



**USAID**  
FROM THE AMERICAN PEOPLE

**LOCALIZATION**  
CATALYZING AND SUPPORTING LOCAL CHANGE

# MOVING TOWARD A MODEL OF LOCALLY LED DEVELOPMENT

## FY 2022 LOCALIZATION PROGRESS REPORT



Photo : Herve Irankunda



## EXECUTIVE SUMMARY

USAID is committed to shifting funding and decision-making power to the people, organizations, and institutions that are driving change in their own countries and communities. Experience shows that local leadership over development and humanitarian goals and programming is important for equity, effectiveness, and sustainability. Through localization, a set of internal reforms, actions, and behavior changes to orient the Agency's work around local actors' priorities and strengthen local systems, USAID strives to advance locally led development and humanitarian response, in which local actors set their own agendas, develop solutions, and mobilize the capacity, leadership, and resources to make those solutions a reality.

In November 2021, Administrator Power announced two targets for USAID in pursuit of its localization goals. First, by Fiscal Year (FY) 2025, USAID will direct a quarter of its funding directly to local partners. And second, by 2030, at least half of USAID programs will create space for local actors to exercise leadership over priority setting, activity design, implementation, and defining and measuring results.

This report provides the first status update on USAID's progress toward these targets. In FY 2022, Direct Local Funding to individuals, organizations, or corporations based and legally organized in a country where they implement USAID-funded work reached nearly \$1.6 billion, or 10.2 percent of obligations.<sup>1</sup> This is the highest level and percent of Direct Local Funding in at least a decade. Missions and other overseas units led these efforts, directing 18 percent of attributable acquisition and assistance obligations to local partners. In addition, in FY 2022, USAID provided \$57 million to partners working regionally and another \$199 million in government-to-government (G2G) assistance.

Equally important to USAID's goal of direct funding is the goal of shifting power and enabling more local leadership of USAID-funded programs. The ability to influence how development happens for one's own organization or in one's own community is at the heart of locally led development. This report outlines a new indicator to track USAID's progress toward this fundamental localization objective across many different types of relationships with local actors, whether they are recipients of direct funding, subrecipients and subcontractors to an international implementing partner, participants in a USAID program, or members of a community affected by USAID programming. The indicator will track the use of 14 good practices for enabling local leadership at different stages in the award process or Program Cycle. The good practices that the indicator tracks focus on recognizing, leveraging, and strengthening local capacity; engaging communities directly; working directly with local partners; and creating effective local partnerships.

In issuing this progress report, USAID is holding itself to account for implementing a model of more inclusive, locally led development and humanitarian assistance. In the interest of transparency, USAID has also published the [underlying data](#) for the analysis presented in this report.

While the data presented here are an important aspect of how USAID tracks and advances its localization goals, they do not capture the entirety of the Agency's efforts. Localization is also about systems and culture change—about how USAID engages as a partner, with a commitment to diversity, equity, and inclusion and with respect for the local changemakers driving progress.

<sup>1</sup> See page 5 for a detailed definition of the indicator and what is included in the numerator and denominator.



## BACKGROUND



*If we truly want to make aid inclusive, local voices need to be at the center of everything we do.*

*We've got to approach this work with intention and humility...to interrogate the traditional power dynamics of donor-driven development and look for ways to amplify the local voices of those who too often have been left out of the conversation.*

– USAID ADMINISTRATOR SAMANTHA POWER



USAID is building on past efforts to promote a model of locally led, inclusive development, where the Agency's work emphasizes local actors' priorities, needs, goals, and ideas. In November 2021, Administrator Power announced two ambitious Agency-wide targets to track and motivate progress toward this vision: (1) USAID will provide at least a quarter of its program funds directly to local partners by the end of FY 2025, and (2) by 2030, 50 percent of Agency programming will place local communities in the lead to set priorities, co-design projects, drive implementation, and evaluate the impact of its programs.

This report documents growing momentum toward these goals in FY 2022. To be sure, USAID still has a long way to go. Systems and culture change do not happen quickly. But initial signs of progress show that USAID is headed in the right direction.

In the year since this announcement, USAID has created or revised several key policies and strategies, developed new tools, and taken steps to strengthen and grow its workforce, all milestones that will help underpin and facilitate progress toward the Agency's localization goals.

A new [Acquisition and Assistance \(A&A\) Strategy](#) outlines the shifts needed in USAID's business practices to better enable sustainable, inclusive, and locally led development. The A&A Strategy's emphasis on enabling, equipping, and empowering the A&A workforce is critical for advancing the Agency's localization efforts. Expanding work with local partners requires a heightened investment of staff time. Awards to local partners are often smaller, so USAID staff may end up managing a larger number of awards. Moreover, many local partners are new to working with USAID and benefit from staff guidance throughout the process. Between FY 2021 and FY 2023, the Agency has created 69 new A&A positions and is making progress recruiting and onboarding to fill these new positions and existing vacancies. In FY 2022, USAID hired 35 new A&A staff. Another 32 A&A staff slots have been filled so far in FY 2023. To provide surge support, the Agency is hiring short-term A&A staff to fill critical positions. Accompanying new hiring is a focus on retention, through new staff opportunities and incentives. In addition, USAID is taking steps to create more leadership opportunities for Foreign Service Nationals (FSNs), who make up the majority of the Agency's A&A staff and who are central to advancing locally led development through their in-country connections, language capabilities, professional skills, and the continuity they



provide at Missions. USAID is working to create FSN A&A specialist positions with higher salaries and responsibility levels. The Agency now has 39 warranted FSN A&A specialists, surpassing its goal to double the FY 2022 baseline of 19. The Office of Acquisition and Assistance (OAA) has also formed a new FSN Management Council which, through direct communications with the Director of OAA, elevates FSNs' role as business advisors, ensures their contributions are recognized, and advocates for professional development opportunities. The Council also elevates FSN priorities for increasing efficiencies, another pillar of the A&A Strategy. In addition to hiring new staff, the A&A Strategy sets the Agency up to make better use of existing staff resources by streamlining A&A processes like reducing the number of post-award approvals and reducing the time staff spend on these kinds of administrative burdens.

USAID is also strengthening how it works with local actors, including issuing new guidance for staff to streamline A&A processes, expanding the use of co-creation approaches, and developing new training on advancing locally led and sustainable development through activity design. The new A&A Strategy emphasizes making USAID more accessible to local actors by reducing barriers to entry, including using more proactive communications to reach local partners and share funding and partnership opportunities; using more flexible, adaptable, and simple award mechanisms to provide direct funding to local organizations; improving local partners' abilities to recover their full costs of implementing awards by expanding existing and introducing new indirect cost-recovery options; and expanding opportunities for local partners to engage in these processes in languages other than English. Many of these reforms are already underway.

In addition, [WorkWithUSAID.org](https://www.workwithusaid.org), an online platform launched by the Agency in late 2021, seeks to demystify the process of partnering with USAID through an easy-to-navigate website that provides clear and accessible information about opportunities with USAID, with key documents translated into multiple languages. The website also provides new networking opportunities by featuring a detailed Partner Directory, as well as a sub-opportunities page, where organizations seeking subrecipients and subcontractors and organizations interested in serving as subs can connect.

A fully updated [Risk Appetite Statement](#) clarifies that USAID has a high appetite for taking smart and disciplined risks in working with local partners, because of the opportunities for more equitable and sustainable development outcomes when local organizations are in the lead. USAID understands that partners who are new to USAID may come with different types of risks, both to the Agency and the partner itself, than the Agency encounters with partners with more USAID experience. The Risk Appetite Statement encourages thoughtful risk taking in expanding the Agency's partner base and working closely with new and local partners to jointly identify risks and develop plans to mitigate and manage them.

USAID's new [Local Capacity Strengthening Policy](#) establishes Agency-wide principles to build on the skills and expertise that already exist in local organizations and communities, committing USAID to responding to local priorities for capacity strengthening. This policy positions the Agency to focus more on the capacity-strengthening goals of programs—and places more emphasis on accountability for their achievement.



USAID is integrating localization into its guidance, training, and resources to ensure staff have the information and skills necessary to operationalize locally led development throughout all stages of the Agency’s acquisition and assistance processes and the Program Cycle. These include: guidance on [Integrating Local Knowledge in Development Practice](#) and managing G2G activities; internal training on engaging the local private sector and using systemic design for sustainable and locally led development; and resources on [collective action](#) and [co-creation](#).

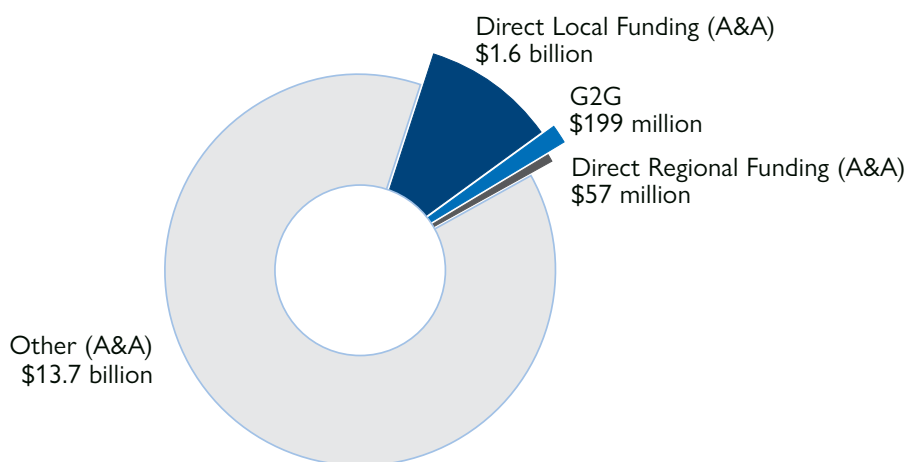
All of these steps will help accelerate USAID’s efforts to be more responsive to the priorities and capacities of local actors and provide more funding to local partners.

## DIRECT FUNDING

A key pillar of USAID’s approach to localization is to channel more funding directly to the local actors who are positioned to drive change in their communities. Control of resources is a key component of ownership, and spending patterns are an important demonstration of an agency’s priorities.<sup>2</sup>

This section discusses three types of direct funding that support the localization agenda: (1) direct obligations to local partners, known as “Direct Local Funding”; (2) direct obligations to regional partners, known as “Direct Regional Funding”; and (3) direct obligations to partner governments, known as G2G assistance (see Box 1). Of these three, Direct Local Funding, or obligations to local partners, is by far the largest channel of direct funding in support of USAID’s localization goals (see Figure 1).

Figure 1: FY 2022 Direct Funding to Categories of Local Partners (obligations)



<sup>2</sup> USAID’s commitment to increase direct funding to local partners aligns with its push for greater equity in procurement, which simultaneously seeks to increase the Agency’s work with U.S.-based small and disadvantaged businesses and other nontraditional partners. In fact, while direct funding to local partners increased between FY 2021 and FY 2022, so did direct funding to U.S.-based small businesses—by nearly 20 percent.



### Box 1: Types of Direct Funding to Categories of Local Partners

USAID recognizes that the concept of what it means to be “local” is complex and contextually nuanced. In selecting the methodology for measuring funding going to local actors, the Agency aimed to identify as good a proxy as possible for what it means to be “local,” while minimizing the reporting burden on staff and local partners by using existing systems to capture funding data to the maximum extent possible.

**Direct Local Funding:** For the purposes of this indicator, USAID defines a “local partner” as an individual, corporation, nonprofit organization, or another body of persons that:

1. is a USAID prime contractor or recipient;
2. is legally organized under the laws of, and has as its principal place of business or operations in, a country classified as developing; and
3. is providing assistance in the same country as its principal place of business.

To minimize reporting burden on staff and partners, USAID is using data for this indicator from its Global Acquisition and Assistance System (GLAAS) and the Federal System for Award Management (SAM).

The Direct Local Funding indicator can be expressed in terms of (1) obligations made in a given fiscal year (also referred to in this report as “funding”), or (2) a percentage for a given fiscal year. When expressed as a percentage, the denominator is the total development and humanitarian A&A funds obligated in GLAAS in that given fiscal year. The denominator excludes personal services contracts (PSCs), interagency agreements, G2G assistance, and agreements with Public International Organizations (PIOs). With the exception of PSCs, these implementing mechanisms are not (or not fully) recorded in GLAAS. Since G2G is an important type of direct local partnership, it is reported separately. For additional information on this indicator, see [Key Performance Indicators: Direct A&A Funding for Localization](#).

**Direct Regional Funding:** For this indicator, USAID defines a “regional partner” as an individual, corporation, nonprofit organization, or another body of persons that:

1. is a USAID prime contractor or recipient;
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 a developing country; and
3. is providing assistance in a different country located in the same region that is also classified as a developing country.

Like Direct Local Funding, USAID is generating this indicator using data from GLAAS and SAM.

Direct Regional Funding can be expressed in terms of (1) obligations made in a given fiscal year, or (2) a percentage for a given fiscal year. For percentage calculations, the denominator is the same as that for Direct Local Funding. For additional information on this indicator, see [Key Performance Indicators: Direct A&A Funding for Localization](#).

**G2G Assistance:** This term refers to direct obligations to partner governments in a given fiscal year to implement activities through the use of their systems or institutions. For purposes of measuring progress toward localization, this term only captures G2G assistance in which USAID finances specified results based on cost (with either a Cost Reimbursement or Fixed Amount Reimbursement payment mechanism). It excludes G2G assistance in which USAID provides partner governments with generalized resource transfers—in the form of cash, commodities, or sovereign bond guarantees—that are based on meeting defined benchmarks (e.g., policy reforms) rather than cost. USAID generates this indicator using data from the Agency’s financial management system (Phoenix).

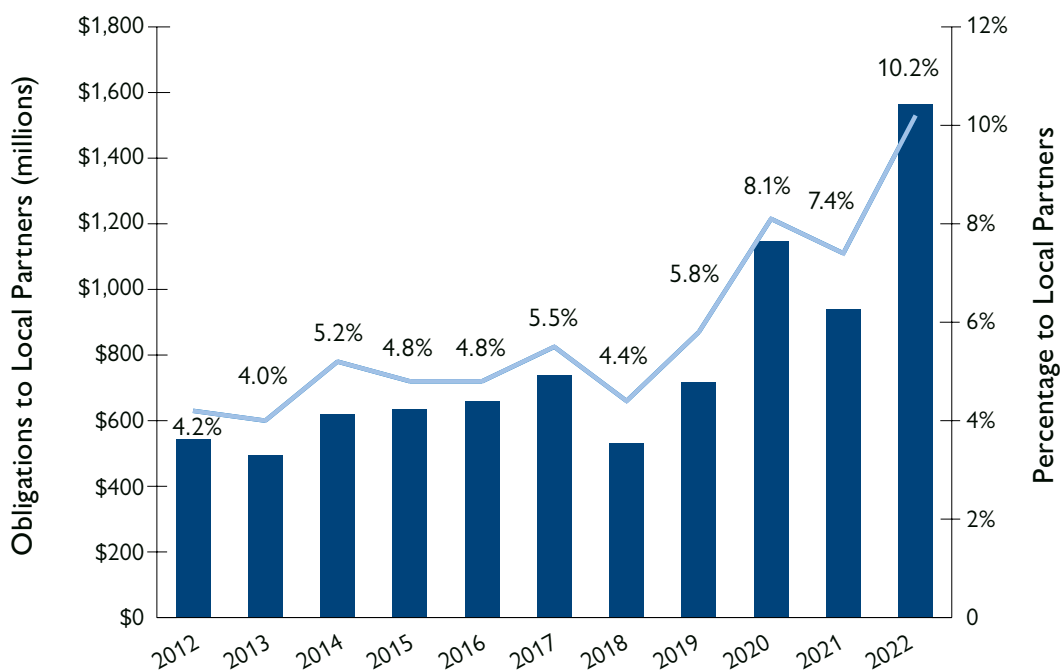


## Direct Local Funding

An empowered civil society is central to effective development and humanitarian response. Many civil society organizations, especially those that are based in and responsive or accountable to the communities they seek to serve, understand communities’ priorities and opportunities for change, as well as the risks and constraints to development and humanitarian programming in a particular context. Local private sector entities drive economic activity and—through their innovation, networks, and resources—have a unique role in advancing development objectives.

In FY 2022, USAID recorded the highest level and percent of Direct Local Funding in more than a decade, following what has been a generally increasing trend over the previous four years (Figure 2). In FY 2022, Direct Local Funding reached nearly \$1.6 billion, or 10.2 percent of A&A obligations included in the indicator. The largest jump occurred from FY 2021 to FY 2022, when Direct Local Funding increased by \$623 million, a 66 percent year-over-year increase in dollar value and a 38 percent increase in the percentage of funding going to local partners, as defined by the indicator.

Figure 2: Direct Local Funding Over Time, Obligations and Percent<sup>3</sup>



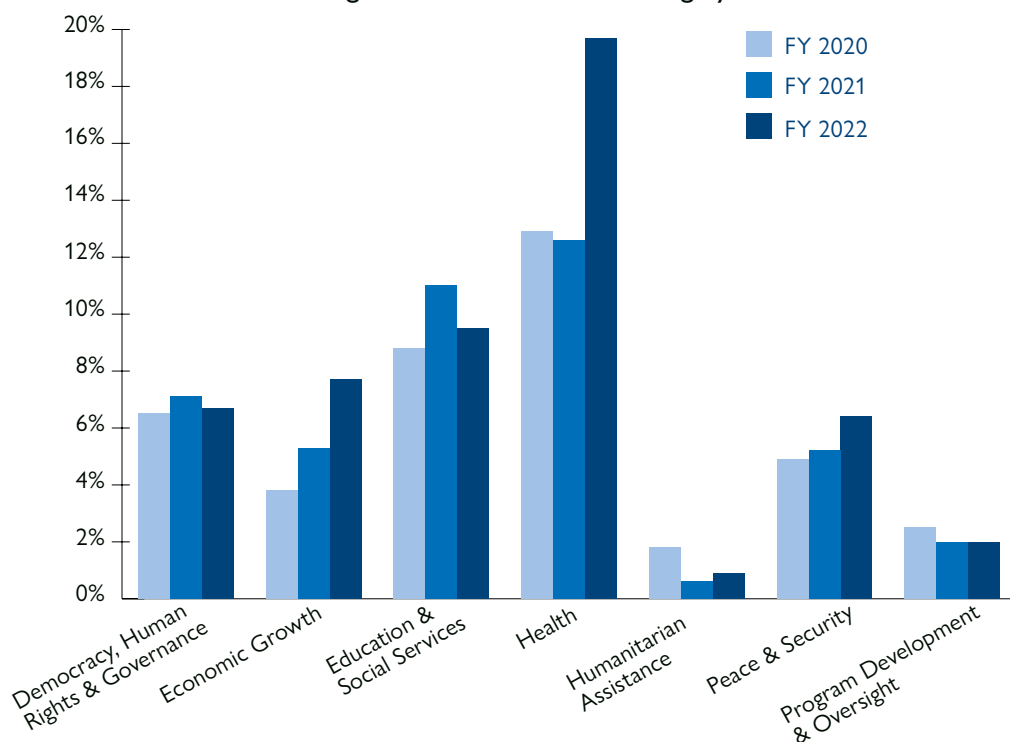
USAID also funded a larger number of local partners in FY 2022, working with 1,706 unique local partners, compared to 1,532 in FY 2020 and 1,473 in FY 2021.

<sup>3</sup> The data for FY 2012 through FY 2019 are not strictly comparable to the data for FY 2020 and beyond. In 2022, the U.S. Government shifted from using the Data Universal Number System (DUNS) to identify unique entities doing business with the federal government to the Unique Entity Identifier (UEI) system established in SAM.gov. USAID migrated legacy DUNS numbers to UEIs. However, due to the DUNS-to-UEI transition, older awards have a higher probability of the partner not being currently searchable in SAM.gov. To address this issue, there is an alternative formula for identifying local partners that is based on GLAAS data alone in the case that the partner is not registered in SAM (see Section D in [Key Performance Indicators: Direct A&A Funding for Localization](#)).



By sector, health is the clear leader, with nearly 20 percent of attributable health obligations going directly to local partners. This reflects, in large part, the push by the President’s Emergency Plan for AIDS Relief (PEPFAR) over the last five years to channel the majority of its funding directly through local partners and partner

Figure 3: Direct Local Funding by Sector



governments. More than half (57 percent) of all of USAID’s FY 2022 Direct Local Funding was attributable to PEPFAR programs. Also notable is the economic growth sector, which doubled the percent of Direct Local Funding since FY 2020.

**Spotlight: Transition award in Malawi leads to locally led, successful HIV programming**

In 2019, USAID/Malawi used a transition award, an award to a local partner that has previously been a subrecipient or subcontractor on a USAID award, to directly fund the Pakachere Institute of Health and Development Communication, a Malawian nongovernmental organization (NGO). Pakachere had been a subawardee under the USAID-funded LINKAGES program implemented by FHI 360 since 2015.

As a subawardee, Pakachere received support aimed at strengthening the NGO’s capacity to manage U.S. government funds and implement HIV programs. In addition to financial and organizational management, support also focused on the successful management and implementation of HIV awards, including subaward development; peer outreach and clinical services; monitoring and evaluation; and data collection, quality, and use. Over time, this support strengthened Pakachere’s program design and management capacity, allowing it to expand its programs. As a result of Pakachere’s excellent performance as a subawardee, USAID/Malawi determined the NGO was able to manage and implement a direct award.

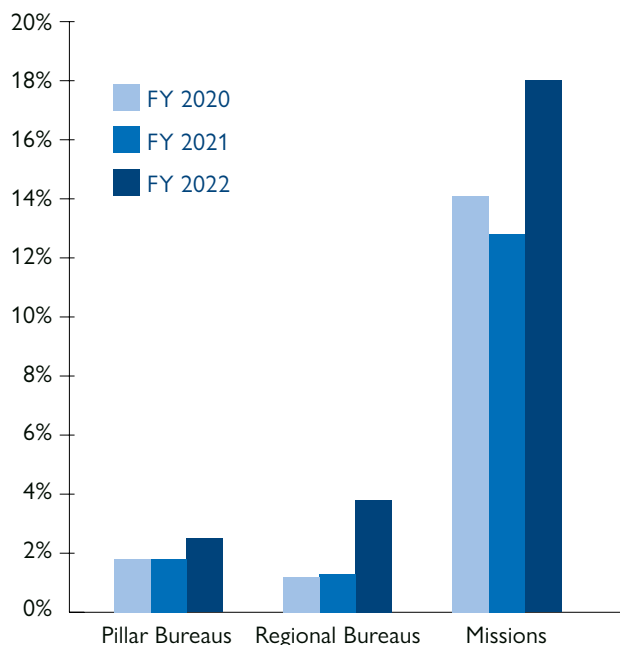
The direct award with Pakachere works with local organizations to plan, deliver, and strengthen services to reduce HIV transmission among members of key populations and their partners and extend the lives of those already living with HIV. In Pakachere’s first year as a prime partner, it has exceeded all four of its HIV programming targets and is expanding its work to include 12 clinics in four regions.





Most Direct Local Funding is obligated by Missions. In FY 2022, Missions and other overseas Operating Units (OUs) channeled 18 percent of their A&A obligations, as defined by the indicator, to local actors. The in-country presence, local networks, and language skills of Mission staff—notably FSN staff—best position them to understand the landscape of local partners, proactively reach out to them, and develop relationships with them over time.

**Figure 4: Direct Local Funding by Type of Operating Unit**



The role of Washington-based Regional and Pillar Bureaus is to advance global and regional efforts that complement Missions’ bilateral programming, provide technical expertise and support to Missions, and advocate for Mission, regional, and global interests in the interagency. As a result, Regional and Pillar Bureaus’ abilities to enter into and manage direct awards with local partners is often more limited. For example, the Bureau for Global Health (GH) directed just 5 percent of its funding to local partners. Much of this funding is dedicated to large health commodity purchases with Buy America requirements. The Bureau for Humanitarian Assistance (BHA), with its remit to take urgent action to save lives, often works through international partners, including both PIOs and international nongovernmental organizations (INGOs), with capacity to respond rapidly at scale when crises occur. BHA also provides food aid in alignment with Title II under the Food for Peace Act and the Cargo Preference Act, which include requirements for domestic sourcing of food and transport.

USAID’s Pillar Bureaus<sup>4</sup> obligate a large percentage of the Agency’s funding. In FY 2022, nearly 46 percent of A&A funding attributable to the indicator came from these Bureaus. Two Bureaus alone—GH and BHA—accounted for 39 percent of attributable funding. With due recognition of the specific roles and constraints of USAID’s Washington-based Bureaus, scope remains for more engagement with local partners. BHA, for instance, is developing the Agency’s first-ever policy for localizing humanitarian assistance, which outlines a shared vision for expanding locally led humanitarian response over the next five years through reduced barriers to funding new and nontraditional local partners, targeted investments in capacity strengthening, expansion of the research and evidence base, increased staff capacity to manage additional awards, and additional opportunities to engage in languages other than English. USAID’s participation, through BHA, in the Grand Bargain—an agreement reached in 2016 among some of the largest donors and humanitarian organizations to improve humanitarian action—offers additional opportunities to advance locally led development and harmonize approaches. These include streamlining and aligning partner assessment and reporting processes and jointly advocating for full cost recovery for direct recipients of local funding and equitable overheads for local subawardees.

<sup>4</sup> Pillar Bureaus are the Bureau for Conflict Prevention and Stabilization; the Bureau for Development, Democracy and Innovation; the Bureau for Global Health; the Bureau for Humanitarian Assistance; and the Bureau for Resilience and Food Security.



### Spotlight: USAID supports local organizations in Ukraine

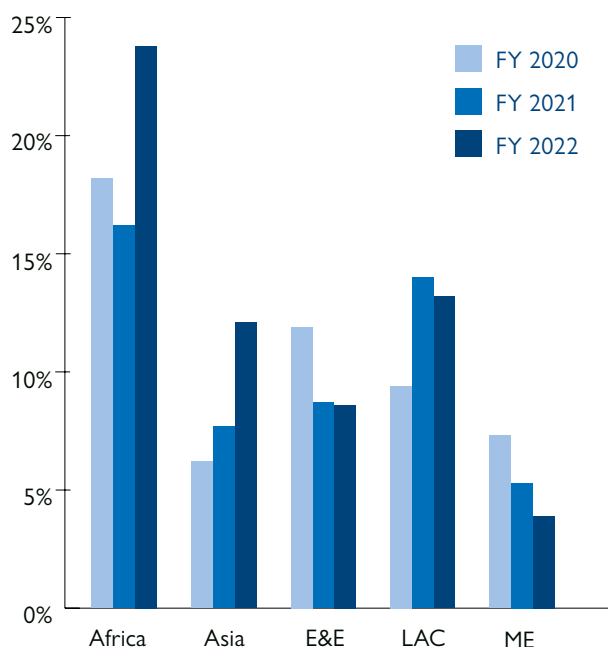
Since the start of Russia’s unjustified war in Ukraine, national and local organizations have been the cornerstone of the response, including as first responders and key providers of humanitarian assistance. Through a dedicated capacity-strengthening program, USAID is working to ensure that local organizations in Ukraine have the training and systems necessary to manage U.S. government funding while building their experience with USAID guidelines and technical and financial management requirements. USAID recently established a direct partnership with one Ukrainian NGO that will make available essential emergency transit services to disabled and elderly people; provide dignity kits to satisfy needs during the period of relocation; and lead first aid, psychosocial, hostile environment, and sexual exploitation and abuse training for evacuation staff.

USAID also finances and sits on the advisory board for the Ukraine Humanitarian Fund, a country-based pooled fund. While USAID’s support is not captured in USAID’s Direct Local Funding indicator, the fund is another valuable tool to direct funding to national and local organizations.

Looking regionally, Missions and other overseas OUs in Africa provide the most direct funding to local partners, both in dollar and percentage terms (Figure 5). Direct Local Funding in Africa reached nearly 24 percent in FY 2022. The region’s performance on this indicator is, in large part, a result of PEPFAR, which has made a big push to direct funding through local partners and which makes up nearly 46 percent of all USAID funding to Africa, as measured by the indicator. Nearly three-quarters (73 percent) of the Africa region’s Direct Local Funding in FY 2022 is attributable to PEPFAR.

While the Africa region has the highest levels of Direct Local Funding, the biggest increase is recorded by Missions and other overseas OUs in Latin America and the Caribbean, which nearly doubled the level of funding to local partners between FY 2020 and FY 2022, going from \$53 million to \$104 million (Figure 6). Notably, the three countries of Northern Central America—El Salvador, Guatemala, and Honduras—saw a more than tenfold increase in the dollar value of Direct Local Funding over the last two years, with the percentage of funds going to local partners increasing from 3 percent in FY 2020 to 15 percent in FY 2022. Efforts under Centroamerica Local, a five-year initiative launched in November 2021 to engage, strengthen, and fund local partners to implement programs and address local development priorities in El Salvador, Guatemala, and Honduras linked to the drivers of irregular migration, contributed significantly to this increase.

Figure 5: Direct Local Funding by Region (percentage)

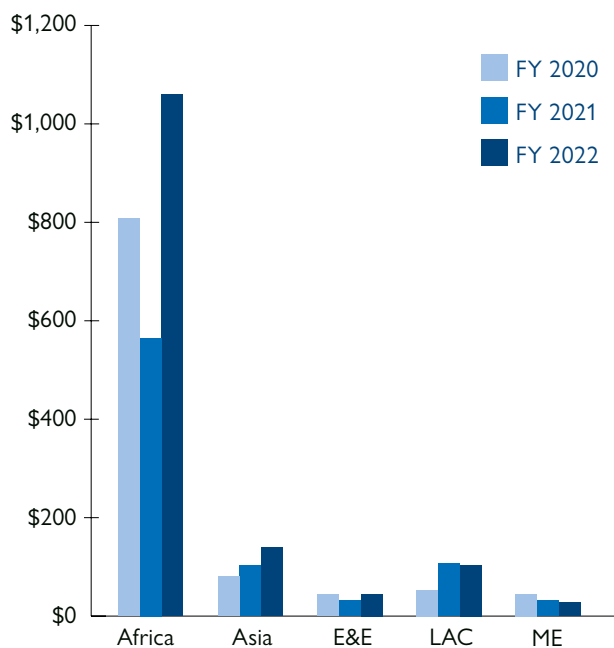




Asia recorded the second largest increase, with a 74 percent growth in levels of Direct Local Funding over the last two years. This change is driven by large increases in local awards in a number of Missions, including Bangladesh, Pakistan, and Vietnam.

The decline seen in the percentage of Direct Local Funding in Europe and Eurasia (Figure 5) reflects, in large part, the tripling of overall levels of funding going to the region in response to Russia’s unjustified war in Ukraine (i.e., an increase in the denominator). However, as shown below (Table 1), a number of countries in the region continue to channel quite a bit of their funding through local partners.

**Figure 6: Direct Local Funding by Region**  
(millions of dollars)



Across regions, the Middle East registered the lowest (and declining) level and percent of Direct Local Funding in FY 2022, reflecting, in part, restrictions on civic space in several countries in the region.

Table 1 shows the percentage of Direct Local Funding for each Mission and overseas OU. A number of Missions and other overseas OUs already exceed the Agency-wide target, with more than a quarter of attributable A&A funding obligated directly to local partners in FY 2022. These Missions/OUs include Bosnia and Herzegovina, Botswana, Brazil, Eswatini, India, Kenya, Lesotho, North Macedonia, Malawi, Mongolia, Namibia, Pakistan, Paraguay, Rwanda, South Africa, Uganda, Vietnam, and Zimbabwe, as well as the Southern Africa Regional Mission, East Africa Regional Mission, and Central Africa Regional Mission.

Missions/OUs that recorded sizeable increases in the percentage of funding to local partners between FY 2021 and FY 2022 (10 percentage points or more) include Bosnia and Herzegovina, Botswana, Burundi, the Dominican Republic, Haiti, Kenya, Pakistan, Paraguay, South Africa, Vietnam, Zambia, Zimbabwe, and the Southern Africa Regional Mission, East Africa Regional Mission, and Central Africa Regional Mission.



Table 1: Direct Local Funding (percentage) by Region, Mission/Overseas OU<sup>5</sup>

AFRICA			AFRICA		
OVERSEAS OU	FY 2021	FY 2022	OVERSEAS OU	FY 2021	FY 2022
ANGOLA	1.3%	8.8%	MALAWI*	25.1%	26.8%
BENIN	14.4%	19.8%	MALI*	0.1%	0.5%
BOTSWANA	33.3%	56.6%	MOZAMBIQUE*	18.1%	22.7%
BURKINA FASO	0.0%	0.5%	NAMIBIA	51.6%	48.1%
BURUNDI	4.0%	14.6%	NIGER*	0.0%	0.0%
CAMEROON	1.4%	2.0%	NIGERIA	11.4%	20.1%
CENTRAL AFRICA REGIONAL	0.0%	29.1%	RWANDA*	22.0%	25.0%
CENTRAL AFRICAN REPUBLIC	0.0%	1.2%	SAHEL REGIONAL	3.6%	0.5%
COTE D'IVOIRE	5.6%	4.8%	SENEGAL*	0.4%	0.1%
DEMOCRATIC REPUBLIC OF THE CONGO*	1.9%	0.1%	SIERRA LEONE	0.0%	0.1%
DJIBOUTI	0.0%	0.0%	SOMALIA*	0.0%	0.2%
EAST AFRICA REGIONAL	0.3%	45.0%	SOUTH AFRICA*	69.4%	80.9%
ESWATINI	34.5%	31.4%	SOUTH SUDAN*	4.4%	3.1%
ETHIOPIA*	6.0%	7.6%	SOUTHERN AFRICA REGIONAL*	1.6%	14.1%
GHANA*	2.7%	3.5%	SUDAN	0.0%	0.0%
GUINEA*	0.2%	-0.1%	TANZANIA*	20.7%	19.2%
KENYA*	29.9%	48.8%	TOGO	2.9%	3.1%
LESOTHO	42.3%	33.4%	UGANDA*	17.9%	27.0%
LIBERIA*	0.6%	2.0%	WEST AFRICA REGIONAL*	2.7%	8.9%
MADAGASCAR*	2.8%	3.5%	ZAMBIA*	6.6%	21.0%
			ZIMBABWE*	36.9%	55.7%
				<b>16.2%</b>	<b>23.8%</b>

<sup>5</sup>Asterisks denote that the OU is a full Mission, as defined in [ADS 102, Agency Organization](#). Other types of overseas OUs include Independent Offices (also known as Country Offices) and Senior Development Advisors. This table excludes OUs that have total annual obligations under \$5 million in both FY 2021 and FY 2022 and have no Direct Local Funding.

Year-on-year changes in the percent of Direct Local Funding can reflect changes in the level of obligations to local partners (the numerator) or changes to the overall level of obligations (the denominator). In some cases, the timing of when particular awards to local organizations are made and when those funds are obligated can drive big year-on-year changes. In addition, in some countries, single-year obligations tied to the COVID-19 response in FY 2021 contribute to some of the variability in the numerator and/or denominator across the two years.

Negative percentages in this table reflect net negative obligations due to de-obligations. De-obligations occur when an OU cancels or downward adjusts previously incurred obligations, often from previous fiscal years.



ASIA		
OVERSEAS OU	FY 2021	FY 2022
AFGHANISTAN*	7.7%	4.8%
ASIA REGIONAL*	0.0%	0.0%
BANGLADESH*	12.9%	18.0%
BURMA*	2.7%	5.8%
CAMBODIA*	4.3%	5.4%
CENTRAL ASIA REGIONAL*	0.0%	0.1%
INDIA*	18.3%	26.1%
INDONESIA*	8.3%	15.8%
KAZAKHSTAN*	7.1%	2.0%
KYRGYZSTAN*	6.5%	5.4%
LAOS	0.0%	0.8%
MONGOLIA	52.6%	46.8%
NEPAL*	0.1%	1.2%
PACIFIC REGIONAL*	0.0%	0.0%
PAKISTAN*	-3.3%	37.5%
PAPUA NEW GUINEA	0.1%	0.0%
PHILIPPINES*	10.8%	6.7%
SRI LANKA*	11.3%	10.3%
TAJIKISTAN*	2.0%	3.3%
THAILAND*	0.0%	0.0%
TIMOR-LESTE*	2.2%	3.5%
TURKMENISTAN	0.4%	2.4%
UZBEKISTAN*	-0.1%	0.0%
VIETNAM*	20.4%	32.3%
	<b>7.7%</b>	<b>12.1%</b>

EUROPE AND EURASIA		
OVERSEAS OU	FY 2021	FY 2022
ALBANIA*	-28.9%	-1.9%
ARMENIA*	23.7%	15.9%
AZERBAIJAN	-1.0%	-0.2%
BELARUS	0.0%	0.0%
BOSNIA AND HERZEGOVINA*	21.1%	32.0%
GEORGIA*	4.1%	11.5%
KOSOVO*	8.0%	6.5%
MACEDONIA *	44.0%	42.0%
MOLDOVA*	8.8%	5.1%
SERBIA*	23.7%	20.4%
UKRAINE*	3.7%	3.8%
	<b>8.7%</b>	<b>8.6%</b>



LATIN AMERICA AND THE CARIBBEAN		
OVERSEAS OU	FY 2021	FY 2022
BOLIVIA	100.0%	18.7%
BRAZIL	86.2%	28.6%
CARIBBEAN DEVELOPMENT PROGRAM	0.0%	0.0%
CARIBBEAN REGIONAL	0.0%	-24.2%
CENTRAL AMERICA REGIONAL*	0.9%	0.0%
COLOMBIA*	7.4%	3.8%
CUBA	0.0%	0.0%
DOMINICAN REPUBLIC*	8.4%	22.3%
EASTERN AND SOUTHERN CARIBBEAN	33.9%	7.6%
ECUADOR	44.6%	7.5%
EL SALVADOR*	21.5%	13.9%
GUATEMALA*	18.3%	23.9%
HAITI	9.9%	22.5%
HONDURAS*	11.7%	6.1%
JAMAICA	18.1%	16.2%
MEXICO*	30.5%	11.2%
NICARAGUA*	12.4%	10.1%
PANAMA	21.1%	30.5%
PARAGUAY	34.7%	78.9%
PERU*	16.6%	16.4%
SOUTH AMERICA REGIONAL	21.0%	10.4%
VENEZUELA	0.0%	0.0%
	<b>14.0%</b>	<b>13.2%</b>

MIDDLE EAST		
OVERSEAS OU	FY 2021	FY 2022
EGYPT*	0.1%	5.7%
IRAQ*	1.5%	2.8%
JORDAN*	11.8%	8.3%
LEBANON*	9.4%	1.1%
LIBYA	0.0%	0.0%
MOROCCO*	15.9%	16.0%
SYRIA	0.0%	0.0%
TUNISIA	0.0%	0.0%
WEST BANK/GAZA	0.0%	0.0%
YEMEN	0.0%	0.0%
	<b>5.3%</b>	<b>3.9%</b>

Missions have different opportunities for expanding engagement with local partners. For some Missions, the majority of their partners are local. Others have fewer opportunities for direct partnership, at least in the short term, because of restrictive operating environments for local organizations (closed civil society space), the capacity and appetite of local organizations to manage U.S. government funding, Mission capacity, or a range of other contextual factors. It is for this reason that USAID’s 25 percent target for Direct Local Funding is an Agency-wide target, while each Mission sets its own target based on its unique operating context.



### Exploring the data: Local partners, global connections

In USAID's Direct Local Funding data, some local partners share a brand name with recognized international organizations. Digging into this finding reveals further complexity. While all of these partners are independently incorporated, the nature and strength of their ties to international partners varies. For example, the firm that is now Deloitte Tanzania is more than 100 years old and, as an entity, is legally and financially distinct from all other Deloitte firms. USAID recognizes that local organizations can cultivate transnational ties, take on international board members, register in other countries for fundraising or security purposes, extend their work across country borders, associate with international brands, or adopt any number of other strategies to ensure their effectiveness and resilience in response to their own challenging and constantly evolving operational landscapes. USAID has made its [complete dataset](#) available to enable independent analysis of the Agency's Direct Local Funding data.

### Direct Regional Funding

In an interconnected world, the work of local change agents often bridges national boundaries. Two examples that highlight the translocal aspect of USAID's work include USAID funding to the South Africa-based African Parks Network for work performed in the Democratic Republic of Congo and funding to the African Field Epidemiology Network, an organization incorporated in Uganda, for work performed in Ethiopia.

Moreover, when working in countries with difficult operating environments, some organizations choose to incorporate in a different country for security purposes. For example, the White Helmets, which operates in Syria, is incorporated in the Republic of Türkiye.

In FY 2022, USAID channeled \$57 million to regional partners. This represents 0.4 percent of A&A funding attributable to the indicator. Almost 80 percent of FY 2022 Direct Regional Funding went to partners working in Africa. The Middle East and Latin America and Caribbean regions each accounted for another 11 percent.

### USAID funding of South-South exchanges

In addition to Direct Regional Funding, USAID also provided \$30 million to partners incorporated in a developing country for work undertaken in a different developing country outside their region (e.g., a Lebanese behavioral science nonprofit working in Uzbekistan). Tracking this information is useful for understanding USAID funding to partners based in developing countries but is not as closely linked to localization, which emphasizes the role of local actors to respond to local—or cross-border—challenges.



## G2G Assistance

National, subnational, and local governments have an important and unique role in advancing locally led development. Governments play a central role in setting policy, allocating domestic resources, and coordinating activities, particularly in sectors focused on public service delivery or public goods such as public health, education, and climate. Capable government systems are critical for sustainably delivering these services over time.

To help strengthen government capacity to deliver development and humanitarian outcomes, USAID partners directly with governments that meet certain criteria, as determined jointly by USAID and the Department of State.<sup>6</sup> USAID undertakes additional risk assessments on the implementing entities (e.g., ministries) as required by legislation.

In FY 2022, USAID provided \$199 million in G2G assistance (as defined on page 5) to 17 countries.

Table 2: Countries with G2G assistance in FY 2022<sup>7</sup>

COUNTRY	FY 2022 obligations (millions)
ARMENIA	\$0.5
BENIN	\$2.4
EGYPT	\$2.5
GEORGIA	\$0.3
GHANA	\$1.4
HONDURAS	\$8.0
JAMAICA	\$3.7
JORDAN <sup>8</sup>	\$129.4
LIBERIA	\$14.6
MALAWI	\$3.3
MOZAMBIQUE	\$5.2
NAMIBIA	\$0.3
NEPAL	\$1.0
PERU	\$5.9
SENEGAL	\$14.3
SOUTH AFRICA	\$2.1
UGANDA	\$4.2

<sup>6</sup> These criteria focus primarily on issues related to budget transparency, the protection of civil society, and a prohibition on taxing U.S. foreign assistance, along with compliance with the minimum standards for the elimination of trafficking.

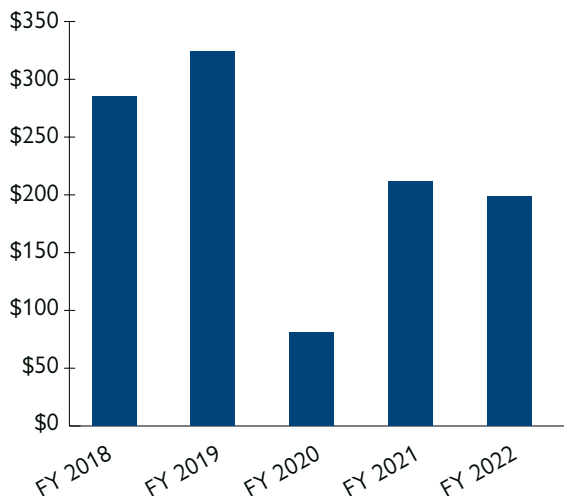
<sup>7</sup> USAID has also provided over \$19 billion in direct budget support to the Government of Ukraine (through June 2023). However, since the assistance was provided via World Bank mechanisms and not direct G2G assistance, Ukraine is not included in this table.

<sup>8</sup> In addition to \$129 million in G2G mechanisms based on cost to the Government of Jordan, USAID also provides the Government of Jordan non-cost based general budgetary and/or sector assistance support (\$245 million in FY 2022), most of which is implemented via a cash transfer. These mechanisms are excluded from this analysis.

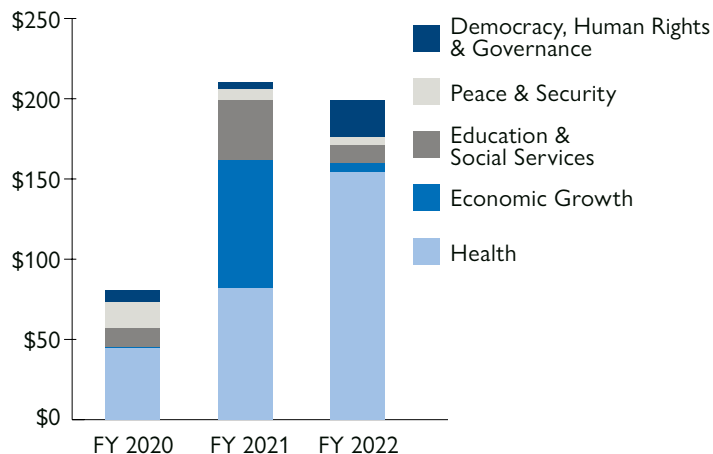




**Figure 7: G2G assistance**  
(obligations in millions), FY 2018 - FY 2022<sup>9</sup>



**Figure 8: G2G assistance, by sector**  
(obligations in millions), FY 2020-FY 2022<sup>10</sup>



Over the last three years, the overwhelming majority of G2G assistance has supported health objectives, with health accounting for 77 percent of G2G assistance in FY 2022, up from 55 percent in FY 2020. Economic growth accounted for another 17 percent of G2G assistance over the last three years, driven by a large investment in Jordan in FY 2021. Education made up another 15 percent.

<sup>9</sup> Per the description of the types of G2G assistance included in how USAID measures progress toward localization, this analysis excludes non-cost based general budgetary and/or sector assistance support provided to the Government of Jordan. Over the last five years (FY 2018 to FY 2022), the value of this non-cost based support summed to \$3.6 billion, more than three times the level of other G2G assistance in this same time period.

<sup>10</sup> Figure 8 excludes cash transfers to Jordan. The graph only includes funding associated with sectors and excludes \$227,000 allocated to program development and oversight.



## LOCAL LEADERSHIP OF USAID PROGRAMMING

In addition to the Direct Local Funding target, USAID has also committed to shifting power dynamics with a goal that by 2030, half of the Agency’s programs will be locally led, creating space for local actors to exercise leadership over priority setting, activity design, implementation, and defining and measuring results. These two targets complement one another and are of equal importance to USAID’s localization efforts. While direct funding is an important aspect of local ownership, in practice, partnerships and funding arrangements can be structured in ways that create more or less space for local leadership. Furthermore, as 90 percent of USAID’s obligations through grants and contracts (per the established methodology) do not currently go directly to local partners, it is important that USAID create space for local leadership across many different types of relationships with local actors, whether they are prime awardees, subawardees, participants in a USAID-funded program, or part of a community affected by USAID programming. Fundamentally, the ability to exercise influence over how development happens for one’s own organization or in one’s own community is at the heart of locally led development.

The local leadership target did not have an existing indicator or data source, however, so USAID engaged a wide range of stakeholders, including USAID staff, local and U.S.-based partners, and community-based organizations in several of the countries where USAID works. Through these engagements, USAID better understands what actions and practices meaningfully and visibly create space for local actors to exercise leadership in USAID’s procurement processes and program cycle, which of these are feasible to implement, and which are most easily trackable. Feedback from these stakeholders was critical to the design of the indicator.

Figure 9: Stakeholder engagement on the new indicator’s design





## Working Definition

The new **Locally Led Programs** indicator will measure the percentage of USAID-funded activities that create space for local partners and the local communities they serve to lead development efforts—including in priority setting, design, partnership formation, implementation, and defining and measuring results—in a given fiscal year.

The indicator focuses on **four categories of approaches** through which USAID enables greater local leadership in its activities. Under each of these four categories are several **good practices** that USAID and/or its implementing partners may use throughout priority setting, design, implementation, or monitoring and evaluation processes.

USAID will report data on how many activities used each of these practices in a given fiscal year. For the purpose of tracking progress toward the Agency-wide local leadership target, USAID will also identify the percentage of USAID-funded activities that demonstrate the use of two or more of the listed good practices in at least two of the four categories.



Photo: USAID Philippines



Table 3: Practices included in the Locally Led Programs indicator

CATEGORIES			
WORKING DIRECTLY WITH LOCAL PARTNERS	CREATING EFFECTIVE LOCAL PARTNERSHIPS	RECOGNIZING, LEVERAGING, AND STRENGTHENING LOCAL CAPACITY	ENGAGING COMMUNITIES DIRECTLY
DESCRIPTION			
In tandem with the goal to increase <i>levels of funding</i> obligated directly to local partners, USAID will increase the <i>number of activities</i> in Mission portfolios that are implemented by local actors as prime awardees.	USAID will co-design, co-create, and encourage partner-designed activities in ways that elevate local decision making, support mutuality, and promote reciprocal trust and accountability.	USAID will invest in strengthening local capacity and in leveraging and elevating existing capacity, local knowledge, and expertise in the places where we work.	USAID will expand the use of inclusive and participatory approaches throughout Agency programs, including direct engagement between USAID staff and local partners and communities.
REPRESENTATIVE GOOD PRACTICES			
The prime implementing partner is a local partner or partner government.	<p>Award is co-designed with local partner(s).</p> <p>Local award is not prescriptive of activities but descriptive of desired outcomes, permitting partners the flexibility to propose innovative development solutions.</p> <p>Award budgets reflect efforts to ensure full cost recovery in direct awards to local partners (regardless of instrument).</p>	<p>Activity uses demand-driven capacity-strengthening approaches aligned with USAID’s Local Capacity Strengthening Policy.</p> <p>Activity provides capacity strengthening to local partners or prospective local partners to work directly with USAID.</p> <p>Activity monitoring, evaluation, and learning (MEL) plan incorporates at least one locally led monitoring indicator, such as standard capacity building indicators<sup>11</sup> and/or locally defined measure(s) of programmatic success.</p> <p>Local subawards make up &gt;50 percent of the budget under an assistance award with an international prime partner.</p> <p>Transition award process is included in an award to an international prime recipient.</p> <p>Local evaluation expertise is engaged on a core evaluation team to evaluate an activity.</p>	<p>Activity is co-created with local communities using participatory systems analysis such as Whole System in a Room or another participatory method.</p> <p>Activity design is informed by a listening tour, which includes participation by USAID staff members.</p> <p>Activity MEL Plan includes an Accountability and Feedback Plan, which includes using local feedback to make program adaptations and closing the loop with those who provide feedback.</p> <p>Activity MEL Plan outlines participatory processes through which local communities directly contribute to program MEL.</p>

<sup>11</sup> For example, the Standard Indicator [CBLD-9](#) measures whether USG-funded capacity-development efforts have led to improved performance in organizations receiving capacity-development support.



The practices tracked by this indicator emerged from the consultation process as particularly meaningful for enabling local leadership, but this list is not exhaustive. There are many ways USAID programs can create space for local leadership, not all of which are easy to quantify or necessarily result in an activity. For example, providing information about USAID awards in local languages and offering opportunities for prospective local partners to engage in A&A processes in languages other than English are not captured in this list, but are critical for equity and accessibility. They are also steps that can lead to a direct local award, which is captured by this indicator and the Direct Local Funding indicator.

Furthermore, while this indicator measures select approaches that create space for local leadership over programming decisions, there are also programmatic interventions that elevate local priorities that are not captured in the measure. In particular, multipurpose cash transfers to individuals or households give participants the autonomy and flexibility to support their own priorities and have been shown to successfully and cost effectively move the needle on a number of development outcomes.

Not all of the practices identified above will be relevant for all programs, all award or agreement types, or all operating contexts. The range of practices included in the indicator provide a menu of options for Missions, implementing partners, local stakeholders, and local communities to reference and leverage as best suits their needs, opportunities, and constraints.

Furthermore, with multiple component parts, this indicator is modular in design; the practices it tracks may be updated over the years, as USAID's knowledge and practice of locally led development evolves and improves.



### **Spotlight: Co-creating helps refine and rightsize programs in Paraguay**

Co-creating with local partners and stakeholders creates space for these actors to shape program design and enables USAID activities to become better aligned with local priorities. The process of bringing people and groups together to create solutions to specific development challenges can lead to better defined activities, identify new solutions, and build consensus around areas for action.

With this in mind, when USAID/Paraguay received a promising concept note from Centro de Estudios Judiciales (CEJ), a local NGO with expertise in justice-related reforms, to strengthen the prosecutor's office to investigate economic crime and corruption, the Mission embarked on a co-creation process with the partner. Over the next three months, the Mission worked closely with CEJ, and in coordination with the prosecutor's office, to refine activities, elaborate the theory of change, and define the scope. As the process unfolded, the Mission recognized the influence of power dynamics in the discussion, noting that partners, especially new partners, may feel they need to say yes to whatever USAID put forth. By adopting a listening stance and keeping in check its own assumptions about design and scope, the Mission was able to guide the conversation into an open dialogue in which the partner felt comfortable expressing concerns and putting forth alternative ideas. Shifting power in this way enabled the partner to push back on unrealistic expectations for success, given the range of factors outside of the implementer's control that could influence outcomes. Working jointly to refine the program, incorporate local priorities, ensure alignment with government needs, and rightsize expectations all help set the stage for greater success.

## **Reporting**

After the conclusion of FY 2023, USAID will report the first round of data for this indicator, recognizing that this first year of data collection will be a learning year. USAID will leverage existing systems where possible to track this indicator, but because this is a new indicator it will also rely, in part, on new forms of documentation by Missions and OUs.

The extent to which these practices actually enable local leadership depends on how they are implemented. As one member of a community-based organization said, "These actions could be meaningful or partially meaningful; it's all about whether local communities have ownership of those steps." For example, co-design with community groups can result in better targeting and implementation of projects, which can lead to more sustainable outcomes. But co-design can be done in ways that are more inclusive or less inclusive, as well as in ways that are more sensitive or less sensitive to the time and resources local groups invest in participating. USAID will provide relevant training and other resources to staff to guide engagement. To hold ourselves to account, and to foster learning about how to better enable local leadership, the Agency will also explore a process to "crosswalk" USAID-reported actions with feedback from local actors.

As USAID refines additional details on how this indicator will be defined, collected, and reported, the Agency will provide more information in a forthcoming performance indicator reference sheet and supporting documentation that will be made available on USAID's website on [measuring progress on localization](#).



## CONCLUSION

USAID has made important initial strides in its journey toward a new model of locally led development and humanitarian assistance: setting strong policy foundations, creating tools to facilitate more and higher-quality engagement with local actors, taking steps to be more accessible to local partners, strengthening the Agency workforce, and more. These efforts will underpin continued progress toward the Agency’s localization objectives in the coming years.

USAID has made inroads toward these goals. The Agency is channeling more funding directly to the local actors best positioned to drive change in their communities. Over the last five years, USAID has seen an uptrend marked by significant increases in Direct Local Funding, reaching a high of nearly \$1.6 billion, or 10.2 percent, in FY 2022. Field Operating Units in Africa have been particularly noteworthy in expanding work with local partners, with nearly 25 percent of their funding going to local partners during this period. The health sector, led by PEPFAR, has been another bright spot, directing nearly 20 percent of attributable obligations to local partners last year.

USAID is also rolling out a new method to track some of the ways Agency programming creates space for local leadership and decision making. Next year’s progress report will include new data on this goal.

While these indicators are an important part of how USAID tracks and motivates progress toward its localization goals, they do not represent the sum of the Agency’s localization efforts.

These indicators measure ways of working that USAID believes will be associated with greater locally led development and, in turn, the longer-term, more sustained outcomes that come with greater local ownership. USAID also needs to monitor and evaluate outcomes of its programs to measure the results of this engagement. These learning efforts will help USAID—and the broader development and humanitarian community—understand how to engage local knowledge, assets, and practices more equitably and how the Agency’s partnerships with local actors can better contribute to sustainable development and humanitarian objectives.

More fundamentally, expanding USAID’s work with local actors is not just about indicators; it is about systems and culture change. It is about how USAID comes to the table as a partner, with patience, humility, and flexibility; with a commitment to diversity, equity, and inclusion; and with respect for the local actors who are at the forefront of driving progress in their communities. Like any institutional reform, this is a long-term change process—through which USAID is committed to embracing effective results, resilient local systems, and a more equitable, inclusive model of partnership.