

# THE GRAND BARGAIN

WORKSTREAM 2: LOCALISATION



## DESK REVIEW ON ENHANCING THE POTENTIAL OF POOLED FUNDS FOR LOCALISATION FINAL report

### ABSTRACT

The Grand Bargain, which currently has 62 signatories which includes donors, UN agencies, NGOs and members of the Red Cross/Red Crescent Movement, has been a driver of reform within the humanitarian sector. Within it, the 'localisation commitment' (Commitment 2) outlines six measures to ensure 'more support and funding tools for local and national responders' which recognises the importance of local and national actors in humanitarian action and the existing barriers to strengthening their role. The objective of this study is to inform GB signatories of how pooled funds can better support localisation outcomes committed within the Grand Bargain.

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**Cover photo:** Women from a weaving project in Razzabagh IDP camp, Herat Province, Afghanistan. Courtesy of Andy Featherstone.

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## What is the Grand Bargain?

The '*Grand Bargain*' is an agreement between more than 50 of the biggest donors and aid providers worldwide. It aims to get more aid into the hands of people in need. It is essentially a '*Grand Bargain on efficiency*' between donors and humanitarian organizations to reduce the costs and improve the effectiveness of humanitarian action.

The Grand Bargain includes a series of changes in the working practices of donors and aid organizations. These changes include increasing multi-year funding and harmonizing reporting requirements, improving transparency, reducing management costs, and increasing joint needs assessments. Signatories have also pledged to increase cash programming, strengthen the humanitarian-development nexus, promote greater participation of affected persons in decision-making and provide more support to national and local responders.

An important target of the localisation workstream is that 25% of global humanitarian funding is channeled as directly as possible to local and national responders by 2020. This is an important investment in the long-term institutional capacities of local actors, promotes more equal partnerships, and ensures better integration with local coordination mechanisms.

### The Grand Bargain's Commitments on Localisation

1. Increase and support multi-year investment in the institutional capacities of local and national responders, including preparedness, response and coordination capacities, especially in fragile contexts and where communities are vulnerable to armed conflicts, disasters, recurrent outbreaks and the effects of climate change. We should achieve this through collaboration with development partners and incorporate capacity strengthening in partnership agreements.
2. Understand better and work to remove or reduce barriers that prevent organisations and donors from partnering with local and national responders in order to lessen their administrative burden.
3. Support and complement national coordination mechanisms where they exist and include local and national responders in international coordination mechanisms as appropriate and in keeping with humanitarian principles.
4. Achieve by 2020 a global, aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs.
5. Develop, with the Inter-Agency Standing Committee (IASC), and apply a '*localisation*' marker to measure direct and indirect funding to local and national responders.
6. Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as the UN-led country-based pooled funds (CBPF), International Federation of the Red Cross and Red Crescent Societies (IFRC) Disaster Relief Emergency Fund (DREF) and NGO-led and other pooled funds.

### The Localisation Workstream

The Localisation Workstream includes the signatories to the Grand Bargain (including UN and donor agencies, INGOs, representatives of the Red Cross and Red Crescent Movement) as well as an invited group of local actors. It is intended to build momentum and support for all signatories to meet their commitments on the localization of aid and humanitarian assistance.

A small group convenes regularly to develop joint projects and plans in order to share good practices, find ways to overcome barriers, develop tools and disseminate information. The IFRC and the Government of Switzerland currently serve as co-conveners of the Localisation Workstream.

## Executive summary

### Introduction and approach

Given the increasing use of pooled funds and their importance within the aid architecture, the Grand Bargain Localisation Workstream has committed to review existing learning and develop recommendations for Grand Bargain signatories to support pooled funding tools to better meet localisation outcomes. Many recently published resources exist that provide learning on a small number of global pooled funds but for many others, the literature is scarce.

The overall objective of the desk review is to increase the understanding of Grand Bargain signatories of how pooled funds can better support localisation outcomes committed within the Grand Bargain. The specific objectives are two-fold:

1. to undertake a comparative analysis of the key advantages and barriers between different pooled funds identified in the research; and
2. to analyse the extent to which pooled funds can complement other investments in localisation.

### Approach and scope

The review included broad-based desk research and a deeper dive into specific pooled funds which already provide local actors significant funding. The research collected and synthesised existing knowledge and good practices. It also identified opportunities and remaining barriers to local actors' access to humanitarian pooled funding.

Method	Summary
Interviews	45 informants comprising 15 Pooled fund staff, 22 Local/National Actor representatives (from South Sudan, Bangladesh, Nigeria, Myanmar, Palestine, Ukraine, Iraq and Yemen) and 8 members of the GBW2 (see annex 2 for a list of participants)
Literature review	A repository containing 166 documents (see annex 3 for a list of key documents)

Specifically, the analysis drew on research and evaluations from a range of pooled funds:

- Internationally-led funds, which included the United Nations Country Based Pooled Funds, the Start Fund, Disaster Relief Emergency Fund, the National Society Investment Alliance, Fundo Casa Socioambiental and the Women's Peace and Humanitarian Fund.
- Country-level funds, which included the Livelihood and Food Security Fund in Myanmar, Shared Aid Fund for Emergency Response in the Philippines and Start Fund Bangladesh.

### Findings and recommendations

#### Quantity of funding

Pooled funds are an important conduit for donors seeking to meet their localisation commitments as many are unable to offer direct funding themselves. While the pooled funds included in the desk review are all very different and so it is difficult to make direct comparisons, they collectively make an important contribution towards localisation. It is important to highlight that these pooled funds channel far more funding (both in volume and percentage terms) to local and national actors (L/NA) than bilateral donors, particularly in conflict contexts. Despite the funds having made efforts to fund L/NAs directly, there is still significant scope for this to be scaled-up further; in particular, given the Start Fund's stated commitment to localisation, it is important for its global fund to fund L/NAs directly.

Although pooled funds are financing WRO/WLO, there is a lack of data to conduct quantitative analysis. Larger WRO/WLO are better positioned to access international funding directly than their community-based counterparts so it is important for pooled funds to understand who they are funding and to what extent. If strengthening support to WRO/WLO is a priority, funds must be able to monitor their performance towards achieving this.

### ***Quality of funding***

The Grand Bargain commits signatories to engage with local and national responders in a spirit of partnership and to reinforce rather than replace local and national capacities. This implies a collective commitment to move away from a sub-contracting culture, based on a false narrative that L/NA lack adequate capacity. While there is now greater acknowledgement of the benefits of L/NA leading humanitarian response, effective programme delivery requires the provision of adequate resources. This includes ensuring sufficient funding to attract and retain the right quality and quantity of staff. In volatile contexts, the frontline role played by L/NA frequently places them in harm's way and there is an ethical obligation for all donors to ensure that adequate resources are provided to fund safety and security-related costs and that risks are managed and not transferred. Linked to this, there is a fundamental need to address the inequities and inconsistencies in how pooled funds and partners contribute to the overhead costs of L/NAs. This would ensure that L/NAs can support sustainable and effective organisations, rather than remaining project-dependent.

Some pooled funds offer examples of good practice but, all too often, they do not go beyond '*encouraging*' international agencies to provide a fair share of overhead costs. Given that L/NAs frequently lack negotiating power, pooled funds must adopt policies that ensure they receive a fair share and monitor implementation of these. Donors could also promote policy change on overhead costs at the headquarters of UN agencies and International non-governmental organisations (INGOs), particularly through their representation on UN agency boards.

While it is accepted that global pooled funds, which are guided by the principle of impartiality cannot offer continuity of funding or longevity of programmes, there are a growing number of country-level pooled funds which span the development-humanitarian peace nexus and which have the mandate and the flexibility to offer this to L/NAs.

L/NAs are recognised in the Grand Bargain for their ability to reach those that are in greatest need, particularly in conflict contexts, which are often where international organisations are unable to access or do not have the risk appetite to do so. The current Covid-19 response which is in large part led and delivered by L/NAs offers an important opportunity to further strengthen the evidence base on the global capacity that can be harnessed by a significant pivot towards a localised response.

### ***Partnerships and capacity strengthening***

Donors have limited ability to undertake due diligence of L/NAs and monitor their work so they rely heavily on intermediaries, particularly pooled funds, to manage risks associated with funding L/NAs. Given the preponderance of funds, and the focus by INGOs and United Nations (UN) agencies on partnering with L/NAs, there is growing evidence of a significant duplication in capacity assessments which is inefficient, particularly for L/NAs that need to prioritise response. While there have been some modest shifts towards harmonising eligibility assessments, such as the UN Partner Portal, there is significant scope and an urgent need for these efforts to be advanced.

While GB localisation commitments promote direct funding of L/NAs, which must continue to be the yardstick by which success is measured, where pooled funds use partnership modalities, it is essential that there is an open and honest discussion about the motivation behind these. In particular, where consortia are badged as a means of strengthening L/NA capacity, then the pooled fund must also ensure that there is an enabling environment to achieve this including ring-fenced funding and a clearly articulated plan.

The diversity of pooled funds that participated in the desk review offered a range of capacity strengthening practice and there were good examples of how pooled funds have gone beyond project-based training to deliver more tailored one-to-one support or institutional capacity strengthening. Small L/NA, including WRO/WLO, need demand-driven capacity strengthening so that they can be better equipped to access international funding directly. Given the inequities in the humanitarian system, and the long-term lack of investment in L/NA, it is essential that pooled funds and contributing donors routinely acknowledge that deeper investment in capacity strengthening is necessary to

promote localisation and shift towards a more deliberate, thoughtful and targeted approach to supporting L/NAs.

## Conclusions and key messages from the desk review

- Pooled funds play an important role in supporting donors to deliver against GB commitments and must position themselves so they can continue to do this effectively.
- Grand Bargain localisation commitments promote direct funding of L/NAs (rather than indirect funding), which must continue to be the yardstick by which success is measured.
- To support L/NAs to become sustainable and maximise their effectiveness, there is a fundamental need to address the inequities and inconsistencies in how pooled funds and partners contribute to their overhead costs. There is an associated need to ensure that sufficient funding is provided to cover staffing needs and to keep L/NA staff and assets safe and secure.
- Due diligence and capacity assessments are both areas where there is need for a transformation in the way that the international humanitarian system engages with its local and national counterparts by moving away from a system that relies on inefficient, poorly coordinated and duplicative processes and a move towards greater coherence.
- It is essential that pooled funds and contributing donors routinely acknowledge that deeper investment in capacity strengthening is necessary to promote localisation and shift towards a more deliberate, thoughtful and targeted approach to supporting L/NAs. Humanitarian pooled funds should seek to focus their funding on the ‘best placed actors’, but far more should be done to support L/NAs to be ‘best-placed’.
- The desk review acknowledges the essential role that principled humanitarian pooled funds play in providing essential services to those in greatest need and care should be taken not to stretch them beyond what they are able to deliver. Rather, there is now an urgent need to focus attention on other parts of the development system where financing tools are nascent or lack effectiveness; there are a growing number of country-level pooled funds that span the development-humanitarian-peace nexus and have the mandate and the flexibility to offer an enabling environment for L/NAs. Donors should strive to promote a more inter-connected ecosystem of pooled funds, with those that have a capacity-strengthening mandate and those able to support longer-term partnerships complementing the more humanitarian response-focused pooled funds.

## Recommendations

#	Recommendation	Who
<b>Quantity of pooled funding</b>		
1	The majority of GB signatories have not yet met the 25% funding benchmark and the opportunities for direct funding remain limited. However, pooled funds have improved L/NA access to international funding considerably. Therefore, there is considerable scope for donors’ to increase their contributions in addition to funding other inputs such as capacity strengthening measures to create an enabling environment.	Donors
2	While there has been a focus placed on supporting WRO/WLO and there is evidence of some pooled funds doing so, there needs to be a mechanism for identifying these organisations as a specific set of partners and for monitoring funding to them. This would allow donors and pooled funds to track progress. As a first step, the GBW2 should play a role in clearly defining WRO/WLO in order to facilitate the proposed change.	Pooled Funds, GBWS2
<b>Quality of pooled funding</b>		
3	While there is anecdotal evidence of the timeliness of L/NA response, data about the time it takes organisations to mobilise staff and equipment is rarely documented. There would be value in addressing this gap in evidence by extending record-keeping until a response has been started, or through case study analysis.	Pooled Funds



4	Access to adequate quality/quantity of staff to manage L/NA response can affect the timeliness of response. While there is an imperative to ensure that relief supplies and equipment are prioritised, pooled funds should ensure that L/NAs have adequate funding to cover their staffing costs since they have less flexibility to cover these from other sources.	Pooled Funds
5	The Grand Bargain recognises the important role that L/NA play in conflict situations. In such volatile contexts, the frontline role played by L/NA frequently places them in harm's way and there is an ethical obligation for all donors to ensure that adequate resources are provided to fund safety and security-related costs.	Pooled funds
6	The desk review included an example of a pooled fund which had negotiated/imposed an equitable system of allocating overhead costs in proportion to the implementation budget of recipients, irrespective of whether they are international or national. Even in strategic partnerships, L/NAs frequently lack power to negotiate a fair share of overhead costs and so there is a compelling case for this to be routinely addressed through pooled fund policy.	Donors, Pooled Funds, UN, INGOs
7	While there is still some scope for pooled funds to strengthen representation of L/NAs in governance forums, the most significant challenge is to ensure that the L/NA voices are given equal weight to those of INGOs/UN agencies.	Pooled Funds
8	The focus of humanitarian assistance has been slow to pivot towards L/NA and there continues to be considerable scope for pooled funds to be more deliberate in supporting locally-led response in their allocation strategies and calls for proposals. Recruiting fund managers who are advocates of localisation is essential if pooled funds are to play their full role in creating an enabling environment for L/NAs.	Pooled Funds

<b>Partnership and capacity strengthening</b>		
9	Since the purpose of capacity assessments is to identify weaknesses in L/NA systems and procedures, the findings should be shared and linked to broader capacity strengthening support, both by pooled funds, but also by others including NGOs, UN agencies and clusters.	Pooled Funds, NGOs, UN, clusters
10	A common or shared approach by international organisations and donors to capacity assessments and due diligence would reduce duplication and inefficiency while strengthening the potential for interoperability.	Donors, fund managers INGOs, UN
11	Pooled funds should fund L/NA partnership ONLY where direct funding is not possible or where the L/NA expresses a preference to work in partnership. Pooled funds should be aware that small, community-based WRO/WLO could get better access to international funding through partnerships, including with larger L/NAs.	Pooled Funds
12	Where pooled funds propose the use of consortia, there must be a clear and honest rationale to justify this. If this is justified as a capacity-strengthening measure, then priority must be placed on funding strategic partnerships where these exist and budgets must include capacity strengthening measures.	Pooled Funds
13	The use of consortia as a means of risk transfer should be discouraged. Where it is felt to be necessary, due to the volatility of the situation, or the high risk of partners, this should be explicitly documented, and measures should be put in place to ensure enhanced support to L/NA and adequate monitoring of implementation.	Pooled Funds
14	Given the evidence about the effectiveness of locally-led response, pooled funds have a responsibility to articulate their position on localisation and supporting L/NA clearly. This should include a specific approach to or strategy for L/NA capacity-strengthening which includes ring-fenced budgets. Capacity-strengthening efforts should be demand-driven and tailored to the specific needs of individual L/NAs. This would help ensure that small WRO/WLO receive the capacity strengthening support they need.	Pooled Funds
15	Given donor commitments to support localisation in the Grand Bargain, and the comparative effectiveness of pooled funds in assisting them to deliver against this, there is strong justification for donors to provide adequate, predictable funding for L/NA capacity strengthening.	Donors

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## Abbreviations, acronyms and glossary of terms

### Abbreviations and acronyms

ACBAR	Agency Coordinating Body for Afghan Relief	NEAR	Network for Empowered Aid Response
AHF	Afghanistan Humanitarian Fund	NGO	Non-governmental Organisation
CBPF	Country-Based Pooled Fund	NSIA	National Society Investment Alliance
DREF	Disaster Relief Emergency Fund	OCHA	UN Office for the Coordination of Humanitarian Affairs
GB	Grand Bargain	UN	United Nations
GBW2	Grand Bargain Workstream 2	RCM	Red Cross Movement
IASC	Inter-Agency Standing Committee	SAFER	Shared Aid Fund for Emergency Response
IFRC	International Federation of the Red Cross and Red Crescent Societies	WHS	World Humanitarian Summit
L/NA	Local/National Actors	WLO	Women-led Organisations
L/NGO	Local/National NGOs	WPHF	Women's Peace and Humanitarian Fund
LIFT	Livelihood and Food Security Fund	WRO	Women's Rights Organisations
NAHAB	National Alliance for Humanitarian Actors in Bangladesh		

### Glossary of key issues and terms

Term	Description <sup>1</sup>
<b>Localisation</b>	There is no single definition of ' <i>localisation</i> '. Under the Grand Bargain, the signatories have committed to "making principled humanitarian action as local as possible and as international as necessary," while continuing to recognize the vital role of international actors, in particular in situations of armed conflict. In a narrow sense, localisation can be seen as strengthening international investment and respect for the role of local actors, with the goal of reducing costs and increasing the reach of humanitarian action. In a broader sense, it can be viewed as a way of re-conceiving of the humanitarian sector from the bottom up. It recognizes that the overwhelming majority of humanitarian assistance is already provided by local actors.
<b>Local Actors</b>	With regard to measuring progress towards their financing goal, the Grand Bargain signatories agreed to the following definitions: <ul style="list-style-type: none"> <li>Local and national non-state actors: Organizations engaged in relief that are headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO. (A local actor is not considered to be affiliated merely because it is part of a network, confederation or alliance wherein it maintains independent fundraising and governance systems.)</li> <li>National and sub-national state actors: State authorities of the affected aid recipient country engaged in relief, whether at the local or national level.</li> </ul>
<b>Funding 'as directly as possible'</b>	Paragraph 2.4 of the Grand Bargain commits signatories to channel 25% of humanitarian funding ' <i>as directly as possible</i> ' to local actors. Negotiations over the meaning of this term have not produced a final definition. Instead, it was agreed that two categories of measurement would be used for the time being in relation to the notion of ' <i>directly as possible</i> ' and that the issue would be revisited when greater data was gathered. The two categories were: (1) funding to pooled funds that are available to local actors, and (2) funding that passes through only one intermediary before reaching a local actor.
<b>Gender and localisation</b>	The success of the localisation workstream is considered to depend, in part, on successful engagement with and investment in women and women's organizations as local and first responders, given the reality of women's leadership in local response. <sup>2</sup>

<sup>1</sup> The definitions above have all been taken from the GBW2 website. See [http://media.ifrc.org/grand\\_bargain\\_localisation/](http://media.ifrc.org/grand_bargain_localisation/).

<sup>2</sup> Informal Friends of Gender Group for the Grand Bargain, Aide-memoire on gender mainstreaming in the Grand Bargain.

# 1. Introduction and approach

*This section outlines the objectives of the desk review and the key lines of enquiry as outlined in the ToR. It outlines the research framework that was used to guide the desk review, the approach and limitations.*

## 1.1 Introduction

The Grand Bargain (GB), which currently has 62 signatories including donors, UN agencies, International NGOs, and members of the Red Cross and Red Crescent Movement (RCM),<sup>3</sup> has been a driver of reform within humanitarian agencies and the broader sector. Within it, the ‘*Localisation Commitment*’ (GB Commitment 2) outlines six measures to ensure ‘*more support and funding tools for local and national responders*’, recognising the importance of local and national actors in humanitarian action and the existing barriers to strengthening their role.

In its 2020 workplan, GBW2 seeks to improve funding opportunities for local actors by promoting the greater use of pooled funding tools.<sup>45</sup> Donors and international actors have viewed mobilising and investing in pooled funding mechanisms as a key tool for increasing direct funding opportunities for local actors. More broadly, donors have found that pooled funds offer flexibility and efficiencies within the humanitarian financing system, and as a result they have increased in number with more donors channelling funding to them.

## 1.2 Purpose of the desk review

Given the increasing prevalence of pooled funds and their importance within the aid architecture, GBW2 has committed to review existing learning and develop recommendations for GB signatories to support pooled funding tools to better meet localisation outcomes. Many recently published resources exist that provide learning on a small number of global pooled funds including the CBPF, DREF and the Start Fund. Fewer recent resources exist around other pooled funding mechanisms. This review will seek to fill this gap through the collection of additional learning through interviews and analysis of pooled funding data.

The overall objective of the desk review is to increase the understanding of Grand Bargain signatories of how pooled funds can better support localisation outcomes committed within the Grand Bargain. The specific objectives are two-fold:

3. to undertake a comparative analysis of the key advantages and barriers between different pooled funds identified in the research; and
4. to analyse the extent to which pooled funds can complement other investments<sup>6</sup> in localisation.

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<sup>3</sup> See <https://interagencystandingcommittee.org/grand-bargain-official-website/grand-bargain-signatories>.

<sup>4</sup> ‘Pooled funding’ is a generic term, defined in this note as financing mechanisms for humanitarian response which receive contributions from more than one donor. These contributions are then combined into one instrument and allocated by a governing body or the UN, with support from an advisory group, and disbursed by an administrator to a number of recipients.

<sup>5</sup> GB Commitment 2, measure 6 full text: “*Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as UN-led country-based pooled funds (CBPF), IFRC Disaster Relief Emergency Fund (DREF) and NGO-led and other pooled funds.*” See <https://interagencystandingcommittee.org/more-support-and-funding-tools-local-and-national-responders>.

<sup>6</sup> ‘Other investments’ are to be included as they relate to different pooled funds and should be drawn out during the course of research. As way of example, START Fund Bangladesh has been observed to complement the work of the National Alliance for Humanitarian Actors in Bangladesh (NAHAB), as well as Christian Aid, Oxfam, and Action Against Hunger localization initiatives in Bangladesh.

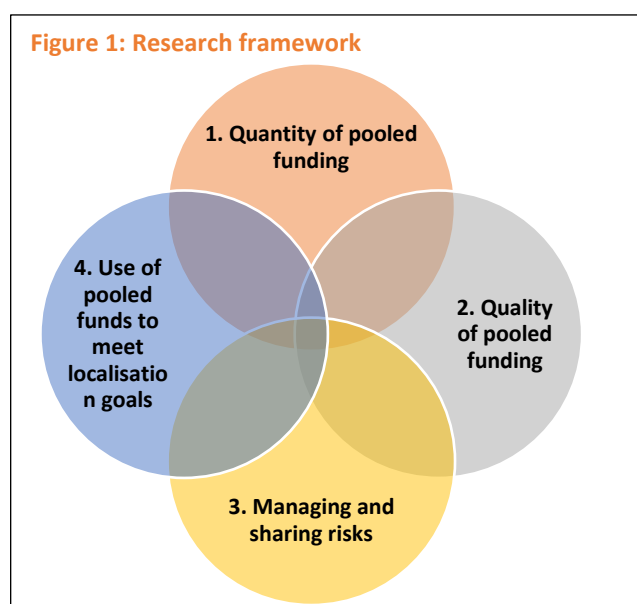
### 1.3 Scope of the research

The review included broad-based desk research and a deeper dive into specific pooled funds which have been recognised to already provide local actors significant funding. The research collected and synthesised existing knowledge and good practices and identified opportunities and barriers to local actors access to humanitarian pooled funding models. Specifically, the analysis drew on research and evaluations from a range of pooled funds:

- Internationally-led funds, including but not limited to United Nations (UN) Country Based Pooled Funds (CBPFs), the Start Fund, Disaster Relief Emergency Fund (DREF), the National Society Investment Alliance (NSIA), Women’s Peace and Humanitarian Fund (WPHF) and Fundo Casa Socioambiental.
- The research included the following country-level funds; Livelihood and Food Security Fund (LIFT), Shared Aid Fund for Emergency Response (SAFER), Start Fund Bangladesh.

### 1.4 Research framework

The research primarily drew on the funding component of the GB localisation commitments and had a secondary focus on the partnership, capacity and coordination and complementarity commitment. Each of this is outlined in the NEAR Network’s Localisation Performance Measurement Framework which was used to develop the research framework for the desk review and the interview questions (figure 1 and table 1).<sup>7</sup> The use of this framework was complemented by incorporating aspects of the Grand Bargain Localisation Workstream’s Guidance Note on Humanitarian Financing for local actors.<sup>8</sup>



**Table 1: Lines of enquiry for desk review**

<p><b>1. Quantity of pooled funding</b>  <u>GB Funding component:</u> Pooled funds prioritise funding to local/national actors (L/NA).<sup>9</sup></p>
<p><b>2. Quality of pooled funding</b>  <u>GB Funding component:</u> Speed of disbursement to support L/NA with limited unrestricted funding, flexibility to ensure provision for adequate staffing to support organisational sustainability, inclusion of adequate operating/overhead costs (especially for risk management and compliance) and transparency on the criteria/percentage, Fair share approach to L/NA overhead costs, adequate funding to meet programme quality standards, complementarity with other L/NA investments, multi-year funding arrangements to more flexibly supporting L/NA and contribute to financial sustainability.</p>
<p><b>3. Managing and sharing risk</b>  <u>GB Funding component:</u> Funds benefit from a common assessment processes, there is a transparent process for determining and managing risk agreed between donors, fund managers and recipient organisations, support is provided for legal and policy barriers (sanctions on banking, counter-terrorism clauses etc.), flexibility offers for L/NAs in terms of reporting.</p>
<p><b>4. Contribute to strengthening localisation</b></p>

<sup>7</sup> Featherstone, A. (2019) *Localisation Performance Measurement Framework*, NEAR Network.

<sup>8</sup> Grand Bargain Localisation Workstream (2020) *Guidance Note on Humanitarian Financing for local actors*, May 2020

<sup>9</sup> The term ‘local and national actors (L/NA)’ is used throughout the report to describe the range of actors targeted by GB localisation commitments. Where the evidence or research focuses on a particular sub-section of this group, this is stated in the report. Data frequently focuses on local and national NGOs (L/NNGOs) and members of the Red Cross Movement (RCM) are also referred to.

**GB Partnership component:** Relationships are guided by the Principles of partnership, pooled funds support strategic partnerships (as opposed to project-based partnerships), funded projects and budgets are co-designed, implemented, monitored and evaluated.

**GB Capacity component:** Capacity assessments are routinely used by pooled funds, pooled funds contribute to organisational development, there is a process for L/NAs to graduate, where consortia are used, they operate in a way that complements rather than substitute L/NA capacity.

**GB Coordination & complementarity component:** L/NA are represented in pooled fund governance mechanisms, pooled funds operate in a manner that creates an enabling environment for L/NA, funded responses are delivered in a way that is collaborative and complimentary (i.e. based on an analysis of the specific strengths/weaknesses of different humanitarian actors).

## 1.5 Approach

### 1.5.1 Methods

The methods that were used during the evaluation included a literature review, semi-structured key informant interviews and a validation and feedback meeting.

- **Literature review and desk review:** Broad-based desk research was conducted, which included a deeper dive into specific humanitarian pooled funds identified in the ToR. The research focused on collecting and synthesising existing knowledge and good practices and sought to identify opportunities and barriers to local actors' access to humanitarian pooled funds.
- **Key informant interviews:** Interviews were conducted with a range of actors including fund managers, fund recipients and GBW2 members in order to draw out learning on barriers. Informants were selected in consultation with the members of GBW2 and in coordination with key networks of local actors.
- **Feedback and validation meeting:** Initial findings and recommendations from the study were presented to the members of the GBW2 for purposes of feedback and validation. The research report was finalised based on the written and verbal comments received.

**Table 2: Methods summary table**

Method	Summary
Interviews	45 informants comprising 15 Pooled fund staff, 22 L/NA representatives (from South Sudan, Bangladesh, Nigeria, Myanmar, Palestine, Ukraine, Iraq and Yemen) and 8 members of the GBW2 (see annex 2 for a list of participants).
Literature review	A repository containing 166 documents (see annex 3 for a list of key documents).

### 1.5.2 Limitations

The limitations of the research include the following:

- The pooled funds that were selected for the study were all very different to each other. While the diversity in the funds sampled was beneficial in offering a range of experiences, it made comparative analysis complex.
- There was limited time available for the researchers to conduct the study. While this was extended by a few days, it limited the number of interviews that could be conducted.
- There were limitations in the data that was available. Documents available for some of the funds lacked sufficient detail to understand and analyse the contribution they made to localisation.

## 2. Quantity of pooled funding

*This section examines the extent to which pooled funds prioritise funding to L/NA, including women's rights and women-led organisations (WRO/WLO), and the factors that influence this.*

### 2.1 Quantity

**Indicator:** Pooled funds prioritise funding to local/national actors (L/NA)

Signatories to the GB committed to provide at least 25% of humanitarian funding to L/NA 'as directly as possible' by 2020. Pooled funds are one of the main ways in which donors sought to meet this obligation, without operational intermediaries.<sup>10</sup> Bilateral donors provide very little direct funding to L/NAs for a variety of reasons, including concerns about risk and the lack of capacity to manage a larger number of small grants.<sup>11</sup> This is reflected in data that shows that local/national NGOs (L/NNGOs) received only \$110 million in direct funding in 2019<sup>12</sup> (compared with \$253 million in direct funding from CBPFs alone – see Table 1 below). Similarly, Red Cross/Red Crescent Movement (RCM) national societies received \$15 million in direct funding in 2019<sup>13</sup>, compared with \$30 million through the DREF (see Table 3). This makes it important to assess the extent to which pooled funds prioritise funding to L/NAs and to take account of how much funding they provide to get a more balanced view of funding to L/NAs.

The pooled funds reviewed for this study vary in the extent to which they prioritise direct funding to L/NAs and focus on WRO/WLO. In the case of the 18 CBPFs, there is also variation between funds, based on contextual factors, including the capacity of L/NNGOs and their access to affected communities. In 2019, the 18 CBPFs provided 33% of their funding (\$332 million) in direct and indirect funding to L/NNGOs.<sup>14</sup> However, the Syria Cross-border fund prioritised direct implementation by L/NNGOs and provided almost 60% of its funding (\$68 million) to them.<sup>15</sup> The Somalia Humanitarian Fund also provides a significant proportion of its funding directly to L/NNGOs (47% in 2019, which was more than its funding to INGOs). In Ethiopia, there has been relatively little direct funding to L/NNGOs due to limited operating space and tight government policies in the past. The low level of L/NNGO participation in cluster coordination has also hindered their access to the Ethiopia Humanitarian Fund because all fund processes work through the clusters. In line with the global CBPF commitment to supporting localisation, OCHA has drafted a strategy to help increase L/NNGO engagement with the Fund. Globally, the CBPFs provided 1% of their funding (\$11.3 million) to the RCM in 2019.<sup>16</sup> The Syria Cross-border and Yemen funds have provided the largest volume of funding to the RCM (with the Syria Cross-border Fund providing almost \$10 million to date in 2020 and the Yemen fund providing \$6 million in 2019).<sup>17</sup> However, National Societies tend to rely mainly on the Movement for their funding, rather than applying to CBPFs.

Funds like the DREF, NSIA and the WPHF provide all their funding to L/NAs, with the DREF and NSIA focused on RCM national societies and the WPHF focused on WRO/WLO. There is also variation in the levels of Start Fund allocations to L/NNGOs. The global Start Fund provided no direct funding to L/NNGOs in its last financial year but 22% of its total expenditure of £15.6 million was sub-granted to L/NNGOs.<sup>18</sup> Start Fund Bangladesh is an emergency response fund with a budget of £10 million for

<sup>10</sup> IFRC (2019) *Country-Level Financing Solutions for Local Actors: Research Report*.

<sup>11</sup> Howe, K., J. Munive, and K. Rosenstock (2019) *Views from the Ground: Perspectives on Localization in the Horn of Africa*. Feinstein International Center; Stoddard, A., L. Poole, G. Taylor, and B. Willitts-King (2017) *Efficiency and Inefficiency in Humanitarian Financing*, Humanitarian Outcomes.

<sup>12</sup> Development Initiatives (2020) *Global Humanitarian Assistance Report 2020*.

<sup>13</sup> Ibid.

<sup>14</sup> OCHA (2020) *Country-Based Pooled Funds 2019 in Review*.

<sup>15</sup> OCHA (2020) *Syria Cross-Border Humanitarian Fund: 2019 Annual Report*.

<sup>16</sup> Data obtained from the Pooled Funds' Business Intelligence portal: [https://pfbi.unocha.org/#allocation\\_heading](https://pfbi.unocha.org/#allocation_heading).

<sup>17</sup> Data obtained from the Pooled Funds' Business Intelligence portal: [https://pfbi.unocha.org/#allocation\\_heading](https://pfbi.unocha.org/#allocation_heading).

<sup>18</sup> Data provided by the Start Fund.

four years (2017-2020). Between June 2019 (when it made its first grant to a WLO) and January 2020, it provided 60% of the £1.44 million spent directly to L/NNGOs.<sup>19</sup> The table below summarises the percentage and volume of funding that the reviewed funds provided to L/NAs in 2019 (or the most recent period for which data is available).

**Table 3: Volume and percentage of funding to L/NAs**

Fund	Volume of funding in 2019	Percentage of total
CBPFs	\$332 million to L/NNGOs (direct and indirect)	33%
	\$253 million to L/NNGOs (direct)	25%
	\$11.3 million to RCM (direct)	1%
DREF	CHF 29.82 million/\$30 million to RCM <sup>20</sup>	100%
NSIA	CHF 1.56 million/\$1.66 million to RCM <sup>21</sup>	100%
Start Fund (global)	£3.34 million/\$4.26 million to L/NNGOs (indirect) <sup>22</sup>	22%
Start Fund Bangladesh	£864,000/\$1.1 million to L/NNGOs (direct) <sup>23</sup>	60%
WPHF	Approximately \$6.69 million to WRO/WLO (direct)	99% <sup>24</sup>



**Good practice:** Both the CBPFs and Start Fund Bangladesh demonstrate that, when pooled funds make a concerted effort to prioritise L/NAs for funding, they are able to provide significant amounts of funding. In the case of the CBPFs, funds like the Syria Cross-border and Somalia funds have prioritised direct implementation by L/NNGOs. This has been helped by the fact that, in both contexts, L/NNGOs have much better access to affected communities and also have the capacity to deliver.

While it is positive that all the major pooled funds reviewed provide significant levels of funding to L/NAs (compared to direct bilateral funding), a number of studies have highlighted that L/NAs still face significant barriers in accessing international funding, including pooled funds. These include undergoing risk/capacity assessments successfully, being able to negotiate application procedures (which are often in English), having to compete with INGOs for funding, and facing challenges in securing indirect support costs.<sup>25</sup> These issues are discussed in greater detail in subsequent sections. A focus group discussion conducted for the South Sudan case study of the 2019 CBPF evaluation identified additional barriers that WRO/WLO face in accessing international funding, including CBPFs. One is that they tend to be small and more community-based so their (often voluntary) work tends to be overlooked by clusters and donors, which prefer to work with larger NGOs. They do not have the resources to compete with large NGOs, including INGOs, for funding. They also had less access to funding information (particularly if they were located away from the main towns) and felt that their work and priorities were side-lined in processes dominated by men.

<sup>19</sup> <https://startnetwork.org/news-and-blogs/start-fund-bangladesh-makes-progress-localisation>.

<sup>20</sup> Data from IFRC (2020) *Disaster Relief Emergency Fund: 2019 Annual Report Summary*. CHF to USD conversion based on OECD-DAC exchange rate for 2019. <https://data.oecd.org/conversion/exchange-rates.htm>.

<sup>21</sup> Data from IFRC and ICRC (2020) National Society Investment Alliance: NSIA Annual Report 2019. It is important to note that this is the total amount allocated in 2019. The NSIA provided multi-year accelerator funding to the Lebanese and Ukrainian Red Cross societies for five and three years respectively and the funding will be disbursed in annual tranches. CHF to USD conversion based on OECD-DAC exchange rate for 2019. <https://data.oecd.org/conversion/exchange-rates.htm>.

<sup>22</sup> GBP to USD conversion based on OECD-DAC exchange rate for 2019. <https://data.oecd.org/conversion/exchange-rates.htm>.

<sup>23</sup> It is important to note that this is based on seven months' expenditure from June 2019 to January 2020. GBP to USD conversion based on OECD-DAC exchange rate for 2019. <https://data.oecd.org/conversion/exchange-rates.htm>.

<sup>24</sup> The fund has financed INGOs and RCM National Societies (to mainstream gender into their structures) in the Pacific but 99% of its 200 current recipients are civil society or community-based organisations.

<sup>25</sup> Howe, K., J. Munive, and K. Rosenstock (2019) *Views from the Ground: Perspectives on Localization in the Horn of Africa*. Feinstein International Center; IFRC (2019) *Country-Level Financing Solutions for Local Actors: Research Report*; Featherstone, A., T. Mowjee, C. Lattimer, and L. Poole (2019) *OCHA Evaluation of Country-Based Pooled Funds: Global Synthesis Report*.





**L/NA Perspective:** “Every donor talks about women-led humanitarian responses and supporting WLO but they don’t translate this into practice. They don’t think differently about programmes for women.<sup>26</sup> Male-headed organisations receive large amounts of funding while WLO receive small amounts. However, Start Fund Bangladesh is different. It has provided funding so we can implement properly in our disaster-prone area. It has also provided overhead costs and capacity strengthening support to make us sustainable.” (Bangladesh WLO).

Apart from the WPHF, which is designed explicitly to increase funding for women’s participation, leadership and empowerment in humanitarian response and peace-building,<sup>27</sup> the other pooled funds reviewed do not focus specifically on funding for WRO/WLO or track their funding to these organisations.<sup>28</sup> The DREF and NSIA only fund National Societies so, although they take account of gender issues, their fund is not linked to women’s participation or leadership in the national societies. The other pooled funds do finance WRO/WLO directly. Interviews with Start Fund Bangladesh and some of its recipient local NGOs highlighted the Fund’s efforts to support WRO/WLO with direct funding as well as with capacity strengthening support. Similarly, CBPFs fund WLO when they are the best-placed partners to deliver assistance. For example, one of the WPHF’s recipients in Iraq was also accessing funding from the Iraq Humanitarian Fund, (indirectly through the consortium approach, like almost all other L/NNGOs). The organisation works with older people (having been formed when HelpAge International left Iraq in 2003) and has an established record of being able to manage relatively large grants. At a global level, CBPFs have had discussions with CARE and UN Women on practical steps that the funds can take to increase allocations to WLO and also track CBPF funding for these organisations better. However, CBPF there is a lack of consensus about whether the funds should prioritise particular themes or types of organisations or not.



**Challenge:** At present, it is not possible to assess the level of pooled funding to WRO/WLO because most funds do not track this. One hurdle is that there is no agreed definition of WLO.

Despite broad consensus about the essential role played by L/NAs during the Covid-19 response and the initiatives that many of the funds have introduced to fund local actors at a time of heightened humanitarian need (including the Start Fund<sup>29</sup>, the WPHF, the CBPFs, LIFT and DREF), it is noteworthy that WRO/WLO have faced considerable challenges in accessing funding. This is all the more concerning given the gendered consequences of the pandemic, including increased violence against women and girls. Of the 18 WRO/WLO consulted for an inter-agency policy brief on funding and partnerships in the Covid-19 response, only three had been able to access new and additional funding through the UN system (including pooled funding). Several partners described an almost existential threat to their organisation’s ability to keep functioning beyond monthly salaries for staff, as donors and UN agencies cut their funding or redirect their funds to other priorities and agencies.<sup>30</sup> This was despite calls by the IASC for humanitarian leadership to advocate for L/NNGOs, including WRO/WLO and other marginalized groups of CSOs, to be fully included in balanced and impartial pooled funding decisions on allocations.<sup>31</sup>



**Good practice:** Given the important role that WRO/WLO can play in addressing the gendered consequences of Covid-19 and the limited funding that they have been able to access, the WPHF’s Covid-19 funding window with a fast-track procedure for allocating funding is an example of good practice. The window

<sup>26</sup> This echoed the focus group discussion in South Sudan for the 2019 CBPF evaluation, in which participants gave examples of how programmes designed by men failed to take account of women’s concerns and specific needs.

<sup>27</sup> Women’s Peace and Humanitarian Fund (2020) *Annual Report 2019*.

<sup>28</sup> This is in line with the lack of tracking of funding for gender equality and the empowerment of women and girls in humanitarian action. See UN Women and UNFPA (2020) *Funding for Gender Equality and the Empowerment of Women and Girls in Humanitarian Programming*.

<sup>29</sup> <https://startnetwork.org/covid-19>

<sup>30</sup> Actionaid et al (2020) *Humanitarian funding, partnerships and coordination in the Covid-19 crisis: perspectives from local women-led organisations and women’s right organisations*. Inter-agency policy brief.

<sup>31</sup> IASC (2020) *Interim Guidance: Localisation and the Covid-19 response*, IFRC and UNICEF in collaboration with IASC Results Group 1 on Operational Response Sub-group on Localisation, May 2020.



has two streams, providing small-scale grants of up to \$30,000 for institutional support to organisations facing an existential threat, and larger grants of \$30,000-\$100,000 to organisations responding to gendered aspects of the pandemic, including GBV. The WPHF Secretariat launched a call for proposals in 25 eligible countries in April 2020.<sup>32</sup>



**L/NA Perspective:** A small WLO received funding from the WPHF’s window for institutional support during the Covid-19 crisis. This is enabling it to work on GBV as well as sexual exploitation and abuse, which has been highlighted as an issue directly as a result of the pandemic. The organisation is providing training to its own staff as well as refugee and host community women. It has been adapting the training modules in response to the situation on the ground. The head of the organisation explained, *“Every day is a learning experience. I’m involved in all activities and the volunteers are very comfortable sharing the challenges that they face with me. I analyse the problems and find a way forward in discussion with my staff. Everyone contributes their ideas – it’s not just about doing things my way.”*

## 2.2 A summary of challenges and bottlenecks and future practice

The table below summarises the key challenges and bottlenecks that constrain the ability of pooled funds to maximise their contribution to advancing localisation (table 4).

**Table 4: Quantity of funding – challenges and bottlenecks**

Issue	Bottlenecks
<b>Quantity of funding</b>	
<b>Commitment to funding L/NA</b>	<ul style="list-style-type: none"> <li>Direct donor funding to L/NAs remains very limited because donors tend to have limited capacity to vet L/NAs, manage large numbers of small grants and manage risks. Therefore, they rely heavily on pooled funds to help them meet their GB commitments on localisation.</li> <li>Although there is a growing recognition of the important contribution that WRO/WLO make to humanitarian response, research on the response to Covid-19 and interview data suggest that they tend to get limited funding. It is difficult to assess the levels of funding for WRO/WLO because there are currently no mechanisms to monitor this.</li> </ul>



### **Good Practice: THE FUTURE OF POOLED FUNDING? Locally-led pooled funds<sup>33</sup>**

Most of the humanitarian pooled funds outlined in the ToR for the desk review are global and must deploy fund management specialists to the countries in which they are targeting assistance in order to lead, manage, coordinate and monitor projects. One simple way to increase the quantity of funding going to L/NAs is to have locally-led pooled funds. One such fund is the Shared Aid Fund for Emergency Response (SAFER) in the Philippines is a locally-led and locally-delivered humanitarian pooled fund. SAFER Foundation raises funds for local organisations that provide immediate life-saving assistance to victims in times of crises.

The goal of SAFER is to release emergency funds to support ongoing response of our partners within seven days after a disaster. The Foundation was founded by the three national NGO networks in the country. It is the first locally-led, joint fundraising initiative in the country. The goal of SAFER is simple: to help Filipino communities overcome disasters and rebuild their lives quickly.

SAFER provides a localised funding mechanism for credible NGOs. Through SAFER’s revolving fund, called the Quick Response Fund, local NGOs have access to augmentation funds to support their ongoing responses. The best proposals from NGOs are chosen based on their local assessment of the situation and the type of intervention they propose. All proposals received by the Foundation are assessed and approved by the Board of Trustees of SAFER. To ensure accountability and project delivery of grantees, due diligence is carried out by the Foundation. Applying organisations are vetted by the Executive Committee composed of representatives from the three founding NGO networks of SAFER, this aside from their initial screening for membership. SAFER seeks to respond to small- and medium-scale disasters that are often neglected by big organisations and the media.

<sup>32</sup> Information based on interview conducted for this study. See also <https://wphfund.org/covid19/>.

<sup>33</sup> SAFER (2020) Leading Locally-led emergency response in the Philippines.

## 3. Quality of pooled funding

While the quantity of funding that pooled funds provide to L/NAs is important, the quality of funding is equally so.<sup>34</sup> This section examines the quality of pooled funding to L/NAs by assessing issues of timeliness, the adequacy of the funding provided to L/NA and the GB commitment of coordination and complementarity.

### 3.1 Timeliness

**Indicators:** Speed of disbursement to support L/NA with limited unrestricted funding.

On the face of it, the speed with which decisions about the allocation of pooled funding are made affects all humanitarian partners equally. However, because of the differential access that international, national and local agencies have to sources of humanitarian funding, and the limited access that L/NA have to unrestricted sources of income, pooled funding is frequently the only means that they have to scale up or adapt their programmes to respond to crises or disasters. As a consequence, the timeliness of pooled funding is a significant factor in facilitating timely response.

#### 3.1.1 Timeliness of funding

The different approaches taken to measuring and reporting the time it takes for decisions to be made about humanitarian priorities, pooled funding allocations, bank transfers and implanting partner mobilisation make it very difficult to undertake a comparative analysis. The evidence base is strongest for the CBPFs and the Start Network which both offer reasonably transparent analyses of the time taken for key decisions and actions. From the perspective of recipient agencies, this permits a calculation to be made of how rapid these funds are.<sup>35</sup>

L/NNGOs frequently cited the global Start Fund as being able to provide the swiftest funding, although at modest scale and always through INGO partners. The use of an intermediary was considered inefficient from a timeliness perspective and was raised as a concern in the Start Network's reflections on the promotion of localisation through its pooled funding.<sup>36</sup> These reflections added impetus to the creation of the first national fund, Start Fund Bangladesh, which has been able to disburse funds quickly and directly to L/NNGOs.



**Challenge:** While financial transfers to Start members in country happen very fast once an allocation is decided, there can be delays in the onward transfer (of part of it) to a partner agency. Since activities must start within seven days, they may have to advance cash, sometimes without a formal agreement yet being concluded. Some of the Bangladeshi L/NNGOs, including several for whom saving-and-credit schemes are an important work stream, have a certain 'emergency response' budget at hand. But a wider survey by the Shifting the Power project<sup>37</sup> globally, showed that 83% of the responding local organisations did not have their own reserve fund for rapid emergency response.<sup>38</sup>

L/NNGOs which had received CBPF funding expressed significant satisfaction, citing the frequency with which it funded them directly, the geographic scale of the pooled funds, and its ability to disburse large amounts of funding. There was less evidence available to the reviewers about the timeliness of DREF although interviews suggested that it has the potential to be released extremely quickly (within

<sup>34</sup> Willitts-King, B., N. Majid, M. Ali, and L. Poole (2018) *Funding to local humanitarian actors – evidence from Somalia and South Sudan*. Humanitarian Policy Group Brief 73.

<sup>35</sup> Although in both cases, the time taken for the funded organisations to mobilise and initiate their response is not and cannot easily be reported (or at least not by the fund) and so from the perspective of those requiring assistance, this means that there is an important gap in the analysis.

<sup>36</sup> Patel, S. (2017) *Going the extra mile!* Global Mentoring Initiative on behalf of the Start Network.

<sup>37</sup> 'Shifting the Power' was a DFID-funded Start Network implemented project to support local actors to take their place alongside international actors in order to create a balanced humanitarian system.

<sup>38</sup> Patel, S. (2017) *Going the extra mile!* Global Mentoring Initiative on behalf of the Start Network.

24 hours) but this does vary significantly depending on the capacity of the National Society.<sup>39</sup> Interviews highlighted near-consensus that each of the pooled funds were considered to be significantly more timely than other sources of humanitarian funding such as through bilateral donors and UN agencies.



**Good practice:** The Tanzania Red Cross Society is a frequent user of the DREF. The National Society received training in March 2019 and shortly afterwards they requested DREF in order for them to conduct early action for Cyclone Kenneth. The request took less than 24 hours to be fully processed.<sup>40</sup>

### 3.1.2 Timeliness of response

There is increasing evidence that funding passed directly to L/NAs can facilitate rapid mobilisation and ensure that assistance reaches people more quickly and is more relevant to their needs. While there has long been consensus about the access and proximity that L/NAs have to affected communities, recent research makes an explicit link between proximity and an organisation's ability to provide a timely response.



**Lessons:** Representatives of local organisations in South Sudan, Somalia and Kenya described that their close physical proximity to affected communities is a crucial determinant for providing a timely response. This kind of proximity allowed for the rapid recruitment of staff from crisis-affected areas and the ability to quickly set up offices on site. A long-term presence, even predating contemporary crises, facilitates the development of networks and relationships with communities. In South Sudan, L/NNGOs identified this as an advantage, allowing them to respond rapidly when crises occurred. In Kenya, a long-term presence was linked to an organisation's ability to adapt during emergencies and changing contexts. Proximity might also facilitate easier access to local resources. In addition to office location and local staff, representatives of L/NNGOs reported that they were able to identify, easily understand and engage, and access and utilise locally available resources to support affected populations.<sup>41</sup>

The Somalia country report for the 2019 CBPF evaluation highlights that *'the SHF...recognizes that L/NNGOs tend to have greater access than international organisations in the difficult operating environment in Somalia, can offer greater proximity to affected communities, and are more likely than international organisations to continue to work when there is insecurity'*.<sup>42</sup> The Afghanistan country report offers similar evidence, crediting L/NAs as proving *'particularly essential in identifying and responding to humanitarian needs in hard-to-reach areas – due in large part to their close contact with communities and a willingness to operate in challenging and often unsafe environments. Combined with the financial backing of the AHF, as well as technical support from clusters, this allowed NNGOs (as well as a number of key INGOs) to extend the reach of the humanitarian community and align the response with the objectives of the 2017 Humanitarian Response Plan.'*<sup>43</sup>

Start Fund Bangladesh has collected interesting evidence about the effect of funding L/NNGOs directly (as opposed to indirectly via INGOs) on the speed of response.



**Lessons:** In its evidence note on why aid funding should go directly to local organisations, Start Fund Bangladesh makes the case for response beginning more quickly because agencies are closer to communities. It found that the time from raising an alert to reaching the communities has been reduced from 20-days before the Bangladesh Fund was launched, to 10-days.<sup>44</sup>

<sup>39</sup> Several DREF reviews and lessons learnt exercises report delayed DREF submissions and challenges with communication which significantly added to the timeline.

<sup>40</sup> IFRC (2020) *Disaster Relief Emergency Fund: 2019 Annual Report Summary*.

<sup>41</sup> Howe, K., Munive, J. & Rosenstock, K. (2019) *Views from the Ground: Perspectives on Localization in the Horn of Africa*. Boston: Feinstein International Center, Tufts University & Copenhagen: Save the Children Denmark.

<sup>42</sup> Featherstone, A. and Mowjee, T. (2019) *OCHA Evaluation of CBPFs, Somalia Country Report*, KonTerra, November 2019.

<sup>43</sup> Featherstone, A. and Lattimer, C.. (2019) *OCHA Evaluation of CBPFs, Afghanistan Country Report*, KonTerra, November 2019.

<sup>44</sup> Start Fund Bangladesh (nd) *Why should aid funding go directly to local organisations, infographic*, Start Network.

Although interviews with L/NAs provided anecdotal evidence to support these findings, little other published evidence was found, and the timelines that pooled funds record tend to focus on the time taken from the initial decision to make an allocation to when an agency receives the money in its bank account. Organisational scale-up and response times are very rarely documented.

## 3.2 Adequacy of funding

**Indicators:** Flexibility to ensure provision for adequate staffing to support organisational sustainability, inclusion of adequate operating/overhead costs (esp. for risk management and compliance) and transparency on the criteria/percentage, Fair share approach to L/NA overhead costs, adequate funding to meet programme quality standards, complementarity with other L/NA investments, multi-year funding arrangements to more flexibly supporting L/NA and contribute to financial sustainability.

Addressing issues of power and inequities in the humanitarian system are at the heart of localisation. While these are strategic, system-level issues, they are present at all levels of the system. For pooled funding, power inequities can be witnessed in partnerships (section 4.2.1) and in governance and coordination structures (section 3.3.1) but are also reflected in prioritisation and decision-making about budgets, which is the subject of this section.

### 3.2.1 Adequate funds for delivery, staffing and security risk management

L/NAs often have the greatest proximity and access to communities in greatest need of humanitarian assistance but are frequently dependent on pooled funding to cover a response in its entirety. Therefore, localisation is best-served by a pooled fund that ensures the provision of adequate resources for key aspects of the response.

#### Quality standards

The interviews conducted for this desk review elicited generally positive responses about the adequacy of pooled fund allocations to meet quality standards for projects that were selected for funding.<sup>45</sup> In saying this, it is noteworthy that outcome reporting was highlighted by donors as a gap in CBPF reporting and so it is not possible to verify this.<sup>46</sup> As a smaller fund, DREF has a well-established process of project reviews that includes references to programme quality standards and provide a broad level of assurance about the extent to which these were met by the implementing National Society.

#### Human resources

A number of recent reports have highlighted the challenges posed by a lack of adequate human resource capacity for L/NAs seeking to respond to crises, which includes both quality and quantity.<sup>47</sup> At times of increased humanitarian need, L/NAs need to mobilise their existing staff, in addition to taking on additional staff. Interviews undertaken for this study highlighted the variable policies of pooled funds in covering staff costs. The Start Fund has a percentage ceiling which determines the maximum proportion of the budget that can be used for staff costs, CBPF Advisory Boards frequently impose a similar ceiling, while DREF only covers staff salaries directly related to the operation but will pay for food and lodging for Red Cross volunteers. The DREF also has a general rule that the cost of the operation should not exceed CHF 100 per person assisted.<sup>48</sup>

#### Security risk management

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<sup>45</sup> An important caveat to this is that the review did not elicit the views of affected communities about their perceptions of quality.

<sup>46</sup> Featherstone, A., Mowjee, T., Lattimer, C. and Poole, L. (2019) *OCHA Evaluation of CBPFs, Global Synthesis Report*, KonTerra, November 2019.

<sup>47</sup> See, for example, Featherstone, A. (2017) *Time to move on: National perspectives on transforming surge capacity*, on behalf of Christian Aid, CAFOD, Tearfund and Islamic Relief Worldwide, January 2017.

<sup>48</sup> IFRC (2020) *DREF Guidelines 2020*

The recently published 2020 Aid Worker Security Database shows once again that local and national staff bear the brunt of major attacks on aid workers.<sup>49</sup> Interviews conducted for this desk review, and analysis undertaken during the CBPF evaluation, highlight the significant risk that L/NAs take as front line responders in complex humanitarian crises. In research undertaken in 2018 (though not specific to pooled funding), less than 19% of L/NA respondents reported that their partnership contracts provided a budget for risk management (including training and equipment), and a further 31% said this happened only ‘sometimes’.<sup>5051</sup>

The GB Localisation Workstream demonstrator country field mission to Nigeria provided a cogent summary of the situation, ‘There is a concern that substantial security risk is being transferred to L/NNGOs while funding allocations to them are not including needs for security. A recent case study on NGOs and risk noted that the true costs of aid delivery is misrepresented and that L/NNGOs feel additional pressure to be low cost, distorting funding needs for effective and safe delivery. “In the end, costs are borne by L/NNGO staff members who frequently go unpaid, forego safe and secure accommodation, and take additional risks in how and when they move in the field.”<sup>52</sup> The Iraq demonstrator mission reported similar concerns, ‘When areas such as in Mosul were highly insecure and inaccessible for many international actors, local organisations “get rewarded” for pushing the security boundaries. Local organisations have a great deal of access, but this means they are the first ones being exposed to insecurity and pressure’<sup>53</sup>



**Challenge:** Despite the frontline role that L/NAs play in countries experiencing conflict and the significant risks that they are taking, funding for security equipment and risk mitigation is either not available or is not requested in order to keep costs low.

It is noteworthy that a recent NGO and Risk study<sup>54</sup> considered some CBPFs offered good practice in providing funding for security-related costs although no specific funds were cited. This contradicts the Somalia case study report of the 2019 CBPF evaluation, which flagged a lack of adequate funding as a specific concern and included a recommendation that the Somalia Humanitarian Fund should ‘provide adequate funding for security-related costs, particularly for NNGOs working in volatile parts of the country’.<sup>55</sup>

### 3.2.2 Overhead costs

Core funding, either through unrestricted donations or payment of overhead costs by donors, is considered to be one of the most effective ways to strengthen organisational capacity and sustainability. This applies equally to INGOs as it does to L/NAs, but access to these funds by L/NAs has proved problematic. The first challenge is that L/NAs have very limited access to direct funding (research undertaken in 2018 showed that only 4% of funds in Somalia and South Sudan were provided directly to local NGOs).<sup>56</sup> The second challenge is linked to partnerships where local actors

<sup>49</sup> Stoddard, A., Harvey, P., Czwarno, M. & Breckenridge, M.J. (2020) *Aid Worker Security Report 2020: Contending with threats to humanitarian health workers in the age of epidemics*, Humanitarian Outcomes, August 2020.

<sup>50</sup> The survey received 446 individual responses (73% nationals, 27% internationals) representing 310 individual organizations, 81 percent of which were L/NNGOs. The respondents represented a wide range of humanitarian settings globally, but most were from high-risk contexts: Syria (46), Nigeria (35), South Sudan (33), Iraq (31), Afghanistan (30).

<sup>51</sup> Stoddard, A., Czwarno, M. & Hamsik, L. (2019) *NGOs & Risk: Managing uncertainty in local-international partnerships: Global report*, Humanitarian Outcomes.

<sup>52</sup> GB Localisation workstream (2019) *Mission report: Grand Bargain Localisation Workstream demonstrator country field mission to Nigeria*, 01 – 05 April 2019 and Hamsik, L. (2019) *NGOs and risk: Managing uncertainty in local-international partnerships, Northeast Nigeria and South Sudan case studies*, Humanitarian Outcomes, March 2019.

<sup>53</sup> GB localisation workstream (2018) *Mission report: Grand Bargain Localisation demonstrator country field mission to Iraq*, 18 – 22 November 2018.


<sup>54</sup> Stoddard, A., Czwarno, M. & Hamsik, L. (2019) *NGOs & Risk: Managing uncertainty in local-international partnerships: Global report*, Humanitarian Outcomes.ODI, Funding.

<sup>55</sup> Featherstone, A. and Mowjee, T (2019) *OCHA Evaluation of CBPFs, Somalia Country Report*, KonTerra, November 2019.


<sup>56</sup> Willits-King, B. et al (2018) *Funding to local humanitarian actors – evidence from Somalia and South Sudan*, Humanitarian Policy Group, Policy Brief 73, ODI:London.




are implementing projects on behalf of international organisations; in these contexts, international NGOs and UN agencies are frequently reticent to offer a fair share of the overhead costs to their partners. This is because the funding usually goes directly to fund head office functions, core staff and gaps in funding.<sup>57</sup>

 **Challenge:** L/NAs have very limited access to funding that covers overhead costs. While pooled funds offer good practice when they fund L/NAs directly, where funding passes through an intermediary organisation, the division of overhead costs is frequently inequitable, even when the L/NA is a long-term strategic partner.

Pooled funding practice in the provision of indirect costs is mixed; under the CBPF/Iraq Humanitarian Fund guidelines, Programme Support Costs of local (sub-implementing) partners are covered by the overall maximum seven per cent of the approved direct expenditures incurred by the implementing (international) partner. The Iraq demonstrator mission of the GB localisation workstream concluded that more often than not, very little or sometimes none is passed on from the international partner to the local partner.<sup>58</sup> Interviews conducted for this desk review echo these findings (see L/NA perspective below).

 **L/NA Perspective:** A L/NA explained that, international organisations which receive CBPF allocations do not consistently share the 7% overhead costs that they receive; one INGO partner in particular had taken the full amount. The L/NA included its overhead costs in the project budget (as direct costs) but this meant that it was forced to spend the money in the project implementation period rather than being able to save it for future contingencies or for longer-term investment in its capacity. Another L/NA had been more fortunate and its INGO partner had shared almost half the 7% overhead costs. The L/NA explained that project budgets have restrictions on the purchase of assets so this funding enabled it to purchase some assets and also to invest in capacity strengthening. A WLO receiving funding from a different pooled fund contrasted the experience of receiving funding via an INGO, which did not provide “a single penny” in overhead costs, with direct funding, where it was able to obtain the full overhead cost funding.<sup>59</sup>

The challenge is that L/NAs have limited power to negotiate with their international partners and so rarely obtain a share that is proportionate to the effort, risk and responsibility they take in implementing the projects. Recent research in the Horn of Africa highlights that ‘core costs for L/NNGOs is a top agenda item for advocates in the Horn, as this is one of the inequities between INGOs and L/NNGOs that is perceived to be highly unjust and to contribute to a number of negative consequences.’<sup>60</sup> One L/NA interviewee spoke to this injustice and said that the first pooled fund grants they received via an INGO included no budget for overhead costs. As a strategic partner they had then negotiated a more recent grant and been offered 15%, along with an apology that the country office had little power to change this in the future as its head office took the funds for their head office. Good practice was documented from Start Fund Bangladesh which is addressing this issue in a variety of ways (see good practice box below).

 **Good practice:** Start Fund Bangladesh’s INGO members were unable to share overhead costs with L/NA partners because their headquarters deducted the funding directly. The Fund has encouraged INGO country offices to make the case to their headquarters that they should not deduct overhead costs for funds raised at country level. In some cases, the INGO headquarters have agreed to keep only a share of the total overhead costs received and allow the country office flexibility to use the rest. The Fund has also been pushing INGOs to receive

<sup>57</sup> Howe, K., Munive, J. & Rosenstock, K. (2019) *Views from the Ground: Perspectives on Localization in the Horn of Africa*. Boston: Feinstein International Center, Tufts University & Copenhagen: Save the Children Denmark.

<sup>58</sup> GB localisation workstream (2018) *Mission report: Grand Bargain Localisation demonstrator country field mission to Iraq*, 18 – 22 November 2018.

<sup>59</sup> The CBPF Section clarified that the new MOU stipulates that ‘In the event the Implementing Partner sub-contracts any project components or activities to a sub-contractor, the Implementing Partner shall ensure that any Project support costs are fairly distributed between the Implementing Partner and the sub-contractor proportionate to the Project Budget and activities being undertaken by either’. It also reported that CBPFs face some challenges in implementing this.

<sup>60</sup> Howe, K., Munive, J. & Rosenstock, K. (2019) *Views from the Ground: Perspectives on Localization in the Horn of Africa*. Boston: Feinstein International Center, Tufts University & Copenhagen: Save the Children Denmark.

grants into a national bank account, rather than the headquarters account, to strengthen their hand in negotiating a share of overhead costs with headquarters. The Fund is also encouraging L/NAs to argue more strongly for a share of overhead costs, instead of simply accepting the terms that they are offered.

LIFT in Myanmar offers an example of ground-breaking practice on the issue of sharing overhead costs, having negotiated and agreed a fair-share approach that is applied consistently to all partners, irrespective of whether funding is received directly, or indirectly.<sup>61</sup>



**Good practice:** In 2015, after significant negotiation, LIFT revised its Operational Guidelines to read, *'in partnerships and consortiums, the six per cent indirect costs should normally be shared among implementing partner organisations, including civil society organisations, proportionate to their implementation budget (six per cent of their total budget)'*

This was in part predicated on an analysis, by LIFT, that L/NAs in Myanmar did not use the indirect cost funding for overheads or administration alone. While some of funding covered general operating costs, many Myanmar L/NAs placed a high priority on organisation development, design of strategy and programmes, consultation and planning with communities, developing their own leaders, civil society networking, and building their funding reserves. As a consequence, many Myanmar L/NAs were using 'core costs' to cover this range of priorities.

Therefore, LIFT considered that a fair core costs policy was critical for larger L/NAs developing their own integrated planning and budgeting systems because it raised their capacity to engage proactively in contract-setting and contract-management. An analysis of donor practices in Myanmar revealed that few L/NA grant contracts were signed with a bilateral or multi-lateral funder. Most L/NA contracts were signed with an intermediary (INGO, fund-manager, facility etc.). While intermediaries almost always recovered a share of their indirect costs from the funder, few put similar provisions in their contracts with L/NAs. This provided the justification for the revision of LIFT's Operational Guidelines.

### **3.2.3 Continuity of funding and multi-year funding arrangements**

The main benefits of funding continuity and multi-year funding are the contribution they make to effective implementation and organisational sustainability. From an implementation perspective, there is significant evidence linking longer-term interventions with higher quality programme outcomes and greater effectiveness. This is particularly true for L/NAs that are far more dependent on project funding and have more limited surge capacity, which means that staff contracts are project-based.<sup>62</sup> In the event that L/NAs receive overhead costs, longer-term projects allow them to invest more in organisational development. L/NAs, including WLO, interviewed for this study expressed frustration about pooled funding with short implementation periods and the lack of continuity of funding.

This highlights an important mis-match in what L/NAs require, and what can (currently) be delivered by humanitarian pooled funds, particularly those that focused purely on humanitarian response (this includes the Start Fund, CBPFs and the DREF). Decision-making about pooled fund allocations draws on the humanitarian principle of impartiality, which necessarily prioritise those in greatest need which influences the selection of project locations and partners. As humanitarian response is chronically under-funded and needs dramatically outstrip the resources available, pooled funds often have to limit the amount of funding they disburse and the duration of project periods in order to provide a basic level of services to those in greatest need. Where this becomes more problematic is for humanitarian assistance that cannot be delivered in such short time periods; interviews with several WLO, raised concerns about the challenges associated with trying to deliver protection and GBV programmes within limited timeframes. At a minimum, it is important that allocations are commensurate with the timeframes required to deliver quality programmes.

<sup>61</sup> Start Fund Bangladesh reports that it *'encourages'* lead agencies to split the ICR 50/50 with local implementing partners, but while this is laudable, it does not address the imbalance in power as it is still left to the L/NA to negotiate with its international partner rather than adopting a clear policy (see <https://startnetwork.org/news-and-blogs/how-indirect-cost-recovery-supporting-development-local-and-national-organisations>).

<sup>62</sup> See, for example Featherstone, A. (2017) *Time to move on: National perspectives on transforming surge capacity*, on behalf of Christian Aid, CAFOD, Tearfund and Islamic Relief Worldwide, January 2017.



While the GB has focused attention on the importance of ensuring that financing tools can span the nexus, there is a flawed assumption that humanitarian funds can and should be stretched to perform this task. The 2019 CBPF evaluation defended the principled nature of these funds, arguing that the scale of humanitarian need justifies their continued prioritisation of principled humanitarian response. It also highlighted the urgent need for other parts of the humanitarian and development system to make progress on establishing nexus financing instruments.



**Lessons:** While some humanitarian pooled funds offer good practice in engaging L/NAs, the principled nature of the funds which emphasises needs-based, impartial assistance, justifies a focus on ‘*best placed partners*’ and shorter funding windows. There remains a gap in nexus funding that needs to be filled by new instruments, rather than by seeking to stretch humanitarian funds that are not designed to meet longer-term recovery needs.

Nevertheless, there is scope for innovation in country-level pooled funds. Some of these have greater latitude to offer contextually-specific funding that spans the nexus and includes a greater focus on L/NAs. LIFT offers a good example of a fund which is developmental in nature, offering multi-year grants, but which can pivot to address conflict and climate-related crises. Given that Myanmar has considerable livelihood and food security challenges, but is also affected by crises, both chronic and acute, this pooled fund offers a level of coherence and continuity that is beneficial both to its partners and to the communities with which they work.



**Good practice:** LIFT is guided by a five-year strategy, the most recent version of which commenced in 2019, and which places ‘*leaving no one behind*’ at its heart. It focuses on inclusion and social cohesion, increased support to areas affected by conflict, bringing displaced people into LIFT’s development programmes, and working with the Government at all levels on targeted policies and reforms.<sup>63</sup> As a long-term fund which focuses on development, relief and peacebuilding, LIFT has scope to provide long-term support for L/NAs in Myanmar

LIFT has proven its flexibility in pivoting its funding to allow existing partners to adapt their programmes and respond to the Covid-19 outbreak. This approach leveraged significant advantages from continuity of partnership to provide a menu of short-term preventative and longer-term socio-economic support for those communities most at risk from the spread of the virus.



**Good practice:** On 23 March, Myanmar announced its first cases of COVID-19. In a country of 54 million people, with 24.8% of the population living below the national poverty line and a number of ongoing conflicts, a spread of the pandemic would have been disastrous. LIFT and its partners were well-positioned to adapt and assist in the management of the COVID-19 crisis and to respond quickly to communities’ needs.

As part of its response, LIFT supported state and township-level health and social welfare departments (L/NA) in their response, particularly with hand-washing facilities and Personal Protective Equipment, for rural health centres, quarantine facilities and hospitals in Government and non-Government-controlled areas of the country.

Civil society organisations (L/NAs) have been instrumental to response efforts. Local organisations already work on the ‘frontline’, they have extensive local knowledge, relationships and networks across wide geographic areas and at all levels of administration, from grassroots through to the national level. More than 80 per cent of LIFT’s response activity has been undertaken by local partners who access villages, factories, quarantine centres, camps and border gates that staff from international organisations cannot reach.<sup>64</sup>

### 3.3 Coordination and Complementarity

**Indicators:** L/NA are represented in pooled fund governance mechanisms, pooled funds operate in a manner that supports an enabling environment for L/NA, funded responses are delivered in a way that is collaborative and complementary (i.e. based on an analysis of the specific strengths/weaknesses of different humanitarian actors).

In addition to a shared commitment to ensuring L/NA participation in coordination and governance mechanisms, the GB also emphasised the importance of complementarity in how different elements

<sup>63</sup> LIFT Flyer, 2019, UNOPS.

<sup>64</sup> LIFT (2020) *LIFT’s donors and partners respond to Covid-19*, UNOPS.

of the humanitarian system work together. This concept is fairly ill-defined, although it has been described as *'an outcome where all capacities at all levels – local, national, regional and international – are harnessed and combined in a way that supports the best humanitarian outcomes for affected populations'*.<sup>65</sup> This is broadly encapsulated by the GB strapline of *'as local as possible and as international as necessary'*. However, this remains a contentious issue within the humanitarian community. One study on complementarity concluded that, in reality, there tend to be two situations; one where humanitarian action aimed to be as local as possible and only local; and a second where humanitarian action was as international as possible and as local as necessary – the reverse of the GB commitment.<sup>66</sup> These offer important points of reference for this desk review.

Discussions about complementarity necessarily link to the capacities of different actors. Complementarity can also be furthered by the adoption of a strategic approach to partnership. Section 4.2 addresses both partnership and capacity strengthening. Complementarity also has important linkages to coordination mechanisms (that should support complementarity) and to the composition of pooled fund governance mechanisms. A shift of power that, at a minimum, allows for equal representation of national and international actors on governance and decision-making bodies can provide an important foundation for translating aspirations for complementarity into action.

### **3.3.1 Participation in pooled fund governance mechanisms**

L/NA participation in pooled fund governance mechanisms is mixed across the main pooled funds covered in this desk review.

- CBPFs have considerably improved the participation of L/NAs in their governance mechanisms over the last five years, with the majority of CBPFs now having equal representation for L/NAs and INGOs.<sup>67</sup> The 2019 CBPF evaluation reported that project selection committees at cluster level frequently had participation from L/NAs as well as international organisations.
- At a country-level, the Start Fund Committee is predominantly (and can be entirely) comprised of INGO staff, which reflects its membership. However, Start Fund Bangladesh had a 13-member Executive Committee with six INGOs and seven L/NAs. This reflects the fact that it has 21 INGO members and 26 L/NNGO members. The Executive Committee also has a gender balance, with seven women and six men. The Fund's project selection committees also have L/NA representatives.
- RCM National Societies apply to the DREF, with the IFRC responsible for decision-making about allocations.
- For the NSIA, a Stakeholder Advisory Group, of National Society and external experts, advises the Steering Committee on how the Investment Alliance can be improved based on learning from the Alliance and wider National Society development approaches.
- The WPHF has a Global Funding Board as well as National Steering Committees. The Global Funding Board has 12 members representing Member States, UN agencies and INGOs. The National Steering Committees comprise representatives from the government, UN agencies, donors and NGOs.

While this suggests that there has been positive progress made in the years since the GB, there continues to be some scope to broaden participation, particularly in the global Start Fund, which is still predominantly international in its governance.

### **3.3.2 Provision of funding on the basis of the strengths/weaknesses of different humanitarian actors**

The GB has sought to promote broader change in humanitarian action by drawing on the specific capacities of different humanitarian agencies. As the section on partnership and capacity (4.2)


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<sup>65</sup> Barbelet, V. (2018) *As local as possible, as international as necessary: understanding capacity and complementarity in humanitarian action*, HPG Working Paper. London: ODI.


<sup>66</sup> Ibid.

<sup>67</sup> The 2019 review report indicates that in total, the CBPF Advisory Boards comprise 15% national NGOs, 19% INGOs, 26% UN agencies and 40% donors. See OCHA (2020) *CBPF, 2019 in review*.

indicates, this is a challenging issue because of the inequities that exist within the humanitarian system. These militate against L/NAs playing their full role.

 **Challenge:** Unequal power relations within the humanitarian system means that L/NA often have inadequate resources and are not always able to negotiate sufficient space to play their full role when responding to crises.

Despite the systemic impediments, pooled funds have made some progress by seeking to understand, and leverage, the specific capacities of different parts of the humanitarian system. A number of CBPFs promote direct L/NA implementation in their allocation strategies. For example, the Somalia Humanitarian Fund’s first Standard Allocation in 2019 stipulated that ‘*if, when and where possible local and national partners should be supported*’,<sup>68</sup> linked to a prioritisation of direct implementation. In the context of Somalia, this makes operational sense, in addition to promoting an approach that funds L/NAs. As noted in section 2.1, other CBPFs, such as the Syria Cross-border fund and Yemen, have adopted a similar approach. These examples show that L/NAs tend to be prioritised in volatile environments, where INGOs and UN agencies have limited access or face high levels of insecurity, which reduces their competitive advantage. The WPHF is entirely focused on supporting direct implementation by WLO (with very few exceptions) because of its specific mandate and Start Fund Bangladesh has channelled a significant proportion of its funding to L/NNGOs because of their ability to deliver humanitarian assistance in a more timely, appropriate and cost-effective way.

 **Lessons:** Pooled funds routinely out-perform other donors and sources of funding promoting locally-led response to crises.

At a global level, the IASC Interim Guidance on Localisation and the Covid-19 response recognises that the pandemic presents an opportunity for a global reset in the humanitarian system. It provides guidance on how the international humanitarian community can adapt its delivery modalities in response to Covid-19 which are consistent with existing commitments on localisation of aid, strengthening partnerships with local and national actors, and operating effectively in the changed context.<sup>69</sup> The guidance promotes changes to prevailing attitudes and systems as part of enabling the effective and timely delivery of responses by L/NAs. Included in this are specific messages for pooled funds, including CBPFs and those operated by other partners. While many of the pooled funds reviewed during this study, have adapted and shifted towards funding L/NAs as part of their response to Covid-19 (see section 2.1), it is too early to assess whether this offers a potential route map for a future humanitarian system that prioritises localised response capacities.

### 3.4 Summary of challenges and bottlenecks and future practice

The table below summarises the key challenges and bottlenecks that constrain the ability of pooled funds to maximise their contribution to advancing localisation (table 5).

**Table 5: Quality of funding – challenges and bottlenecks**

Issue	Challenges and bottlenecks
<b>Timeliness</b>	
Timeliness of response	<ul style="list-style-type: none"> <li>While there is anecdotal evidence of the timeliness of L/NA response, data about the time it takes organisations to mobilise staff and equipment is rarely documented. Addressing this gap in evidence would help to demonstrate that L/NA humanitarian responses are more timely and thereby strengthen the case for funding.</li> </ul>
<b>Adequacy of funding</b>	
Adequate of funds for delivery, resourcing and risk management	<ul style="list-style-type: none"> <li>Access to adequate quality/quantity of staff to manage L/NA response can affect the timeliness of response. While there is an imperative to ensure that relief supplies and equipment are prioritised, pooled funds should ensure that</li> </ul>

<sup>68</sup> Somalia Humanitarian Fund (2019) *SHF 1<sup>st</sup> Standard Allocation 2019, Integrated allocation strategy paper*, 12 March 2019.

<sup>69</sup> IASC (2020) *Interim guidance on localisation and the Covid-19 response* developed jointly by IFRC and UNICEF in collaboration with IASC results group 1 on operational response sub group on localisation, May 2020.

	L/NAs have adequate funding to cover their staffing costs since they have less flexibility to cover these from other sources.
Overhead costs	<ul style="list-style-type: none"> <li>UN agencies and most INGOs have standard policies whereby headquarters automatically deduct the overhead cost percentage. This leaves country offices without the flexibility to share the overhead costs provided even by country-level pooled funds. Even in strategic partnerships, the research shows that L/NAs frequently lack power to negotiate a fair share of overhead costs.</li> </ul>
Continuity of funding and multi-year funding	<ul style="list-style-type: none"> <li>Humanitarian pooled funds that are guided by principled allocation strategies are rarely able to offer the continuity or longevity of funding that is required by L/NAs.</li> </ul>
<b>Coordination and complementarity</b>	
Participation in pooled fund governance	<ul style="list-style-type: none"> <li>Participation of L/NAs in governance and project selection forums is an area of improvement although there is still some scope for pooled funds to strengthen representation. The most significant challenge is to ensure that the L/NA voices are given equal weight to those of INGOs/UN.</li> </ul>
Provision of funding on the basis of the strengths and weaknesses of different humanitarian actors	<ul style="list-style-type: none"> <li>The focus of humanitarian assistance has been slow to pivot towards L/NA and there continues to be considerable scope for pooled funds to be more deliberate in supporting locally-led response in their allocation strategies and calls for proposals.</li> </ul>



#### **Good practice: THE FUTURE OF POOLED FUNDING? Fund quality, a product of leadership quality**

In interviews, fund managers and L/NAs frequently referred to the importance of strong leadership to progress localisation. This was echoed by the findings of this review which noted that the funds which had made the greatest progress in strengthening localisation were led by individuals that were passionate about it. In two cases Humanitarian Coordinators, Advisory Boards and fund managers had been able to shape fund policies significantly to favour a more localised approach. In one case, progress had been made by a pooled fund despite considerable opposition.

In the case of CBPFs, Humanitarian Coordinators and Advisory Boards have significant scope to either enable or constrain the path of localisation. While existing policies mean that certain actions must be taken which assist in creating an enabling environment, it is evident from the variable progress made by different funds, that there is significant latitude to decide how to apply policies and procedures.

The role that individual leaders can play in advancing localisation in pooled funds is important given that at present, existing commitments, policies and procedures alone are inadequate to promote localisation adequately. To significantly advance localisation will require the support and intervention of informed leaders. Until sufficient change has occurred in the sector to make localisation the default position, it will continue to be dependent on individual leaders to tip the balance in favour of advancement.

With this in mind, it is essential that humanitarian pooled funds do not rely solely on policies and procedures to promote localisation, but also ensure that they have fund managers that are cognisant of the GB commitments to localisation and have a vision for advancing them within the fund. The same applies to Humanitarian Coordinators and Advisory Board members.

## 4. Capacity strengthening

*The focus of this section is on capacity strengthening, which is part of the GB commitments on localisation. It examines how the pooled funds engage with L/NA in transparently assessing capacity and risk. It also seeks to document whether, and in what ways, pooled funding contributes to partnership and capacity strengthening, and whether it complements other localisation investments.*

**Indicators:** Funds benefit from a common assessment processes, there is a transparent process for determining and managing risk agreed between donors, fund managers and recipient organisations, support is provided for legal and policy barriers (sanctions on banking, counter-terrorism clauses etc.).

### 4.1 Capacity assessments and due diligence procedures

**Indicators:** Capacity assessments are routinely used by pooled funds, there is a process for L/NAs to graduate.

Studies on funding for L/NAs have highlighted that donor concerns about their ability to meet donor fiduciary and legal compliance standards restricts their ability to access humanitarian funding.<sup>70</sup> Donors have limited ability to undertake due diligence of L/NAs and monitor their work so they rely heavily on intermediaries, particularly pooled funds, to carry the potential risks associated with funding L/NAs.<sup>71</sup> Therefore, it is unsurprising that each of the major pooled fund mechanisms reviewed for this study had its own capacity assessment/due diligence and risk management procedures in place.

#### 4.1.1 Capacity assessments and due diligence checks

Most of the pooled funds reviewed undertook capacity assessments or due diligence checks to assess whether recipient organisations had adequate financial and administrative systems and procedures in place and were, therefore, eligible to receive funding. Table 6 below summarises the different assessments or checks carried out by each fund.

**Table 6: Capacity assessment/due diligence procedures**

Fund	Capacity assessment approach
CBPFs	Global guidance outlines the capacity assessment required to determine whether an NGO is eligible to receive funds. Each CBPF conducts the assessment at country level, with OCHA doing them in-house in most countries. Based on the outcome of the assessment, NGOs are categorised as low, medium or high risk, which determines the operational modalities (maximum funding amount, number of financial checks and monitoring visits, etc.) applicable to them. OCHA has a mechanism for rating partner performance that can result in the risk rating decreasing or increasing. <sup>72</sup>
DREF	When a National Society applies for funding, the IFRC Regional Office undertakes a review to ensure that the proposed operation complies with DREF procedures (including meeting SPHERE standards, including affected communities in assessments and response, and being cost-effective). The Regional Office also conducts a technical review and validates the proposed budget. There is a final eligibility and quality check at IFRC headquarters, including a review by technical experts if the proposed operation is of a certain size and complexity. Both the head of the Regional Office and IFRC headquarters sign a checklist that demonstrates that the quality assurance process has been completed at both Regional Office and headquarters levels. <sup>73</sup>
NSIA	Only National Societies committed to the Fundamental Principles and to operating with a high level of integrity are eligible for funding. This excludes a National Society if it is an

<sup>70</sup> IFRC (2019) *Country-Level Financing Solutions for Local Actors: Research Report*; de Geoffroy, V. and F. Grunewald (2017) *More than the Money: Localisation in Practice*, Trocaire and Groupe URD.

<sup>71</sup> Willitts-King, B., N. Majid, M. Ali, and L. Poole (2018) *Funding to local humanitarian actors – evidence from Somalia and South Sudan*. Humanitarian Policy Group Brief 73.

<sup>72</sup> Featherstone, A., T. Mowjee, C. Lattimer, and L. Poole (2019) *OCHA Evaluation of Country-Based Pooled Funds: Global Synthesis Report*.

<sup>73</sup> IFRC (2020) *DREF Guidelines 2020*.

	<p>'integrity case' being addressed by the IFRC Compliance and Mediation Commission. If there are integrity issues identified at the time of the application, the NSIA Steering Committee assesses their relevance to the application and the National Society's leadership and management response to the issues. If they are being managed proactively, transparently and effectively, and there are safeguards in place to avoid recurrence, the NSIA will consider funding the National Society.</p> <p>Once the Steering Committee approves a National Society's application for Accelerator Funding<sup>74</sup>, the National Society undergoes a financial capacity review and risk assessment based on IFRC's Working with Project Partners framework. The grant agreement, conditions and funding modality are adapted on the basis of the assessment results. Proposals that include significant expenditure or a high level of investment in resource mobilisation are likely to be subject to additional checks conducted by the Movement or external experts hired by the NSIA office.<sup>75</sup></p>
Start Fund	<p>NGOs have to undergo a due diligence process in order to become Start Network members and, therefore, eligible for Start Fund grants. This aim is to ensure that Start members have suitable policies, procedures and controls in place, that are based on internationally agreed standards and meet the requirements of donors. This due diligence process covers potential risks across key areas of organisational management, such as governance and financial stability, safeguarding approach to the needs of staff and assisted communities as well as the ability to prevent all forms of fraud, bribery, corruption and terrorism financing. The Network repeats the due diligence process every three years to ensure that members still meet the required standards.<sup>76</sup> Until recently, Start Network members were INGOs or NGOs registered in recipient countries but part of global 'families' of NGOs.</p> <p>More recently, the Start Network has been bringing L/NAs on board through national or regional hubs.<sup>77</sup> To enable it to do this, it introduced a tiered due diligence process in 2019. Working with a technical partner, the Network has identified nine areas covered by the process, including governance, financial controls, risk management, safeguarding, etc. The technical partner undertakes the vetting and categorises organisations into four tiers. Those in Tier 2 or higher can access Start funding (through the Start Fund or Start Fund Covid-19).<sup>78</sup> At present, Tier 2 NGOs can receive a maximum of £30,000 since the Fund is piloting the tiered due diligence approach.</p>
Start Fund Bangladesh	<p>Established in 2017, Start Fund Bangladesh spent a year conducting an extensive due diligence process that covered 396 applications from L/NAs. It eventually selected 26 L/NAs that are members of the Fund.</p> <p>Unlike other pooled funds, Start Fund Bangladesh also works with a third-party company as part of its Organisation System Strengthening Initiative. This assesses member organisation capacity and helps them to co-create an organisational development plan. The Fund then identifies areas of the plan that it can support as part of its mandate. The L/NAs can also use the plan to obtain funding or capacity strengthening support from their INGO partners or donors.</p>
WPHF	<p>UN Women or United Nations Development Programme Country Offices undertake capacity and compliance assessments of potential fund recipients and also monitor project implementation. National steering committees, comprising a range of stakeholders (including L/NAs) select projects for funding, bringing their knowledge of local organisations to bear.</p>

<sup>74</sup> The NSIA provides two kinds of funding. Accelerator funding provides a maximum of CHF 1 million over 3-5 years to finance National Society investment plans that support organisational development and improve sustainability. Bridge funding makes up to CHF 50,000 available to National Societies for up to 12 months to enable them to develop credible investment plans and increase their readiness to apply for Accelerator or other sources of funding. See IFRC and ICRC (2020) *National Society Investment Alliance: NSIA Annual Report 2019*.

<sup>75</sup> ICRC and IFRC (2020) *National Society Investment Alliance: Guidelines for Applicants*.

<sup>76</sup> <https://startnetwork.org/due-diligence-and-vetting>.

<sup>77</sup> <https://startnetwork.org/hubs>.

<sup>78</sup> <https://startnetwork.org/due-diligence-and-vetting>.





**Good practice:** Start Fund Bangladesh is undertaking capacity assessments not only for due diligence or compliance purposes but to support the organisational development of its L/NA members.

Since each pooled fund has its own due diligence procedures, there is considerable potential for overlap, with NGOs or even RCM National Societies undergoing different processes to assess their eligibility for funding. Other studies have already noted the potential for harmonising eligibility assessments (including through the use of the UN Partner Portal)<sup>79</sup> so that NGOs do not have to undergo multiple time-consuming processes.<sup>81</sup>

The CBPF evaluation highlighted that donors trust the CBPF capacity assessments, particularly in high-risk environments like Somalia, and might make a CBPF assessment a prerequisite for providing funding to an NGO. As a result, in some contexts, there was a high demand from L/NAs, in particular, for OCHA to assess them. Interviews with selected CBPF fund managers for this study highlighted that some of the funds have assessed, or were in the process of assessing, new L/NA partners. The Somalia Humanitarian Fund, which has re-started its capacity assessment process recently, is assessing 20 new partners, all of whom are L/NNGOs. The Ethiopia Humanitarian Fund has taken on six L/NNGO partners and is assessing three more L/NNGO partners at present.

#### **4.1.2 Risk management**

Amongst the pooled funds reviewed, CBPFs have invested most heavily in establishing rigorous compliance and risk management procedures. This includes a system of financial spot checks, monitoring visits to project sites, having an online project management system for filing audits and financial/narrative reports, and having an established procedure for investigating potential fraud. In a number of countries, the CBPFs' robust and proactive risk management approach has led to the identification of potential cases of the mismanagement of funds and the funds have put additional risk management measures in place as a result. In Iraq, the fund has introduced a consortium approach, where INGOs generally lead with L/NNGO partners (in one case the fund has financed a consortium led by an L/NNGO). The responsibility for risk management rests with the consortium lead. In Somalia, OCHA has strengthened its already robust risk management procedures further so that it is able to detect potential fraud cases earlier.

The 2019 CBPF evaluation found that donors are very positive about the CBPFs' risk management. However, donors sometimes ask for more and more information about potential cases (even though the CBPFs have a clear protocol for sharing sensitive information).<sup>82</sup> As a result of the intense donor scrutiny, one fund manager described feeling more like a compliance officer. Another pointed out that various levels of CBPF management can spend an inordinate amount of time following up on relatively small issues such as the inability to account for \$1,000 (when a CBPF is channelling millions of dollars) rather than focusing on delivering timely and effective assistance.

The WPHF has a risk management strategy but relies on the UN country office that is managing the grant to monitor projects and ensure compliance. The IFRC has a Compliance and Mediation Commission to manage 'integrity' cases and the NSIA relies on this. The DREF conducts regular audits

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<sup>79</sup> The UN Partner Portal is an initiative of UNHCR, UNICEF, WFP and UNFPA which have come together to develop a platform for civil society organisations to engage with the UN on partnership opportunities. See <https://www.unpartnerportal.org/landing/>.

<sup>80</sup> This is one of the main outputs from GB Workstream four, the focus of which is to reduce duplication and management costs. The periodic functional review reports that at the end of 2019, 9,248 organisations were registered on the portal, 6,225 of which were national and local organisations, including approximately 87% of UNHCR's and over 50% of UNICEF's partners in 2019 (See Metcalfe-Hough, V. et al (2020) *Grand Bargain Annual Independent Report 2020*, HPG-commissioned report, ODI: London, June 2020)

<sup>81</sup> See, for example, Els, C. (2019) *Country-Based Pooled Funds: The NGO Perspective*, Norwegian Refugee Council and OCHA.

<sup>82</sup> Featherstone, A., T. Mowjee, C. Lattimer, and L. Poole (2019) *OCHA Evaluation of Country-Based Pooled Funds: Global Synthesis Report*. Konterra, November 2019.



and operational reviews and reviews these as well as compliance with reporting requirements when making allocation decisions.



**Good practice:** As noted in section 2 of this report, donors tend to rely on pooled funds to meet their localisation commitments because of their concerns about risks. The CBPFs, which channel by far the largest amount of funding amongst the pooled funds reviewed, have established very rigorous risk management systems (that can be adapted to country contexts), thereby increasing donor confidence.

## 4.2 Partnerships and capacity strengthening

**Indicators:** Relationships are guided by the Principles of partnership, pooled funds support strategic partnerships (as opposed to project-based partnerships), where consortia are used, they operate in a way that complements rather than substitute L/NA capacity, funded projects and budgets are co-designed, implemented, monitored and evaluated.

### 4.2.1 Partnerships

To deliver localised humanitarian responses, the ideal is that L/NAs receive pooled funding directly without being required to partner with other organisations. However, there are at least three reasons why pooled funds provide funding through partnerships:

- In order for L/NAs to access funding, particularly where funds have procedures that constrain them from funding L/NAs directly and hence provide funding via intermediaries (most frequently INGOs or UN agencies).
- In order for pooled funds to increase the size of grants or to reduce the number of grants. Large pooled funds in particular, such as the Yemen Humanitarian fund<sup>83</sup> are of a size that requires them to make large grants. They may not be able to make these directly to L/NAs (or even individual INGOs) because risk levels restrict the maximum amount of funding that an NGO can receive.
- Because L/NAs may choose to work in partnership with other L/NAs, INGOs or UN agencies in order for them to deliver at scale, expand their geographic coverage, to deliver multi-sectorial responses, or to address capacity gaps.

Table 7 below outlines the three broad approaches that pooled funds have taken to partnership; project-based, strategic and consortia. It is noteworthy that only three of the six pooled funds outlined in the ToR involve partnership, as DREF, NSIA and WPHF allocate all of their funding directly to L/NAs. It is not possible to quantify the prevalence of each type of partnership because the pooled funds do not report this information and, even if they did, interpretations vary widely which would make categorisation extremely difficult. The following section uses the three partnership types to discuss the implications that they have for capacity strengthening.

**Table 7: Types of partnership most prevalent in pooled funds**

Type	Description	Effectiveness and contribution to localisation
Project-based partnerships	Partnerships between agencies receiving pooled funds are necessarily focused on project delivery. Funding is most frequently short-term and the needs of affected people are often urgent. It is fairly common within CBPFs for international partners to act as intermediaries for L/NAs, to reduce risk to the	In the context of pooled funding, project-based partnerships can be effective where they are based on a common understanding of capacity, an agreed set of principles and clarity about roles and responsibilities. <sup>84</sup>  A Start Network report on localisation in Bangladesh found that a number of NNGOs were not involved in decision or design processes but essentially used to 'implement'. <sup>85</sup> The 2019 CBPF evaluation team received similar feedback from some L/NAs working in partnership with INGOs.

<sup>83</sup> The Yemen Humanitarian Fund received \$168.6m in contributions in 2019 and allocated \$239.4m. See OCHA (2020) *Yemen Humanitarian Fund, 2019 Annual Report*.

<sup>84</sup> Commonly those outlined in the Principles of Partnership. See <https://www.icvanetwork.org/principles-partnership-statement-commitment>.

<sup>85</sup> Patel, S. (2017) *Going the Extra Mile*, Global Mentoring Initiative, Start Fund.

	pooled fund, provide technical support or achieve geographic coverage, particularly in complex humanitarian emergencies where international organisations may not be able to reach those in greatest need because of real or perceived threats.	This type of partnership makes a very modest contribution to localisation beyond facilitating access of L/NAs to funding, which can be important for small L/NNGOs. <sup>86</sup> They may facilitate some skills transfer and learning.
Strategic partnerships	<p>Strategic partnerships have objectives that go beyond project delivery and are based on a number of long-term objectives mutually agreed by both parties.</p> <p>This type of partnership has been the subject of significant research in recent years, which, since the GB, has focused attention on how it can strengthen its contribution to localisation.<sup>87</sup></p>	<p>Pooled funds can make a significant contribution to strategic partnerships by offering a vehicle to put partnerships into action. A focus on providing strategic, institutional capacity strengthening rather than a sole focus on project delivery offers a strong platform for effective project delivery.</p> <p>In a study on partnership, 92% of Start Fund L/NAs surveyed were in long-term partnerships. It was reported that Start Fund responses benefited from clear parameters for shared objectives.<sup>88</sup> However, just under half of the members interviewed said that the partnership was less participatory or collaborative during a Start response than during other joint projects as a result of the short timeframe of the response.</p> <p>This type of partnership offers the potential for INGO partners to assist their L/NAs partners in graduating to accessing funding directly.</p>
Consortia	<p>Both the Start Fund Bangladesh and CBPFs have funded consortia to deliver projects. For the latter fund, as described in section 4.1.2, INGOs have generally led consortia but been required to include L/NAs. In the case of Start Fund Bangladesh, L/NA have both led and participated in consortia.</p> <p>Practice across the CBPFs has been restricted to L/NAs participating in consortia led by UN or INGOs. This has either been justified by the large size of the grants or because L/NA are not eligible to receive funding directly.</p>	<p>Interviews with Start Fund Bangladesh recipients highlighted that one WLO had led consortia to deliver three projects to date. These were with other LNGOs and the purpose was to deliver assistance more cost-efficiently and effectively (see L/NA Perspective below).</p> <p>The 2019 evaluation of the Iraq Humanitarian Fund offered more cautionary feedback, with early efforts to use a consortium model considered to be a means of transferring risk from the fund to INGOs and UN agencies, and L/NA being brought into the consortia for the sole purpose of project delivery.<sup>89</sup> In interviews for this study, L/NAs described very different experiences with the consortium approach, depending on the lead INGO (see L/NA Perspective below).</p> <p>The evidence provides mixed feedback on the use of consortia by pooled funds to strengthen localisation. Ultimately, and as reported by a number of interviewees, success is as often predicated on the approach and attitude</p>

<sup>86</sup> In Sudan, WRO/WLO interviewed for the 2019 CBPF evaluation said that they were unable to meet the fund's requirements to receive direct funding so partnerships with INGOs would enable them to start accessing funding and building up their capacity. However, the fund only financed direct implementation (to ensure more direct funding for L/NAs) but this had the unintended consequence of excluding small WRO/WLO.

<sup>87</sup> See, for example, the inter-agency research on Accelerating Partnerships, and the Missed Opportunities Study Series referenced in the bibliography.

<sup>88</sup> Start Fund (2018) *Learning from partnerships*, Start Network. The figures are based on a review of project reports and learning exchanges during Alert 151 to 202 (Apr 2017- Dec 2017) and on 19 key informant interviews with members (9) and their partners (10).

<sup>89</sup> Featherstone, A. and Lattimer, C.. (2019) *OCHA Evaluation of CBPFs, Iraq Country Report*, KonTerra, November 2019.

of respective INGO leaders, as it is on the type of partnership adopted.



**L/NA Perspective:** Perhaps unsurprisingly, L/NAs had very different perspectives on consortia, depending on whether these had been established voluntarily by participants or set up because of pooled fund requirements, and also on whether they were led by a L/NNGO or by an INGO.

Start Fund Bangladesh WLO recipients who had set up their own consortia as a way to share activities and deliver a better response were positive about the experience. One explained that L/NNGOs have lower costs than INGOs and also implementation capacity so there was no reason to set up a consortium with an INGO. A learning paper on funding consortia of L/NNGOs in Uganda also highlights that consortia of peer L/NNGOs has a number of benefits for members.<sup>90</sup> In another case, a L/NNGO that had experience of both INGO-led and L/NNGO-led consortia explained that the relationships are different in the latter; everyone considers themselves an equal, there was greater transparency on budgets, and there was a concerted effort to strengthen the capacity of weaker members.

L/NNGOs receiving IHF funding through INGO-led consortia had mixed views. On the positive side, L/NNGOs had benefitted from technical capacity strengthening as well as knowledge-sharing in areas such as community feedback mechanisms, monitoring and financial systems. In one case, an INGO was helping a L/NNGO partner to secure funding from other sources. However, there was also a long list of disadvantages. Aside from the issue of different policies on sharing overhead costs (discussed earlier) these included not being able graduate from a high to medium or low risk rating because the fund only takes account of the lead INGO's performance, delays in securing project revisions, having to use the lead INGO's reporting format (which varied by consortium) instead of the pooled fund's format, and being subject to different payment schedules (with funding spread across the project implementation period rather than provided mainly in advance, which is CBPF practice). In addition, INGOs leading consortia tended to work with the same small number of L/NNGOs, perhaps to minimise risks, but this limited opportunities for other L/NNGOs to join consortia.

#### 4.2.2 Capacity strengthening

**Indicators:** Pooled funds contribute to organisational development.

Much has been written about localisation and capacity strengthening, particularly in the context of established partnerships. The focus of this section is on measures taken by pooled funds to strengthen L/NA capacity either to increase their access to/use of the fund, or as a contribution to broader localisation objectives.

While there are many different approaches to capacity strengthening, this desk review focuses on those that are most commonly used by pooled funds. These have been grouped according to their anticipated outcomes in order to build a comparative analysis of practice across different pooled funds as well as highlighting good or innovative practice (see table 8).

**Table 8: Pooled fund capacity strengthening practice**

Types of capacity strengthening/humanitarian pooled funds		CBPF	WPHF	Start Fund	Start Fund Bangladesh	DREF	NSIA
Project-based training/workshops/courses							
Mentoring/coaching/ peer-to-peer							
Tailored institutional capacity development							
Pooled funds with links to capacity strengthening support from elsewhere in the network/movement				Start Netw'k	Start Netw'k	RCRC Mvmnt	RCRC Mvmnt

<sup>90</sup> ELNHA (2020) *Consortia of Local and National Humanitarian Responders in Uganda: Learning brief*.

### Project-based training/workshops/courses

OCHA's commitment to strengthening partnerships with national actors is focused on developing L/NA capacity to become eligible recipients of CBPF funding and through the provision of specific training on fund modalities, project delivery and management. As mentioned earlier in this report, there is significant scope for individual managers to interpret this commitment differently. As a result, the investment made by different CBPFs in supporting L/NA differs quite considerably; some offer bespoke 'drop-in' sessions and 'clinics' (see below), others offer more traditional training on the use of the Grant Management System and meeting CBPF requirements; others may offer very little training at all. The inconsistencies in this approach are echoed in a study conducted in 2017 which noted that *'while it may be largely clear that capacity development of national and local partners is not part of the CBPFs' mission, the operationalisation of the commitment to support NGOs in developing their capacities to become CBPFs partners remains to be clarified.'*<sup>91</sup>

Like the CBPFs, DREF's capacity strengthening focus is on helping National Societies to understand DREF processes so that they can access funding quickly when a disaster occurs. DREF-funded responses include lesson-learned workshops so that the National Societies can apply their learning to future responses.

### Mentoring/coaching/peer-to-peer

The desk review found relatively few examples of pooled funds adopting one-to-one support through coaching or mentoring, although this might reflect the modest timeframe for the study and the limited scope of the literature. There were anecdotal reports of the use of mentoring in the context of pooled fund consortia, although this was frequently ad-hoc or on a needs-basis, rather than being undertaken in a more structured way.

A number of CBPFs, including those in Afghanistan, Nigeria and the occupied Palestinian Territory have offered 'clinics' for existing and prospective L/NA partners. These have been interactive and have included one-to-one sessions on specific aspects of the fund or help with proposals. Of significant interest to this desk review is the Agency Coordinating Body for Afghan Relief and Development's (ACBAR) Humanitarian Twinning Programme that seeks to support L/NAs in gaining access to the AHF (see good practice box). Field visits organised through the Programme – allowing L/NAs to visit and review INGO programmes on the ground – were deemed to be particularly valuable, as were opportunities to network with other AHF partners and prospective partners.



**Good practice:** The ACBAR Humanitarian Twinning Programme specifically sets out to build the capacity of L/NAS to access AHF funding. It has an innovative approach of pairing INGOs and L/NAs through a programme of mentoring, training, field visits and networking. It also aims to enhance L/NAS ability to comply with strict AHF accountability and risk management criteria. The Programme has thus helped to increase the number of L/NGOs that are eligible for AHF funding. The Twinning Programme is not funded through the AHF, but through dedicated support from Department for International Development. As such, it represents an important contribution from a bilateral donor to complement existing capacity building measures within the AHF and increase L/NAs access to the Fund.

### Tailored institutional capacity development

While the global humanitarian pooled funds were limited in their direct capacity strengthening activities, the review identified some examples of funds that gave partners far greater scope to determine their capacity building needs and objectives. Each of the three funds below offered multi-year opportunities to their partners.

As the only global financing mechanism dedicated to supporting local women's participation in peacebuilding and humanitarian action, the WPHF has a mandate to empower women in fragile contexts and to enhance the capacity of women to prevent conflict and respond to crises and emergencies. At the global level, the fund has a capacity building programme to support partners with

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<sup>91</sup> Montemurro, M. (2017) *Capacity Strengthening Opportunities and the role of Country-Based Pooled Funds*, HERE-Geneva.

aspects such as strategic planning, human resources and fundraising. The fund also has a partnership with Dell Technologies to build a digital platform that will enable grassroots organisations across the world to collaborate, share best practices, and exchange knowledge and deepen their skills and capacity.<sup>92</sup>

Start Fund Bangladesh has put in place a range of measures to strengthen the institutional capacity of its L/NNGO members in practical ways. This includes setting up a digital platform with pre-prepared needs assessment surveys that members can adapt for individual disasters. It also provides members with tablets to collect data digitally and enter it directly into a central server. This has reduced the time taken to conduct needs assessments and generate beneficiary lists significantly. It also enables members to avoid pressure from local officials to favour certain individuals or groups and to offer transparency to beneficiaries on selection criteria. In addition, the platform generates distribution cards for beneficiaries. This system ensures that L/NNGOs are using Start funding in the fastest and most effective manner. It has also built L/NNGO confidence that they can provide a humanitarian response based on their own needs assessments whereas, previously, they merely conducted needs assessments as sub-contractors for international agencies. L/NNGO participation in the fund's pre-alert discussion group has helped them to realise that, if they do not feed local needs assessment data into the national Needs Assessment Working Group, disaster-affected areas will not be prioritised for assistance. Providing L/NNGOs with an easy way to do the needs assessments has meant that they are more proactive about collecting data rather than waiting for international agencies to request it. As noted in section 4.1.1, the Fund also helps L/NNGOs to develop organisational capacity strengthening plans. It can then help them with other technological solutions, such as financial management software and improved internet connections to facilitate their remote participation in meetings.

The NSIA provides Accelerator Funding on an annual basis for up to 5 years and a maximum for each National Society of CHF 1 million.<sup>93</sup> Interviews with National Societies highlighted its flexibility, as a demand-driven fund that can be used to support the capacity strengthening aspirations of the Society. As it provides predictable funding through multi-year agreements, it allows recipients to invest in longer-term organisational development as opposed to short-term project implementation. In addition, the NSIA provides Bridge grants for up to 12 months that can enable National Societies to put in place plans or improve their ability to apply for Accelerator funding.



**Good practice:** The Nigerian Red Cross Society has received bridge funding from the NSIA to help explore the opportunities for developing commercial first aid services in the country. Practical support has been provided to conduct a detailed analysis and to develop a business plan for future investment. There is the potential to apply for accelerator funding from the NSIA once a plan is place in order to realise it.

LIFT is distinct from other of the other humanitarian-focused pooled funds (e.g. Start fund, CBPFs, DREF) in this desk review because it has a far broader mandate and longer-term focus. This includes a specific output on civil society strengthening because social actors and civic action are key to improving the food and livelihoods security of poor and vulnerable people in Myanmar. Capacity strengthening of L/NAs is considered key to LIFT achieving its broader goals in addition to delivering better outcomes for people, which justifies its investment. This has significant resonance with the rationale for focusing greater attention on L/NA as part of the GB.

One of LIFT's approaches to capacity strengthening is the use of long-term strategic partnerships (minimum 3 years) that include funding from LIFT to a L/NA partner. The L/NA partner is enabled to make decisions about how best to apply LIFT funds in pursuit of development outcomes. Funding is focused iteratively on outcomes and impact over time and seeks to provide L/NA partners with technical, policy and organisational resources that are otherwise difficult to access within Myanmar.

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<sup>92</sup> <https://wphfund.org/wphfund-community/>.

<sup>93</sup> NSIA (nd) *National Society Investment Alliance: Guidelines for applicants*.

### 4.2.3 Complementarity with other localisation investments

The pooled funds included in this study vary considerably and each has a different mandate and structure to support capacity development of L/NAs. Four of the six - the Start Fund, Start Fund Bangladesh, DREF and NSIA - have links into wider networks and Movements that offer a range of inputs to support localisation and which complement the funds. For this reason, these pooled funds should not be viewed in isolation, but rather, as a part of a larger system of support for L/NAs.

#### The Start Fund, Start Fund Bangladesh and the Start Network

Many of the Start Network programmes seek to strengthen localisation. The Disasters and Emergencies Preparedness Programme (DEPP), which has now ended, worked alongside local, national and international actors to strengthen capacity and better prepare for disasters. It also provided flexible funding for L/NAs, helped them to access international coordination platforms, and also helped partners join existing networks or establish their own new national networks. The DEPP Innovation Labs has built on this to create national innovation labs, which are identifying and supporting local innovators and their solutions to humanitarian challenges. The Start Fund and Start Fund Bangladesh complement these investments by supporting these networks and promoting local decision making to select projects based on contextual knowledge, to respond to crises.

#### DREF, NSIA and the Red Cross Movement

In essence DREF is a life-saving tool; this distinction makes the fund effective and sustainable, given finite resources, but it also places some limitations on its use. However, it is complemented by other investments by the Red Cross Movement. The NSIA is an important because it offers a specific mechanism to combine material investment in functional capacity, with tailor-made technical assistance, as outlined in Table 8 above. Complementary action is a key pillar of the Movement's ability to scale up its humanitarian responses and efforts are focused on strengthening National Society capacity; the IFRC with its expertise in organisational development has a critical role to play here. Similarly, Participating National Societies play an important role in the provision of multi-year capacity strengthening to assist National Societies in being able to operate effectively.<sup>94</sup>



**L/NA Perspective:** The Ukraine Red Cross Society, which received a three-year Accelerator investment grant in 2019, realised that it also needed technical support to use the funding effectively. Once it knew it was going to receive the funding, it solicited the help of the Swiss Red Cross Society, which has particular expertise in resource mobilisation (an important component of the Ukraine Red Cross Society's plan). The Ukraine Red Cross Society hosted a kick-off meeting for the NSIA grant in Kyiv with the Swiss Red Cross, and IFRC and ICRC (as joint managers of the NSIA) participating. The Ukraine National Society defined the roles that it wanted the Swiss Red Cross and NSIA to play. It has mentors in the Swiss Red Cross, with whom it has regular Skype meetings. Local branch development is another key component for the NSIA funding and the Danish Red Cross Society and ICRC are providing the technical support for this.

## 4.3 Summary of challenges and bottlenecks and future practice

The table below summarises the key challenges and bottlenecks that constrain the ability of pooled funds to maximise their contribution to advancing localisation (table 9).

**Table 9: Capacity strengthening – challenges and bottlenecks**

Issue	Challenges and bottlenecks
<b>Capacity assessments and due diligence</b>	
Capacity assessments	<ul style="list-style-type: none"> <li>The obvious challenge with each international agency and pooled fund conducting its own due diligence is the risk of NGOs being subjected to multiple time-consuming processes. What has received less attention is the fact that capacity assessments are focused almost entirely on financial management and administrative capacity to ensure that the</li> </ul>

<sup>94</sup> Austin, L. and Chessex, S. (2018) *The case for complementarity: working together within the International Red Cross and Red Crescent Movement in armed conflict and other situations of violence*. Research commissioned by the British Red Cross and the International Committee of the Red Cross, November 2018.



	recipient NGO can comply with donor risk management requirements. However, these assessments could be used as the foundation for broader capacity strengthening support.
Due diligence	<ul style="list-style-type: none"> <li>Although donors tend to use pooled funds for their risk management capacity, particularly in the case of L/NAs, they sometimes have a tendency to micromanage risk management issues rather than trusting fund managers. This could lead to fund managers being risk averse and reducing funding to L/NAs, who are perceived as posing a higher risk.</li> <li>There is a need for a shift in how risk is both shared and managed. Honest and open conversations need to be held to move from risk transfer to risk sharing. However, it also needs to be clear that even if optimally shared there will always be residual risk and it is in jointly managing and funding this that urgent change needs to happen.<sup>95</sup></li> </ul>
<b>Partnerships and capacity strengthening</b>	
Partnership	<ul style="list-style-type: none"> <li>Power imbalances in humanitarian partnerships mean that the benefits for L/NAs depend very much on the international partner.</li> <li>There is a danger that consortia are used mainly to transfer risk but are promoted as being a way of strengthening L/NNGO capacity. While they do have potential to be beneficial, L/NAs expressed a preference for those led by a peer L/NA.</li> </ul>
Capacity strengthening	<ul style="list-style-type: none"> <li>The challenge with current approaches to capacity strengthening is that they tend to focus on ensuring that L/NAs can comply with donor accountability requirements rather than strengthening their ability to be self-sufficient and to deliver humanitarian responses on their own.</li> <li>Capacity strengthening rarely matches with organisational needs and demands. While training on fund compliance issues can be of some benefit, the ideal is for capacity strengthening to be demand-driven rather than donor-driven.</li> </ul>



### **Good practice: THE FUTURE OF POOLED FUNDING? A commitment to L/NA capacity strengthening**

One of the most significant shifts in localisation that is yet to happen is a re-focusing of resources on long-term, demand-driven capacity strengthening of L/NAs. A good example of a pooled fund that is seeking to do this is LIFT in Myanmar.

Since 2016, LIFT has supported mechanisms for engagement and support to civil society in line with its programme framework. In its 2019 strategy, LIFT combined four mechanisms to form its Civil Society Strengthening programme. By engaging small Civil Society Organisations (CSOs, a sub-set of L/NAs) on their terms, entering into multi-year strategic partnerships with large CSOs, in addition to earmarking a proportion of thematic partnerships for CSOs, LIFT's approach seeks to tailor its support to promote CSO capacities.

#### A. Pillar/thematic partnerships.

Funding calls within LIFT's four pillars encourage CSOs to broaden their programmes into these areas and actively seek CSO proposals with a view to sustaining the work. CSOs are considered to be critical 'legacy' partners. Initially, a portion of these funding windows were earmarked for CSOs. Appropriate minimum grant-sizes were set, and funding was made available to support proposal development.

#### B. Strategic partnerships

Six national CSOs were invited to enter strategic partnerships with the programme. The criteria included:

- Strategic overlap between CSO and LIFT
- A history of the CSO's engagement for improved livelihoods with both state and private sector actors.
- CSO willingness to engage with LIFT at a strategic level (Fund Board, fund management office) for knowledge sharing, context awareness, pilot programmes, institutional strengthening, LIFT linkages with the broader civil society, and as a channel for strategic feedback from local actors to the LIFT donors.

<sup>95</sup> This issue goes far beyond the scope of this research. For a broader analysis of issues associated with due diligence and risk management, see Stoddard, A., Czwarono, M. and Hamsik, L. (2019) *NGOs and Risk Managing Uncertainty in Local – International Partnerships, Global Report*, Humanitarian Outcomes, Interaction and USAID, March 2019.



- CSO and LIFT ability to maintain a medium-term engagement (5 years)
- CSO partners who have reach and credibility within civil society, and a commitment to strengthening beyond their organisational boundaries.

#### C. Small grants funds.

Five funds for smaller grants to local-level civil society. Three zone-based funds were established in 2016-17 (Delta, Uplands and Dry-Zone) and this structure was reviewed in early 2019. The fund is demand-driven which means that CSOs can identify their own capacity strengthening requirements with the primary purpose of supporting civic actors at Township level for impactful engagement with the livelihoods system (state, business, international donors). A secondary purpose is to strengthen the social layer that sits between national-level and village civil society.

#### D. CSO learning and networking

Support for the integration and application of the research and learning produced by LIFT's civil society programme, and its dissemination within broader civil society through e.g. CSO partners' annual Learning Event, interfund seminars, strategic partner dialogues, research workshops, state-level forums etc.

## 5. Conclusions and recommendations

*This section concludes the review and provides a set of recommendations on how pooled funding mechanisms can be transformed to support localisation objectives, how barriers to local actors' access to pooled funds can be removed and how transparency and inclusivity of pooled fund management can be improved.*

### 5.1 Conclusions and key messages from the desk review

**Pooled funds play an important role in funding L/NAs.** While the pooled funds included in this review vary considerably, which makes it difficult to make direct comparisons, they are part of a modest, but growing shift towards localisation. While there is evidence that they finance WRO/WLO, the lack of monitoring and reporting makes it impossible to determine how frequently, and to what extent.

**Implicit in the GB is a move away from the prevailing sub-contracting culture, and a collective commitment to address claims that L/NAs lack adequate capacity.** While there is now greater acknowledgement of the benefits of L/NAs leading humanitarian response, effective programme delivery requires the provision of adequate resources. The focus of pooled funds is understandably on delivering services for affected people, but it is essential that they ensure adequate funding for L/NA to ensure they can hire the right quantity and quality staff and that they can manage risks associated with their frontline role.

**To allow L/NAs to become sustainable and maximise their effectiveness, there is a fundamental need to address the inequities and inconsistencies in how pooled funds and partners contribute to their overhead costs.** Given that L/NAs frequently lack negotiating power, pooled funds must adopt policies that ensure they receive a fair share. Donors must also promote policy change on overhead costs at the headquarters of UN agencies and INGOs, particularly through their representation on UN agency boards.

**Due diligence and capacity assessments which are undertaken by pooled funds, are both areas where there is need for a transformation** in the way that the international humanitarian system engages with its local and national counterparts; there is now an urgent need to move away from a system that relies on inefficient, poorly coordinated and duplicative processes and move towards greater coherence.

While **GB localisation commitments promote direct funding of L/NAs, which must continue to be the yardstick by which success is measured**, where pooled funds support delivery through partnership modalities, it is essential that there is an open and honest discussion about the motivation behind these. In particular, where consortia are badged as a means of strengthening L/NA capacity, then the pooled fund must also ensure that there is an enabling environment to achieve this including ring-fenced funding and a clearly articulated plan.

Given the inequities in the humanitarian system, and the long-term lack of investment in L/NA, **it is essential that pooled funds and contributing donors routinely acknowledge that deeper investment in capacity strengthening is necessary to promote localisation** and shift towards a more deliberate, thoughtful and targeted approach to supporting L/NAs. Pooled funds should seek to focus their funding on the *'best placed actors'*, but far more can be done to support L/NAs to be best-placed.

The pooled funds that were reviewed were predominantly humanitarian in nature and are guided by the principle of impartiality, which means that they may not be best placed to ensure continuity of funding or longevity of programmes. Because these funds provide essential services to those in greatest need, care should be taken not to stretch them beyond what they are mandated to deliver. Rather, there is now an urgent need to focus attention on other parts of the development system where financing tools are nascent or lack effectiveness; there are a growing number of country-level pooled funds that span the development-humanitarian-peace nexus and have the mandate and the

flexibility to offer an enabling environment for L/NAs. **Donors should promote a more interconnected ecosystem of pooled funds, with those that have a capacity-strengthening mandate and those able to support longer-term partnerships complementing the more humanitarian response-focused pooled funds.**

## 5.2 Proposed actions to address the bottlenecks

A summary of actions to strengthen the contribution of pooled funding to localisation, including support for WRO/WLO, are provided below.

#	Recommendation	Who
	<b>Quantity of pooled funding</b>	
1	The majority of GB signatories have not yet met the 25% funding benchmark and the opportunities for direct funding remain limited. However, pooled funds have improved L/NA access to international funding considerably. Therefore, there is considerable scope for donors' to increase their contributions in addition to funding other inputs such as capacity strengthening measures to create an enabling environment.	Donors
2	While there has been a focus placed on supporting WRO/WLO and there is evidence of some pooled funds doing so, there needs to be a mechanism for identifying these organisations as a specific set of partners and for monitoring funding to them. This would allow donors and pooled funds to track progress. As a first step, the GBW2 should play a role in clearly defining WRO/WLO in order to facilitate the proposed change.	Pooled Funds, GBWS2
	<b>Quality of pooled funding</b>	
3	While there is anecdotal evidence of the timeliness of L/NA response, data about the time it takes organisations to mobilise staff and equipment is rarely documented. There would be value in addressing this gap in evidence by extending record-keeping until a response has been started, or through case study analysis.	Pooled Funds
4	Access to adequate quality/quantity of staff to manage L/NA response can affect the timeliness of response. While there is an imperative to ensure that relief supplies and equipment are prioritised, pooled funds should ensure that L/NAs have adequate funding to cover their staffing costs since they have less flexibility to cover these from other sources.	Pooled Funds
5	The Grand Bargain recognises the important role that L/NA play in conflict situations. In such volatile contexts, the frontline role played by L/NA frequently places them in harm's way and there is an ethical obligation for all donors to ensure that adequate resources are provided to fund safety and security-related costs.	Pooled funds
6	The desk review included an example of a pooled fund which had negotiated/imposed an equitable system of allocating overhead costs in proportion to the implementation budget of recipients, irrespective of whether they are international or national. Even in strategic partnerships, L/NAs frequently lack power to negotiate a fair share of overhead costs and so there is a compelling case for this to be routinely addressed through pooled fund policy.	Donors and Pooled Funds
7	While there is still some scope for pooled funds to strengthen representation of L/NAs in governance forums, the most significant challenge is to ensure that the L/NA voices are given equal weight to those of INGOs/UN agencies.	Pooled Funds
8	The focus of humanitarian assistance has been slow to pivot towards L/NA and there continues to be considerable scope for pooled funds to be more deliberate in supporting locally-led response in their allocation strategies and calls for proposals. Recruiting fund managers who are advocates of localisation is essential if pooled funds are to play their full role in creating an enabling environment for L/NAs.	Pooled Funds
	<b>Partnership and capacity strengthening</b>	
9	Since the purpose of capacity assessments is to identify weaknesses in L/NA systems and procedures, the findings should be shared and linked to broader capacity strengthening support, both by pooled funds, but also by others including NGOs, UN agencies and clusters.	Pooled Funds, NGOs, UN, clusters
10	A common or shared approach by international organisations and donors to capacity assessments and due diligence would reduce duplication and inefficiency while strengthening the potential for interoperability.	Donors, fund managers INGOs, UN

11	Pooled funds should fund L/NA partnership ONLY where direct funding is not possible or where the L/NA expresses a preference to work in partnership. Pooled funds should be aware that small, community-based WRO/WLO could get better access to international funding through partnerships, including with larger L/NAs.	Pooled Funds
12	Where pooled funds propose the use of consortia, there must be a clear and honest rationale to justify this. If this is justified as a capacity-strengthening measure, then priority must be placed on funding strategic partnerships where these exist and budgets must include capacity strengthening measures.	Pooled Funds
13	The use of consortia as a means of risk transfer should be discouraged. Where it is felt to be necessary, due to the volatility of the situation, or the high risk of partners, this should be explicitly documented, and measures should be put in place to ensure enhanced support to L/NA and adequate monitoring of implementation.	Pooled Funds
14	Given the evidence about the effectiveness of locally-led response, pooled funds have a responsibility to articulate their position on localisation and supporting L/NA clearly. This should include a specific approach to or strategy for L/NA capacity-strengthening which includes ring-fenced budgets. Capacity-strengthening efforts should be demand-driven and tailored to the specific needs of individual L/NAs. This would help ensure that small WRO/WLO receive the capacity strengthening support they need.	Pooled Funds
15	Given donor commitments to support localisation in the GB, and the comparative effectiveness of pooled funds in assisting them to deliver against this, there is strong justification for donors to provide adequate, predictable funding for L/NA capacity strengthening.	Donors

## Annex 1: Summary terms of reference

### **Context and background to the study**

The Grand Bargain (GB), initially signed by 18 donor countries and 16 aid organisations (including UN agencies, International NGOs, and Red Cross and Red Crescent Movement) in May 2016, has been a driver of reform within humanitarian agencies and the broader sector. Within it, the “Localization Commitment” (GB Commitment 2) outlines six measures to ensure “more support and funding tools for local and national responders” – recognizing the importance of local and national actors in humanitarian action and the existing barriers to strengthening their role.

Over the past four years, GB signatories and local and national actors have been developing guidance and promoting discussion to push for greater progress to commitments made, as part of the GB Localization Workstream (GB Workstream 2/GBW2) and under the leadership of the International Federation of the Red Cross and Red Crescent Societies (IFRC) and the Swiss Agency for Development and Cooperation (SDC).

In its 2020 workplan, GBW2 seeks to improve funding opportunities for local actors by promoting the greater use of pooled funding tools,<sup>96</sup> one of the six measures within the Localization Commitment.<sup>97</sup> Mobilising and investing in pooled funding mechanisms has been seen as a key tool for increasing direct funding opportunities for local actors. More broadly, pooled funds have been seen to offer flexibility and efficiencies within the humanitarian financing system, and as a result have increased in number with more donors channelling funding to them.

Given the increasing use of pooled funds and their importance within aid architecture, GBW2 has committed to review existing learning and develop recommendations for GB signatories to support pooled funding tools to better meet localization outcomes. Many recently published resources exist that provide learning on UN Country Based Pooled Funds (CBPFs), including the OCHA Global Evaluation of CBPFs, NRC/OCHA report NGO Perspectives on CBPFs, DKH/German NGO consortium report Country-Based Pooled Funds – A Reality Check and the Charter for Change CBPF and Localization Policy Brief. Fewer recent resources exist around other pooled funding mechanisms. As such, this review will collect additional learning through interviews and analysis of pooled funding data.

### **Objective**

**Overall objective:** Increased Grand Bargain signatories understanding of how pooled funds can better support localization outcomes committed within the Grand Bargain.

### **Specific objective:**

- 1) a comparative analysis of the key advantages and barriers between different pooled funds identified in the research; and
- 2) analysis of the extent to which pooled funds can complement other investments<sup>98</sup> in localization.

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<sup>96</sup> ‘Pooled funding’ is a generic term, defined in this note as financing mechanisms for humanitarian response which receive contributions from more than one donor. These contributions are then combined into one instrument and allocated by a governing body or the UN, with support from an advisory group, and disbursed by an administrator to a number of recipients.

<sup>97</sup> GB Commitment 2, measure 6 full text: “Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as UN-led country-based pooled funds (CBPF), IFRC Disaster Relief Emergency Fund (DREF) and NGO-led and other pooled funds”.

<sup>98</sup> “Other investments” are to be included as they relate to different pooled funds and should be drawn out during the course of research. As way of example, START Fund Bangladesh has been observed to complement the work of the National Alliance for Humanitarian Actors in Bangladesh (NAHAB), as well as Christian Aid, Oxfam, and Action Against Hunger localization initiatives in Bangladesh.

Analysis will draw on various pooled funds:

- Internationally-led funds, including but not limited to UN Country Based Pooled Funds (CBPFs), the START Fund, IFRC Disaster Relief Emergency Fund (DREF), and the National Society Investment Alliance (NSIA),
- Local funds managed by local actor networks, women-led (WLO) and women's rights organisations, (WRO), and consortia

While there exists other dimensions to localization, for purposes of this study, analysis of pooled funds will focus on advantages and barriers to localization measures referenced in the Grand Bargain Commitment 2: institutional capacity strengthening, partnerships, and access to international humanitarian funding. Women's rights and women's led organizations (WRO/WLO) access to these three dimensions will be disaggregated and specifically highlighted.

Recommendations are to include how pooled funding mechanisms can be transformed to support localization objectives including gender transformative localization, innovative/alternative mechanisms, how barriers to local actors access to pooled funds can be reduced, and how transparency and inclusivity of pooled fund management can be improved.

### ***Scope of the consultancy***

The review will include broad-based desk research and a deeper dive into specific pooled funds which have been recognized to already provide local actors significant funding, including CBPFs, START Fund, DREF, and NSIA. The research will collect and synthesize the existing knowledge and good practices as well as identify opportunities and remaining barriers to local actors access to humanitarian pooled funding models. Interviews are to be conducted across a range of actors, including local and national actors unsuccessful in their applications for pooled funding grants to draw out greater learning on barriers.

### ***Expected deliverable from the consultant***

- Literature review
- Draft desk review
- PowerPoint and summary of draft desk review to support consultation with Grand Bargain Workstream 2
- Final study report, executive summary, and PowerPoint

This consultancy will be managed by the Oxfam Empowering Local and National Humanitarian Actors (ELNHA) Program, with oversight and support by the Pooled Funds sub-group of GB Workstream 2.

### ***Duration/Timetable of the study***

The desk review is to be delivered by the end of August 2020, with an expectation of 23 working days to review relevant material, conduct any informant interviews, develop drafts for consultation, and finalize.



## Annex 2: Key informants

*Key informants that participated in the review are listed below.*

### ***Pooled fund staff (15)***

Kim Scriven, Fund Manager, National Society Investment Alliance  
Sune Bulow, Manager, IFRC Emergency Operations Centre  
Daniel Squire, Start Fund Programme Manager  
David White, Iraq Humanitarian Fund Manager  
Tim Mander, Ethiopia Humanitarian Fund Manager  
Randa Merghani, Somalia Humanitarian Fund Manager  
John Ndiku, South Sudan Humanitarian Fund  
Elizabeth Whitehead, Nigeria Humanitarian Fund Manager  
Ghita El Khyari, Head, Women's Peace and Humanitarian Fund Secretariat  
Sajid Raihan, Manager, Start Fund Bangladesh  
Thu Thu Hlaing Civil Society Partnerships Officer, Livelihoods and Food Security Fund  
Maria Amalia Souza, Founder and Strategic Development Director, Fundo Casa Socioambiental  
Maria Isabel Castro Velasco, Humanitarian Affairs Officer, CBPF Section, OCHA  
Fernando Hesse, CBPF Section, OCHA  
Meron Berhane, Humanitarian Affairs Officer, CBPF Section, OCHA

### ***Local and national actors (22)***

Hibak Kalfan, Executive Director, NEAR Network  
Ehsanur Rahman, GB Member & Executive Director, DAM Chairperson and NAHAB, Member Secretary, Bangladesh  
Angelina Nyajima, Executive Director, Hope Restoration South Sudan  
Abdullah Saleh Alazap, Project Director, Yemen Red Crescent  
Dr. Nabaz Mirani, Doctors Aid Medical Activities (DAMA), Iraq  
Ihsan Merie Hasan, Sorouh for Sustainable Development Foundation (SSDF), Iraq  
Murtada Saber Hasan Al-Ameri, Head of the Board, Dary Human Organization, Iraq

Adnan Abdulkareem Abdulqader, Kurdistan Region Director, Justice Center, Iraq  
Ali Mashkoo, Programme Manager, Sabe' Sanabul Organization for Relief and Development, Iraq  
Razia Sultana, Rohingya Women Welfare Society, Myanmar  
Olena Stokoz, Deputy Director-General, Ukraine Red Cross Society  
Haveen Abdulmajeed, Programme Manager, VOPFAM, Iraq  
Mozibur Rahman, Founder, Shariatpur Development Society (SDS), Bangladesh  
Rabeya Begum, Executive Director, Shariatpur Development Society (SDS), Bangladesh  
Josephine Chandiru, Director, Steward Women Organization, South Sudan  
Hosna Ari Hasi, Chief Executive, Jago Nari, Bangladesh  
Rahima Sultana Kazal, Executive Director, AVAS, Bangladesh  
James Tizhe Sigg, Programme Manager, Agaji Global Unity Foundation, Nigeria  
Naser Ahmad Khan, Programme Manager, Centre for Integrated Development and Research International, Nigeria  
Win Tun Kyi, Director Karuna Mission Social Solidarity, Myanmar  
Nida abu Atta, Coordinator of External Relations & Fundraising, Palestinian Agriculture Development Association (PARC), Palestine  
Ademayo Andronicus, Head of OD, Nigerian Red Cross Society  
Mr. M. A. Halim Director/CEA focal point, Bangladesh Red Crescent Society

### ***GBW2 members (8)***

Anita Kattakuzhy, Humanitarian Policy Adviser, Localization, Oxfam  
Joe Read, Senior Humanitarian Policy Adviser, Care USA  
David Coffey, Humanitarian Specialist - Global Coordination, UN Women (e-mail exchange)  
Camille Pabalan Program Officer, International Humanitarian Assistance Bureau, Canada (e-mail exchange)

Stephen Williams, Humanitarian Advisor,  
Operational Adaptability, Resilience &  
Localisation, DFID  
Jane Backhurst, Senior Advisor, Humanitarian  
Policy, Christian Aid (e-mail exchange)

Masood Karim, Frameworks Manager, Oxfam  
Ommera Ahmed, NEAR Network (e-mail  
exchange)

## Annex 3: Bibliography

Key documents that were gathered and were used to inform the findings of the review are disaggregated by category and are listed below

#	Reference	Documents/summary
	Pooled funds	Documents and weblink
1	UNOCHA Country-Based Pooled Fund (CBPF)	<p>CBPF Policy Instruction</p> <p>CBPF Operational Handbook and annexes</p> <p>CBPF Guidelines Q&amp;A</p> <p>CBPF Annual Report (for each CBPF for each year to date)</p> <p>CBPF year in review, 2019</p> <p>Flexibility guidelines, CBPFs in the context of Covid-19 pandemic, CBPF Section, 29 April 2020</p> <p>Featherstone, A et al (2019) <i>OCHA Evaluation of CBPFs – Synthesis report</i>, KonTerra.</p> <p>Featherstone, A., Lattimer, C., Mowjee, T. and Poole, L. (2019) <i>OCHA evaluation of CBPFs – Country reports for Afghanistan, Iraq, oPT, and South Sudan</i>, KonTerra</p> <p>OCHA (2020) <i>Syria Cross-Border Humanitarian Fund: 2019 Annual Report</i>.</p> <p>OCHA (2020) <i>Yemen Humanitarian Fund, 2019 Annual Report</i>.</p> <p>Somalia Humanitarian Fund (2019) <i>SHF 1<sup>st</sup> Standard Allocation 2019, Integrated allocation strategy paper</i>, 12 March 2019.</p> <p><a href="https://www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf">https://www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf</a></p>
2	Fundo Casa Socioambiental	<p>How we work, organisation chart, our numbers, programs, strategic axes for support (see website)</p> <p>Fundo Casa Socioambiental statistics dossier</p> <p>Local socio-environmental funds – Exporting social technology to preserve life (blog post by Maria Amália Souza and Attilio Zolin, May 2020, CASA Socio-Environmental Fund)</p> <p>How Global South funds are evolving the field of international philanthropy - Human Rights Funders Network (blog post by Maria Amália Souza, September 2018, CASA Socio-Environmental Fund)</p> <p><a href="http://casa.org.br/en/">http://casa.org.br/en/</a></p>
3	IFRC Disaster Relief Emergency Fund (DREF)	<p>DREF: An Introduction</p> <p>DREF Annual Plan, 2020</p> <p>DREF: Annual report, 2019</p> <p>DREF, Application Guidelines, 2020</p> <p><a href="https://media.ifrc.org/ifrc/dref/">https://media.ifrc.org/ifrc/dref/</a></p>
4	IFRC The National Society Investment Alliance (NSIA)	<p>NSIA: How it works</p> <p>NSIA Application guidelines, 2020</p> <p>NSIA, Annual Report, 2019</p> <p>NSIA, First Funding Announcement, May 2019</p> <p><a href="https://media.ifrc.org/ifrc/national-society-investment-alliance/">https://media.ifrc.org/ifrc/national-society-investment-alliance/</a></p>
5	Livelihood and food security fund (LIFT), Myanmar	<p>LIFT logical framework, 2019-2023</p> <p>LIFT Strategy diagram, 2019 – 2023</p> <p>LIFT Civil Society Strategy, 2019-2023</p> <p>LIFT Annual Report, 2018</p> <p>LIFT, Briefing note for potential strategic partners</p> <p>LIFT Operational Guidelines, Revision 2, For implementing partners and the Fund Manager, June 2017.</p> <p>LIFT's donors and partners respond to Covid-19</p> <p>LIFT Refreshed Narrative for IPs, July 2020</p> <p>Livelihood and food security fund policy to address fiduciary risk and fraud, June 2019.</p>

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6	Shared Aid Fund For Emergency Response (SAFER)	A Brief History of SAFER Partnership overview What we do SAFER (2020) <i>Leading Locally-led emergency response in the Philippines</i> <a href="https://www.safer.org.ph/what-we-do/">https://www.safer.org.ph/what-we-do/</a>
7	Start Fund	The Start Fund Handbook, Start Network, June 2020 The Start Fund Annual Report, Start Network, 2018 The Start Fund, Learning from Partnerships, Start Network, 2018 Van Brabant, K. and Patel, S (2017) <i>The Start Fund, Start Network and Localisation: current situation and future directions</i> , April 2017 Taylor, G. et al (2020) <i>Start Network, External evaluation of the Start Fund Preparedness to Scale-up</i> , November 2019 <a href="https://startnetwork.org/start-fund">https://startnetwork.org/start-fund</a> Start Fund, governance and assurance, due diligence and vetting (available at <a href="https://startnetwork.org/due-diligence-and-vetting">https://startnetwork.org/due-diligence-and-vetting</a> )
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9	Women's Peace and Humanitarian Fund (WPHF)	WPHF, Annual Report, 2019 WPHF, Annual Report, 2018 WPHF 4-page overview WPHF Operations Manual, 2019 <a href="https://wphfund.org/">https://wphfund.org/</a>

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