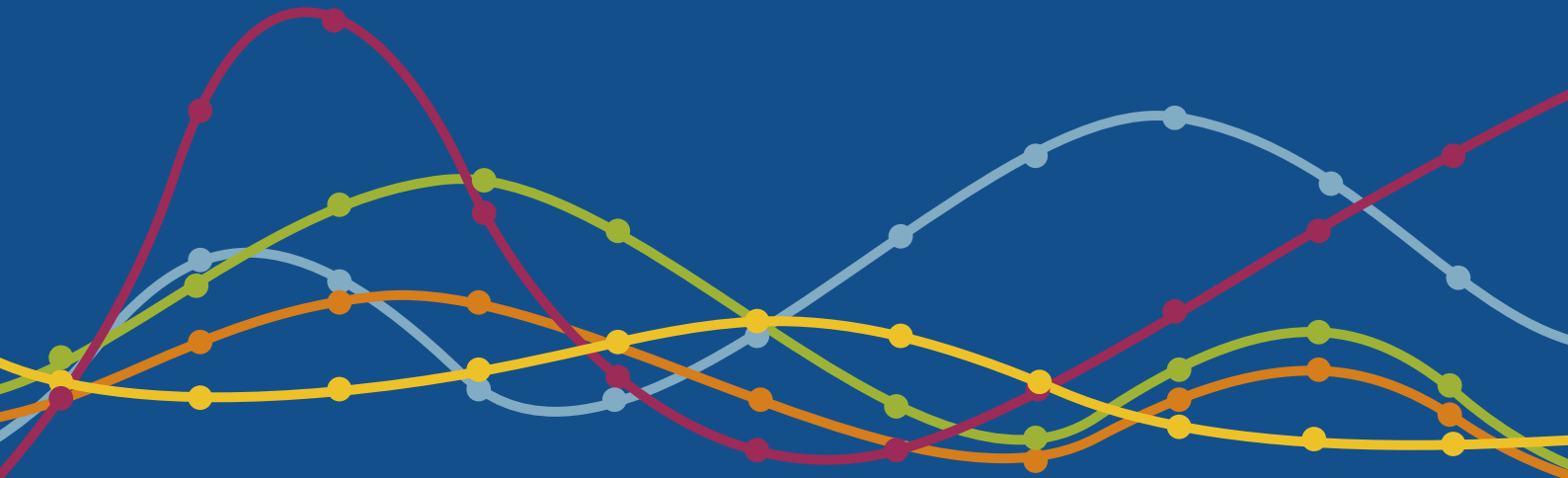# COMMITMENTS WITHOUT ACCOUNTABILITY:

The challenge of tracking donor funding to local organisations

December 2024

WHO WE ARE

Publish What You Fund is the global campaign for aid and development transparency. Launched in 2008, we envisage a world where aid and development information is transparent, available and used for effective decision-making, public accountability and lasting change for all citizens.

www.publishwhatyoufund.org

Main Contents

Tables and graphs

Acronyms

Australia-DFAT	Australia, Department of Foreign Affairs and Trade
CBOs	Community-based Organisations
CSO	Civil Society Organisations
GAC	Global Affairs Canada
IATI	International Aid Transparency Initiative
INGOs	International Non-Governmental Organisations
LEPs	Locally Established Partners
Netherlands-MFA	The Netherlands, Ministry of Foreign Affairs
NGOs	Non-Governmental Organisations
ODA	Official Development Assistance
OECD DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
OECD DAC CRS	Organisation for Economic Co-operation and Development's Development Assistance Committee Creditor Reporting System
UK-FCDO	United Kingdom, Foreign, Commonwealth and Development Office
UN	United Nations
USAID	United States Agency for International Development
WROs	Women's Rights Organisations

Executive Summary

For locally led development to succeed, it is critical to monitor allocation of Official Development Assistance (ODA) from bilateral donors to local organisations. While the concept of localisation encompasses more than funding – elements like power dynamics and decision-making are also fundamental – the availability of resources is essential. Global south stakeholders have long called for greater involvement in funding decisions, and transparency in donor reporting is needed to measure progress and ensure accountability.

This report outlines the importance of international agreements such as the Paris Declaration on Aid Effectiveness and the Grand Bargain that have called for more significant local ownership in development and shifting more resources to local organisations. Despite these long-standing agreements, however, actual resource allocation to local organisations remains limited. Building on our Metrics Matter series, we have developed a Local Funding Matrix to serve as a visual tool that compares donors' readiness to track and implement localisation practices. We wanted to check how many commitments to localisation have translated into practical changes in how agencies measure and report their funding to local organisations. In undertaking this work, we looked at five donors which are leading voices in the locally led development space. Key findings include:

1. **Donor commitments vs practice:** While the donors reviewed - Australia (Department of Foreign Affairs and Trade), Canada (Global Affairs Canada), Netherlands (Ministry of Foreign Affairs), UK (Foreign, Commonwealth and Development Office), and US (United States Agency for International Development), have endorsed localisation commitments, there is a notable gap between these pledges and practical evidence of increased local funding.

2. **Tracking and transparency:** Few donors have taken steps to define, measure and report on their funding to local organisations. USAID stands out as the only donor with a comprehensive target and public data measuring its progress toward local funding goals. Its commitment to making aid more accessible and locally led includes a target to allocate 25% of direct funding to local partners by 2025. So far, it has published two reports on progress with the data used to make assessments.

3. **Opportunities for improvement:** The report underscores the potential for donors to enhance their tracking methodologies, policies, and transparency. By setting defined targets, improving data reporting, and learning from USAID's structured approach, other donors can align more closely with their localisation promises on providing more funding to local organisations.

Although significant challenges remain, particularly regarding policy clarity and measurement standards, there is an opportunity for donors to make substantial progress by refining their approaches. Enhanced transparency and well-defined strategies are vital for fulfilling international commitments and supporting meaningful partnerships with local actors.

Introduction

Tracking Official Development Assistance (ODA) from bilateral donors to local organisations is vital for advancing locally led development. While localisation involves more than just funding - encompassing power, decision-making, and learning - resources remain a critical element. Global south actors have long emphasised the importance of being involved when funding decisions are made. Reflecting the adage "what gets measured, gets managed," assessing how donor agencies report their funding to local and national organisations is vital. This is starkly highlighted by a 2024 report by the Shift the Power Movement which found that less than 10% of ODA from Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) donors goes to global south civil society organisations (CSOs).[1] Without transparent data on funding, it is difficult to measure progress, hold donors accountable to promises they have made, and ultimately shift more resources to local organisations.

Over the last few decades, the idea of local ownership has been an integral part of development discourse. The Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), and the Busan Partnership for Effective Development Cooperation (2011) all stated the need for more country ownership and better partnerships to deliver more effective development outcomes. The Grand Bargain (2016), the Locally Led Adaptation Principles (2021), the OECD DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (2021), and the Donor Statement on Supporting Locally Led Development (2022) have built on these and further committed donors to take a more locally led approach and transfer greater resources to local partners across their development and humanitarian programmes. These key agreements illustrate the willingness of donors to pledge support for commitments which have a goal of transferring more resources to local organisations.

Bilateral donors play a crucial role in advancing localisation due to their influence on funding priorities. Yet, a lack of policy direction and internal processes limits their ability to fully support local ownership, align with international commitments, and accurately track the share of funding reaching local organisations. Shifting funding practices requires significant leadership and is not a quick process. Nevertheless, as part of a donor's localisation journey, it is essential they think about the nuance of the definitions and the denominator calculation used when seeking to measure and track funding to local organisations across the countries they work. Currently, only the Grand Bargain[2] and the United States Agency for International Development (USAID)[3] have set specific targets to increase direct funding to local entities. While both of these targets have their inherent challenges, they at least provide a metric on which to measure progress.

---

1   Shift the Power Movement (2024), Too Southern To Be Funded: the funding bias against the global south. Link here.
2   Under the Grand Bargain, donors agreed that 25% of humanitarian funding should be delivered as directly as possible to local and national organisations.
3   In 2021, USAID set a target that by 2025, 25% of USAID's funding will go directly to local partners.

Overview of research

Since 2022, Publish What You Fund has undertaken detailed research into USAID's 25% local partner funding goal to establish an independent, credible, and replicable measurement approach to track funding to local partners. The findings have informed discussions with leading OECD DAC donors to enhance future tracking efforts. Through our [Metrics Matter series](#), we evaluated USAID's progress in directly funding local organisations and assessed the effectiveness of its measurement approach. This research identified challenges but confirmed the feasibility of tracking such funding. The third Metrics Matter report, expected in Spring 2025, will extend our analysis to include the five donor agencies discussed in this report.

This report builds on and expands our Metrics Matter series by exploring the macro-level work and commitments of five OECD DAC donors around their localisation efforts. It aims to provide a broader analysis of how these donors are approaching localisation, comparing their readiness and progress in aligning with international commitments, and tracking funding to local partners. This expanded focus helps contextualise each donor's work, identifying areas for improvement and shared learning opportunities to enhance localisation practices across the board.

Before thinking about the scale of resources provided to local organisations, we looked at the varying approaches donors are using to define and measure localisation. When measuring the amount of funding channelled to local organisations, both the definition of what is to be measured (numerator) and the amount of funding from which the numerator is a proportion (denominator) need to be determined. Adjusting either of these will affect the values and proportions of what is being measured. Through the development of our Local Funding Matrix, we illustrate the significant differences between donors' approaches and commitments to localisation and resource distribution.

It is important to acknowledge the complexity of the localisation debate. While our work has focused on tracking funding goals, we recognise that issues such as power dynamics and decolonisation also impact progress on localisation. As the campaign for aid and development transparency, our expertise lies in tracking funding flows, while other organisations may be better placed to address these wider issues. We hope this report contributes to the larger localisation conversation and offers knowledge that can be used as an advocacy tool to hold donors accountable for directing more funding to local organisations.

DONOR SELECTION

For this report, we piloted our Local Funding Matrix by selecting a cross-section of major OECD DAC bilateral donors which have made a commitment to localisation. This selection was driven by political considerations rather than an empirical approach, based on the following criteria:

- All five donors have endorsed or signed initiatives focused on local ownership and have publicly committed to locally led development and localisation.

- They are significant contributors in terms of overall funding within the development and humanitarian sectors.

- All five donors participated in a recent OECD DAC peer learning initiative on pathways towards effective locally led development co-operation.[4]

- Stakeholders identified these donors as more progressive in their approaches to locally led development.

- All five donors publish data to the International Aid Transparency Initiative (IATI) Standard, allowing their progress to be analysed in the forthcoming *Metrics Matter III* report.

---

4   OECD (2024), Pathways Towards Effective Locally Led Development Co-operation: Learning by Example, OECD Publishing, Paris, https://doi.org/10.1787/51079bba-en

What is the Local Funding Matrix?

To effectively track and increase funding to local partners, donors need robust localisation strategies that include clear definitions, targets, and methods for measuring progress in shifting funding. The Local Funding Matrix (see Table 1) offers a comparative analysis of five OECD DAC donors, detailing their commitments to localisation, presence of dedicated strategies or policies, and methods for tracking funding progress. These strategies play a crucial role in promoting transparency and accountability, supporting efforts to increase direct funding to local organisations, and aligning with international commitments.

Donors are marked using a matrix framework that visually compares their readiness to track and report funding to local organisations. Three focus areas and eight criteria are central to the Local Funding Matrix. These areas and criteria were chosen as they reflect core fields needed to understand each donor's approaches to measuring and monitoring local funding. To compile the necessary material, secondary research was conducted on the five donors, sourcing information from donor websites and online searches. Each donor's information was consolidated into an individual Local Funding Matrix profile, and these were reviewed through discussions with the donors for accuracy[5]. For detailed profiles on Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID, see Annex One.

The Local Funding Matrix is not designed to provide a critical analysis of individual strategies, policies, definitions, and measurement metrics used by the five donors. It is also not designed to rank the reviewed donors. Rather, its purpose is to show what information is publicly available, illustrating the varied approaches and the different stages of progress among donors in addressing localisation. This matrix underscores the gap between pledges to increase funding for local organisations and actual practice, helping stakeholders understand these disparities and track the transparency of donor efforts.

Alongside the Local Funding Matrix, a separate *Localisation Commitments Matrix*[6] (see Table 2) was created to compare which international agreements or initiatives related to localisation and locally led development the five donors have endorsed. An overview of each commitment can be found in Annex Two. The commitments matrix provides context on donor alignment with global localisation efforts, illustrating their commitment levels and support for relevant international frameworks. This approach helps illustrate the readiness of each donor and highlights gaps between commitments and practices.

---

5   While the Local Funding Matrix profiles for each of the donors was reviewed by them for accuracy, any errors are those of the authors.
6   The table does not provide an exhaustive list and, as such, some agreements might not be listed.

Table 1. Publish What You Fund's high-level Local Funding Matrix comparing five OECD DAC donors

Local Funding Matrix Criteria	Bilateral Donors				
	Australia-DFAT	GAC	Netherlands-MFA	UK-FCDO	USAID
Use of Definitions:					
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	✔	✘	✘	✘	✔
Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	✘	✘	✘	✘	✔
Measurement:					
Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?	✘	✘	✘	✘	✔
Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?	✘	✘	✘	✘	✔
Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	✘	✘	✘	✘	✔
Does the donor **publish the underlying data on its funding flows to local and national organisations**?	✘	✘	✘	✘	✔
Strategy & Policy:					
Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. an approach to working with local organisations and how it will deliver and measure that approach)?	✔	✘	✘	✘	✔
Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?	✔	✔	✔	✘	✔

Table 2. Localisation Commitments Matrix comparing initiatives endorsed by the five donors

Key commitments on localisation and locally led development	Bilateral Donors				
	Australia-DFAT	GAC	Netherlands-MFA	UK-FCDO	USAID
Has the donor endorsed the commitment?					
Donor Statement on Supporting Locally Led Development (2022)	✓	✓	✓	✓	✓
OECD DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (2021)	✓	✓	✓	✓	✓
Locally Led Adaptation Principles (2021)	✓	✗	✓	✓	✓
Grand Bargain (2016, 2021, and 2023)	✓	✓	✓	✓	✓
Busan Partnership for Effective Development Cooperation (2011)	✓	✓	✓	✓	✓
Accra Agenda for Action (2008)	✓	✓	✓	✓	✓
Paris Declaration on Aid Effectiveness (2005)	✓	✓	✓	✓	✓

Findings – what does the Local Funding Matrix tell us?

Donors have made notable efforts to endorse global commitments on funding localisation but lack sufficient evidence of progress. Despite the five sampled donors endorsing most commitments, this has not translated into clearer policies or better systems for monitoring progress. The Local Funding Matrix reveals that:

USE OF DEFINITIONS:

- **Only two out of five donors have developed a definition of locally led development and/ or localisation.** Currently, only Australia-DFAT and USAID have developed their own definitions. Definitions for these terms are important to help stakeholders and advocates understand the characteristics donors are using to measure their localisation efforts.

- **Four out of five donors have not defined local and national organisations to support tracking of direct funding flows.** Without a clear definition of local or national organisations, and transparency on how donors determine this, accurately tracking funding flows to these types of organisations will remain extremely difficult.

MEASUREMENT:

- **Four out of five donors lack institutional targets or indicators for direct funding to local organisations, comprehensive methodologies to track these flows, and clear definitions of funding inclusions/exclusions for calculating targets.** The lack of clarity around measurement approaches makes it difficult to determine how much funding reaches local organisations. Most donors do not publish underlying data on funding flows to local organisations, hindering transparency and making it impossible for stakeholders to verify allocations. Currently, USAID stands out as the only donor with a funding target, a methodology, progress reports, and accessible data to measure progress. The other four donors reviewed do not have the necessary internal data systems in place to effectively monitor funding directed to local organisations. Even if setting institutional targets is not feasible for all, establishing metrics to track funding is essential for transparency, accountability, and advancing effective localisation initiatives. Additionally, clarity on the denominator calculation is critical, as excluding elements like UN funding can distort figures and mislead stakeholders, as highlighted in our Metrics Matter II report.

STRATEGY & POLICY:

- **Only two out of five donors have developed a separate, dedicated strategy outlining their approach to locally led development and/or localisation.** Only Australia-DFAT and USAID have developed their own dedicated strategies on locally led development. Having coherent policy direction, strategies, and definitions is vital. This will enable donors to prioritise the development or refinement of internal systems and the investments needed to allow the tracking of funding and shift more resources to local organisations.

- **Four out of five donors implement funding initiatives where they partner directly with local and national organisations for the purposes of implementing development programmes.**

While progress has been slow among most donors, there is potential for them to enhance their methods for tracking funding to local organisations. By adopting clearer policies, defined targets, and transparent reporting practices, donors can improve their accountability and take steps to meet the commitments they have made on localisation. This progress would not only demonstrate genuine commitment but also strengthen trust with local partners and the broader development community.

Annex One

Local Funding Matrix Profiles for Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID

Australia, Department of Foreign Affairs and Trade (DFAT):

Local Funding Matrix Criteria	Collated Evidence	Meets Criteria
Use of Definitions:		
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	Australia-DFAT **does have its own definition** in its [Guidance Note: Locally Led Development](). It **uses a working definition of locally led development**, which aligns with the interim global definition proposed by the OECD DAC: • **Locally led development cooperation:** sustainable and effective development cooperation that supports locally led development by respecting and enabling the agency, leadership and decision-making of diverse local actors in framing, design, delivery, resourcing and accountability, in given local and operating contexts.	✅
Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	Australia-DFAT **does not currently have its own definitions of local and national organisations to support a method for tracking funding to local organisations.** However, within the [DFAT Guidance Note: Locally Led Development](), it states DFAT's approach to locally led development will include a wide range of local actors. These include: • Partner governments (national, sub-national, and local); • Regional organisations and architecture; • The private sector including business, small and medium enterprises, chambers of commerce, local firms, technical assistance, and consultancies; • Local civil society actors including local NGOs, CSOs, community-based organisations (CBOs), women's organisations, and faith-based organisations; • Local federations and societies; • Academia and educational institutions; • Local thinktanks; • Local media organisations; • Organisations of people with disabilities (OPDs); • LGBTQIA+ organisations; • Trade unions; • Refugee, human rights, and youth-led organisations.	❌

Measurement:		
Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?	Australia-DFAT **does not currently have any institutional targets on the quantity of direct funding to local and national organisations** across its development and humanitarian programmes. However, in the DFAT Guidance Note: Locally Led Development it states that *"under the International Development Policy Performance and Delivery Framework, 80% of designs of new bilateral investments must include local participation by 2026"* (pg.4).	✕
Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?	Australia DFAT **does not currently have a comprehensive methodology for tracking direct funding to local and national organisations**. However, under Australia DFAT's International Development Performance and Delivery Framework, it has developed indicators under its Tier 2 and Tier 3 measures (see *Strategy* section for more information) relevant to locally led development, including funding to local and national partners. These indicators include: **Tier 2 indicators:** • Total direct financing to partner governments. • ODA funding channelled to Women's Equality Organisations and Institutions. **Tier 3 indicators:** • Number of local personnel, sub-contractors and staff engaged (employment created). • Number and dollar value of local contracts and grants (local supply chains). • By 2025, develop systems to track the proportion of humanitarian funding to local and national partners. While DFAT has developed indicators to measure its progress in tracking funding to local and national organisations, only one indicator (Tier 2, bullet point 2 above) actually has a technical note outlining the methodology. See a list of Tier 2 technical notes here. No technical notes could be found on Tier 3.	✕
Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	While Australia-DFAT **does have some indicators to help track direct funding to local organisations, it has not defined its denominator calculation.**	✕
Does the donor **publish the underlying data on its funding flows to local and national organisations**? If yes, where is the data published and is it publicly accessible?	Australia-DFAT **does not publish the underlying data on its funding flows to local organisations**. Under Australia DFAT's Performance and Delivery Framework (see strategy section for more information), it publishes an annual Performance of Australian Development Cooperation report (latest report is 2022-23). While the report does provide statistics on *Indicator 6: Our development cooperation uses local actors in design, delivery and evaluation*, this does not provide insight on where the funds are being channelled and no underlying data is published alongside it to support the report. Australia-DFAT has started publishing data to an international assistance project data portal, AusDevPortal, which was launched on 3rd December 2024. Australia-DFAT also publishes data to the OECD DAC CRS and IATI. DFAT paused publication to IATI in 2019, but recently restarted this publication in December 2024.	✕

Strategy & Policy:

Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. approach to working with local organisations and how it will deliver and measure that approach)?

Australia-DFAT has produced a dedicated Guidance Note: Locally Led Development. The **Guidance Note provides an overview of DFAT's approach to enabling locally led development** across its development programmes. The guidance **covers the "why, what, when and how" of locally led development**, with a focus on providing **practical guidance on the "how"**. It was developed in consultation with partner countries and local partners.

As part of the guidance note, DFAT has developed a **"locally led development continuum"**, outlined in Annex A. It helps DFAT staff and partners make *"informed decisions about **defining the intent and level of ambition in relation to locally led development at portfolio and investment level**, when new programs and phases are established, and to inform the monitoring of progress over time"*. The aim is to *"progress investments along the locally led development 'continuum' over time to meet their specific objectives, informed by the local context, capabilities of local and international partners, the scale of operations, choice of modalities, and management of risks and safeguards"*. The **Continuum has nine dimensions with dimension four specifically related to resource distribution.** Progress is measured along a continuum/sliding scale: emerging (local actors consulted), partial (local actors co-responsible), and advanced (local actors primarily responsible).

Additionally, in its new International Development Policy: For a peaceful, stable, and prosperous Indo-Pacific, launched in August 2023, **locally led development is a key theme**. One of the policies key commitments states that Australia-DFAT will *"support local leadership and local actors"* (pg.8). Further, within *Chapter 3: a development programme that meets the needs of our region*, there is a **one-page section on "locally led efforts to drive change"**. The section briefly **outlines Australia's aim to be more locally led in its development portfolio.**

Australia-DFAT's new Humanitarian Policy: Making a difference for local people in crisis, launched in October 2024, highlights DFAT's support for *"local leadership and decision-making for greater impact"* (pg.23).

Australia-DFAT stated that it will track and report on its performance in enabling locally led development through its existing development performance systems - including through the annual Performance of Australian Development Cooperation report (latest report is 2022-23) - as outlined in the International Development Policy's Performance and Delivery Framework. This Framework outlines a three-tier system with Tier 2 and Tier 3 measures allowing DFAT to publish progress on its locally led development efforts.

- **Tier 2: Australia's contribution to development:** these are annual results directly attributable to Australian development efforts, organised against the four focus areas of the development policy. See more on Tier 2 here.
- **Tier 3: How we work:** these are selected measures of the Department of Foreign Affairs and Trade's operational approach to delivering Australia's development program.

Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?	Australia-DFAT **has the ability to directly fund local organisations and has a variety of initiatives that enable direct partnerships**. Some direct partnership initiatives include:

Australia-DFAT **has the ability to directly fund local organisations and has a variety of initiatives that enable direct partnerships**. Some direct partnership initiatives include:

- **Civil Society Partnerships Fund** – This is a new Fund promised in DFAT's new international development policy. According to an article by the Australian Council for International Development, the fund will provide AUS$35 million over four years as part of the Government's broader commitments to locally led development and strengthening regional partnerships through increased direct investment in civil society.
- **The Vanuatu Skills Partnership** – The VSP is a joint initiative by the Governments of Australia and Vanuatu and aims to support the development of the technical and vocational education and training (TVET) sector in Vanuatu. According to the DFAT Guidance Note: Locally Led Development, the *"program is a strong example of how innovations can be achieved when programs are localised. It is led and implemented by an all ni-Vanuatu national team who have been catalysts in influencing the implementation of key government strategies and policies."* (pg.13)
- **Fiji Women's Fund** – The Women's Fund partners with diverse local organisations to reach marginalised women, including in rural and remote areas. Direct funding to feminist and women's rights organisations is a crucial aspect of the Fund's efforts to realise the rights of women, girls and gender non-conforming communities. It was established in 2017. Following successful implementation of its localisation strategy, the Fund successfully registered as a Fijian independent entity in July 2021, but it still receives DFAT funding.
- **The Australia-Indonesia Partnership Towards an Inclusive Society (INKLUSI)** – This aims to strengthen the contributions of civil society to equality and inclusion for marginalised people, in partnership with government and other stakeholders. According to DFAT, *"the principles of locally led development have been central in all program stages, including design, contracting, and implementation. Key to this is working through local CSOs and supporting their engagement with national and sub-national government to achieve stronger development outcomes."* The programme works with eight lead CSOs who have engaged and sub-partnered with 60 organisations across 31 of Indonesia's 37 provinces.
- **The Balance of Power Program** - a multi-country initiative in the Pacific aiming to contribute to increasing women's representation as leaders. The program is addressing the barriers women face accessing roles of formal power and decision-making. The program is currently operating in Fiji, Tonga and Vanuatu. According to DFAT, the program is *"intentionally designed to be locally led"* (Guidance Note on LLD, pg.14).

The DFAT Guidance Note: Locally led Development provides a list of funding initiatives and partnerships, including more information on the list above, where Australia has directly supported local organisations to deliver on their development programme commitments across the Indo-Pacific.

In its Guidance Note: Locally Led Development, DFAT states the following about procurement related to local partners:

- Australian Commonwealth Procurement Rules do not allow for discrimination in procurement outcomes. This means that DFAT cannot quarantine some contracts exclusively for local companies through centrally managed procurements (pg.4).
- In complex tenders over AUD$500,000, DFAT can request 'Localisation Participation Plans' from bidders (pg.4).
- There are also opportunities for lead and local partners to integrate localisation into tender or granting criteria within their supply chains (that is, when engaging in sub-contracting or sub-granting, including both partnership and competitive grants) (pg.4).
- Contributions (or grant-like arrangements) differ from procurement contracts in that they have partnership objectives to support the mandate of the partner organisation and DFAT does not direct the partner's activity. The partner also brings their own resources to the partnership. Depending on the scope, the contribution or grant can include locally led development-related milestones to set expectations for the involvement of local stakeholders, or to monitor transitions toward increased localisation (pg.4).

Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?

DFAT often works through intermediary partners (e.g. international and/or Australian NGOs) or mechanisms (e.g. UN pooled funds) in humanitarian environments or protracted crises. According to its Guidance Note, its role is *"to support intermediary partners and mechanisms - many of which have their own localisation targets - to invest in the capability and capacity of local actors."* (pg.6)

In the *Guidance Note: Locally Led Development*, DFAT specifically mentions ways in which it can fund local and national organisations. This includes a mixture of direct and indirect funding mechanisms:

- Direct funding mechanisms DFAT uses for local organisations include:
  - Direct financing of partner governments through general budget support, sector support or programme specific direct financing.
  - Multi-year partnership funding.
  - 'Pass Down' approaches where a lead partner will earmark a percentage of funds for core costs in downstream organisation(s), in recognition of local organisations' management costs.
- Varying circumstances demand different approaches and there continues to be an important role for intermediaries in DFAT's approach to locally led development. While there can be benefits in funding local organisations directly, intermediaries also offer efficiencies for both DFAT and local organisations (pg.8).
- It can be a challenge for local organisations to meet Australian legislative requirements and DFAT policies, which seek to safeguard against harm, such as preventing sexual exploitation abuse and harassment (PSEAH), child protection, anti-fraud and corruption, counter-terrorism financing and due diligence. Not all local organisations aspire to have the capability to meet international donor requirements directly – for example, it may be unrealistic or unnecessary for local organisations with narrower mandates or limited geographic reach, and it may have high transaction costs on both sides. Lead partners and intermediaries can play an important role in supporting DFAT to manage these risks and provide support to build local organisational capability (pg.8).
- Intermediaries may be managing contractors, contracted support units or program management units, INGOs, Australian NGOs, UN agencies or development banks, larger local organisations or peak bodies. They may coordinate funding and grants administration with a diversity of local partners and engagement of local personnel and firms in the supply chain. Multilateral organisations often work in sensitive contexts and can navigate access and influence in conflict-affected, high risk and politically constrained environments (pg.8).

Global Affairs Canada (GAC):

Local Funding Matrix Criteria	Collated Evidence	Meets Criteria
Use of Definitions:		
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	GAC **does not have a definition of localisation or locally led development.** According to a 2024 OECD peer learning deep dive report on Canada, there is "*interest within GAC in the development of a clear, commonly held definition of locally led development to support the establishment of a more solid baseline for tracking progress, which could also help join the dots across various pockets of good practice*" (pg.3).	✗
Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	In its Civil Society Partnerships for International Assistance Policy, GAC defines local CSOs as "*organisations working on the ground in host countries*". However, GAC **does not currently have its own definitions of local and national organisations** to support a method for tracking direct funding to these entities.	✗
Measurement:		
Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?	Canada **does not currently have any institutional targets on the quantity of direct funding to local organisations** across its development and humanitarian programmes.	✗
Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?	Canada **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	✗
Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	Canada **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	✗

Does the donor **publish the underlying data on its funding flows to local and national organisations**? If yes, where is the data published and is it publicly accessible?	Canada **does not publish any dedicated underlying data to track its direct funding to local organisations**. Canada does publish data to its own international assistance project portal. Progress and results related to strong locally led initiatives, such as the WVL and Equality Fund initiatives, can be found on it. Canada also publishes to the OECD DAC CRS and IATI.	✖

Strategy & Policy:

Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. approach to working with local organisations and how it will deliver and measure that approach)?	While GAC **does not have a dedicated strategy on locally led development or localisation**, through its **Feminist International Assistance Policy (FIAP)** it takes more of a **bottom-up approach to enabling locally led development**. The **FIAP policy does commit Canada to work with local actors** and **direct more international assistance to local organisations** (particularly women's rights organisations).	✖

Grants and Contributions Transformation Initiative (GCTI): launched in 2022, this initiative aims to transform GAC's grants and contributions system and processes throughout the organisation to *"ensure it is more responsive, effective, transparent, and accountable."*[7] The GCTI seeks to *"maximise the impact of Canada's international assistance spending, ensure modern management principles are being applied, minimise the administrative burden on staff and partners without compromising the values of accountability and the overall legislative framework for delivering international assistance, improve risk assessments, and make performance data timelier and easier to share."*[8] The GCTI provides an opportunity for GAC to ensure that its new processes support locally led development.

Internally, the **International Assistance Policy Planning Division** is moving the locally led development agenda forward by developing a policy guidance note, and linking up with international initiatives.

In 2022, Canada established a **cross-department working group on locally led development** to share best practices, learn from others, and ensure coordination and planning across different teams.[9] This working group continues to meet regularly.

In 2022, GAC's Evaluation Division developed and launched a pilot **Localisation Analysis Framework**. The Framework is *"an evaluation tool designed to measure a programme's alignment with a locally led development approach"*. It has nine dimensions:

1. Partner organisations were local organisations
2. Level of funding provided to local organisations
3. Nature of partnerships
4. Degree of local ownership and leadership – Project Design
5. Degree of local ownership and leadership – Project Management
6. Degree of local ownership and leadership – Project Governance
7. Degree of local ownership and leadership – Monitoring, Evaluation, and Learning
8. Relevance of capacity strengthening support
9. Administrative capacity and requirements

In 2019, Canada played a pivotal role in formulating the Whistler Principles to Accelerate Innovation for Development Impact, which emphasises inclusive and locally led innovation.

---

7   Renwick, I et al, Peer learning on locally-led development – DAC members deep dive: Canada, OECD, 2024. Link here.
8   *Ibid*
9   *Ibid*

Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?

GAC does have a Civil Society Partnerships for International Assistance Policy which sets out how it approaches effective cooperation with Canadian, international, and local CSOs.

GAC has **a variety of initiatives that enable direct partnerships with local organisations** in countries where it works. These include:

- **Canada Fund for Local Initiatives** (CFLI) - a global, small contributions programme which provides funding for small-scale, high-impact projects in over 120 countries eligible for ODA. The CFLI has an annual programming budget of CAD$26.8 million, with projects averaging CAD$31,000 each. **Projects are planned and implemented mainly by local organisations**, and are selected and approved by the relevant Canadian Embassy or High Commission through a call-for-proposal process.

  - In January 2023, an evaluation on the CFLI was published which found it to be *"an effective decentralised, flexible programme"* with *"evidence of positive results"*. However, the evaluation also stated that the programme was risk averse which led to reluctance among missions to partner with newer, less experienced local organisations. Other issues included a lack of transparency around its data and financial management systems, and burdensome from a programme management perspective.

- **The Equality Fund** – The Fund was launched in 2019 and is designed to **be independent of the Canadian Government.** The fund supports women's rights organisations (WROs) and movements in advancing women's rights and gender equality. It provides **core, multi-year, flexible funding** as well as technical assistance, institutional strengthening, and network building. So far, through the support of the Government of Canada and other international donors the fund has granted CAD$56 million to 151 WROs, while on-grants from women's funds reached a further 983 WROs. **The fund has a strong locally led development focus and emphasis on shifting and sharing power with feminist movements in the global south.** It incorporates women's organisations and feminist funds into the design and governance of the initiative.

- **Women's Voice and Leadership Programme** (WVL) – Since 2017, the programme has supported over 2,200 WROs and lesbian, bisexual, trans, queer and intersex plus (LBTQI+) groups working for gender equality around the world. Originally launched alongside Canada's FIAP, it was the first time GAC used feminist approaches to provide multi-year core funding to WROs at scale. **Programming is driven and designed by local WROs and supports their priorities as they define them**, is attentive to power relations, prioritises co-learning and co-creation, and takes an intersectional approach. The programme was renewed and expanded in 2023 with a further CAD$195 million over 5-years and CAD$43.3 million annually thereafter. The **renewed programme aims to strengthen its approach to locally led development by reinforcing strategies that shift power to local WROs and feminist movements**, in terms of decision-making, resources, power, capacity, and project management. Where Canadian/international implementing partners are selected, they are encouraged to partner directly and equitably with WROs/LBTQI+ groups from the Global South (i.e. consortium or hybrid partnership model with local sub-implementing partner(s)).

  - According to an OECD report, during the first round of granting by the programme, 70% of the partners were international or Canadian NGOs who could more easily comply with the programme's regulations.

While GAC does have the ability to directly partner with and fund local and national organisations in countries where it works, more often, **funds are channelled through an intermediary organisation** (e.g. Canadian NGOS or INGOs).

The Netherlands, Ministry of Foreign Affairs (MFA):

Local Funding Matrix Criteria	Collated Evidence	Meets Criteria
Use of Definitions:		
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	Netherlands-MFA **does not have a definition of localisation or locally led development.**	✗
Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	Netherlands-MFA **does not currently have its own definitions of local and national organisations to support a method for tracking direct funding**.	✗
Measurement:		
Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?	Netherlands-MFA **does not currently have any institutional targets on the quantity of direct funding to local organisations** across its development and humanitarian programmes.	✗
Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?	Netherlands-MFA **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	✗
Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	Netherlands-MFA **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	✗

Does the donor **publish the underlying data on its funding flows to local and national organisations**? If yes, where is the data published and is it publicly accessible?	Netherlands-MFA **does not publish any dedicated underlying data to track its direct funding to local organisations**. However, according to a 2024 report by the Shift the Power Movement, *"The Netherlands publishes a summary of development results in the area of strengthening civil society, accessible on the Ministry of Foreign Affairs (MFA) website. The Dutch Development Aid Portal of the Dutch MFA (https://www.nlontwikkelingssamenwerking.nl/en/#/) lists an overview of activities and expenditure per country and organisation, through which it is possible to see how much funding individual Global South organisations have received."* Additionally, Netherlands-MFA does publish data to the OECD DAC CRS and IATI.	❌

Strategy & Policy:

Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. approach to working with local organisations and how it will deliver and measure that approach)?	Netherlands-MFA **does not have a dedicated strategy on localisation or locally led development**. However, according to a 2023 OECD development cooperation peer review report, *"the strong Dutch commitment to locally led development is increasingly translated into practice. Actions to ensure local actors own and lead partnerships are anchored in key strategic documents."* For example:	❌

- The "Do what we do best" policy lists *"listen to young people and localise"* as one of its six working methods.
- The design of the new 2023 – 2032 Africa Strategy was informed by consultations with African stakeholders, and commits to gradually deepening locally led development, with specific targets.
- The 2022 Global Climate Strategy states, *"when taking climate action, we also consider the local situation and the needs, knowledge and experiences of people in the most vulnerable groups"* (pg.10) and *"we are working on integrated, locally led adaptation projects that use Dutch knowledge of a variety of sectors and stakeholders to co-create solutions and opportunities"* (pg.28).
- The 2022 Feminist Foreign Policy references the importance of adapting to local context, investing in female and local leadership, and involving local and women's organisations in policy and decision-making processes.
- In 2016, the Netherlands launched its Dialogue and Dissent policy framework to support CSOs in partner countries in their political capacity to lobby and advocate. Programme monitoring highlighted promising results whilst confirming the importance of strategic partnerships with flexible and long-term funding to build trust, innovation, and time for social transformation.

Netherlands-MFA's 2021-2025 Policy Framework on Strengthening Civil Society prioritises locally led development by focusing on supporting local CSOs and increasing local ownership. The policy acknowledges that *"to relieve the increasing pressure on civil society organisations, an approach is needed that is closely aligned to the local situation and which gives local organisations more say in how the Netherlands can contribute"*. The Policy Framework includes four grant instruments:

1. Power of Voices Partnerships
2. Power of Women
3. Women, Peace and Security
4. Sexual and Reproductive Health Rights Partnership Fund

Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?

Netherlands-MFA has **a variety of initiatives that enable direct partnerships with local organisations** in countries where it works. These include:

- 2021-2025 Policy Framework on Strengthening Civil Society. The policy framework has four grant instruments:
  - **The Power of Voices grant fund** – Beginning in January 2021 with a budget of EUR825 million, and a duration of five years it aims to strengthen CSOs so that they are capable of advocacy to achieve all the SDGs and a more inclusive and sustainable society. Grants under this instrument are intended for consortia that are selected as the Minister's strategic partners.
    - The Civic Space Fund (CSF) and The Civic Space Fund Flex (CSF Flex) – under the Power of Voices grant fund, these are implemented by Dutch diplomatic missions/embassies and are specifically intended for local CSOs. The annual total CSF budget is EUR10 million.
  - **Power of Women grant fund** – Beginning in January 2021 with a budget of EUR75 million, and a duration of five years, it aims to strengthen the capacity of WROs in the area of advocacy. Grants under this instrument are intended for consortia. Each consortium must include at least one consortium partner that is a WRO from a low-income, lower-middle-income or upper-middle-income country.
  - **Women, Peace and Security grant fund** - Beginning in January 2021 with a budget of EUR40 million, and a duration of five years, the fund is aimed at enhancing protection of women and girls in conflict and post conflict environments, decreasing harmful gender norms which are obstacles to sustainable peace, and creating equal leverage in conflict prevention, resolution, peacebuilding, relief and recovery. Grants under this instrument are intended for consortia. Each consortium must include at least one consortium partner that is a WRO from a low-income, lower-middle-income or upper-middle-income country.
  - **Sexual and Reproductive Health Rights Partnership grant fund** - Beginning in January 2021 with a budget of EUR315 million, and a duration of five years, the SRHR fund is intended for capacity strengthening and advocacy to promote the universal fulfilment of SRHR. Grants under this instrument are intended for consortia. Each consortium must include at least one consortium partner that is a WRO from a low-income, lower-middle-income or upper-middle-income country.
- **Leading from the South programme** - a feminist funding alliance led by four women's funds in the Global South and the Power of Women grant instrument. The feminist funding principles applied by the four women's funds in the Leading from the South Alliance ensure that grant making is driven by the needs and priorities of the feminist movement, whilst the flexibility of funds allows for adaptable and responsible allocation of resources. The programme prioritises locally led development.
- **Voice for Change Partnership** - engage diverse stakeholders, including local and national governments, to strengthen entire systems rather than focusing solely on local communities.
- **Reversing the Flow** – a programme that works directly with locally-embedded NGOs who support community initiatives with direct funding or technical assistance.
- **Step Change** – a programme that directly finances a network of knowledge brokers in the global south who lead work connecting climate information with policy makers.

While the Netherlands MFA **does have the ability to directly fund and partner with local and national organisations** in countries where it works, **MFA mainly works through consortia groups** made up of local, Dutch, and international NGOs.

United Kingdom, Foreign, Commonwealth & Development Office (FCDO):

Local Funding Matrix Criteria	Collated Evidence	Meets Criteria
Use of Definitions:		
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	UK-FCDO **does not have a definition of localisation or locally led development**.	❌
Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	UK-FCDO **does not currently have its own definitions of local and national organisations** to support a method for tracking direct funding.	❌
Measurement:		
Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?	UK-FCDO **does not currently have any institutional targets on the quantity of direct funding to local organisations** across its development and humanitarian programmes.	❌
Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?	UK-FCDO **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	❌
Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	UK-FCDO **does not currently have a method for tracking direct funding to local organisations** across its development and humanitarian programmes.	❌

Does the donor **publish the underlying data on its funding flows to local and national organisations**? If yes, where is the data published and is it publicly accessible?	UK-FCDO **does not publish any dedicated data to track its direct funding to local organisations**. UK-FCDO does publish data to its own portal – Development Tracker – but it is not currently possible to use this portal as a way to track funding to local organisations. Additionally, UK-FCDO publishes to the OECD DAC CRS and IATI.	✗

Strategy & Policy:

Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. approach to working with local organisations and how it will deliver and measure that approach)?	UK-FCDO **does not have a dedicated strategy on localisation and/or locally led development**. In its 2023 white paper on international development - International development in a contested world: ending extreme poverty and tackling climate change – FCDO sets out its priorities and focuses. However, there is limited mention of local civil society being a critical actor in supporting FCDO's objectives. It does state its aim to be more locally led:	✗

- We will ensure our development offer responds to locally owned priorities and contexts. We will ensure grant aid is focused on the lowest income countries and delivered as far as possible through local institutions and organisations.
- 2.10. We will build on UK strengths and shift our approach to partnerships, prioritising mutual respect. We will take a long-term approach. We will be more locally led. We will bring the best of what the UK has to offer, including the breadth and depth of our global network, and support partners where they can lead. We will champion more open and inclusive approaches to international development.

There is **only a brief mention of localisation and/or locally led development** in *Chapter 2: UK international development and our approach*. It states the following:

- 2.17. We will work towards a more inclusive and more locally led approach. Where countries have their own clear vision, approach and narrative, about their development and progress, this increases the likelihood of development success. It is right for development to be increasingly designed and delivered by local people and organisations, especially typically marginalised groups, including women and girls, indigenous people and local communities. UK policy advice, technical knowledge, and funding will be more sustainable, when we partner with those who best understand local needs and realities, and when they determine their own development (pg.31).
- 2.18. We will publish a strategy setting out how the UK will support local leadership on development, climate, nature and humanitarian action. The strategy will explore how our engagement, terminology, delivery, and approach to risk can change to support local partnerships. We will learn from current evidence on how best to engage local leaders and social groups in decision-making. We will invest in research to better understand and support local leadership (pg.31).

There is also **mention of locally led development** in the International Women and Girls Strategy (2023-2030):

- We will embolden and amplify the work of diverse grassroots women's organisations and movements, championing their role as critical agents for change and backing platforms to ensure they are listened to on the local, national and global stage. This includes the FCDO network taking a locally led approach and tuning into the voices of women and girls, communities when making programme and policy decisions (pg.12).

| Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes? | UK-FCDO **does not have a dedicated policy on working with civil society organisations.** |

UK-FCDO **does not have a dedicated policy on working with civil society organisations.**

Evidently, UK-FCDO **does partner directly with local organisations**, including the examples in Sierra Leone and Ethiopia outlined below, but there is **no evidence of a current programme with the sole purpose of increasing the quantity of funding to local organisations**.

- Amplifying Women's Rights Movements, Organisations and Girls' Activism to End Sexual and Gender-based Violence and Support Equality in Sierra Leone (MOVE): The £650,000 programme running from May 2023 to March 2026 aims to resource and strengthen women's rights movements and girls' activism in Sierra Leone to prevent and respond to sexual and gender-based violence (SGBV). The programme is working through The Survivor Solidarity Fund run by the Freetown-based WRO *We Are Purposeful*, which provides onward flexible grants to grassroots WROs and adolescent girls' groups. By partnering with local and national organisations in Sierra Leone, the programme is intended to shift resources and decision-making power to women and girls 'closest to the ground' to deliver effective solutions to tackle SGBV.

- Ethiopia Crises 2 Resilience Programme: The programme aims to deliver assistance to those currently in need, support households so they are better able to withstand disasters and shocks, and invest to reduce the impact of future shocks on vulnerable populations. Ethiopian Red Crescent Societies are a core implementing partner, delivering a range of interventions across the WASH, logistics and health sectors. They also receive support through the British Red Cross on financial and risk management.

While UK-FCDO has the ability to directly fund and partner with local organisations in partner countries, the majority of FCDO funding is channelled through intermediary organisations, most often UK-based international NGOs.[10]

An International Development Committee report on racism in the aid sector (June 2023) stated: *"It is important that progress made by DFID to shift funding decisions from Whitehall towards country offices is not lost under the merged department. Further,* **the FCDO should increase the amount of UK aid funding that goes directly to locally led civil society organisations.** *It should reconsider how it conceptualises and calculates risk and work with local civil society organisations to undertake the due diligence and administration associated with bidding for FCDO contracts"* (pg.10).

The report also found that FCDO has strict compliance and English language requirements for funding proposals: *"The FCDO should consider whether applications for funding must always be submitted in English – especially in bids for small projects administered by embassies, which are to be undertaken by local civil society organisations"* (pg.30).

---

10   Melisa Yorgancioglu (2023), *How can we measure progress on the UK's commitments to localisation without data?* Bond. Link here.

United States Agency for International Development (USAID):

Local Funding Matrix Criteria	Collated Evidence	Meets Criteria
Use of Definitions:		
Does the donor have **its own, or use a recognised definition, of localisation and/or locally led development**?	**USAID uses a variety of definitions across its work**, which are context specific (i.e. development vs humanitarian). For its **development assistance work**, USAID's document What is Locally Led Development? defines the following term: • **Locally Led Development:** the process by which a diverse group of local actors set their own development agendas; develop and implement solutions; use their capacities, leadership, and resources to promote equitable change; and ensure that positive outcomes can be sustained by local actors, for local actors. For USAID's humanitarian work, its Locally Led Humanitarian Assistance Policy defines the following term: • **Locally led humanitarian assistance:** occurs when local and national actors lead in one or more stages of humanitarian action and/or ER4 response: immediate medical and emergency supply provision, community needs assessments, decision making, planning, coordination, resource allocation, and monitoring and evaluation. **USAID uses the same definition of localisation across its development and humanitarian work**. It defines the term as: • **Localisation:** the set of internal reforms, actions, and behavior changes USAID is undertaking to ensure the Agency's work puts local actors in the lead, strengthens local systems, and is responsive to local communities.	✅

Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?	Across USAID, there are currently **three separate definitions that include an outline of what constitutes local and national organisations.** While USAID's use of its varying definitions can be inconsistent and, in some cases, appear contrary to the agency's stated goals, they are all used for different purposes depending on context. All three definitions should be applied uniformly across the agency.
	
	Definition one - *Direct Local Funding*:
	
	In USAID's FY 2022 localisation progress report, the first review of its progress, it **provides a definition for "Direct Local Funding"**. This **outlines what USAID constitutes as local partners** and, therefore, counts in the calculation it makes on the percentage of direct funding:
	
	• For the purposes of the 25% direct local funding indicator, USAID defines a "local partner" as an individual, corporation, non-profit 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.
		✅

Does the donor's documentation include a **definition of local and national organisations to support the purpose of tracking direct funding**?

Definition two – *Local Entity*:

USAID uses the **criteria outlined in the [ADS 303](#) directive (grants and cooperative agreements to non-governmental organizations) to define what constitutes a local organisation**. According to this directive, a local entity is an individual, a corporation, a non-profit organization or other group of people that is:

- Legally organized under the country's laws.
- The country is its principal place of business or operations.
- It is majority owned by individuals who are citizens or lawful permanent residents of the country.
- It is managed by a governing body the majority of whom are citizens or lawful permanent residents of the country.

Definition three – *Locally Established Partners (LEPs)*:

The ADS 303 also includes a **separate definition for Locally Established Partners of US or international organizations**. Local offices of US organizations must meet the following criteria to qualify as an LEP:

- Continuous operations in the country for at least five years.
- Local staff comprise at least 50% of office personnel.
- A local office registered with the local authorities and with a local bank account.
- A portfolio of locally implemented programs.
- Demonstrated links to the local community, including a majority of local citizens on any governing body or board and evidence of local support or roots.

Measurement:

Does the donor have an **institutional target and/or indicator on the quantity of direct funding** channelled to local and national organisations?

In its strategy [Localisation at USAID: The Vision and Approach](#), USAID includes a section outlining how it will measure progress against its localisation goals. USAID has two key metrics it will be using:

1. USAID will **provide at least 25% of all our program funds directly to local partners by the end of FY2025**.
2. USAID will take steps to ensure that by 2030, fifty percent of our programming will place local communities in the lead to co-design a project, set priorities, drive implementation, and/or evaluate the impact of our programs.

Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?

As part of USAID's targets, it has created a dedicated website on [Measuring Progress on Localization](#), where it provides information on the metrics it uses to monitor progress. It has also **developed a methodology on how it tracks funding to local and national organisations** – [Direct Acquisition & Assistance Funding for Localization](#).

For its ***Direct Local Funding Indicator***, it states the following:

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.

Has the donor developed a **comprehensive methodology, including measurement indicators, to track its direct funding flows** to local and national organisations?

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:

a. 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.

b. 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 reflect 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.

Has the donor defined what funds it has included/excluded in its **denominator calculation** i.e. is it clear about the total amount of funding from which a percentage target is derived?	In its FY22 progress report, USAID stated how its Direct Local Funding indicator is calculated, including **an outline of its denominator**, as follows *"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"* (pg.5). However, USAID's denominator focuses only on direct awards to non-government and private sector organisations as USAID indicates they exclude project type interventions delivered by the public sector (government-to-government), by UN agencies, and multilaterals. Therefore, it will **include only funding channelled through NGOs, private sector organisations, and academic institutions.** From a transparency perspective, there seems to be little justification given as to why so much of USAID's spending is excluded for consideration, especially when some of this funding is for UN agencies, including projectized funds.
Does the donor **publish the underlying data on its funding flows to local and national organisations**? If yes, where is the data published and is it publicly accessible?	**USAID publishes annual progress reports providing analysis on how it is progressing on reaching the 25% target.** The data for this indicator comes from GLAAS and SAM which are not available publicly. As the target was announced in 2021, USAID has so far published two progress reports: 1. FY 2022 localization Progress Report 2. FY 2023 Localisation Progress Report Within these reports, USAID reports the overall "Direct Local Funding" percentage it has reached across all the countries it works in. It also provides a separate analysis within the progress report outlining the "Direct Local Funding" percentage for each country. Alongside the progress reports, USAID provides access to the underlying dataset it uses to measure its progress. On its Measuring Progress on Localization webpage, it is possible to download the dataset as an Excel document. Currently, the dataset spans US FY2020-2023. The data set can be found here.

Strategy & Policy:

Does the donor have a **separate, dedicated strategy outlining its approach to locally led development and/or localisation** (e.g. approach to working with local organisations and how it will deliver and measure that approach)?

USAID has **multiple policies and strategies that cover its support in enabling localisation/locally led development across its development and humanitarian work.** Launched in 2023, **USAID's primary policy that outlines its commitments to localisation is the [Policy Framework](#)**. In this, it states *"FIRST, we will channel a larger portion of USAID's resources directly to local partners while providing accountability for the appropriate use of funds and achievement of results. While direct local awards are just one part of a more comprehensive set of approaches to locally led development, we have committed to increase the percentage of our funding that flows directly to local partners to 25 percent by the end of FY 2025"* (pg.29).

In November 2021, Administrator Samantha Power renewed USAID's commitment to localisation and locally led development to address sustainable development solutions. This was followed-up in August 2022 with [Localisation at USAID: The Vision and Approach](#), a vision document which sets out how USAID views localisation, what it's approach was to tackling issues around localisation, and how it will measure its progress. In the document, USAID set out four key areas it will focus on to advance localisation. Only Point three was relevant to funding – it stated USAID would *"channel a larger portion of assistance directly to local partners"* (pg.3).

In September 2024, USAID also released its [Locally Led Humanitarian Assistance Policy](#). The policy is designed to centre local communities across the continuum of humanitarian response. The policy has five goals with point one focusing on funding – Point one stated USAID would *"increase the accessibility and amount of funding to local humanitarian organizations"* (pg.3).

In 2023, USAID released its updated [Acquisition & Assistance strategy](#). The strategy outlines the shifts needed for USAID's business practices to better enable locally led development. It also includes an objective of diversifying the partner base and sets out how USAID will give grants, cooperative agreements, and contracts which makes up 85% of USAID's work.[11] The strategy's goal is to *"enable sustainable, inclusive, and locally led development results through acquisition and assistance"* (p.4). The A&A strategy also contributes to USAID's localization objectives. The A&A strategy objectives are:

  a. A&A workforce enabled, equipped, and empowered to further USAID's development and humanitarian assistance mission.
  b. Streamlined and effective A&A integrated throughout the Agency's development approach.
  c. A more diverse set of partners engaged to implement locally led development solutions.

USAID has a specific [Local Capacity Strengthening Policy](#) which establishes an agency-wide vision on supporting the capacity of local partners. The policy is organised around two themes: effective programming and equitable partnership. These themes are then broken up into seven principles to help *"USAID make strategic and intentional decisions about why and how to invest in the capacity of local actors based on a shared understanding of principles for effective local capacity strengthening"* (pg 5).

In addition to development and humanitarian policies, USAID also has its operational policy, the ADS. [ADS 201](#), which governs the Program Cycle, directs staff to ensure attention to local leadership is embedded throughout USAID's Program Cycle, including by elevating the voices and priorities of local actors in strategic planning, program design, implementation, and monitoring, evaluation, and learning.

Localisation is also integrated into a range of other USAID policies and strategies as one of its core goals. This is referenced in the Policy Framework, which provides that the goal is to *"adapt our policies and programs to foster locally led development"* (pg.30).

Does the donor have funding initiatives which seek to **prioritise/require directly partnering with local and national organisations** to implement development programmes?

USAID, and its country missions, have initiatives that specifically aim to increase direct support to local organisations in developing countries. These include the Local Works Program and the New Partnerships Initiative (NPI), but not all of USAID's direct funding goes through or is supported by these initiatives. These programs aim to achieve USAID's development outcomes, but also emphasize building the capacity of local organisations to manage USAID funding.

USAID can directly fund non-U.S. organizations using mechanisms for partnering directly with local and international entities in recipient countries, including non-governmental organizations (NGOs), civil society organizations, and private sector firms. Key funding mechanisms through which USAID can directly support non-U.S. organizations include:

1. **Grants and Cooperative Agreements:** local organizations can apply for grants or cooperative agreements directly from USAID. These agreements allow local entities to manage their own projects, provided they meet the necessary eligibility requirements, including financial and management capacity.

2. **Contracts**: USAID issues contracts for specific services or projects, which local organizations can bid on. Contracts often involve the delivery of technical expertise, supplies, or construction, and USAID evaluates proposals based on merit and cost-effectiveness.

USAID also has a dedicated website which partners can use to find funding opportunities and prepare themselves to work with USAID: https://www.workwithusaid.gov/

Annex Two

Overview of key commitments and initiatives on localisation and locally led development

Donor statement on supporting Locally Led Development (2022): USAID, in partnership with Norway (Norad), led the development of the donor statement on supporting locally led development. The statement outlines three key areas: shifting and sharing more power with local partners, channelling more high-quality funding to local leaders, and publicly advocating for locally led development. The statement was announced at the 2022 Effective Development Cooperation Summit in Geneva, Switzerland. Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID have all endorsed the statement. A full list of donors who have endorsed it can be seen here.

OECD DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (2021): The recommendation aims to support DAC members and other development co-operation and humanitarian assistance providers to enhance how they address and work with civil society actors, while underscoring that civil society actors must also act to enhance their effectiveness, transparency and accountability. As DAC members, Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID are all signatories. The recommendation can be found here.

Locally Led Adaptation Principles (2021): The Global Commission on Adaptation developed a set of principles, based on over a year of consultations, to strengthen locally led adaptation. Over 100 organisations have endorsed these principles, committing to make changes and strengthening existing efforts to meet the urgent need for locally led adaptation initiatives. An overview of the eight principles can be viewed here. Of the donors sampled in this report, Australia-DFAT, Netherlands-MFA, UK-FCDO, and USAID have endorsed the principles. Only GAC has not currently endorsed them.

Grand Bargain (2016, 2021, and 2023): The Grand Bargain, launched in May 2016 at the World Humanitarian Summit, is an agreement between some of the largest donors and humanitarian organisations who have committed to get more means into the hands of people in need and to improve the effectiveness and efficiency of humanitarian action. The 2016 Grand Bargain had 51 commitments and 11 core commitments. It now has 68 Signatories (25 Member States, 27 Non-Governmental Organisations, 12 United Nations agencies, two Red Cross/Red Crescent movements, and two inter-governmental organisations). The Grand Bargain undertook a re-structure in 2021 to form the Grand Bargain 2.0, which included a more streamline focus, particularly on funding for localisation. In June 2023, the Grand Bargain again underwent a review of its priorities and structures to reflect growing humanitarian needs to create the Grand Bargain 3.0. A list of signatories, including Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID can be found on the Inter-Agency Standing Committee's (IASC) website here. Each year Australia-DFAT, GAC, Netherlands-MFA, UK-FCDO, and USAID provide voluntary self-reports on their progress. All the 2024 self-reports can be found here.

Busan Partnership for Effective Development Cooperation (2011): A framework for continued dialogue and efforts to enhance the effectiveness of development co-operation. It highlights a set of common principles that builds on the Paris declaration, including country ownership of development principles, partnerships, and transparency. Australia, Canada, The Netherlands, the UK, and the US were all participating members. An overview of the agreement can be seen here.

Accra Agenda for Action (2008): Sought to strengthen and deepen implementation of the Paris Declaration on Aid Effectiveness and had three key themes on country ownership, partnerships, and delivering real results. Australia, Canada, The Netherlands, the UK, and the US were all participating members. More information can be found here.

Paris Declaration on Aid Effectiveness (2005): An international agreement aimed at improving the quality and impact of development aid. It was endorsed in 2005 by over 100 countries, multilateral organisations, and donor agencies, during a high-level forum hosted by the OECD. The declaration outlines key principles and commitments on country ownership and donor alignment and harmonisation. Australia, Canada, The Netherlands, the UK, and the US were all participating members. An overview of the agreement can be seen here.