

AFRICA REGIONAL CONFERENCE ON LOCALISATION
ADDIS ABABA

COUNTRY-LEVEL FINANCING SOLUTIONS FOR LOCAL ACTORS

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Introduction

- IFRC has commissioned Owl RE, research and evaluation consultancy to carry out research on country-level financial solutions for local actors
- The objectives of the research are:
 - i) To identify good practices and opportunities on country level financing within the framework of the Grand Bargain localization commitment to provide funding more directly to local and national responders*
 - ii) To provide guidance on how to strengthen national and local actors to access greater humanitarian financing*
- A six person team is currently carrying out research globally and in three countries: Colombia, Ethiopia and Ukraine
- This presentation present some initial findings as research is still ongoing

Current global financial solutions

- Governments: USA, Germany, UK and EU largest contributors –USA accounts for 1/3 of all government funding
- Multilateral development banks: play important role in crises financing. Most multilateral development banks directly fund national governments but not always
- Private funding: 1/4 of all global humanitarian assistance through individuals, corporations, foundations and trusts
- Remittances: play an important funding role in crises
- Pooled funds: increasingly gaining momentum and provide donors option to pool resources for common and unemarked emergency response

Global financial solution characterized by:

- Lengthy transactions –large number of players take part in the processes
- Reach to the people in need through multiple channels
- Very small amount of financial resource reach local and national actors
- Funding to the local and national actors mostly through intermediaries such as UN agencies and INGOs

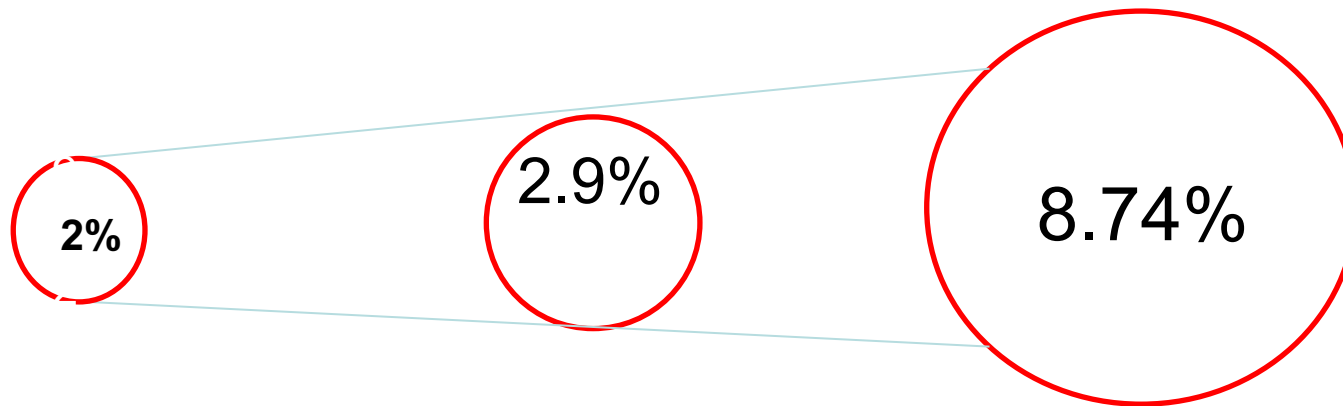
Finding 1

Funding is increasing slowly but steadily to local and national actors

2016

2017

2018

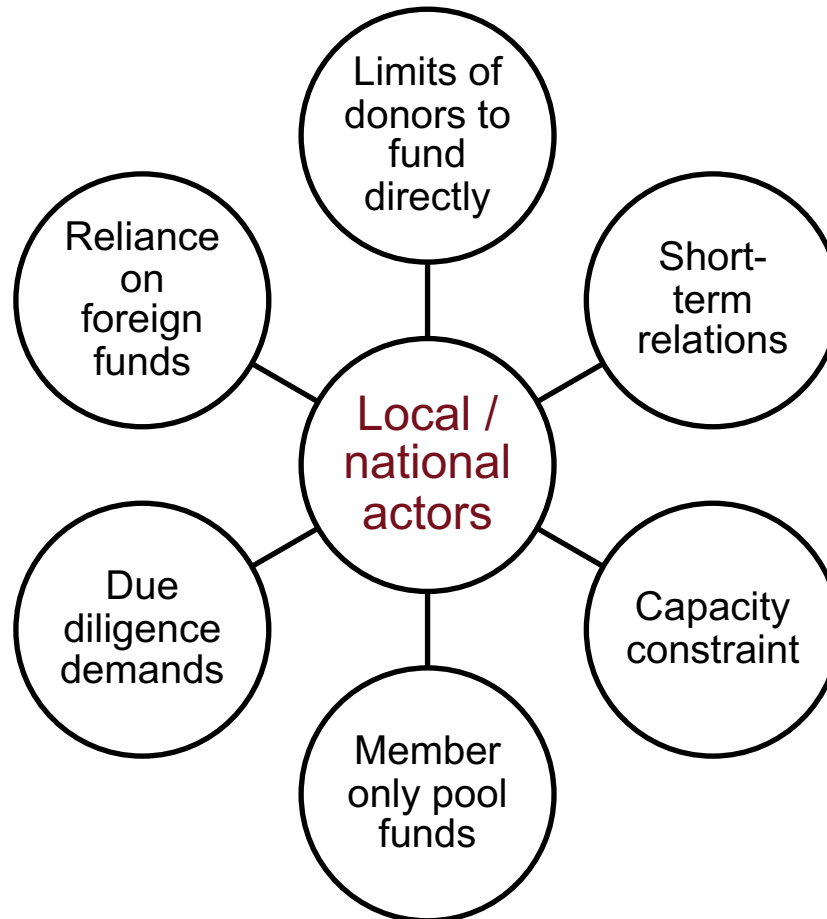


3% - direct funding for local and national actor in 2018

84% - of local/national actor funding went to government agencies in 2018

Finding 2

Barriers continue to exist for local and national actors to access funds



Finding 3

Legal and policy barriers of donors can be overcome

- With exception of EU, no major legal or policy barriers block funding of local and national actors
- More so, practical challenges, perceived risks and administrative burden make direct funding challenging
- Donors, including the EU, rely on intermediaries such as UN agencies, INGOs and pool funds as to fund indirectly local and national actors

Finding 4

Pool funds are a potential and positive funding source although barriers exist

- UN OCHA country-based pool funds (CBPF) distributed 25% of their fund to L/NNGOs in 2018
- Access to CBPF vary from context to context and can be an administrative challenge for local and national actors
- The Start Fund and IFRC's DREF fund play a positive role but are not accessible to non-members: Start Fund has funded mainly INGOs; DREF is for Red Cross Red Crescent National Societies
- Pool funds ultimately play a small role – e.g. CBPF is some 2.8% of total humanitarian funding

Ukraine – feedback from field visit

- Ukraine's humanitarian sector is “new” – since 2014
- Ukraine a big country - 46 Mil. people / 603,000 SQ KM – so coordination is a challenge
- Age /experience of L/NNGOs brings risks for their international partners
- While NNGOs may have direct relations with donors, LNGOs were more implementing partners
- L/NNGOs that are implementing partners with UN/INGOs are totally dependent on this relationship in order to be able to continue to operate

Best practices

1. Funding arrangements that include covering overhead/core costs by default for local and national partners
2. Longer-term and more sustainable partnerships between donors and local and national actors
3. Moving from “implementer” to partner for L/NNGOs
4. Establishing local humanitarian forums
5. Integrating local actors in official coordination mechanisms at the local level
6. Procedures and mechanisms for pool funds are clearly and openly communicated
7. Improving L/NNGO access to pooled funds by their representation on the review panels

Opportunities

1. L/NNGOs calculate a set of justifiable overhead rates to be used in future budget development with partners
2. More efficient decision-making and disbursement processes for local actors
3. Think differently about humanitarian funding sources for L/NNGO
4. Create new structures/consortia/platforms for funding and representing local and national actors
5. Simplifying compliance and due diligence requirements for local and national actors
6. Greater representation of local and national actors in decision-making forums
7. Increased funding and greater coordination and complementarity of various humanitarian pool funds

Regional workshops Discussion – Day 2

Country-level Financing Solutions for Local Actors

INTERNATIONAL



FEDERATION

100
1919-2019



Introduction

- Yesterday we looked at initial findings of our study
- We are still carrying out research and gathering information for a potential guidance note
- The “best practices” and “opportunities” presented yesterday provide some possible directions where guidance is needed

Best practices - reminder

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2. Longer-term and more sustainable partnerships between donors and local and national actors
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Opportunities - reminder

1. L/NNGOs calculate a set of justifiable overhead rates to be used in future budget development with partners
2. More efficient decision-making and disbursement processes for local actors
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Questions and discussions

Two points to discuss:

- What needs to be the focus of the guidance note out of the “best practices” and “opportunities”?
- What is missing?