

SBAIC Position on Localization

SBAIC believes fervently in USAID’s localization vision of expanding the share of its programs that are locally led, in which a diverse group of local actors define priorities, design projects, drive implementation, measure and evaluate results, and more fully own and sustain efforts to save lives, reduce poverty, strengthen democratic governance, reduce corruption, address climate change, work to prevent conflicts, respond to global pandemics, and emerge from humanitarian crises.

We wholeheartedly agree with this vision and fundamentally recognize that meaningful, impactful, and sustainable development and humanitarian assistance *requires* expanding the share of programs that are locally led in line with USAID’s vision. At the same time, SBAIC believes that the development and humanitarian challenges facing the world today require input from a variety of actors: local organizations and stakeholders, donors, small businesses, large businesses, and multinational organizations. Further, we believe that USAID’s model of locally led development is buttressed in distinct and important ways by small business utilization, as characterized in the following SBAIC Localization Position Points:

SBAIC’s Localization Position Points:

1. Small Businesses (SBs) Are Best Positioned to Empower Local Organizations

For USAID to achieve meaningful localization, the Agency must provide local implementation partners with opportunities to substantively engage in technical program design and execution, while ensuring these organizations are not stifled by contracting and regulatory requirements. Small businesses provide distinct experience and perspectives to help USAID, as we bring firsthand experience in resourcefully adhering to USG compliance requirements while creatively responding to the challenges of developing capacity to deliver program results. Through this experience, we offer a unique combination of technical and operational skills and empathy to approach, support, collaborate with, and empower local organizations in building the necessary capacity to successfully implement USAID programs.

2. Innovation lies at the heart of Small Business Operations and Service Delivery

Small businesses that thrive in the development landscape often do-so by leveraging distinct innovative technical offerings and flexible and nimble management capacity in areas or ways that larger development partners often do not offer. This means that Small Businesses reliably bring distinct innovations into the management and delivery of development and humanitarian programming. Accordingly, as small businesses we bring creative approaches to engaging and working with local partners and leveraging their leadership and expertise, a dynamic that will strengthen development and humanitarian approaches and outcomes.

3. Creative Contracting Practices Can Encourage Small Business and Local Actor Collaboration

USAID is uniquely positioned to unlock the distinct value of small businesses and local organizations in the development landscape. USAID can create more incentives to encourage equitable partnerships between small businesses and local entities – such as designing SB set-aside procurements across a broad array of technical areas with explicit, substantive local entity engagement requirements, in addition to continuing to utilize traditional channels for SB engagement (e.g., MEL Frameworks). Encouraging such partnerships not only supports both critical groups, but it will also support more innovative, sustainable, effective, and inclusive development and humanitarian programming.

4. Strengthen Enforcement of Prime-Level Commitments to Small Businesses and Local Partners

As USAID seeks to pursue locally led development and continue to be a leader in supporting SBs, USAID can encourage the inclusion of both small business and local partners on bids overseas. USAID already sets explicit targets in solicitations related to the integration of US small business partners and local entities. However, SBAIC encourages USAID to strengthen its evaluation of Prime contractors' performance during implementation (e.g., through CPARs) specifically with regards to how effectively Prime contractors uphold their proposal-level commitments on both local entity and small business engagement. Additionally, as USAID explores establishing Mission-level small business utilization targets, SBAIC encourages



USAID to explore more frequent establishment of small business utilization targets, alongside local entity engagement targets, within free-and-open overseas procurements. This combination of actions could substantively strengthen USAID's efforts to achieve locally led development and meaningfully engage and leverage the distinct innovations and experience brought by small businesses.

SBAIC sees small businesses as catalysts for USAID's localization vision, leveraging our strengths in innovation, agile operations, and compliance management, alongside local expertise. Through creative contracting mechanisms and strengthened accountability, we can forge meaningful partnerships that support local actors in defining priorities, designing projects, and driving implementation. We stand ready to work alongside USAID and local partners to transform how development assistance is delivered, ensuring both small businesses and local organizations can contribute their distinct value to achieving sustainable development and humanitarian assistance impact.