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Localizing Development to the Grassroots: Potentials and Limits of Engaging with Community Groups

Lena Gutheil, Dennis Mbugua Muthama

The withdrawal of the United States Agency for International Development (USAID) has created a significant funding gap for civil society, with the impact felt most at the local level due to USAID's strong support for development localization. Even if other donors are unable to close this gap, the question emerges as to how funding should be distributed across civil society and, whether the focus should shift from professional civil society organizations (CSOs) to grassroot community groups. Localization means paying attention to local needs, engaging local stakeholders and letting them lead. This approach rests on the assumption that community groups are more accountable and responsive than CSOs. However, even community groups do not always organize or represent community issues and are oftentimes driven by livelihood concerns and patronage. If donors wish to support community groups, they should invest in projects that help establish formal citizen–state accountability relationships.

Although the idea that aid should be locally led is nothing new, over the last decade various actors have made more serious commitments to put words into action. The term "localization" was coined during the "Grand Bargain" for humanitarian aid. This was a major agreement between donors and aid organizations reached during the World Humanitarian Summit in 2016, committing signatories to channel at least 25 per cent of humanitarian funding to local and national actors.[1] In the realm of development cooperation, the Global Partnership for Effective Development Co-operation specifically mentions locally owned and -led development in its 2022 declaration.[2] USAID became a frontrunner by pledging to spend 25 per cent of its eligible funding on local organizations until 2025 as early as in 2021.[3] Yet, the realization of the localization agenda looks rather sobering, and with USAID's unexpected demise, the question arises as to how other donors will step in to – at least partly – close the funding gap.

[1] Interagency Standing Committee, *Grand Bargain beyond 2023* (Interagency Standing Committee, 2023).
[2] Global Partnership for Effective Development Cooperation, *2022 Effective Development Co-operation Summit Declaration* (Global Partnership for Effective Development Cooperation, 2022).
[3] Elissa Miolene, "What's Inside USAID's Latest Localization Report?," *Devex*, 15 January 2025.

This policy brief approaches the debate about "localization" as a point of departure and examines the roles and functions that community groups assume at the local level, based on research conducted in Nakuru City, Kenya. It aims to assess the extent to which the roles and functions of community groups match common assumptions, and to derive recommendations for donors on how to engage with them.

Donors' Reasoning for Localization: Potentials and Risks

In light of the increasing levels of government restrictions on foreign funding and related legitimacy issues as well as the co-optation of civil society organizations (CSOs), funding informal organizations and movements is one way for donors to stay engaged. Apart from shrinking civic space, the rationale for funding community-level organizations directly, and localization more generally, is the assumption that aid can be delivered more effectively if it is "localized". Gains in effectiveness are believed to be achievable due to fewer intermediaries in the funding chain, as well as better context knowledge, which leads to quicker, more relevant and targeted interventions. Local actors are also assumed to be more responsive and accountable to the population, as they represent or work directly with affected communities – this is what is usually meant when donors claim that local actors have more ownership. They also enjoy more legitimacy and trust in the communities in which they work, which enhances access. In addition, due to the continued presence of local actors in the area, interventions, and in particular capacity-building, are believed to be more sustainable. Finally, "localization" is also a normative agenda that is in line with discourses around decolonizing aid: It is believed to reduce power-asymmetries between donors and recipients, contributing to more equitable partnerships.[4]

Yet, donors also consider the funding of informal community groups to be risky, as they lack formal accounting structures. In order to be eligible for funding, organizations are required to comply with reporting and accounting procedures, which presupposes a certain level of institutionalization, which informal organizations mostly lack. In those cases in which the participation of more informal organizations is part of a project, donors mostly outsource the associated risks related to the mismanagement of funds by letting professional partner-country organizations sub-grant. Hence, agenda-setting and decision-making powers hardly lie with the actors who work directly in the affected communities, as these actors are reduced to sub-grantees.[5] Funding community groups that had previously relied on volunteers also comes with internal risks: As research has shown, the funding of community groups can have serious impacts on an organization's legitimacy and create further opportunities for rent-seeking.[6]

Other barriers to localization concern the emphasis on the upward accountability to donors instead of downward accountability to the local communities; self-preservation of donor

[4] Ranil Dissanayake, *Localization in Theory and Practice* (Center for Global Development, 2024); Kristina Roepstorff, "A Call for Critical Reflection on the Localisation Agenda in Humanitarian Action," *Third World Quarterly* 41, no. 2 (2020): 284–301.

[5] Naomi van Stapele, Lise Woensdregt, Lorraine Nencel, and Edwin Kibui Rwigi, *Towards Inclusive Partnerships: The Political Role of Community-based Organizations (CBOs) and the Official Development Aid System (ODA) in Nairobi, Kenya* (Include Platform, 2019); Lena Gutheil, "Practising Organizational Autonomy at the Community Level: Evidence from Advocacy Projects in Uganda and Vietnam," in *Reimagining Civil Society Collaborations in Development,* ed. Margit van Wessel, Tiina Kontinen, and Justice Bawole (Routledge, 2023), 281–95.

[6] Selma Zijlstra and Marja Spierenburg, "Advocating for Land Rights in Kenya: A Community-based Organization's Attempt to Reconcile External Funding with Local Legitimacy," in *Reimagining Civil Society Collaborations in Development,* ed. Margit van Wessel, Tiina Kontinen, and Justice Bawole (Routledge, 2023), 114–27.

country-based non-governmental organizations (NGOs); a lack of clear policy direction; and an unclear definition and insufficient knowledge of "the local".[7] As national, regional and municipal actors can all be considered "local" – in addition to local representatives of foreign CSOs – it is not entirely clear who is meant by "local actors".

Grassroots Funding Remains Marginal

Even though local government and private-sector representatives are not excluded from the debate, the majority of policy publications refer to CSOs when discussing locally led development. Debates about decolonizing relations between the CSOs based in donor countries and their partners in aid-recipient countries have been prominent in the last years among CSOs. These debates have focused on the criticism that the bulk of CSO funding does not reach the implementing CSOs directly, but goes through – mostly donor country-based – intermediaries.[8] Statistics from the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) show that in 2023, only 9.8 per cent of DAC members' allocations of official development assistance to civil society was directly received by partner-country civil society groups (Germany: 2.2 per cent).[9] Despite the fact that donor country-based CSOs sub-grant to partner-country ones (for which there is no data), this still means that the leading role in terms of agenda-setting and decision-making is assumed by the donor country-based organizations that receive the funding in the first place and are also accountable for its use. It can further be assumed, on the basis of the literature, that the bulk of the marginal 8.5 per cent of funding which goes directly to partner-country CSOs went to large and professional CSOs and not to grassroots organizations.[10]

[7] Dissanayake, *Localization* (see note 4); Arbie Baguios, Maia King, Alex Martins, and Rose Pinnington, *Are We There Yet? Localisation as the Journey Towards Locally Led Practice: Models, Approaches and Challenges* (ODI, 2021).
[8] Margit van Wessel, Tiina Kontinen, and Justice Bawole, "Introduction: Towards Reimagining Civil Society Collaborations in Development," in *Reimagining Civil Society Collaborations in Development,* ed. Margit van Wessel, Tiina Kontinen, and Justice Bawole (Routledge, 2023); 1–17 van Stapele et al., *Towards Inclusive Partnerships* (see note 5).
[9] OECD. *Official Development Assistance to Civil Society Organizations. Online Dashboard,* accessed July 25, 2025.
[10] Margit van Wessel, Tiina Kontinen, and Justice Bawole, eds., *Reimagining Civil Society Collaborations in Development* (Routledge, 2023); Moosa Elayah, Hasan Al-Awami, Enas Al-Qobati et al., "Financial Sustainability and Influence Dynamics in Yemen's Conflict-Affected NGO Landscape: Unveiling 'Sheikh' Organizations," *Voluntas* 36 (2025): 253–66; Hyman van Zyl and Frederik Claeyé, "Up and Down, and Inside Out: Where Do We Stand on NGO Accountability?," *The European Journal of Development Research* 31, no. 3 (2019): 604619.

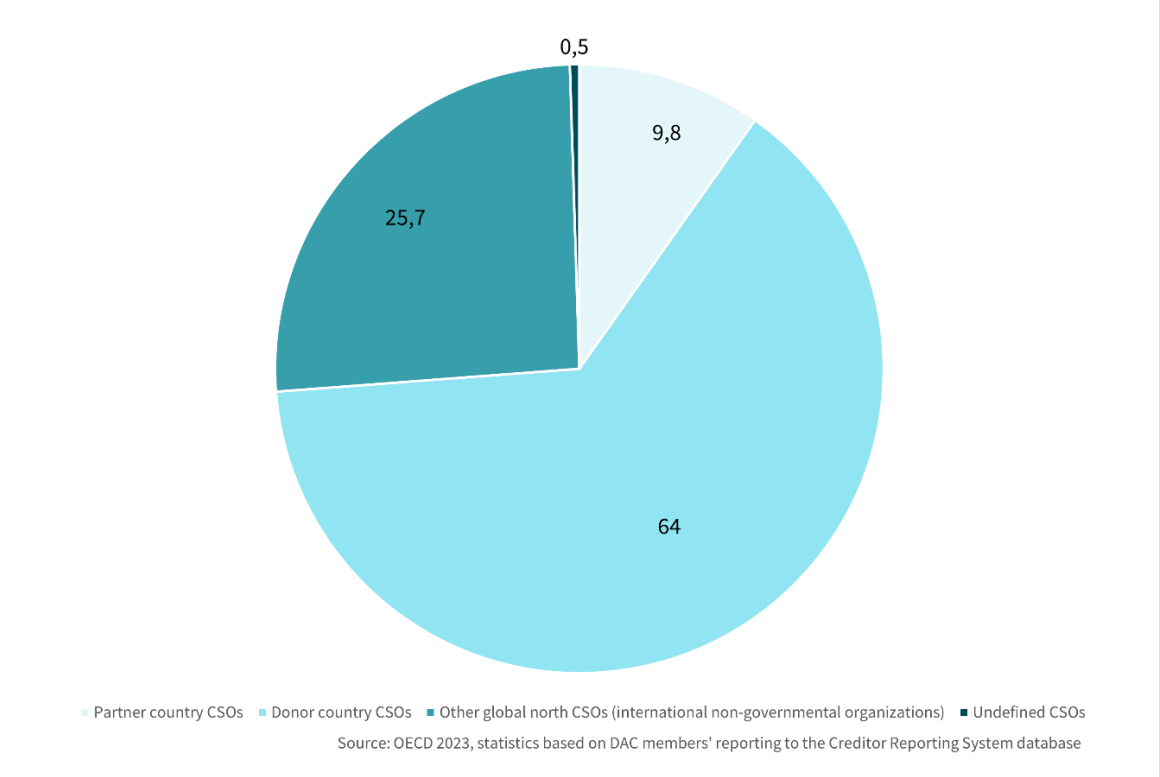

Figure 1. Funding from OECD DAC donors to CSOs

Hence, apart from the generally low share of funding for partner country-based CSOs, there is even less direct funding to community-level organizations. This has been taken up in the *DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance* from 2021, which stipulates that DAC members should increase "the availability and accessibility of direct, flexible, and predictable support" (III. 4a) to civil society organizations and also encourages the funding of a "broad range of formal and informal, traditional, and new types of civil society actors" (III. 5).[11] In a similar vein, the 2024 strategy of the German Federal Ministry for Economic Cooperation and Development (BMZ) for collaborating with CSOs states that it wishes to "explore whether specific support options need to be put in place for informal civil society groups".[12] The idea not to fund the "usual suspects" of civil society is also increasingly circulating among European Union (EU) member states, and it is being inter alia framed as a response to shrinking civic space.[13]

Roles and Functions of Community Groups – The Case of Nakuru City, Kenya

In order to evaluate the potentials for donors' engagement with community groups, we discuss in the following research the results from Nakuru City, Kenya. We researched the roles and functions of community groups that donors would potentially target as part of their localization approach in order to identify whether there are potential gains from engaging with them. By "community groups" we mean those groups that solely operate at the local

[11] OECD, *DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance*, OECD/LEGAL/5021 (OECD, 2021).
[12] BMZ, *The Federal Development Ministry's Cooperation with Civil Society: Assuming International Responsibility in a Spirit of Solidarity* (BMZ, 2024), p. 20.
[13] Amandine Sabourin and Sara Gianesello, *Exploring EU and Member States' Approaches and Options to Addressing the Shrinking of Civic Space* (Team Europe Democracy Initiative, 2024), p. 22.

level, do not have a formal administration (office, bank account, etc.), do not receive any regular funding and concentrate on members' shared interests.

The study results are based on two field trips to Nakuru City, during which interviews and focus group discussions were conducted with various stakeholders and diverse groups of actors that were identified by our interlocutors as the major community groups present in the local set-up. These included women's groups in different sectors, neighbourhood associations, local committees and a motorcycle taxi riders' association. Group membership numbers ranged from 5 to 25, with the large majority of group members being women (the motorcycle taxi riders' association was the only all-male group).

In addition, we talked to government officials such as sub-county administrators, social services officers, agricultural officers, ward administrators, community health workers, the Nakuru City manager, Chiefs and Assistant Chiefs as well as Members of the County Assembly. We also held informal discussions with other local county officials. Due to the limited scope of the study, findings cannot be generalized. However, many of the roles and functions we found are corroborated by research in other contexts and can therefore raise donors' awareness about structural issues to consider in collaboration approaches.[14]

Community Groups Give Access to Benefits on Multiple Levels

Community groups serve different functions, often simultaneously. Donors mostly conceptualize community organizations in terms of **self-help**. Our findings confirm that all groups have a self-help component. Residents in different communities come together to see how best they can help each other in different domains, ranging from neighbourhood support to agriculture and social support. They meet on a regular basis and share experiences, knowledge and organize their activities. Besides these activities, the majority of groups have a table banking component, and some exclusively focus on table banking. Table banking relies on its members' regular financial contributions, allowing all members to access the pooled fund at a certain point. In this way, it also serves as insurance for unforeseeable events. Hence, self-help also means access to cash and credit.

Yet, in addition to self-help, groups also exist to distribute **patronage** and access benefits. Groups are an important means for politicians and officials to distribute various resources, including agricultural input, emergency assistance and money such as bursaries to pay school fees. Various government support schemes only benefit groups and cannot be distributed to individuals. One of the Members of the County Assembly admitted that he had initiated women's groups, as it was only possible to help organized citizens and not individuals. By distributing chicks and seedlings, he wanted to support their livelihoods and **secure followership** simultaneously. The women were aware that he expected votes in return, voter mobilisation support during the election period and assistance during public meetings.

Groups are thus immensely important for their members to gain access to resources, for instance **government opportunities**. An Assistant Chief noted that if, for example, the gov-

[14] Claudia Baez Camargo and Lucy Koechlin, "Informal Governance: Comparative Perspectives on Co-optation, Control and Camouflage in Rwanda, Tanzania and Uganda," in *African Cities and the Development Conundrum* (Brill Nijhoff, 2018): 78–100; Joop De Wit and Erhard Berner, "Progressive Patronage? Municipalities, NGOs, CBOs and the Limits to Slum Dwellers' Empowerment," *Development and Change* 40, no. 5 (2009): 927–47; Kazi Nazrul Fattah, "NGOs, CBOs, and the Contested Politics of Community-Driven Development in Urban Informal Settlements," *Community Development* 55, no. 3 (2024): 369–85; Nwamaka Okeke-Ogbuafor, Tim Gray, and Selina Marguerite Stead, "A Comparative Analysis of the Role of Traditional and Modern Community-based Organizations in Promoting Community Development in Ogoniland, Nigeria," *Community Development Journal* 53, no. 1 (2018): 173–89.

ernment requests 200 applications for short-term contracts to undertake a programme such as the census, he will call local elders requesting several names from each. The list of the elders is trusted because of their legitimacy within the community. During our fieldwork, it was not evident that an equitable distribution of these opportunities is a key consideration. Local leaders such as elders act as brokers and are crucial for connecting people and channelling resources.

Hence, groups also **nurture local leadership**: They provide a platform for local leaders to thrive and expand their local power base. Oftentimes group leaders assume different leadership roles in a community. For instance, one of the female leaders we came to know and learn about was a member of several local development committees, women's groups and also an elder. In addition to this, her name came up during several interactions with officials. When we enquired as to why she was popular and able to solve every problem, we were informed that she would be vying for the post of Member of County Assembly. She used her leadership positions as an investment into her political career. Thus, group leadership is not only a way of getting access to benefits, but it can also be a stepping stone for assuming other roles as a community leader or in a political career.

Community leaders also act as contact persons for development partners. They organize NGO trainings for community groups and mobilize the communities with the help of existing groups, if donors ask for community representation. For example, during our fieldwork, we witnessed the local community elect residents for two committees for a nationwide agricultural development programme. County officials, including the local ward administrator, led the election process and mobilized groups for this purpose. Hence, groups can also act as **development mediators.** Primarily those groups that are active in sectors which donors support, such as agriculture, are targeted by donors.

Overall, the research shows that the majority of these groups are focused on livelihood concerns, even if social exchange and support (e.g. widows' groups) or community organizing (neighbourhood associations) also play an important role. The lack of jobs in the area drives people to seek mutual support in accessing financial means, be that through subsistence (e.g. urban gardening groups), table banking or access to state/donor benefits. Being in a group means being eligible for opportunities and having access to patronage. In contexts where there is an absence of state services and social protection, groups are essential as a safety net, especially for the poor. Economically well-off individuals who have the financial means to afford to pay for services – and often also have better access to decision-makers through elite networks – hardly self-organize in the same manner.

At the same time, organizing in groups fosters exchange between citizens and officials. Group leaders have strong local networks through which they can approach the various local governance structures and place demands on them. For example, in our conversation with a Chief, he noted that local groups would call him to pass along members' requests or address recurring local problems, especially security-related matters. Through these group leaders' regular communications with local leaders such as the Chief or a Member of the County Assembly, they can have their issues addressed and also become known. Hence, community groups also have a **claim-making** function. Yet, claims are not only made for government services, but also for patronage. For instance, the motorcycle taxi riders' association receives support from a local politician for various purposes such as bailing out some of the members who have been arrested or making sure their members are not harassed by the traffic police. Yet, this does not alter the general working conditions for the motorcycle taxi riders. Those group interactions that foster accountability relations with officials in formal formats are scarce. We found that only the motorcycle taxi riders' association and the neighbourhood associations were involved in participatory budgeting meet-

ings called for by the county. During these meetings, the associations aggregate their members' interests and represent them.

In a nutshell, community groups do not necessarily enjoy broad legitimacy or represent communities' interests. Oftentimes, community groups represent particular interests, and they are not necessarily more accountable than more professional organizations. If communities are "mobilized" to participate in development projects, this happens for the most part through community leaders, who leverage their personal networks of individuals and community groups. Those who are not part of the network are easily excluded. By contributing to the formation of new committees in the framework of donor projects on a rolling basis, donors do not necessarily enhance local representation, but instead contribute to the further diversification of the "group economy". Although these groups provide individuals with benefits, their informal decision-making and redistribution channels weaken formal decision-making structures. Overall, the informalization, fragmentation, and opacity of resource distribution and decision-making processes limit the coordination capacity of groups to demand structural improvements. Although there is an element of responsiveness that is established when groups interact with officials, there is a lack of transparency when these interactions happen informally. Hence, informal interactions do not contribute towards sustainably improving government accountability, as they rely on favours and not on transparent rights, thereby preventing structural improvements.

Conclusion and Recommendations

Despite the vivid debate about localization, the actual amount of resources reaching partner country-based organizations is still marginal and expected to further decrease due to USAID's closure. Hence, the call for shifting resources closer to the people who are directly affected is justified, both from a moral and an efficiency point of view. Yet, as so often the case, the devil lies in the details. The demand to let communities drive their own development cannot simply be realized by providing community groups with financial resources. Just like CSOs, community groups are not democratically elected by their communities, and the degrees of their legitimacy vary. In the case of Nakuru, many community groups do not have any male members, and the youth are also underrepresented. In addition, these community groups are deeply embedded in patronage relations. Although these relations offer space for interaction with decision-makers, they do not always create general channels for more accountable and transparent citizen–state interactions. Hence, donors should take the following considerations into account when working with community groups:

1. The main reason for the thriving community group economy is the lack of affordable public services. Donors could directly invest in public services or support those groups that hold the state's service delivery to account through formal channels (claim-making function) and monitor the state's service delivery capacities. CSOs that are present at the local level can provide civic education and support individual community groups to organize in for a or umbrella organizations to aggregate their interests and make claims. Overall, localization benefits from a strategy that is based on complementarity and subsidiarity. Although CSOs at the national level might be well-placed to do advocacy with national decision-makers, local CSOs have specific knowledge of the local political economy and can engage community groups that are active in claim-making.

2. Community groups differ greatly in terms of their community linkages, legitimacy, membership and representational functions. In order to identify the relevant local actors for specific projects, donors need to gain access to local knowledge about power relations in the localities where they work. Approaches such as "Thinking and Working Politically" can offer guidance on how to design and implement interventions in a politically savvy manner. "Thinking and Working Politically" is a community of practice that was founded in 2013 by development practitioners advocating for including a strong political analysis, detailed appreciation of – and responses to – the local context and, flexibility and adaptability in programme design and implementation.[15]

3. Civil society cannot create relationships with unresponsive local governments. Donors should not only invest in civil society support, but also support programmes that create participatory governance structures at the local level and reforms that tackle equal access and quality of service delivery. Programmes that target local government accountability should ideally involve both government and civil society actors and support formal and transparent decision-making processes.

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[15] Lena Gutheil, "Adaptive Project Management for the Civil Society Sector: Towards an Academic Research Agenda," *International Development Planning Review* 43, no. 3 (2021): 393–418.

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