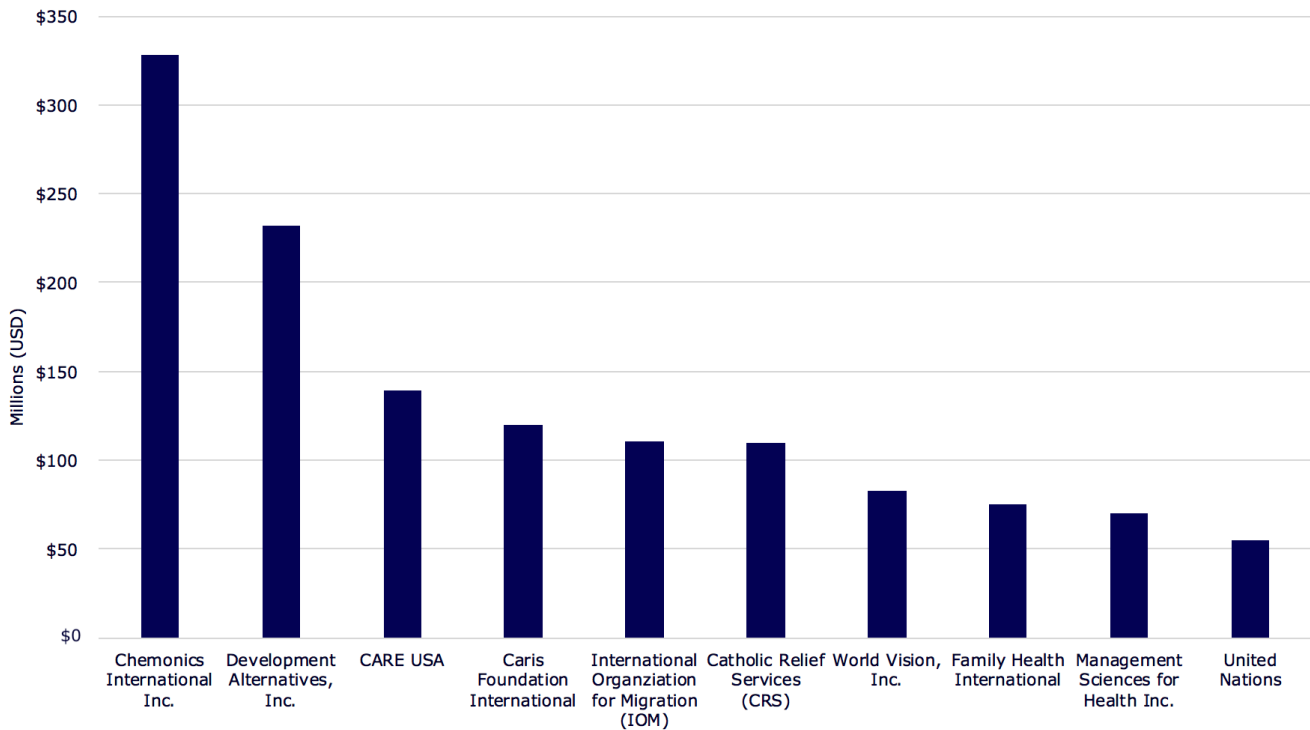


Sources: USA spending.gov (2021) and authors' calculations.

Figure 2, below, shows the top 10 largest recipients of USAID funding since the 2010 earthquake. The top two recipients, Chemonics International and Development Alternatives Inc., are both for-profit companies based in Washington, DC and Maryland, respectively. These two firms received 20 percent of all USAID contracts and grants awarded for work in Haiti over the past decade-plus.

Figure 2

Top 10 Recipients of USAID Funding Since 2010



Sources: USAspending.gov (2021) and authors' calculations.

USAID reliance on just a small handful of contractors is not unique to Haiti: Chemonics and Development Alternatives Inc. are two of the largest recipients of USAID funding worldwide.

Following the August 14, 2021 earthquake in Haiti, USAID has awarded nearly \$50 million, the vast majority of which were grants to nongovernmental organizations (NGOs). Between the quake and the end of the fiscal year about six weeks later, USAID awarded 17 significant grants. Not one went directly to an organization in Haiti.



Local Procurement and Previous Attempts at Aid Reform

“I think it’s fair to say that USAID, our premier aid agency, has been decimated,” Hillary Clinton said in her 2009 confirmation hearing for the position of secretary of state. “You know, it has half the staff it used to have. It’s turned into more of a contracting agency than an operational agency with the ability to deliver.”¹⁴

In the fall of 2010, USAID launched an ambitious reform program called USAID Forward. The initiative aimed to reverse this decades-long trend by, among other things, increasing USAID staff levels, breaking up the big contracts and grants awarded to traditional partners (like Chemonics and Development Alternatives Inc.), and, perhaps most importantly, increasing the use of “country systems” in the delivery of assistance.¹⁵ This would entail increasing the amount of funds given directly to local organizations and to local governments.

USAID Forward was a response to an emerging consensus across the global foreign assistance industry. The Paris Declaration on Aid Effectiveness, adopted in 2005, called for a global rethink of how wealthy nations delivered foreign assistance. Chief among the recommendations was that donors should ensure that so-called recipient countries were able to lead their own recovery, which meant increasing the flow of aid through local systems.

Forward initially targeted a goal of 30 percent of all funding going to local organizations. In 2015, however, that specific goal was determined by USAID officials to be only “aspirational.” The Forward reform program came to a close in 2016, after the agency determined that the principles had been thoroughly incorporated into USAID’s programmatic decision-making process.¹⁶

Nevertheless, subsequent years saw the introduction of additional reform programs such as the Journey to Self-Reliance, which included the adoption of the New Partnerships Initiative.

¹⁴ Johnston (2011a).

¹⁵ A key plank of USAID Forward was the Local Systems Framework. USAID (2014) explains: “The central insight is that external aid investments are more likely to catalyze sustained development processes when they reinforce a country’s internally determined development priorities (country ownership) and arrangements (country systems).”

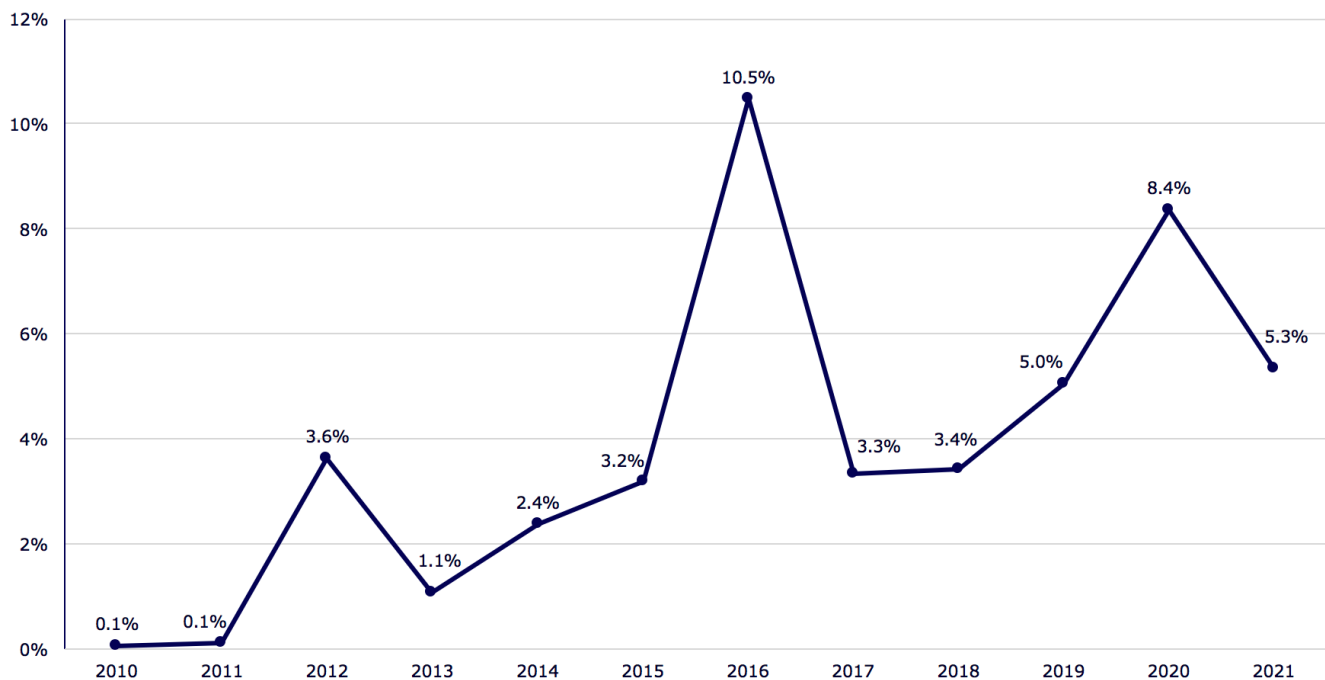
¹⁶ USAID Office of the Inspector General (2019).

Similar to USAID Forward and the Local Solutions Framework, these efforts aimed to increase the level of funding going to local organizations, private sector firms, and public institutions.

Despite more than 10 years of reform programs aimed at increasing the use of country systems, the record in Haiti shows that these efforts have had only a marginal impact on the distribution of resources. As can be seen in **Figure 3**, USAID funding going directly to local groups peaked at 10.5 percent in 2016. In the most recent fiscal year, that figure was just 5.3 percent.¹⁷

Figure 3

Percent of USAID Funding Direct to Local Organizations, Over Time



Sources and notes: USASpending.gov (2021) and authors' calculations.

While the level of local procurement has increased since the 2010 earthquake, clearly this remains well below the initial target of 30 percent.¹⁸

¹⁷ Authors' calculations based on data from USASpending.gov (2021).

¹⁸ Local procurement refers not just to direct contracting with local organizations but also the purchase of goods on the local market as opposed to relying on imports (Walz and Ramachandran, 2013). One complicating factor is that Haiti's economy is tightly controlled by a small group of economically powerful families that have a virtual monopoly on imports. Officials should focus on increasing local procurement that directly benefits affected communities.



In responding to this poor track record, USAID officials and implementing partners have often pointed to the use of subawardees. While it is true that most funding goes directly to firms located in the United States, those entities in turn provide subawards to local organizations.

Unfortunately, the public has little data on which to determine the true extent of the use of country systems. The USAID Forward program mandated reporting of subawardees; however, compliance was checked at best and, when the initiative ended, so too did the reporting requirements.

In Haiti, however, we have additional data. Following years of high-profile critiques of the response to the 2010 earthquake, members of Congress demanded greater accountability and transparency regarding USAID-funded projects. In 2014, the US Congress passed the Assessing Progress in Haiti Act (APHA), which, among other things, required the State Department to produce an annual report on all US government spending in Haiti, including the use of subawardees.¹⁹

As of the end of fiscal year 2017, when the reporting requirements associated with the APHA legislation lapsed, USAID had awarded \$1.2 billion to prime awardees. Approximately 10 percent of that total, or about \$125 million, went to subawardees based in Haiti.²⁰ This indicates that, even if we account for subcontracting, the level of funding going to local organizations has fallen significantly short of initial goals.

There is, however, another limitation with the use of subawardees. Though the money may eventually get into the hands of Haitian organizations, the use of a prime contractor increases costs by approximately 20 percent.²¹ This is especially relevant as, in more recent years, USAID has sought to get more money into the hands of local actors through the use of so-called mentoring awards.

Under this model, USAID still provides direct funding to its traditional, largely US-based, partners. However, rather than serving as direct implementers, the traditional partners are asked to direct the majority of funding to local organizations through the use of subawards and then provide training to increase the local organization's ability to meet USAID

¹⁹ Compliance with the APHA legislation was, however, found to be weak. For example, see Main, et. al. (2016).

²⁰ Authors' calculations based on data from State Department's Assessing Progress in Haiti report to Congress. The reports have since been removed from the State Department's website.

²¹ The 20 percent figure refers to the average overhead of prime contractors and grantees.

requirements. While a creative solution given the existing barriers that USAID faces, this model largely replicates the inefficient prime/subprime relationship.

In November 2021, USAID Administrator Samantha Power launched a new reform program on the 60th anniversary of the agency's foundation. Recognizing that previous efforts had failed to yield results on the ground, Power noted: "There is a lot of gravity pulling in the opposite direction, but we have got to try." Power pledged that, within four years, a quarter of all USAID funding would go directly to local organizations. Though this is actually lower than the initial goal of USAID Forward, it would entail a nearly a quintupling of current rates.

To reach this goal, USAID and interested policymakers will have to confront the structural barriers that have stymied similar reform efforts in the past.

Barriers to Reform

Why, despite years of reform efforts, has USAID failed to significantly increase its use of country systems in Haiti?

First, USAID is overly reliant on the very actors whose power and influence it has sought to limit. Over previous decades, USAID has virtually outsourced its capacity to third-party contractors, as former Secretary of State Clinton noted way back in 2009. Multiple individuals interviewed for this report noted that the primary barrier to receiving USAID funding is having not received USAID funding in the past.

Large US-based contractors, whose sole revenue stream comes from US government contracts and grants, have entire departments dedicated to winning USAID awards. They also have entire departments focused on complying with the strict reporting requirements mandated by USAID.

"How do local groups get heard inside the walls of DC?" asked one interviewee who has worked for years on programs to increase localization in Haiti. Not only do traditional partners have the insider knowledge and resources to compete for awards, they also lobby directly. Local organizations, on the other hand, don't have the access or resources to do any of that.

After the launch of USAID Forward, many for-profit USAID contractors joined together under the auspices of the Coalition of International Development Companies (CIDC). The CIDC hired a lobbying firm to advocate against USAID's reform initiative. Members of the CIDC include both Chemonics International and Development Alternatives Inc., the two largest recipients of post-quake aid in Haiti.²²

USAID staff levels remain woefully inadequate. Breaking up the big contracts and awarding many smaller contracts has been one strategy for increasing funding to local organizations. This requires greater internal human resources that, at present, do not exist. USAID officials noted that it is far easier to oversee one contract valued at \$20 million than to oversee 20 contracts each valued at \$1 million. Without greater human resources, it will remain difficult for USAID to alter its behavior.

“USAID itself is not set up to implement or to do a lot of small programs,” one USAID contractor noted. “When they do decide to do that, it goes through large companies.”

USAID officials must comply with layer after layer of bureaucratic red tape. Fears over waste, fraud, and abuse have led the US Congress to impose an intricate series of reporting and other requirements that limits USAID officials' ability to make use of country systems and further the reliance on traditional partners.

Local organizations must have multiple years of audited financial statements, for example, a requirement that few organizations in Haiti are able to meet. Further, there is a complex system of financial reporting requirements. USAID requires local recipients to have full-time staff dedicated to this aspect of contract and grant management. There is a capacity deficit on both sides of the equation.

Significantly, USAID reform efforts have rarely been accompanied by legislative action. The reality is that USAID's actions are largely determined by the US Congress, which appropriates funding and sets many of the institution's rules and regulations. Without greater flexibility, USAID officials are faced with an impossible task.

As an example, USAID officials noted that almost 100 percent of current funding for Haiti is earmarked for specific sectors and programs. USAID officers are asked to meet specific

²² Johnston (2011b).

outcomes set by Washington, but also to increase the use of local partners. However, the former often prevents the latter from taking place.

USAID officials pointed to the creativity of contracting officers in seeking solutions to this inherent conflict, including through the use of cocreation, whereby programs are developed with the input of local actors. Additionally, USAID has implemented more reimbursable contracts and grants, where local organizations undertake work on their own and then, once they achieve a set of predetermined results, are reimbursed for the work.

On the one hand, this shows the willingness of USAID staff to pursue localization. However, these work-arounds have significant limitations. Reimbursable grants, for example, may provide new avenues of funding, but requiring the local organization to have the money up front seriously limits the possibility of scaling this.

Political will is important, but without legislative action accompanying reform efforts, far too many barriers will remain.

Organizational culture and systemic racism also play a role. There is little to no benefit for USAID officials to take risks, meaning that relying on traditional partners is often the path of least resistance and the surest way to avoid any negative professional repercussions. “There is a fear,” one interviewee, with years of experience as a USAID contractor, noted. “It is generally safer to go with a traditional partner.”

Further, decisions are often made at headquarters in Washington, DC, rather than by local missions, which are best equipped to analyze local dynamics. USAID’s own lack of internal communication often serves as a barrier.

As one interviewee put it, the local mission “knows who works well because they are the ones dealing with them.” However, inside the local mission, the Kreyol-speaking local staff are not empowered to make decisions. Instead, English-speaking “experts” are often brought in to determine funding decisions. The problem is not a lack of knowledge, but that that knowledge is not making it up the ladder to DC where ultimate priorities and policies are being set.²³

²³ As part of USAID’s most recent reform efforts, Administrator Power pledged to empower local staff across USAID missions, eventually expanding the authorization for locally employed staff in awarding and managing contracts.

This is exacerbated by significant staff turnover and political changes in the US that hamper reform efforts. Working with local organizations requires building relationships over a longer period of time. However, regular staff changes — both in Washington and in Port-au-Prince — make this much more difficult, something cited by multiple interviewees. Further, political priorities in Washington often take precedence over sustained efforts at reform.²⁴

Finally, USAID programs suffer from the entrenched belief that foreign experts are more able than local partners. This has been consolidated through USAID rules and regulations that favor foreign actors over local ones and that allow priorities to be set by Washington rather than by local actors in Haiti or in other nations where USAID works. At a time when systemic racism is under unprecedented scrutiny, that analysis must be extended to the realm of foreign assistance.²⁵

A New Reform Paradigm: Capacity Building

What will it take to improve the efficiency and sustainability of USAID’s engagement in Haiti? Most simply: time, sustained political will, and addressing the issue of power and access. As discussed in the previous section, many of the barriers to reform necessitate structural changes both in how USAID operates and how the US government, including Congress, views foreign assistance. However, there are some common sense and relatively straightforward ways for USAID to begin making positive changes in Haiti without these broader reform efforts.

Traditionally, USAID officials have cited a lack of capacity on the part of local organizations as limiting their ability to increase use of country systems. To address this, USAID must change the paradigm.

USAID has expended significant resources in attempts to get local organizations to comply with complex USAID reporting requirements and internal regulations (see the **Konbit Case Study**). In this view, what needs to change is the capacity of local organizations. However, we

²⁴ For example, under the Trump administration, USAID barred any funding to local organizations that support the use of contraception.

²⁵ Administrator Power acknowledged this dynamic in her speech outlining her vision for reform. “The entire development community needs to interrogate the traditional power dynamics of donor-driven development and look for ways to amplify the local voices of those who too often have been left out of the conversation,” she said. (Power, 2021b.)

are not talking about these organizations' capacity to deliver results on the ground, which should be the main priority of foreign assistance. Rather, capacity development refers to local organizations' capacity to meet largely arbitrary USAID standards.

Rather, it is USAID that needs to increase its capacity, not local organizations. If USAID desires to more effectively partner with local organizations, it should first address its own capacity for doing so. Rather than shifting the burden to under-resourced local organizations, USAID can implement internal changes allowing it to become a more effective partner.

In order to fully change this paradigm, it will take longer-term reforms such as legislative action. However, there are simple, common sense actions that, if there is political will, USAID can implement in the short run. Though these may seem minor compared to the scope of the problem, these steps can help to begin and guide the longer reform process that is ultimately necessary:

1) USAID should establish a permanent presence outside of Port-au-Prince. In order to increase use of local partners, USAID officials need to establish relationships with local communities. Currently, USAID has no administrative staff located outside of Port-au-Prince. This is especially relevant during the response to the 2021 earthquake, which predominantly affected Haiti's rural southern peninsula.

2) USAID should perform a mapping exercise to identify local organizations in Haiti. It is difficult to fund local organizations if you do not know where to look. Most current humanitarian mapping contains information predominantly about international actors. With relatively low expense, USAID could hire a local team to perform such a task. Most local municipalities already have information on organizations in their communities. Traditionally, foreign assistance focuses on needs assessments. This would entail a different approach: a resource assessment.

3) USAID should make every effort to empower the local mission and local staff. Though most foreign assistance is earmarked for specific sectors, funding for the local mission would allow for the greatest flexibility under current regulations. Multiple interviewees, both from USAID and Haitian organizations, noted that there is greater use of local partners on the part of the mission as compared to headquarters. USAID could seek congressional approval to reallocate already existing resources for this purpose. While priorities are often set in Washington, local missions — and the local staff employed there — are in the best position to analyze the field and make funding decisions with regard to local partners. This also entails

increasing internal communications, ensuring that local mission input is incorporated into Washington decision-making processes.

4) USAID should establish a pilot program focused on supporting local partners. It will likely take legislative action to make this sufficiently large enough; however, even in the short term it is likely possible for USAID to reallocate funding toward a limited pilot program in Haiti. Rather than sector-focused spending, the sole objective of the Haiti local partner pilot program should be getting money to local organizations. Only by delinking funding from specific Washington-determined targets will local actors be allowed to truly set the agenda for development. In order to implement such a program as quickly as possible, USAID should seek exemptions from traditional reporting requirements and funding restrictions. Global philanthropic organizations may be well suited to help fill this gap, for example, by providing specific funding to local organizations to help comply with USAID regulation. Leveraging this type of support, however, would have the added benefit of allowing USAID to focus more narrowly on results.

5) To the extent USAID continues to fund traditional partners, the agency should fully incorporate community engagement and feedback into the process. USAID can expand and provide further support for cocreation of projects, more thoroughly bringing affected communities into the initial project decision-making process. Further, USAID should require its traditional partners to engage in community feedback processes. These steps would help USAID more fully come into line with the principle of accountability to affected populations.

6) Though more general funding to public institutions is difficult in the short term, in the context of the post-quake disaster response, USAID should provide direct support to Haiti's Directorate General of Civil Protection (DGPC). The institution, created as a response to coordination challenges in the aftermath of the 2010 earthquake, has sought to take a more active role in the distribution and management of foreign assistance. While most of the entity's budget comes from foreign donors, it remains underresourced given the task at hand. For example, it has no line item in Haiti's national budget. US support to Civil Protection not only would help the institution increase its own capacity, but would also serve as an important signal to other donors and NGOs. The US, as Haiti's largest bilateral donor, has an opportunity to set an example for others to follow. Such support should especially focus on increasing DGPC's capacity outside of Port-au-Prince.

None of these actions, even when taken together, will be enough to change the aid reform paradigm. However, it would be a mistake to wait for longer-term reform efforts to take root

before at least trying to improve the delivery of aid on the ground. Rather than one-sidedly focusing on increasing the capacity of local organizations, these modest steps shift the focus to increasing USAID’s own capacity to reach local organizations.

While not a panacea, these simple reforms would entail a significant shift in USAID’s internal approach to local funding. The use of a pilot program would also allow USAID, with limited risk, to analyze the benefit of such an approach. If successful, this could form the basis for a broader-based reform in the future.

Konbit Case Study

In 2015, USAID launched a five-year project called Konbit. Implemented by Papyrus S.A., a Haitian firm, the project undertook a series of interventions aimed at increasing the capacity of local firms, so that they would be more able to compete for and manage USAID-financed projects.

The program achieved some notable successes.²⁶ For example, two local firms were awarded subcontracts on a USAID-financed program “to build the planning and administrative capacities of Haiti’s Ministry of Health to better oversee its healthcare workforce.” The Konbit program provided management training and other support for the local contractors so that, after two years, the health program could transition to entirely local management.

Papyrus, through the Konbit program, also developed an online platform with nearly 900 Haitian organizations and more than 1,000 individuals in order to provide donors with greater access to local partners. The platform facilitated tens of millions of dollars going to local organizations and individuals.

However, ensuring long term sustainability and broader incorporation into USAID’s assistance framework has proved more difficult.

Initially framed as a “pilot initiative,” the Konbit program has instead functioned as a one-off program. By the time the program came to its end, USAID had already launched a new program, with similar objectives. Rather than building on the successes of the Konbit program, the new project started its own effort largely from scratch.

²⁶ Papyrus (2020).

“People change, focuses change,” said one interviewee, who had worked on the Konbit project. “The left hand doesn’t know what the right hand is doing.” The interviewee said it was a constant struggle to get USAID staff to understand what was happening on the ground. Each bureau within USAID is in their own bubble, they said, and without better internal communication, it is difficult to capitalize on progress.

Less than two years after the close of the Konbit program, the website seeking to connect donors to local organizations is no longer operational.²⁷

The Konbit case study reveals the limits of a one-sided focus on increasing the capacity of local organizations to receive USAID funding. Without corresponding efforts to build USAID’s own internal capacity, change will be difficult to institutionalize.

The Need for Structural Change

Regardless of any short-term efforts to increase funding to local partners, be they in the private or public sector, there is a need for more structural changes to USAID.

Policymakers face a key question in analyzing prospects for USAID reform: why do we provide foreign assistance in the first place?

Founded by John F. Kennedy in the early 1960s, USAID consolidated previously disparate foreign assistance programs under one government program. From the beginning, however, US foreign assistance has had an overtly political nature. USAID became a key part in the government’s foreign policy tool kit, used to ensure allegiance to Washington during the Cold War.

Further, aid has been used to reshape the societies and economies of developing countries in an attempt to more thoroughly incorporate these nations into the global economy. Aid has been used to open new markets for US imports, and create climates more friendly to private

²⁷ As an example of not incorporating previous projects into current programming, as part of USAID’s recently announced reform initiative, the agency launched a global website: WorkWithUSAID.org. The site intends to serve as an entry point for organizations seeking to partner with USAID. However, the website only lists three organizations headquartered in Haiti.

sector foreign investment.

To this day, USAID states that its work “advances U.S. national security and economic prosperity.” While this framing may be useful in ensuring continued appropriations from a largely aid-skeptic US Congress, it presents an existential threat to USAID’s ability to engage in sustainable, locally led development.²⁸

On the one hand, development in Haiti or elsewhere is in the long-term interests of the United States. Having stable countries and economies will prevent migratory outflows and lessen the likelihood of transnational crime. However, the idea that US foreign assistance advances US economic prosperity has often justified the use of US contractors and the purchase of US-sourced, rather than locally produced, goods.

These interests often run directly counter to the second part of USAID’s goal, which states: “The purpose of foreign aid should be ending the need for its existence, and we provide development assistance to help partner countries on their own development journey to self-reliance.” For example, legislatively, USAID is prevented from purchasing agricultural commodities locally in Haiti. It is widely recognized that Haiti’s long-term decline in agricultural production and subsequent increased reliance on imported food stuffs is directly related to the undermining of local markets as a result of this policy.²⁹

Until the US is truly willing to allow partner countries to take the lead in their own development, the long-term failure of US foreign assistance is likely to continue.

“To engage authentically with local partners and to move toward a more locally led development approach is staff, time, and resource-intensive — but it is also vital to our long-term success to sustainable development,” Samantha Power, the new head of USAID, told members of Congress in July 2021.³⁰

To turn this into a reality, USAID, whose administrator now sits on the National Security Council, should spearhead a new reform initiative aimed at addressing these structural barriers that have thwarted prior efforts.

²⁸ For example, from 2016 to 2019, total US assistance to Latin America and the Caribbean decreased from \$750 million to \$530 million. While support for rural economic growth and food security decreased, assistance for border control and drug interdiction efforts actually increased.

²⁹ Goodman (2010).

³⁰ Power (2021a).

These efforts could include finally untying aid.³¹ Currently, US legislation prohibits the purchase of certain goods not from US companies. This is especially prevalent in the agricultural sector. Such an effort could also increase USAID staffing (thus increasing internal capacity), address regulatory requirements that disadvantage local partners, and delink foreign assistance from explicit US economic interests.

One key to addressing long-standing barriers to reform is greater transparency and accountability. The USAID Inspector General regularly gives failing grades to USAID's largest partners, and yet, because of the entrenched reliance on those same actors, it is difficult to move away from them. USAID must increase the cost for faulty work, and this means holding organizations accountable when they fail to meet requirements.

Further, any reform effort should take concrete steps toward greater transparency. At a minimum, USAID should mandate that all contractors and grantees report on their use of subcontractors.

In order for any reform of USAID to be successful, such an effort must be tied to a specific legislative package. One reason past reforms failed to make meaningful or lasting changes was that, in many instances, USAID's hands are tied by the US Congress. If the current administration is serious about undertaking necessary reforms, the only way to move beyond rhetoric is to engage the Congress and push for comprehensive legislation.

In 2021, senators Tim Kaine (D-VA) and Marco Rubio (R-FL) introduced legislation aimed at boosting USAID's New Partnership Initiative.³² The bill would provide \$250 million annually to allow USAID to increase its use of local and underutilized partners across the globe. The bill would direct USAID to simplify access to resources for local organizations.

While a welcome development, this would only partially address the existing bottlenecks. Political will at USAID's top, and from the administration more broadly, is imperative. However, Congress cannot pass the burden entirely to an understaffed and underresourced USAID. Simply increasing funding will not address the more systemic barriers identified earlier. Nevertheless, the bill shows there is at least a certain level of bipartisan support for increasing US funding to local partners. USAID should seize this opportunity and work with

³¹ Untying aid was a key result of the Paris and Accra accords. Nevertheless, the US has lagged far behind other major donor countries in compliance. OECD (2021).

³² Kaine (2021).

Congress to expand the legislation, ensuring that bottlenecks and bureaucratic red tape hindering USAID's work is also addressed.

Conclusion

Reforming USAID and expanding the agency's local partner base is clearly no easy task. After decades of effort, USAID has little to show for it. Nevertheless, as this paper makes clear, there are common sense, short-term steps that USAID can implement in Haiti to operationalize lessons learned from past disaster responses.

While long-term, structural reforms will ultimately be necessary, the situation on the ground cannot wait for those efforts to take root. There is a bipartisan consensus in support of USAID's localization agenda. The current administration should take advantage of that context to implement short-term solutions as well as advance legislation that can address more structural barriers to reform.

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