

**Unclassified****English text only**

5 August 2024

**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE****Peer learning on Locally led development – DAC members deep dive: Canada**

This Perspectives note provides key lessons for Canada's approach to locally development co-operation. It examines Canada's approach across four enablers. The first focuses on policy and strategies for locally led development. The second explores the institutional arrangements including the importance of human resources and stakeholder participation. The third interrogates the financing enablers, including the provision of overheads and engagement through a range of intermediaries. The fourth explores the management systems that enable better locally led development including risk management approaches and learning from programming.

Related case studies of member practices can be found on the [OECD platform Development Co-operation TIPs - Tools Insights Practices](#).

This note is part of a broader peer learning exercise on locally led development within the Development Assistance Committee [\[DCD/DAC\(2023\)5\]](#). It can be read together with perspectives on Switzerland and Ireland on thematic issues, available [here](#).

**Contacts:**Renick Irvine, [Renwick.IRVINE@oecd.org](mailto:Renwick.IRVINE@oecd.org),Joëlline Bénéfice, [Joelline.BENEFICE@oecd.org](mailto:Joelline.BENEFICE@oecd.org)Anjeza Llulla, [Anjeza.LLULLA@oecd.org](mailto:Anjeza.LLULLA@oecd.org)**JT03548123**



**Peer learning on locally led development -  
DAC member deep dive  
Canada**

## 1. Introduction

**Locally led development co-operation is gaining momentum and traction, galvanised by recent policy commitments.** Members of the OECD Development Assistance Committee (DAC) have long recognised the importance of local actors for achieving and sustaining development progress in partner countries. Many DAC members are now reinforcing their efforts in this area, but understandings and approaches vary considerably. Locally led development means that local stakeholders should have agency for development co-operation: in framing; design; delivery, including control over resources; and accountability.

**Despite recent advancements, DAC members continue to face significant barriers to advancing development co-operation that is genuinely locally led.** At least two key parameters influence the approach taken by DAC members in their development co-operation and the extent to which it enables locally led development. The first is the DAC member's (or another provider) domestic context. The second is the local context (country, regional, local, international) in which the intervention happens. The relationship between the two frequently determines the approach DAC members take.

**This perspective note provides an in-depth institutional analysis of Canada's system for development cooperation.** It aims to understand how its policies, institutional arrangements, financing, and management systems - the foundational enablers - are facilitating or constraining local actor agency in development co-operation (Figure 1). For each enabler, the perspective note unpacks what Canada is doing and why, whilst highlighting existing good practices, opportunities, and critical barriers to locally led development co-operation. It can be read together with perspectives on Switzerland and Ireland. Complementary perspective papers delve into cross-cutting issues and analyse the influence of local contexts. These notes informed a comprehensive synthesis report identifying possible pathways towards more effective locally led development co-operation.

Figure 1. Understanding DAC Member Foundational Enablers<sup>1</sup>



## 2. Policy

**The locally led development agenda at Global Affairs Canada (GAC) has been enabled by significant political support**, including for the Feminist International Assistance Policy (FIAP), which commits Canada to working with local actors, and directing more international assistance to local organisations. Canada is taking a considered, bottom-up approach to enabling locally led development, with the potential for aligning it within existing priorities and structures. This includes the [Official Development Assistance Accountability Act \(ODAAA\)](#), in force since 2008, which stipulates that an initiative or activity can only qualify as Canadian Official Development Assistance (ODA) if the competent Minister is of the opinion that it adequately “takes into account the perspectives of the poor”. Whilst it has yet to elaborate a dedicated policy, there is both leadership and appetite across GAC, which has enabled a clear sense of the barriers and what needs to change to move the locally led development agenda forward. This includes situating the locally led development agenda within wider reform and transformation initiatives. The scope of ambition and depth of the current transformation processes underway will be critical to determine the shape and nature of Canada’s future approach to locally led development.

**Canada’s support for locally led development builds on a solid framework of existing commitments.** In addition to the FIAP, Canada is a Grand Bargain signatory and it has also joined several other DAC members in signing on to the international statement on locally led development endorsed in December 2022, which commits to shift and share power to ensure local ownership; work to channel high quality funding as directly as possible to local actors; and publicly advocate for locally led development approaches.<sup>2</sup>

**Increased momentum for the locally led development agenda has been influenced by both internal and external factors.** Domestically, Canadian civil society – including Cooperation Canada, Oxfam, Save the Children and others– has played a role in amplifying voices from the Global South that are calling for more equitable and locally led partnerships. There is also complementarity between the locally led development agenda and domestic efforts to empower Indigenous communities in Canada. Externally, the introduction of localisation policy targets by USAID in 2021 has served as a major policy signal for DAC member peers like Canada. The COVID-19 pandemic has also had a considerable impact on Canada’s renewed focus on locally led development, which highlighted the unique and valuable role that local actors play in development and humanitarian efforts.

**There is a great deal of internal support for locally led development within GAC**, and acknowledgement that locally led ways of working have long featured in its approach to development co-operation. Key champions within the International Assistance Policy Coordination Division are moving the agenda forward alongside others across the department, steering efforts to develop policy frameworks and guidelines and linking up with international initiatives. Locally led development is not seen as a new agenda, but a fundamental feature of the development effectiveness principles to which Canada is committed; it is an opportunity to reinvigorate these principles, including through a focus on the role of national governments in locally led development.

Whilst Canada has successfully nurtured a groundswell of support for locally led development, **there is a conspicuous need for a clearer policy signal for both internal constituents and external actors** such as civil society about its future direction. There is interest within GAC in the development of a clear, commonly held definition of locally led development to support the establishment of a more solid baseline for tracking progress, which could also help join the dots across various pockets of good practice. The International Assistance Policy Coordination Division is taking the lead in this policy development process, drawing on the valuable work being done in other teams, including the analytical framing of localisation developed by the Evaluation Division, as well as the multi-year transformation process currently underway to modernize and streamline grants and contributions systems and processes, reflecting wider buy-in for change within GAC.

In developing its policy signal, **Canada will need to address various questions and potential challenges.** Primarily, these include establishing a definitional framework that goes beyond civil society to think through the implications of working with a variety of different local actors, including government; establishing an inclusive process that enables both internal and external actors' priorities, perspectives and concerns to be addressed; aligning policy with systems change, especially the Grants and Contributions Transformation Initiative (GCTI). In addition, there are questions related to developing guidelines that have enough flexibility to adapt to different operational contexts; how Canada can influence and support international intermediary partners in advancing with locally led development; and developing an institutional approach that moves beyond resource transfer to address and measure the transfer of power and decision-making to local actors.

### 3. Institutional arrangements

#### *Leadership and responsibility*

**Current responsibility for moving locally led development policy forward sits with the International Assistance Policy Coordination Division.** The work led by the team to date includes: commissioning a study in 2022, led by GAC's International Assistance Research and Knowledge division and Partnership Branch Business Intelligence Unit, to understand Canadian international development organisations' perspectives, practices, successes, and challenges<sup>3</sup> related to locally led development; recognising the transversal nature of locally led development by setting up a department wide localisation working group; conducting a mapping of locally led development work done to date within GAC; developing a standing policy brief and key messages on locally led development. The next steps for the policy team involve developing policy guidance and addressing definitional issues. They are using Canada's active engagement in the DAC peer learning exercise to guide its work and inform next steps. To ensure that these steps are grounded in country level realities and perspectives, a broad based, consultative and inclusive process will be required, involving GAC's mission network and local actors.

**In terms of political leadership, there is Ministerial support for change within GAC,** reflected in high ambition change agendas, including the GCTI and the broader organisational transformation plan to meet current and future global challenges. It is not clear that this is explicitly supportive of locally led development, given the range of constituents that matter, including domestic civil society and private sector relationship with GAC. Given Canada's amalgamated institutional set up, a question arises in relation to developing locally led development policy or guidelines that can be applied beyond the international assistance programme to include the trade and foreign affairs arms of GAC. This will involve thinking through the relevancy of locally led development for these different arms, and considering how it might contribute to Canada's overall diplomatic footprint. For example, this process could draw on the learning and experience Canada has gained through its global small grants programme, the Canada Fund for Local Initiatives (CFLI). The bottom-up approach to locally led development to date speaks to an organic process gathering momentum, which has yet to be one of the stated policy priorities, but may become one over time.

#### *Human resources, capacities and skills*

**Locally led development poses significant questions on the make-up of human resources – size, location, expertise and soft skills - needed to do development differently.** Ensuring that staff have the resources, time and capacity to manage differently will be critical, including how the potential of strong local staff are maximised. Devolving decisions to the right level and providing staff with a conducive environment that empowers them to take the right decisions remains a work in progress.

**Canada faces ongoing challenges around the planning timelines and mission capacity required to design programming that partners with local actors.** These challenges are further complicated by contracting and fiduciary risk constraints (see management systems section). Locally led development is often considered a more demanding business model, especially when working with organisations unfamiliar with provider systems and expectations. Having the adequate staffing levels and skills in place, including at the mission level, will be a key consideration in the development of Canada's approach to locally led development. Staff capacity and business models are linked to how Canada spends its ODA and the extent to which allocation decisions support locally responsive programming (see finance section).

**How Canada leverages and supports local capacity is also important;** recent evaluations conducted by the Evaluation Division reflect good practice in this regard (Box 1). The International Development Research Centre (IDRC), a Canadian crown corporation, offers many examples of how Canada can support local capacity in ways that are locally responsive and sustainable. One such example is the [Science Granting Councils Initiative](#) (SGCI), led by IDRC with South Africa's National Science Foundation, with funding from the UK Foreign, Commonwealth and Development Office (FCDO), Swedish Sida, the German Research Foundation (DFG), and the Norwegian Agency for Development Cooperation (Norad). The Initiative applies a systems approach, using national granting and peer learning to leverage and support existing knowledge and research capacity in sub-Saharan Africa. Canada has also demonstrated its commitment to innovative evaluation approaches with a CAD 1.5 million contribution to the World Bank Global Evaluation Initiative, seeking to expand guidance and support for partner countries to integrate gender transformative and feminist evaluation approaches.

### Box 1. Leveraging local perspectives and knowledge in evaluation

The work of the Evaluation Division in its recent evaluations of the Women's Voice and Leadership Programme (WVL) and the Partnership for Gender Equality (Equality Fund) demonstrate how local skills and capacities can be leveraged in approaches to feminist evaluation. In these evaluations, local evaluators were identified who were connected to existing women's rights movements. Rather than a singular role in data collection, they were given the opportunity to shape the framing of the evaluations, which used co-analysis and co-validation to draw on diverse perspectives. The work applied the principles of learning and social justice to advance feminist principles, break down knowledge hierarchies and enable a 'local lens' to determine how programmes are evaluated. The ability to work in this way and explore feminist approaches to evaluation was supported by the policy cover provided by FIAP.

### **Stakeholder engagement and participation**

Co-creating the future locally led guidance and /or policy across the department, including with the **GCTI team** will ensure operational relevance; ensuring a high-quality consultation process with a diverse set of actors will keep it grounded and **informed by external perspectives (including Canadian civil society and local actors)**. There is potential and interest to work with others to support common approaches on due diligence, guidance and framing.

Internally, Canada established a department wide working group for locally led development in April 2022 **to share best practices, learn from others, ensure coordination and planning across different teams**. The group holds regular quarterly meetings, with other ad hoc meetings scheduled as required. While participation in the group has been active, wider and deeper engagement across the department remains affected by competing priorities and existing workloads amongst GAC staff.

**Externally, Canada is engaged in several conversations on locally led development**, including with the Canadian international development community, in international forums (including through the OECD-DAC), and with other provider countries. At the Cooperation Canada Futures Festival in October 2022, they chaired a session on locally led development at the GAC Day of Dialogue. Canada has engaged with other providers through both bilateral conversations and in larger forums, including two provider roundtables with over 15 countries in 2022 in the lead up to drafting the joint statement, regular forums like OECD-DAC monthly meetings, and at the 2023 Civil Society Days conference. It has also engaged its partners in efforts to address specific bottlenecks. For example, it hosted a 'risk-appetite hackathon', where partners and GAC employees worked side-by-side to explore ways of streamlining risk-assessment processes.

**Canada has also made a considerable step towards engaging local actors** in its locally led development policy development process. Between March and April 2023, it conducted an outreach to local organisations via their country mission network. These consultations involved focus group discussions with local organisations on locally led development, convened by Heads of Development at various missions. The findings are an important resource for developing locally responsive locally led development policy and approaches.

However, there is **a sense amongst Canadian civil society that more space could be created for the active involvement of both Canadian and local civil society**, including through more regular face-to-face engagements with GAC, especially around the key barriers and challenges for locally led development. Networks, including Cooperation Canada, can serve an important role as facilitators and conveners. There remains a desire for a clearer policy signal from GAC for this to happen.

## 4. Financing

### *Financing approaches and instruments*

**How Canada spends its ODA has implications on the alignment of its business model with locally led development.** For example, in 2021, country programmable aid was 21.3% of Canada's gross bilateral ODA, compared to a DAC country average of 45.2% of gross bilateral ODA. This suggests that choices are being made on allocation that run counter to the principle of locally responsive programming for locally led development. The rising share of multilateral spend and decreasing bilateral share (38.5% in 2021 compared to 48.8% in 2020) will have implications for Canada's business model. Furthermore, the share of multi-bi aid (bilateral ODA that is channelled via multilaterals) sat at 50.9% in 2021, meaning that the decision to fund locally, even when made at post, is not being facilitated due to the business model.<sup>4</sup>

**Locally led development requires different financing models, especially more core, flexible, long-term funding to local organisations.** There is broad recognition of the need to reconceptualise local capacity to focus on sustainability, balancing the need for local actors to meet GAC requirements with the gains that come from supporting the long-term sustainability of local organisations. This can be further augmented with **higher volumes of flexible, core funding**, which can be used by local organisations and actors to develop their own capacity according to self-defined priorities. Women's Voice and Leadership provides a model in this respect by integrating flexible capacity building into budgets, based on self-led capacity assessments. This approach could be used more broadly, and also responds to the risk that provider funded capacity building focused on meeting provider requirements risks restructuring women's rights organisations into INGOs, thus diverting them from their core mission and affecting their accountability to local constituents.

**Canada's global ODA funding commitments challenge its ability to support locally led development**, including having the ability to respond flexibly to local priorities. Policy and spending commitments, such as targets for gender equality programming and large-scale commitments in areas like global health, can often reduce the scope to respond to the full range of local needs. Current ODA allocation measures can contribute to incentivising partnerships with large multilateral agencies and limit support for locally responsive strategies and programming. Geographic branches and country offices will require greater funding flexibility if the ambition to have stronger locally led approaches is to be realised.

Going forward, there are also open questions about how the new emphasis on locally led development may **shape the future of the overall portfolio** that Canada uses to deliver its development assistance. Given that GAC provides a large share of its ODA via multilateral organisations, it will need to assess and explore **how it sets incentives and promotes locally led development through multilateral and others intermediary partners**. Equally, for its bilateral programme, issues such as optimum average project size, duration as well as partnership models should be given careful consideration.

### ***Programming***

**There are several examples of programmes that are already providing funding to local organisations in ways that enable locally led development**, including CFLI, WVL and the Equality Fund Initiative. The Equality Fund and WVL have benefitted from the space created by FIAP to work more directly with a diversity of local organisations.

The **Canada Fund for Local Initiatives** is a decentralised programme that funds over 700 new projects a year, implemented mainly by small civil society organisations in approximately 124 countries. It was set up with the objective of addressing local needs through local partners (87% of projects directly fund local partners). The financial instrument used by CFLI, involves small contributions, averaging CAD 33 000, enabling the programme to avoid the heavier due diligence and compliance processes that are applied to larger projects. It also enables them to respond with some agility to emerging local priorities, with an ability to approve budget adaptations within 24 hours in some cases. Nonetheless, the accompaniment provided by the country missions to local partners in CFLI projects is still considered highly demanding in terms of staff time.

The **Women's Voice and Leadership** programme has supported over 1 500 women's rights organisations (WROs) and movements since 2017. Launched alongside the FIAP, it was the first time GAC used feminist approaches to provide multi-year core funding to WROs at this scale and for their own purposes. The programme reflects a commitment to 'doing things differently', by designing programmes that are driven by local WROs and their priorities; being attentive to power relations; prioritising co-learning and co-creation of knowledge; and taking an intersectional approach. The programme was renewed and expanded by the Minister for International Development in 2023, with an additional CAD 195 million over 5 years and CAD 43.3 million annually thereafter on an ongoing basis. The renewed WVL program aims to strengthen its approach to locally led development by engaging more implementing partners from the Global South – either directly or as sub-implementing partners – and helping them to address the barriers that hinder local engagement.

Given that a large proportion of its ODA is channeled via multilateral agencies, **Canada will also need to address how it incentivises and structures its intermediary partnerships in ways that support locally led development**. Canada's support for **the Equality Fund Initiative** provides an example of how international intermediaries can enable GAC to reach a network of organisations that they would otherwise not have access to. Designed to be independent of the Government of Canada, the Equality Fund's primary mandate is to support WROs and movements in advancing women's rights and gender equality. The Equality Fund provides **core, multi-year, flexible funding** as well as technical assistance, institutional strengthening and network building to women's rights organisations and feminist funds that operate at local, national, regional, and global levels. In addition to expanding networks and reach, the Equality Fund

shows how due diligence processes can be streamlined through common frameworks with other partners (Box 2). The Equality Fund aims to mobilise feminist philanthropy by drawing on existing funding networks and increasing access for other feminist organisations. It provides a variety of grant-making models with feminist values of collaboration, solidarity and community at the core.

### Box 2. The Equality Fund

Since its launch in 2019 to March 2023, the Equality Fund Initiative has granted CAD 34.9 million to 119 women's rights organisations and women's funds, and to a further 571 women's rights organisations through on-grants from women's funds in the Global South. Grants have been made through its Catalyse, Activate, and Prepare, Care and Respond granting streams. The Equality Fund has a strong locally led development focus and emphasis on shifting and sharing power with feminist movements in the Global South. **It incorporates women's organisations and feminist funds into the design and governance of the initiative.** For example, it held global consultations with over 1 000 activists and organizers from over 66 countries to inform its own design and is **involving them in the decision-making related to the allocation of grants.** The Equality Fund develops **trust-based relationships** with grantees through drawing on its network of women's organisations and feminist funds to better understand their individual realities, challenges and priorities.

The Equality Fund has developed **a common reporting framework**, negotiated with its funders, to reduce the demands placed on grantees, using the same list of requirements for all. Grantees are also given the opportunity to sign on to the Equality Fund's code of conduct, if they do not have one in place. Grantee values need to be aligned in terms of safeguarding, but they can commit to developing the policies required by funders within the first 6 months of their grants.

There are clear efforts being made to develop innovative funding mechanisms that support locally led development and the ongoing transformation process has the potential to tackle some of the deep-seated bureaucratic constraints. However, there is also recognition of numerous areas that hinder local engagement such as **cost-sharing, budget reserves (although there is recent movement), heavy reporting requirements, limited flexibility in budgets and financial agreements**, and constraints to hiring local consultants where further progress is possible. These challenges were experienced in the context of the WVL programme, where, despite efforts to partner with a diversity of local actors, the majority (70%) of the partners during the first round of granting were international/ Canadian INGOs who were able to more easily comply with GAC's requirements. The WVL programme found that GAC systems and requirements 'de facto exclude local organisations, including local WROs', given the often significant investments in resources and time required to accompany local partners who have less capacity and familiarity with GAC.

## 5. Management systems

### **Systems and processes**

**The GCTI** (Box 3) is rightly recognised as a key opportunity to push the locally led development agenda forward, responding to the barriers that burdensome and complex administrative processes pose to more agile, accessible and locally responsive programming. The energy and focus that is applied to this initiative is an important entry point for locally led development and a rare opportunity for systemic change. Notable approaches to streamline and simplify GAC's processes under this initiative include: FailSmart Labs, where innovative approaches can be piloted in specific operational contexts; a risk appetite hackathon involving internal and external stakeholders to explore innovative approaches; GAC GPT/ AI to reduce the

administrative burden in reporting; standardised tailoring of risk and due diligence approaches; streamlined Project Implementation Plans; and flexible reporting (e.g. videos, structured meetings replacing the semi-annual report).

### Box 3. Grants and Contributions Transformation Initiative

A multi-year initiative launched in 2022, the GCTI is moving forward with a transformation of GAC's grants and contributions system for international assistance, with the aim of 'rebuilding it from the ground up' to ensure it is more responsive, effective, transparent, and accountable. This challenging initiative is focused on: maximising the impact of Canada's international assistance spending; ensuring modern management principles are being applied; minimising the administrative burden on staff and partners without compromising the values of accountability and the overall legislative framework for delivering international assistance; improving risk assessments; and making performance data timelier and easier to share.

At the core of this initiative is GAC's commitment to involve partners in the co-design of the new system. In May 2023, the GCTI hosted its first ever 'partner forum'. This forum will convene 4 times a year to create a space for partners to share their ideas and concerns about transformation and for GAC to test out new ideas and approaches to modernize its grants and contributions system. In June 2023, GAC hosted a "risk-appetite hackathon," whereby over 350 Canadian and international civil society organisations, including local partners, and GAC employees collaboratively explored innovative solutions for how GAC's grants and contributions programming can be more risk-aware in managing international assistance. A strong message from hackathon participants was the need for progress on localisation and the development of policies and innovative programming to support decolonisation of international assistance and facilitate local actors delivering international assistance.

**Locally led development considerations are being integrated into various aspects of the GCTI.** The experimental 'FailSmart Lab' is piloting approaches and tools to improve efficiency, effectiveness, and trust, notably with small and medium organisations (SMOs) through various initiatives such as WV. Lessons from these pilots will be integrated into business processes and the future IT system, to ensure the right tools are in place and to support a long-term institutional approach to locally led development.

**The FailSmart Lab provides an important space to test, but considerable efforts and leadership will be needed to translate and upscale pilot efforts into structural and policy change.** Locally led development is not the driving force behind the GCTI, which is focused on enhancing efficiency through a 'start-up' approach. There is a risk that multiple priorities and initiatives, new tools and innovations may compete with deeper system change. For example, there is high demand for programmes to be pilots, but systematising the learning from these will be important to see the benefits across the whole portfolio. Equally, there is a focus on having a new automated system as a solution to multiple current challenges in terms of information and management. Whilst there may be clear benefits, its introduction is unlikely to be smooth. Furthermore, the connections between this change process with the wider business processes and the human resource capabilities needed to deliver the reform is now starting to be put in place.

### ***Risk management***

**A central challenge being addressed by the GCTI is GAC's risk appetite.** Traditionally, Canada has a low risk appetite, and working more directly with local partners is considered to pose additional risks, particularly fiduciary and reputational risks. GAC's risk management and due diligence requirements can also be challenging for local actors to meet. Adapting them to better support locally led development will

require department-wide consultations, policy development, reform and organisational culture change within GAC, in addition to appropriate tools, systems, skills, and knowledge. This will involve educating and training people across GAC, as well as investing in the human resources required to effectively manage risk in new partnerships.

**Canada is engaged in efforts to address risk aversion**, and revamp accompanying project management practices, as a central barrier to locally led development, including under the GCTI. Implementing its Risk Appetite Framework for International Assistance will be a crucial step in restructuring incentives and guidance around risk. For example, it will provide opportunities to progress towards a portfolio-based approach and to refocus on the role of risk-based management in achieving impact.

**GAC is considering reframing and adapting its approach to risk to enable locally led development.** This includes taking more informed risks, especially with respect to programming. It is also aiming to more clearly identify what level of risk it is willing to accept to support locally led initiatives. There is recognition that risk cannot simply be transferred to partners and GAC must be willing, in certain areas, to take on more risk. This may involve trading off priorities, for example weighing up risk against other considerations like impact. As a mitigation measure, GAC recognises that locally led development may require more monitoring throughout the cycle and more capacity strengthening, as well as iterative approaches where funding evolves over time with the same partner.

As part of its GCTI, **Canada is developing a new Risk Management Component that is scalable and adaptable.** Its intent is to develop a system that supports GAC's commitment to work with local actors and is in line with departmental risk appetite and the transfer payment policy framework, and this work is in its early stages. The Risk Management Component aims to bring together fiduciary and non-fiduciary risks into a single modern, automated tool that will support all grants and contributions programmes at GAC. It will also facilitate information sharing and decision-making. The tool aims to provide greater flexibility in assessing the risks associated with recipients and projects of different sizes and scales in line with the department's evolving risk appetite.

Work is underway to identify opportunities for Canada to adapt its approach to better support locally led development, consistent with the transfer payment framework and GAC's evolving risk appetite.

### ***Measurement and learning***

**Canada does not currently have a systematic method to track locally led development.** Some data has been captured using the proxy indicator of partner type and location to collect data on potential locally led development initiatives, however this lacks precision and does not capture the full breadth of locally led development initiatives. It recognises that this is an imperfect system, as working with a locally-based partner does not necessarily equate to locally led development, if other good practices (e.g. shifting decision-making power) are not applied. Canada also recognises that its monitoring and evaluation requirements can present an administrative challenge for local partners, reflected in its efforts to adapt and simplify them under the FailSmart Lab initiative. It also sees internal challenges related to bringing learnings together for locally led development reform across a large, amalgamated department.

**There is interest in a standard definition of locally led development across DAC members**, to support tracking and analysis through standardised and aggregated approaches. For this purpose, Canada seeks to engage with the OECD Working Party on Development Finance Statistics. Challenges related to measurement include the complexity of locally led development and it having multiple dimensions: not simply providing funds more directly to local partners, but also enabling local agency and leadership.

For Canada, **using existing systems like the CRS offers opportunities and also challenges.** The use of channel codes, for example, would disadvantage Canada because the majority of its ODA is channelled through multilaterals and other international intermediaries. The use of country programmable aid (CPA) as an, albeit imperfect, locally led development proxy, which can include both budget/ sector support and

funds channelled through INGOs, may offer a more favourable option. The ODA Accountability Act is a distinctive feature of Canada's domestic legislative framework. Principles of locally led development are embedded under the Act, where in order for initiatives to qualify as Canadian ODA, the competent Minister must be of the opinion that they "take into account the perspectives of the poor": a decision that requires due diligence and reasonable assurance that an initiative has considered these perspectives in its design and implementation. This could provide a valuable source of information and data for measuring locally led development, if captured and systematised correctly in project design and monitoring.

Recognising the challenges, **Canada's Evaluation Division has developed a pilot Localisation Analysis Framework**, which is an evaluation tool designed to measure a programme's alignment with locally led development across 9 dimensions (Box 4) and to identify key barriers and enablers to programming with local organisations. Key features include a focus on the relevance of local capacity strengthening support by providers, which assesses the ability of a programme to leverage and build on existing local capacities and strengths, moving away from a deficit model. It also centres local ownership and leadership, across programme design, management, governance and monitoring, evaluation and learning.

**The pilot application of the framework in two programme evaluations (WVL, CFLI) identified three major barriers** that hindered programming with local organisations: 1) Institutional factors, including requirements that are difficult for local organisations to meet GAC's risk appetite; 2) Adverse local contexts in which international assistance programmes are implemented can create challenges that hinder local organisations from receiving provider funding (such as national legislation and government hostility toward GAC priorities); 3) Limited (GAC) human resources and capacity to support local partners without previous experience working with GAC or other providers.

#### Box 4. Localisation Analysis Framework: 9 Dimensions

1. Partner organisations were local organisations
2. Level of funding provided to local organisations
3. Nature of partnerships
4. Degree of local ownership and leadership – Project Design
5. Degree of local ownership and leadership – Project Management
6. Degree of local ownership and leadership – Project Governance
7. Degree of local ownership and leadership – Monitoring, Evaluation and Learning
8. Relevance of GAC/provider-funded capacity strengthening support
9. GAC/provider administrative and operational requirements and capacity

The design and piloting of the Localisation Analysis Framework in the Evaluation Division provides essential **building blocks for the development of locally led development policy**, including how to define locally led development. The deep thinking and iteration applied in this process offers a crucial foundation on which to develop common approaches to locally led development measurement and learning going forward.

## 6. Outlook

Canada is well advanced on its journey towards locally led development co-operation, with significant efforts being made across all four of the foundational enablers addressed in this peer learning. Champions within its policy coordination unit are facilitating a bottom-up and consultative approach to developing locally led development frameworks and guidelines, building on and integrating important work being done in other units. This includes the GCTI, which creates opportunities to address specific bottlenecks and administrative barriers; the implementation of the Risk Appetite Framework for International Assistance, where advances can be made in fostering more tailored and strategic approaches to risk; and the development of the Localisation Analysis Framework for evaluation, where significant steps have been made in addressing definitional issues and contributing to developing the building blocks for locally led development policy and/or guidelines.

Within a broader enabling environment underpinned by the FIAP, Canada has several programmatic examples where locally led development principles and objectives are already prioritised, including CFLI, WVL and the Equality Fund. Significant institutional learning, including through evaluations that have applied its analytical framework to these programmes, can be drawn on to inform its next steps. Building on this existing learning within GAC, this OECD-DAC deep dive indicates that there are five key areas that will have a significant impact on its progress:

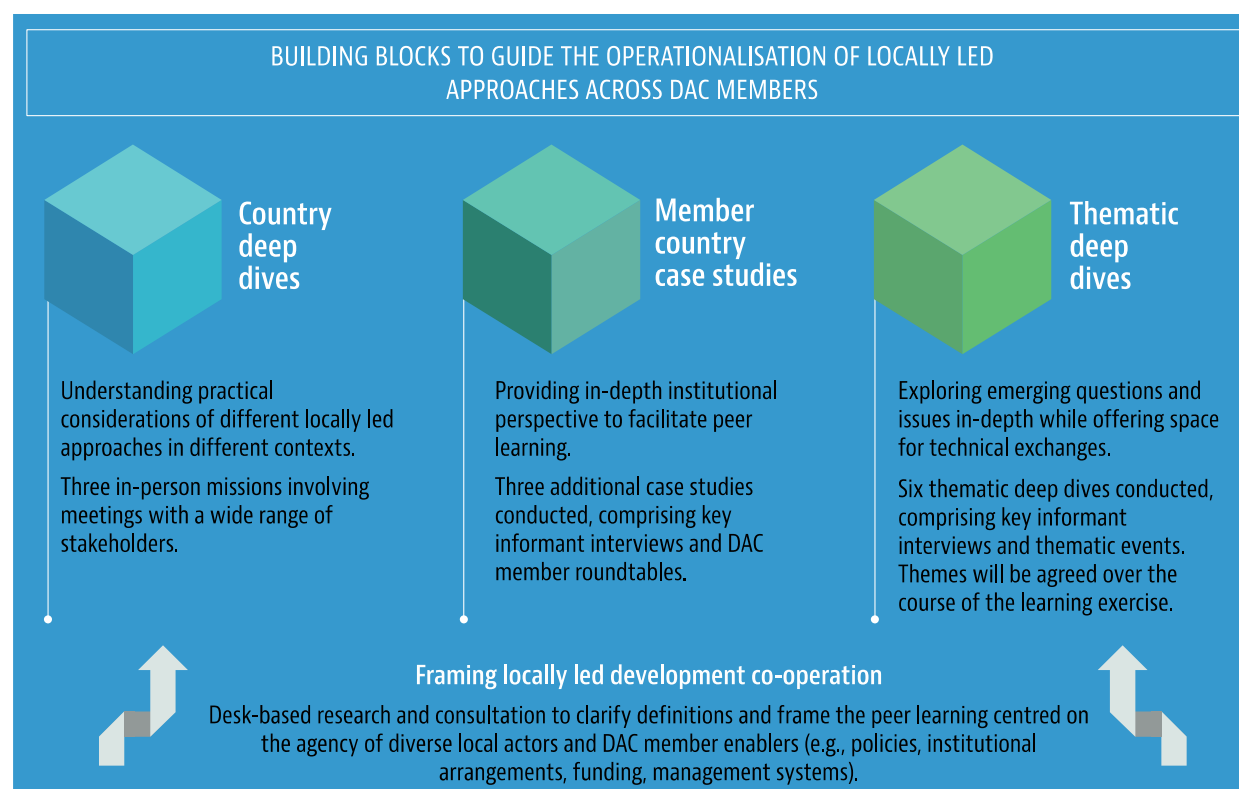
1. Ensuring that locally led development policy development processes and efforts to drive efficiency under the GCTI remain integrated, mutually responsive and move beyond pilots to genuine systems change;
2. Creating enough space for an inclusive process, where external actors, including both Canadian and local stakeholders, can influence and have their views and concerns addressed;
3. Accelerating risk management by moving forward with a tailored approach that weighs up risk against impact and recognises the importance of risk sharing in both intermediary and direct funding partnerships with local actors;
4. Using the Localisation Analysis Framework as a foundation for design as well as evaluating locally led development policy and programming; and
5. Structuring partnerships with intermediaries (including Canadian civil society, multilateral agencies) that incentivise the application of locally led principles and practices.

# Annex

## Peer learning overview

Locally led development is rising up the policy agenda as evidenced by the multiple international initiatives on locally led development and the recent [international statement on supporting locally led development](#) signed by 21 development co-operation providers. However, while there are good practices, DAC members meet significant obstacles in their ambition to advance development co-operation that is genuinely locally led. These range from political and power dynamics and systemic constraints to the absence of a shared understanding across development and humanitarian actors, and practical ways to adjust programming. In early 2023, the DAC therefore agreed to carry out a peer learning exercise to share and learn between peers approaches to promote locally led development ([DCD/DAC(2023)5]). The peer learning process will be conducted over a period of approximately 12 months and be organised around four key building blocks.

Figure 2. Peer learning overview



## Objectives of DAC members case studies

As part of the peer learning exercise, the Secretariat has committed to conduct three DAC member case studies. These DAC member deep dives aim to understand DAC member contexts, constraints, and opportunities for supporting locally led development. They are an opportunity to address the political contexts, systems and institutional arrangements that underpin the principles, strategies, operations, and funding instruments of all DAC members.

In particular, DAC member deep dives:

- **Identify how DAC member policies, institutional arrangements, financing and management systems, and practices** enable or constrain locally led development co-operation.
- **Identify good practices** for locally led development co-operation with opportunities to scale, replicate and share. These can be both programmatic and organisational and system practices.
- **Reflect on the nature of agency of different local actors** across DAC member instruments, interventions, and funding approaches.
- **Understand how the DAC member contexts** influence the understanding of and approach to locally led development co-operation.
- **Explore DAC member approaches in different operating contexts** and its relation to locally led development.
- **Identify specific learning in relation to thematic deep dives** (i.e. valuing local capacities, accountability to local stakeholders, risk management, locally led development co-operation in politically constrained environments, the role of multilaterals, and measuring locally led development co-operation).

## Approach to Canada deep dive

The Canada deep dive consisted of 4 day mission (4-8 December 2023) conducted by Renwick Irvine (Team Lead, Peer Reviews, OECD) and Rose Pinnington (Consultant, Share Trust). The mission was facilitated by Global Affairs Canada (GAC)'s International Assistance Policy Coordination team. During the mission, 19 meetings were held covering both internal (senior management, grants and acquisitions, programme teams, risk and compliance, human resources teams, geographical departments; actors steering locally led development initiatives and policy) and external (Canadian civil society, research organisations) stakeholders. At the end of the mission, a Key Impressions document was shared with GAC and a debrief session was held to discuss preliminary findings.

Following the mission, a short (10 page) analytical member case studies has been produced. It will be shared with GAC for comments. This document will feed into the perspective from members for the overarching synthesis paper. Visits will also help identify *In Practice* case studies to be developed and published on the [Development Co-operation TIPs page](#). It is anticipated that at least three practices will emerge from this DAC member case study. In this document, they have been highlighted in Boxes 1-4.

The following Table 1 provides an overview of the methodology used in the DAC Member case studies.

**Table 1. Approach to DAC members case studies**

Preparation	2 remote meetings held with DAC Member key personnel to agree on the proposed approach. Consultees identified and meetings scheduled. Documents shared and reviewed 6 weeks in advance. Agenda prepared 3 weeks in advance.
Visit activities	10-15 key informant interviews (staff from across the DAC member development co-operation system as well as external partners). 1 roundtable discussion on the last day to share findings, and address emerging questions (DAC member only)

## Notes

<sup>1</sup> See framing paper for full analytical framework being applied in this peer learning: [https://one.oecd.org/document/DCD\(2023\)47/en/pdf](https://one.oecd.org/document/DCD(2023)47/en/pdf).

<sup>2</sup> See: <https://www.usaid.gov/localization/donor-statement-on-supporting-locally-led-development>.

<sup>3</sup> Nearly 100 organizations responded with valuable insights including on barriers for local organizations to accessing funding, and on the changing role of intermediaries. <https://canwach.ca/wp-content/uploads/2023/03/EN-Localization-Study-Report-2023.pdf>.

<sup>4</sup> See: [https://www.oecd-ilibrary.org/sites/aa7e3298-en/index.html?itemId=/content/component/5e331623-en&\\_csp\\_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oecd&itemContentType=chapter](https://www.oecd-ilibrary.org/sites/aa7e3298-en/index.html?itemId=/content/component/5e331623-en&_csp_=b14d4f60505d057b456dd1730d8fcea3&itemIGO=oecd&itemContentType=chapter).