



Committed to Change:

USAID Localization Progress Report Brief

FY 2023

There is widespread consensus that development and humanitarian assistance must enable local actors to set their own agendas, develop solutions, and bring their capacities, leadership, and resources to bear to make those solutions a reality. Experience has shown that local leadership is critical for greater equity, effectiveness, and sustainability. To continue to move toward a model of locally led and inclusive development, USAID has embraced localization, a set of actions that shift how the Agency works to put local actors in the lead and strengthen local systems.

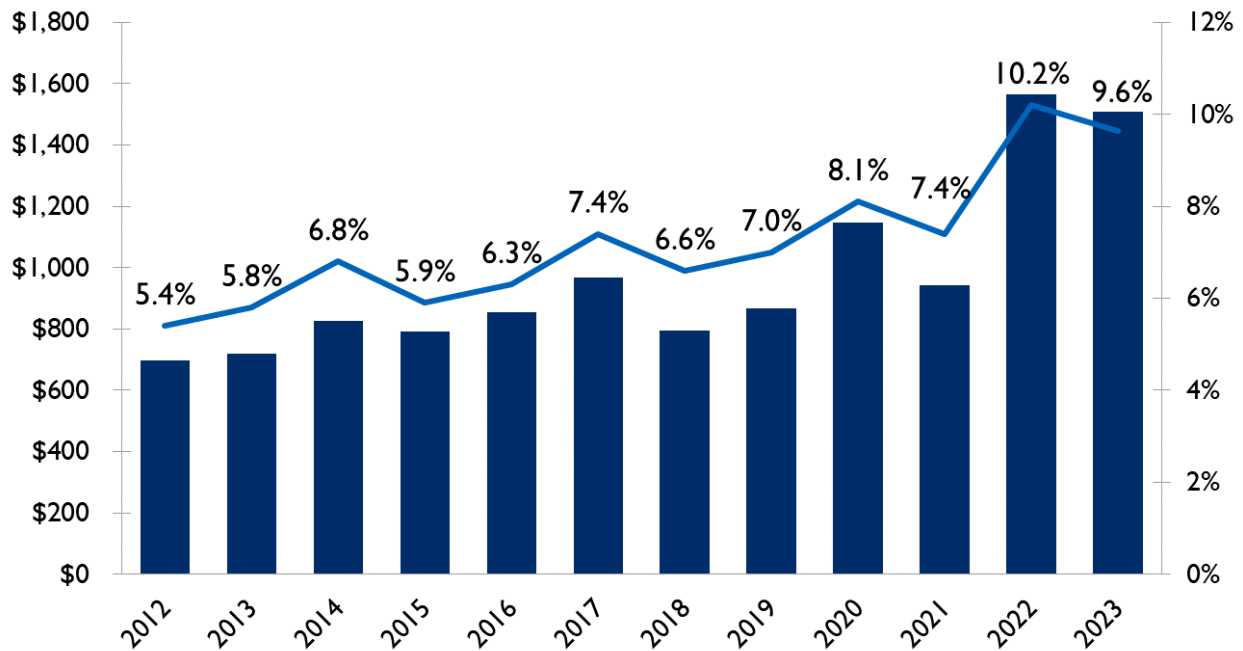
Over the last two years, USAID has been working toward two Agency-wide localization targets set out by Administrator Power in 2021:

- By FY 2025, USAID will direct a quarter of its funding directly to local partners.
- By 2030, at least half of USAID programs will promote space for local actors to exercise leadership over priority setting, activity design, implementation, and defining and measuring results.

The [FY 2023 Localization Progress Report](#) is the second status update on USAID's progress toward those targets, and it details a range of recent efforts that will help underpin future progress. In FY 2023, USAID obligated \$1.5 billion to local partners and another \$68 million to regional partners. USAID also provided \$156 million through government-to-government (G2G) assistance agreements. The percentage of funding going directly to local partners in FY 2023 declined slightly from last year, from 10.2 to 9.6, though other trends in the data point to signs of progress. **New awards to local partners and the number of local partners with whom USAID works have increased annually over the last three years and reached new highs in FY 2023.** By sector, health stands out, with more

than 20 percent of health funding going to local partners in FY 2023. Africa remains the region with the highest proportion of direct local funding (22 percent).

Figure I: Direct Local Funding over time (millions of dollars and percent)¹



In addition to shifting funding, USAID is also focused on shifting power to local actors and communities. Over the last year—informed by consultations with a broad range of external and internal stakeholders—USAID developed and piloted a new Locally Led Programs indicator that tracks the extent to which USAID programs employ a set of “good practices” that advance locally led development over the life of a project. These practices include approaches such as co-creation; participatory monitoring, evaluation, and learning processes; and accountability and feedback mechanisms. In FY 2023, USAID piloted this metric across approximately half of the Agency’s portfolio. Overall, approximately half of the programs assessed in the pilot utilized at least two good practices. These strong results present an opportunity to raise USAID’s ambition around how the Agency elevates and measures local leadership in its programs. Lessons from the pilot will also inform adjustments to the indicator before USAID applies the metric Agency-wide in 2024.

¹ This report’s historical data (2019 and earlier) are slightly different from those reported in the FY 2022 Progress Report. Data clearing and verification processes implemented over the last year led to improved data quality.

Figure 2: The 14 good practices measured during USAID’s pilot of the Locally Led Programs indicator

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|  <p>WORKING DIRECTLY WITH LOCAL PARTNERS</p> | <ul style="list-style-type: none"> • Partnering directly with local or regional partners |
|  <p>CREATING EFFECTIVE LOCAL PARTNERSHIPS</p> | <ul style="list-style-type: none"> • Co-creating awards with local or regional partners • Making descriptive, not prescriptive awards to local and/or regional partners • Helping local and regional partners achieve full cost recovery |
|  <p>RECOGNIZING, LEVERAGING, STRENGTHENING LOCAL CAPACITY</p> | <ul style="list-style-type: none"> • Using demand driven capacity strengthening approaches • Advancing local and regional entities’ readiness to work directly with USAID • Measuring programmatic success using locally defined measures • Including the transition award process in prime assistance awards • Conducting evaluations with local experts • Channeling subawards and subcontracts to local entities. |
|  <p>ENGAGING COMMUNITIES DIRECTLY</p> | <ul style="list-style-type: none"> • Conducting listening tours to inform activity design • Co-creating with local stakeholders, including communities • Institutionalizing feedback and accountability with stakeholders, including local communities • Implementing participatory monitoring, evaluation and learning |

Targets alone do not drive progress. Over the last year, USAID has undertaken a wide range of efforts to advance locally led development and humanitarian response. The Agency has developed new trainings, guidance, tools, and resources to support staff to work in more locally led ways. These include support mechanisms that help USAID staff to improve local partnerships and strengthen the capability of partners to work with USAID, new staff training on participatory program design, guidance on applying locally led principles to specific sectors, and more. USAID has reduced barriers to entry for local partners through increased outreach, expanded use of local languages, more flexible and tailorable pre-award assessments for local partners, and more. USAID is also focused on being a better partner by expanding the use of mechanisms with lower compliance burdens, taking steps to support partners' full cost recovery, and encouraging staff to reduce reporting burdens.

Localization also requires systems and culture change across the whole Agency. While progress on a reform effort of this magnitude will take place incrementally, the momentum and signs of progress are there, even as USAID faces more work ahead to create more equitable, inclusive partnerships that produce more sustainable impact. Read the full report on [Committed to Change: USAID Localization Progress Report](#) to learn more.