



ISSUE BRIEF · ASPC-IB-003

Economic Confidence and Local Institutional Capacity

Aligning investment, workforce development, and administration with durable public value.

ASPC ISSUE BRIEF

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Scope

This brief considers institutional conditions that may influence whether investment and development initiatives create durable local value. It does not evaluate any country, market, company, or proposed transaction.

Summary

Capital can begin a project. Institutional capacity determines whether its value can be maintained, extended, and shared.

Economic development is often described through investment totals, construction, or immediate employment. These measures are important but incomplete. Durable value also depends on licensing, procurement, infrastructure maintenance, workforce systems, supplier capability, commercial dispute resolution, and the ability of public institutions to administer commitments over time.

Investment that overlooks local operating conditions may produce assets without creating the capability required to sustain them. Conversely, capacity programs disconnected from real economic activity may train people for opportunities that do not exist.

Economic partnership should connect capital, capability, and accountable institutions from the beginning.

This brief proposes a practical assessment organized around five questions: Is the opportunity economically credible? Are administrative requirements clear? Can infrastructure and institutions support delivery? How will local people and enterprises participate? How will public value and risk be measured?

Economic confidence

Economic confidence is the reasonable expectation that rules, responsibilities, and commitments will remain understandable enough for institutions and enterprises to make long-term decisions. Confidence does not require the absence of change. It requires change to occur through processes participants can identify and assess.

Institutional contributors

Clear administration

Requirements, timelines, fees, and responsible authorities are published and consistently applied.

Lawful procurement

Public purchasing protects competition, value, records, and conflict management.

Reliable infrastructure

Transport, power, communications, water, and maintenance support productive activity.

Commercial recourse

Parties can resolve disputes through legitimate and reasonably timely processes.

Workforce systems

Education and training correspond to credible demand and recognized standards.

Responsible finance

Projects account for affordability, repayment, currency, and public obligations.

Weakness in one area may be manageable. Unexamined dependencies across several areas can create delays, cost escalation, stranded assets, or loss of public confidence.

Local capacity and participation

Local participation should be planned in practical terms. Broad commitments to local benefit are difficult to evaluate unless they identify the people, enterprises, institutions, and capabilities expected to participate.

Workforce

Project planning should identify occupations, skill levels, recruitment timelines, safety requirements, credentials, and the institutions capable of delivering training. Training should not be counted as an outcome unless participants have a realistic path to relevant work.

Enterprise and supply chains

Local enterprises may require information, standards, finance, equipment, or contract structures that allow responsible participation. Supplier targets should be based on verified capacity and accompanied by transparent procurement.

Public administration

Institutions may need capability to evaluate proposals, administer land and permits, oversee environmental and labor requirements, manage revenue, maintain infrastructure, and communicate with affected communities.

Local ownership is meaningful when responsibility, capability, and decision authority are aligned.

Proposed project assessment

Area	Questions before commitment
Economic case	What demand supports the project? Which assumptions are most uncertain? Who bears downside risk?
Institutional authority	Which bodies approve, regulate, oversee, and maintain the activity? Are responsibilities compatible?
Infrastructure	What dependencies exist and who is responsible for capacity, maintenance, and cost?
Workforce	Which occupations are needed, when, and through which credible training or recruitment pathways?
Local enterprise	Which goods and services can be competitively supplied? What standards or finance gaps exist?
Public value	How will employment, revenue, service, capability, and distributional effects be measured?
Integrity and risk	How will procurement, conflicts, environmental effects, labor conditions, and grievances be managed?

Proposed considerations

1 Assess institutional readiness with the commercial case

Administrative and infrastructure constraints should be part of initial feasibility, not deferred until implementation.

2 Connect training to verified demand

Use occupational requirements, hiring schedules, recognized credentials, and employer participation.

3 Publish responsibilities and safeguards

Identify decision authority, public obligations, procurement methods, and processes for complaints and correction.

4 Measure durable value

Track capability, supplier development, maintenance, revenue stewardship, and services beyond immediate spending.

5 Plan for operational transition

Define who will own, operate, finance, maintain, and regulate assets after initial delivery.

Growth assistance works through markets and institutions

CRS describes U.S. economic-growth assistance as support for both market activity and the public institutions that govern it.

Congressional Research Service report R47007 groups this work across agriculture, infrastructure, private-sector competitiveness, economic governance, trade and investment, finance, and labor. It notes that economic-governance programming may build public-sector capacity, while trade programming may support customs and border agencies as well as firms.

The report also shows that delivery tools must fit context. MCC's compact model is designed for countries meeting governance-related eligibility requirements; grants and technical assistance may be used where institutional capacity is weaker; development finance depends on commercially supportable projects and therefore faces constraints in markets with less-developed financial systems or accounting practices.

ASPC implication

“Investment readiness” should never be reduced to promotional opportunity. A credible review must test the commercial case, administrative capability, infrastructure, financial integrity, workforce, local participation, and the institution responsible for long-term operation.

R47007 was published February 9, 2022. Its fiscal-year 2010–2019 funding analysis is historical and is not presented here as a current appropriation level.

What should count as a result?

CRS reported that detailed public implementation reporting can be uneven across foreign-assistance agencies, geographies, projects, and sectors. GAO has likewise warned that financial obligations and locally implemented funding do not, by themselves, demonstrate capacity, ownership, sustainability, or lasting benefit.

DFC states that it integrates development impact into investment screening and ongoing portfolio monitoring. Its 2024 annual report describes an impact framework spanning projected and realized development outcomes. Because DFC is both the investor and the reporting agency, its portfolio figures should be identified as agency-reported and supplemented with external evaluation when a causal impact claim is made.

ASPC results hierarchy

Level	Examples	Interpretation
Inputs	Capital committed, staff time, technical assistance.	Resources mobilized; not a result on their own.
Outputs	Facility built, people trained, suppliers contracted.	Delivery evidence; quality and use still require testing.
Outcomes	Reliable service, productive employment, transaction efficiency, institutional performance.	Change associated with the activity; attribution must be assessed.
Durability	Maintenance, recurrent finance, retained skills, benefits after support.	Ex-post evidence that value persisted.

Primary U.S. Government sources

CRS R47007 · Economic Growth Approaches in U.S. Foreign Assistance

February 9, 2022 · Sector map, agency tools, evidence, and congressional considerations

[Congress.gov report page and PDF →](#)

CRS R48150 · Foreign Assistance: Where Does the Money Go?

August 8, 2024 · Appropriations, implementation, and reporting limitations

[Congress.gov report page →](#)

DFC · 2024 Annual Report

Agency-reported portfolio and development-impact information

[Official accessible PDF →](#)

GAO-21-328 · Lasting Benefits of Enterprise Assistance

May 4, 2021 · Evaluation review found limited evidence of longer-term effects in the studies examined

[Official report →](#)

Reviewed August 21, 2026. ASPC paraphrases the sources and preserves their dates, scope, and evidentiary limits. Links lead directly to official .gov publications.



Opportunity becomes durable through capability.

This issue brief provides an evidence-based foundation for consultation and further ASPC research. It is not investment, legal, or economic advice.

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