

SITUATION REPORT

LOCAL ACTORS: CRITICAL FOR THE FUTURE OF EFFECTIVE INTERNATIONAL AID, HARDEST HIT BY THE CRISIS



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The Modernizing Foreign Assistance Network (MFAN) has long acknowledged the critical role local actors - national and local government, local civil society organizations, and local private sector - play in humanitarian response and development programming. Local actors understand the political, economic and social context, and are often best placed to identify and solve development challenges. They can reach the widest range of communities and often have the trust of local people.

Local knowledge and expertise are also critical for effective humanitarian response, when local actors are often the first responders, and it is their organizations that remain once the disaster has passed. In many aid-receiving nations, local businesses are also key engines of employment and economic growth, and important potential U.S. trade partners.

Working alongside local actors strengthens the standing of the United States in those countries. Strong relationships with and smart investments in local actors strengthen U.S. positioning in strategic countries and supports countries in building a future where U.S. foreign assistance is no longer necessary.

Despite their importance as critical allies, the impact of the aid freeze and numerous program terminations has had a dramatic impact on local partners - especially on local non-profit organizations - and their communities, and not only threatens their critical work, but also the bipartisan localization agenda. The impact to local organizations is even more severe than for larger U.S.-based entities.

Local partners have less of a safety net to weather funding disruptions, often have significantly less reserves, and are left unable to cover critical staff and infrastructure. Local partners also often work in difficult operating environments. Without international partnerships and funding, local partners may be at greater risk of being targeted for political reasons. These funding cuts put their current activities and program participants at risk, diminishes necessary trust with the community, and makes any future work and partnership more difficult and costly to re-start.

MFAN members work with a larger number of local and national organizations that have been severely impacted by the recent U.S. funding cuts. A small selection are highlighted here that have faced institutional hardship and have been forced to cut off lifesaving basic services to their communities.





A legacy of successful transition tarnished: local PEPFAR partners derailed

In Cameroon

Local partners implementing the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) programs provide a stark example of these impacts. PEPFAR has been a shining star for successful transition to local prime partners, but these very partners are now among the hardest hit by the crisis. For example, the National Episcopal Conference of Cameroon (NECC) is a respected faith-based organization that was selected to transition from sub-awardee to prime for a PEPFAR program focused on improving the capacities of government, community networks, and caregivers to provide high quality, sustainable care to orphans and vulnerable children (OVC) across all 10 districts in Cameroon. With support from their INGO partner in 2022, NECC was awarded a five-year \$33 million cooperative agreement for the Consolidating Systems and Services for the Management of OVC (CoSMO) project, the largest to date for a national prime

partner. NECC began implementing CoSMO in January 2023 and was performing well, serving more than 63,000 participants with lifesaving assistance.

Once the Stop Work Order (SWO) was issued earlier this year, project staff at NECC and sub-recipient partners, immediately had to cease project activities, leading to a significant disruption in services for vulnerable children and their caregivers across the country. NECC initially received a humanitarian waiver, though lack of payments continued to cause significant disruption to their ability to provide services. The team was devastated when in March they received formal notice that the project was terminated. As a result, NECC has initiated full project closure and begun laying off over 100 project staff. Over a thousand staff from the 26 local partners that NECC supervised on CoSMO have also now lost their jobs. The termination has resulted in lost funding for core operations, weakening their ability to provide critical services to children and families, and threatening their survival as a local organization.

In Ethiopia

In 2017, the U.S. Agency for International Development (USAID) launched Caring for Vulnerable Children (CVC) in Ethiopia, with the aim of enhancing HIV prevention, care, and treatment outcomes among vulnerable children and adolescents. In 2021, the CVC consortium engaged the Organization for Social Services, Health, and Development (OSSHD) to provide HIV services in the conflict-affected Tigray Region. CVC strengthened OSSHD's capacity to provide lifesaving services, training staff in HIV case management, HIV prevention, child protection, mental health and psychosocial support, and gender-based violence prevention and response. Through January 2025, OSSHD's 74 staff and network of 327 case workers linked more than 33,000 children, adolescents, and caregivers with HIV services, including HIV testing services, antiretrovirals, post-rape care, and life skills. OSSHD met critical HIV service needs for highest-risk children, adolescents, and caregivers living with HIV, including internally displaced people.

When the SWO was issued on January 24, 2025, OSSHD activities abruptly stopped, leading to significant disruption in HIV prevention, care, and treatment for target populations in Tigray. Struggling to remain open, OSSHD has had to terminate all 74 staff working on this activity, as well as its network of 327 case workers. The SWO has undermined continuity of HIV treatment, with looming resistance to antiretroviral medications, increased transmission of HIV, and increased loss of life. As Tigray's health system is still struggling to recover post-conflict, these families have few options for HIV services. The weakening of organizations such as OSSHD/Tigray reverses investment in epidemic control by the U.S. government, the Government of Ethiopia, and their partners.

Recommendations

The massive, immediate cuts to U.S. foreign assistance have resulted in death and despair in the countries the U.S. government has partnered with for decades. The cuts also impact the survival of the very organizations that we hope will be leaders in delivering development and humanitarian assistance in their countries in the future. To advance the goal of localizing aid to sustainably exit over time, the administration should:

1. Provide immediate relief, recovery and support to active local partners, including back payments:

Local partners – trusted U.S. allies – have been irreparably harmed by the chaos of the aid freeze and termination process, particularly given they have fewer resources to help them navigate unpredictable and infrequent payments. To ensure the U.S. has partners it can work with, the U.S. government must settle payments due quickly, establish a regular cadence for future payments and support local civil society partners as they regroup to enable them to continue to be trusted U.S. partners.



2. **Elevate local actors as strategic partners and invest in their capacity:** Local organizations, faith-based organizations, local government and local business are all essential stakeholders to advance development in their own countries. As the U.S. government moves into a new phase of international assistance, it should elevate their essential role in our foreign aid, and invest in their capacity accordingly, including creating channels for direct engagement. Capacity strengthening efforts - with a focus on both institutional and operational - must be an intentional U.S. investment.
3. **Set targets and prioritize achievement:** Much groundwork has been laid to localize aid, and we have seen success through a variety of models and initiatives. The U.S. government should set bold funding and engagement targets for local partners and should invest in models that work. Specifically, this administration should:
 - Use proven models to expand additional funding opportunities for new and underutilized local partners.
 - Increase the use of transition awards to move more programming to local implementers.
 - Ensure capacity strengthening investments accompany awards.
 - Improve acquisition and assistance mechanisms to open the door to local partners.
4. **Empower INGOs to play critical intermediary roles:** Transforming aid into a more locally led future will require a period of transition and include a wide range of expertise and partnerships. INGOs are uniquely positioned to support these kinds of transition processes by accompanying local partners to become prime award holders. INGOs can also help the U.S. government identify effective local partners. As such, this administration should:
 - Identify and invest in effective intermediaries and key global partners that can help it reach its aid and reform goals.
 - Support INGOs to work in locally led ways and support more equitable partnerships with local actors.
 - Explore new funding mechanisms to incentivize and support INGOs to evolve their roles in humanitarian response and development assistance programming.
 - a. Invest in social enterprises for local partners so that they also have alternate sources of income.
 - b. Support countries to develop and expand their social financing programs to provide local NGOs with better, extended access to national funds.
 - Increase the use of existing intermediary mechanisms like mentorship and transition awards, as well as stand-alone capacity strengthening programming, to increase the number of local primes that partner directly with the U.S. government.