



Reinforce Local Systems and Invest in Local Capacities

2019 Analytical Paper on World Humanitarian Summit Self-Reporting on the Agenda for Humanity Transformation 4A and 5A

Executive Summary:

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At the World Humanitarian Summit and the ensuing Agenda for Humanity, stakeholders committed to reinforce – not replace – national and local systems (Transformation 4A) and invest in local capacities (Transformation 5A). This is often referred to as the localization agenda. Since self-reporting against the Agenda for Humanity began three years ago, Transformation 4A (reinforce local systems) has consistently resulted in the highest number of stakeholder self-reports. In 2018, self-reports on 4A and 5A focused on the following four areas:

- a growing use of cash transfers as a preferred modality for humanitarian aid where appropriate, because cash enables affected communities to have greater options for how they prioritize their own response and recovery needs;
- increasing efforts to put affected populations at the centre, including by strengthened actions to adhere to the Core Humanitarian Standard on Quality and Accountability and improved complaint response mechanism modalities;
- increased investment in strengthening the capacities of local and national actors; and
- the growing use by donors of Country-Based Pooled Funds as an effective modality to channel funds to national and local front-line responders.

Some of the continuing challenges that prevented faster progress towards the goals of 4A and 5A included donor financing modalities that were not always conducive to facilitating localization, as well as insufficient multi-year funding, insufficient funding for long-term organizational strengthening and for core costs of local actors, and insufficient funding for preparedness. Other challenges included the growing climate of risk aversion associated with compliance, counter-terrorism, sanctions and zero tolerance to fraud, which created high entry barriers for local actors to access funding.

To build on areas of progress and mitigate current challenges, this paper recommends a shift towards more flexible funding modalities, an early and open dialogue about risk management and risk tolerance, incentives by donors so their partners accelerate localization, increased investment in pooled funds, and better communication on international commitments between headquarters and country offices.

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Overview of the current landscape

The localization agenda has been a high-profile topic in humanitarian policy dialogue since the World Humanitarian Summit. It is widely accepted that local and national actors are closer to communities and often able to provide more contextualized humanitarian assistance and protection. Local and national actors can reach crisis-affected communities faster, and they are there before, during and after crises, facilitating a smooth transition from relief to recovery. It is also increasingly accepted that local and national actors can deliver humanitarian services more cost-effectively than international actors and are better able to ensure that the perspectives of local populations strongly influence programme design. While there is widespread recognition of the value of shifting power and resources within the humanitarian system towards local actors, progress towards the actual implementation of localization has not been as easy or as fast as many local actors would have hoped.

The World Humanitarian Summit saw the establishment of the Network for Empowered Aid Response (NEAR), an advocacy consortium of several hundred national non-governmental organizations (NGOs) pressing for accelerated progress towards localization. The Summit also saw the establishment of the Charter for Change, a group of 35 international NGOs, supported by 200 national NGO endorsers, which agreed to make eight changes in their partnership practice for more empowering relationships with national partners. Further, the Grand Bargain – a unique agreement between some of the largest donors and humanitarian organizations that have committed to get more means into the hands of people in need and to improve aid effectiveness – calls for more support and funding tools for local and national responders. NEAR, the Charter for Change and the Grand Bargain are among the more prominent groupings seeking to ensure that localization remains high on the international agenda.

Background: Overview of reporting data from the Platform for Actions, Commitments and Transformations (PACT)

Eighty-one² stakeholders reported back on progress against Transformation 4A to reinforce, and not replace, national and local systems. As in previous years, this was the transformation that received the most reporting in absolute and proportional terms across the Agenda for Humanity. Forty-nine stakeholders (or 40 per cent of reporting stakeholders) reported on Transformation 5A to invest in local capacities. Stakeholders had the option to report on several areas/sub-categories within each transformation. Within Transformation 4A, the sub-category that received the largest number of reports was on strengthening national and local leadership and systems (52 reports), followed by cash-based programming (39 reports), people-centred approaches (35 reports) and building community resilience (31 reports). Within Transformation 5A, the three sub-categories that received the largest number of stakeholder reports were capacity-building of national/local actors (31 reports); direct funding to national/local actors (23); and Country-Based Pooled Funds (CBPFs, 16).

² Data retrieved from interactive data visualizations on 2019 reporting on 6 August 2019. Data are available through PACT (www.agendaforhumanity.org).

The breakdown of stakeholders that reported against 4A and 5A is presented in the table below:

Transformation	Academic organization	Faith-based organization	Member State	National NGO	International NGO	Private sector	UN	Other
4A	2	8	22	1	31	3	11	3
5A	2	4	18	0	17	1	7	0

Positive trends emerging from self-reporting

Three themes that emerged from reporting under Transformation 4A for the reporting period January–December 2018 were: (i) advancing cash-transfer programming as a way of empowering people affected by crises to have more control over their own recovery; (ii) improving mechanisms to ensure better accountability to affected populations; and (iii) strengthening the capacities of local actors. Under Transformation 5A, the most prominent themes that emerged from reporting included: (i) direct funding to local and national actors; (ii) capacity-building; and (iii) CBPFs.

On **cash**, there was an overall increase in the amount of assistance delivered as cash, particularly from international NGOs. Mercy Corps increased the proportion of aid it delivered as cash to 50 per cent of its disbursements. World Food Programme (WFP) cash funding rose to 35 per cent, the International Rescue Committee increased its cash assistance to 26 per cent, World Vision's cash programming rose to 25 per cent, Oxfam increased its cash programming to 20 per cent of its assistance and Concern Worldwide to 19 per cent. In terms of Member States, Spain provided 11 per cent of its aid through cash, while the United Kingdom increased the proportion of its cash aid to more than 20 per cent. Several donors including Canada, Denmark and Norway developed a common donor approach for cash programming. Germany and Norway required partners to use cash where this was the most efficient modality. And Oxfam's cash strategy centred on ensuring that cash transfer programmes build local response.

On **people-centred approaches**, many stakeholders including Australia, Christian Aid, Concern Worldwide, Denmark, Doz e V, Germany, GOAL, HelpAge International, Johanniter-Unfall-Hilfe, Malteser International, New Zealand, Norwegian Church Aid, Oxfam, Plan International, Sweden, Tearfund, Welthungerhilfe and World Vision used the Core Humanitarian Standard (CHS) as a central vehicle for achieving progress towards more people-centred approaches. Germany reported revising its partner capacity assessment to encourage full adherence to CHS. Denmark has made CHS obligatory for NGOs working in fragile contexts. The Catholic Agency For Overseas Development (CAFOD), Concern Worldwide, GOAL Global, Norwegian Church Aid, Plan International, the United Nations Children's Fund (UNICEF) and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) strengthened their complaint response mechanisms. Norwegian Church Aid made it compulsory for all partners to develop their own complaint response mechanisms. The International Rescue Committee explicitly defined milestones for how country teams should collect and use feedback for programming decisions. Germany reviewed its project proposal forms to emphasize how participation of those in need is ensured.

On **capacity-building**, Denmark required NGOs working in areas affected by crisis to build local preparedness and response capacities. Sweden prioritized funding applications that included capacity-building of local partners. Some 32 per cent of Belgium's funding agreements incorporated multi-year capacity-building for national and local actors. Fifty per cent of Swiss

Humanitarian Aid funding to local actors was devoted to capacity development. Catholic Relief Services spent 22 per cent of funds on capacity-building of local/national actors and helped partners to directly access funding from the Government of the United States. CAFOD established a flagship capacity-strengthening programme covering six countries. Johanniter-Unfall-Hilfe launched a multi-country capacity-development programme for community-based organizations in South-East Asia. UN Women strengthened the capacity of 300 women's organizations in 28 countries. The International Organization for Migration (IOM) provided capacity-building support to national governments to strengthen national capacity to build community resilience. The International Council of Voluntary Agencies (ICVA) provided support and advice to 20 NGO forums. Christian Aid reviewed its operating modalities in Bangladesh and Nigeria to identify how to transition to partner-led approaches in complex, large-scale crises and implemented an Accelerating Localisation through Partnerships programme, which is funded by the European Commission's Civil Protection and Humanitarian Aid department, in Myanmar, Nepal, Nigeria and South Sudan.

In addition, Humanitarian Aid International established a national platform to invest in system-building of local responders during peacetime, co-founded the Alliance for Empowering Partnership – a global advocacy network on localization – and led the Endorsers Group of Charter4Change. The Humanitarian Leadership Academy provided relevant learning to enable people to prepare for and respond to crises through online courses as well as in-country Academy Centres in the Philippines, East Africa and the Middle East. Humentum UK worked on the Good Financial Grant Practice Standard, which has begun to be adopted globally as a tool to harmonize donor due diligence requirements. Oxfam ran multi-year capacity-building projects in several countries. UNICEF, the United Nations High Commissioner for Refugees (UNHCR) and WFP launched the UN Common Partner portal to facilitate partnership with civil society organizations.

On **direct funding to local and national actors**, the following stakeholders reported passing on a percentage of their funding directly to these actors: ActionAid (77 per cent), Catholic Relief Services (14 per cent), Diakonie Katastrophenhilfe (57 per cent), Malteser International (43 per cent), the Food and Agriculture Organization (13 per cent), Humanitarian Aid International (more than 90 per cent), Norwegian Church Aid (17 per cent), Oxfam (15 per cent), UNICEF (36 per cent) and the United Nations Population Fund (UNFPA, 42 per cent). CARE International provided \$17 million directly to local actors. UNHCR had 865 local and national partners in 2018 – more than ever before. Caritas Internationalis members committed to ensure that where a national Caritas member organization was best placed to access and secure funding to sustain a high-quality humanitarian response, other members of the Caritas confederation would refrain from competing for or securing nationally available funding such as pooled funds or funds available from institutional donors. IOM and Save the Children introduced new tracking systems to better gauge the scope of funding to local partners. Germany passed on humanitarian funding to local NGOs through its embassies. The United Kingdom provided a further GBP 37.5 million to the Start Fund, a global multi-donor humanitarian response fund managed by a consortia of NGOs. The Start Network began working on national/regional hubs and a tiered due diligence process. The Netherlands supported the Dutch Relief Alliance, which aims to pass on at least 25 per cent funding to local actors by 2019.

Member States found **Country-Based Pooled Funds** (CBPFs) to be a promising option to channel funds to local and national actors, given their limited capacity to handle a large number of partnerships as well as complex compliance requirements. CBPFs have shown remarkable progress in allocating 25 per cent of funds directly to local/national actors. Local NGOs were also represented in the Advisory Boards of 15 of the 17 CBPFs that were operational in 2018,

together with international NGOs, donors and United Nations agencies. Belgium funded 11 CBPFs. Canada increased its funding to CBPFs by 57 per cent. CAFOD is leading the process of establishing a Start national hub in the Democratic Republic of the Congo to improve national and local NGO access to direct funding. ECHO supported the design of two pooled funds in Nepal and Somalia. In 2018, Germany contributed US\$176 million to CBPFs. That same year, Ireland increased its funding to CBPFs by 14 per cent, the Netherlands provided EUR 70 million, Norway increased its funding to US\$46 million, Switzerland provided US\$21 million and the United Kingdom contributed US\$251 million.

Obstacles/impediments to collective progress on the transformations

Broadly, the most reported challenges to achieving Transformation 4A were funding, human resources and collaboration/integration with national or local systems. The most reported challenges to achieving Transformation 5A were funding modalities, followed by overall availability of funds and internal constraints and human resources. These challenges echoed those identified by stakeholders as being the most prominent in impeding progress on the Agenda for Humanity as a whole (funding and human resources).

Analysing the reports of stakeholders, it was possible to distil these challenges further and identify how exactly they impeded progress. For Transformation 4A, stakeholders highlighted barriers to more inclusive coordination, a risk-averse donor compliance regime and suboptimal funding modalities as their main obstacles to achieving progress.

ICVA reported that logistics, language and jargon issues made key humanitarian coordination forums less welcoming to local and national actors. InterAction noted the challenges caused by the zero-tolerance approach of many donors. CAFOD considered that donor requirements could be stringent and inflexible, while Christian Aid experienced a risk-averse climate with increasingly burdensome requirements on compliance.

The inconsistency and complexity of donor requirements around financial management, reporting and control created high barriers to entry for national organizations to access funding. FAO found that donors were unwilling to relax their rules to facilitate localization. InterAction's report on 'NGOs & Risk: Managing Uncertainty in Local-International Partnerships' outlined how growing risk aversion among humanitarian actors was leading to increased compliance and reporting burdens and less flexible funding mechanisms. On the donor side, some of them, such as Austria and Canada, felt that donor requirements were increasingly complicated for local actors.

In addition to the need for more flexible approaches to risk management, stakeholders noted that the modalities of current humanitarian funding are not conducive to accelerate progress towards reinforced local capacities. Canada, CAFOD, Germany and Welthungerhilfe saw a need for more flexible and increased funding for long-term organizational capacity strengthening, including support for national NGO core costs, and funding that was available between crises as well as during crises. Funding for core costs was rarely available to local NGOs. Tearfund called for increased funding for preparedness.

A further challenge reported by stakeholders was lack of internal coherence and communication. Some stakeholders reported that their country offices were insufficiently aware of commitments made by their headquarters.

Some international actors, such as Concern and Norwegian Church Aid, found it difficult to find suitable implementing partners for programmes in complex emergencies, which fully adhered to international humanitarian law and met compliance requirements. Turkey, for example, reported experiencing limited human resources at the local level and receiving poor quality proposals, resulting in a barrier to providing more funds for local actors.

Recommendations

Based on the above analysis of positive trends and obstacles identified in stakeholder self-reporting, the following recommendations emerged:

1. Donors, the United Nations, Red Cross agencies and international NGOs providing funding to national and local actors should make a collective commitment to provide unearmarked funding to cover local partner overhead costs and capacity-building.
2. Donors should conduct early dialogue with funding partners on risk concerns and develop active and effective approaches to better share risk and to better mitigate risk in contracts.
3. To incentivize accelerated progress towards the Agenda for Humanity Transformations 4A and 5A, donors should require United Nations and international NGO partners to make concrete progress towards measurable localization milestones as a condition of continued funding.
4. Since pooled funds were found to be a promising channel for increasing financial flows to local actors, donors should consider increasing their contributions to CBPFs and to the Start Fund. CBPFs should be established in a wider number of countries.
5. International actors should ensure that their country/field offices are well informed of commitments to localization made by their headquarters through the Agenda for Humanity, the Grand Bargain and/or the Charter for Change.

About this paper

All stakeholders that made commitments at the World Humanitarian Summit (WHS) in support of advancing the Agenda for Humanity were invited to self-report on their progress in 2018 through the Platform for Action, Commitments and Transformation (PACT) (agendaforhumanity.org). The information provided through the self-reporting is publicly available and forms the basis, along with other relevant analysis, of the annual synthesis report. The annual synthesis report will be prepared by OCHA and will highlight trends in progress, achievements and gaps that require more attention as stakeholders collectively work towards advancing the 24 transformations in the Agenda for Humanity. In keeping with the multi-stakeholder spirit of WHS, OCHA invited partners to prepare short analytical papers that analyse and assess self-reporting in PACT, or to provide an update on progress on initiatives launched during WHS. The views expressed in this paper are those of the authors and do not necessarily reflect the views of the United Nations Secretariat.