

Localisation and procurement

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2020 Australasian AID Conference



The Australasian AID Conference (AAC) will be held on 17-19 February 2020, once again in partnership with The Asia Foundation. As in previous years, the aim of the 2020 Australasian AID Conference is to bring together researchers from across Australia, the Pacific, Asia and beyond who are working on aid and international development policy (the AID in the conference acronym) to share insights, promote collaboration, and help develop the research community. With more than 600 people registering in 2019, the AAC has established itself as Australia's premier aid and development conference.

The registration for the 2020 AAC [is now open](#). Details on sponsorship and exhibitor opportunities are [also available](#).

The draft program outline is available [here](#).

Background

- Foreign aid is about the provision of FX
- If FX is needed for imports, then procurement cannot be local.
- But do the goods or services have to be imported? What if they could be locally produced?
- Most aid these days is about services or goods that are non-tradeables
 - Construction
 - Advice
- Whether projects involve imports or not, who should be making procurement decisions?

Localisation has a long history

- Multilateral ICB (International Competitive Bidding) has always had a local preference built into it.
- Some countries also have local content/partnering requirements
- Providing grants to national government (either budget support or project grants) is about localisation.

A big push in recent years

- Recently, it has gained prominence in the humanitarian sector.
 - Grand Bargain of 2016 World Humanitarian Sector targeted 25% of global humanitarian resources to be channelled through local leadership by 2020.
- Increased interest in development sector as well.
 - Big push in USAID over the last decade
 - Adopted a target of 30% of funding via local implementors
 - Rise of the global south puts pressure on established northern NGOs.

But many and some growing obstacles...

- The USAID effort failed.
- Grand Bargain unlikely to be achieved either.
- Budget support on the decline
- The compliance burden is growing all the time
- OECD DAC no longer providing leadership in the aid sphere
- Commercial and national interests in aid are growing
- Localisation harder in fragile states ... but that is increasingly where the aid is going.

Practical localisation solutions

- Providing in-principle support
- Embedding expatriates in local organisations.
- Working with local organisations through international ones
- Embedding locals in international organisations.
 - E.g. as workers in infrastructure projects: a big opportunity for Australia
 - But note the parallel de-localisation risks as well.
- **Taking a long-term approach**

Some positive examples



PLN



SANASA

<http://devpolicy.org/aidprofiles/>

FemiliPNG
care. support. change.

Evidence of DFAT support (1)

- **Humanitarian strategy** (May 2016): “Work to reinforce local capacities during a response and ensure they are not marginalised by international actors arriving with their own staff, systems and priorities. We will support national and local authorities to drive coordination where possible.”
- **Australian Humanitarian Partnership** (2017-22): “The AHP has a specific focus on strengthening the ability of local communities and organisations in the Pacific to prepare for and respond to crises. Overall, \$50 million will be invested from 2017-22 to build the capacity of local organisations across the region to manage disasters more effectively.”

Evidence of DFAT support (2): AIFFP

“Use and upskilling of local labour and private sector will be a consideration of each project. An analysis of the local labour market and private sector will be conducted as part of the development impact assessment for AIFFP projects. Obligations for contractors to transfer skills to local staff will be included in loan conditions and grant agreements.”

A teal banner with a diagonal line pattern. On the right side, there is a faint map of the Pacific region. The text "AIFFP DESIGN DOCUMENT" is centered in white.

AIFFP DESIGN DOCUMENT

AUSTRALIAN INFRASTRUCTURE FINANCING FACILITY FOR THE PACIFIC
Investment Design

Evidence of DFAT support (3): EVAWG

Finding: Australia has provided long-term core funding to key local women's organisations which has built their capacity and enabled them to lead work on EVAWG

Recommendation: "maintaining core funding where it exists, and expanding where it does not exist, to local women's organisations to strengthen their critical and catalytic work"

DFAT: "Agree"



Australian Government

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Conclusion

- Localisation is not easy, but it is not impossible either.
- In all but the smallest states, no localisation means no sustainability.
- So in most countries the only debate can be when to make a start.
- Chances of success are higher if we start earlier
 - By building localisation into the project
 - By matching our rhetoric with funding
- I hope DFAT will show increasing interest and leadership in this area, but localisation is a challenge for all aid implementors.

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