



USAID
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KEY PERFORMANCE INDICATORS

Direct Acquisition & Assistance Funding for Localization

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A. OVERVIEW

This document provides the methodology for three localization indicators that measure direct funding to local partners obligated through acquisition and assistance (A&A) instruments: 1) Direct Local Funding; 2) Direct South-South Funding; and 3) Direct Regional Funding.

B. BACKGROUND

In her November 2021 speech, "[A New Vision for Development](#)," Administrator Power announced USAID's commitment to working more closely with local organizations by setting an ambitious goal of providing "at least a quarter of all our funds directly to local partners [by Fiscal Year (FY) 2025]." To this end, USAID developed the "Direct Local Funding" indicator, a proxy measure aimed at tracking progress against this goal. In addition, USAID developed two supplementary direct funding indicators: (1) Direct Regional Funding; and (2) Direct South-South Funding. Taken together, these indicators will help evaluate the success of a key pillar of USAID's localization approach: channeling more funding directly to the local actors who are positioned to drive change in their communities.

C. DIRECT LOCAL FUNDING INDICATOR

Definition: The **Direct Local Funding** indicator measures the percentage of applicable acquisition and assistance obligations that are directly obligated to local partners in a given fiscal year.

Data Type: Percentage:

- *Numerator:* Total development and humanitarian acquisition and assistance funds obligated to local partners in a given fiscal year.
- *Denominator:* Total development and humanitarian acquisition and assistance funds obligated in a given fiscal year. The denominator excludes Partner Government (G2G) assistance, interagency agreements, personal services contracts, and agreements with Public International Organizations (PIOs).

Data Source: Data against the Direct Local Funding indicator is generated based on information in corporate systems, in particular, the Federal [System for Award Management \(SAM\)](#) and USAID's [Global Acquisition and Assistance System \(GLAAS\)](#).

Method of Data Construction: For the purposes of this indicator:

- 1) Partner obligations are classified as "local" if:
 - a) The identified "country of incorporation" in SAM matches the "physical country" in SAM and the "place_of_performance_country" in GLAAS; and
 - b) The physical country is classified as a developing country.
- 2) For obligations to partners that are not registered in SAM or who have a generic unique entity ID (UEI), a partner obligation is alternatively classified as "local" if

- a) The identified “vendor country” in GLAAS (pulled from [Phoenix](#)) matches their “place of performance_country” in GLAAS; and
- b) The “vendor country” is classified as a developing country.

Disaggregated by: Operating Unit (OU) (i.e., Washington Bureaus v. Missions/Field OUs)

Note: At the OU level, the numerator and denominator reflects funding that is part of an OU’s Operating Year Budget (OYB). As a result, any transfers that move funds out of a Mission’s OYB into a Washington Bureau’s OYB (e.g., for Field Support) *would not* be reflected in the Mission’s Direct Local Funding indicator. Instead, they would be reflected in the receiving OU’s Direct Local Funding indicator. In addition, any transfers from Washington that assign funds to a Mission for obligation, but remain on the Washington Bureau’s OYB, *would not* be reflected in the Mission’s indicator. Instead, they would be reflected in the receiving OU’s Direct Local Funding indicator. This is necessary to avoid double counting.

Known Data Limitations: To minimize reporting burden, USAID is generating data on funding to local partners based on information in corporate systems, in particular, SAM and GLAAS. This methodology was selected to create a low reporting burden on staff by relying on centrally-reported data. However, SAM and GLAAS do not systematically capture all the criteria included in the more detailed “local entity” definition referenced in [ADS 303](#). This methodology is therefore a proxy for these broader criteria.

D. DIRECT SOUTH-SOUTH FUNDING INDICATOR

Definition: The **Direct South-South Funding** indicator seeks to measure the percentage of applicable acquisition and assistance obligations that are directly obligated to partners from developing countries that are performing work in a country that is not the same as the organization’s place of incorporation and location in the Global South. The Direct Regional Funding indicator, which measures direct funding to partners that are performing work in a given region, is a sub-indicator that captures one aspect of this type of cooperation.

Rationale for Indicator: Funding to South-South organizations is important for advancing USAID’s localization goals since the challenges that change agents from the Global South work are often similar. South-South cooperation promotes the cross-fertilization of ideas and is based on principles of equality and trust.

Data Type: Percentage:

- *Numerator:* Total development and humanitarian acquisition and assistance funds obligated to South-South partners in a given fiscal year.
- *Denominator:* Total development and humanitarian acquisition and assistance funds obligated in GLAAS fiscal year. The denominator excludes Partner Government (G2G) assistance, interagency agreements, personal services contracts, and agreements with Public International Organizations (PIOs).

Data Source: Data against the Direct South-to-South Funding indicator is based on information in corporate systems, in particular, the Federal [System for Award Management \(SAM\)](#) and USAID's [Global Acquisition and Assistance System \(GLAAS\)](#).

Method of Data Construction: For the purposes of this indicator:

- 1) Partners are classified as "South-South" if:
 - a) The identified physical country is classified as a developing country;
 - b) The identified country of incorporation is classified as a developing country; and
 - c) The identified "place of performance_country" is classified as a developing country, and is different from the country of incorporation and/or physical country.

- 2) For partners that are not registered in SAM or who have a generic unique entity ID (UEI), a partner is alternatively classified as "South-South" if:
 - a) The identified "vendor country" in GLAAS (pulled from [Phoenix](#)) is classified as a developing country; and

The identified "place of performance_country" in GLAAS is a different country that is classified as a developing country.

Disaggregated by: Operating Unit (OU) (i.e., Washington Bureaus v. Missions/Field OUs)

Note: At the OU level, the numerator and denominator reflects funding that is part of an OU's Operating Year Budget (OYB). As a result, any transfers that move funds out of a Mission's OYB into a Washington Bureau's OYB (e.g., for Field Support) *would not* be reflected in the Mission's Direct Local Funding indicator. Instead, they would be reflected in the receiving OU's Direct Local Funding indicator. In addition, any transfers from Washington that assign funds to a Mission for obligation, but remain on the Washington Bureau's OYB, *would not* be reflected in the Mission's indicator. Instead, they would be reflected in the receiving OU's Direct Local Funding indicator. This is necessary to avoid double counting.

E. DIRECT REGIONAL FUNDING INDICATOR

Definition: The **Direct Regional Funding** indicator measures the percentage of applicable acquisition and assistance obligations that are directly obligated to regional partners in a given fiscal year. This indicator is a sub-indicator to the Direct South-South Funding indicator, which measures direct funding to developing country partners that are performing work in one or more third country locations in the Global South.

Rationale for Indicator: Funding to regional organizations is important for advancing USAID's localization goals since the issues local change agents work on often bridge national boundaries, and because the networks and resources needed to address these challenges often cross national borders. Regional cooperation promotes the cross-fertilization of ideas and leverages capacities available in a region. In addition, in some cases, organizations that work primarily in a country with an insecure operating environment may incorporate in a neighboring country for security reasons.

Data Type: Percentage:

- *Numerator*: Total development and humanitarian acquisition and assistance funds obligated to regional partners in a given fiscal year.
- *Denominator*: Total development and humanitarian acquisition and assistance funds obligated in a given fiscal year. The denominator excludes Partner Government (G2G) assistance, interagency agreements, personal services contracts, and agreements with Public International Organizations (PIOs).

Data Source: Data against the Direct Regional Funding indicator is based on information in corporate systems, in particular, the Federal [System for Award Management \(SAM\)](#) and USAID’s [Global Acquisition and Assistance System \(GLAAS\)](#).

Method of Data Construction: For the purposes of this indicator:

- 1) Partners are classified as “regional” if:
 - a) The identified “country of incorporation” in SAM matches the “physical country” in SAM;
 - b) The physical country is classified as a developing country; and
 - c) The identified “place of performance_country” is a different country located in the same region that is also classified as a developing country.
- 2) For partners that are not registered in SAM or who have a generic unique entity ID (UEI), a partner is alternatively classified as “regional” if
 - a) The identified “vendor country” in GLAAS (pulled from [Phoenix](#)) is classified as a developing country; and
 - The identified “place of performance_country” in GLAAS is a different country that is located in the same region that is also classified as a developing country.

Disaggregated by: Operating Unit (OU) (i.e., Washington Bureaus v. Missions/Field OUs)

Note: At the OU level, the numerator and denominator reflects funding that is part of an OU’s Operating Year Budget (OYB). As a result, any transfers that move funds out of a Mission’s OYB into a Washington Bureau’s OYB (e.g., for Field Support) *would not* be reflected in the Mission’s Direct Local Funding indicator. Instead, they would be reflected in the receiving OU’s Direct Local Funding indicator. In addition, any transfers from Washington that assign funds to a Mission for obligation, but remain on the Washington Bureau’s OYB, *would not* be reflected in the Mission’s indicator. Instead, they would be reflected in the receiving OU’s Direct Local Funding indicator. This is necessary to avoid double counting.

F. DEFINITIONS

Acquisition

Acquisition means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.

Assistance

Financial support to accomplish a public purpose, including grants, cooperative agreements and other agreements in the form of money, or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include technical assistance, the provision of services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or, contracts which are required to be entered into and administered under procurement laws and regulations.

Developed Country

A country that is:

- (1) a high-income economy (according to the World Bank's classifications); and
- (2) a member of the Organisation for Economic Cooperation and Development (OECD).

Developing Country

A country that is not a developed country; i.e., that is neither:

- (1) a high-income economy (according to the World Bank's classifications); nor
- (2) a member of the Organisation for Economic Cooperation and Development (OECD).

Global South

A term-of-art that refers broadly to countries that are in the developing world, and that are typically located to the south of more developed countries.

Local Partner

An individual, a corporation, a nonprofit organization, or another body of persons that is in an acquisition or assistance partnership with USAID; is legally organized under the laws of, and has as its principal place of business or operations in a country classified as developing; and is providing assistance in the same country as its principal place of business.

Localization

The set of internal reforms, actions, and behavior changes that USAID is undertaking to ensure its work puts local actors in the lead, strengthens local systems, and is responsive to local communities.

Obligation

A term of appropriations law that means some action that creates a definite commitment, which creates a legal liability of the government for the payment of funds for specific goods or services ordered or received.

South-South Partner

An individual, a corporation, a nonprofit organization, or another body of persons that:

- 1) is in an acquisition or assistance partnership with USAID;
- 2) is legally organized under the laws of, and has as its principal place of business or operations in, a country that is classified as developing as defined below; and
- 3) is providing assistance in a different country located in the same region that is also classified as a developing country.