

Multi-stakeholder Meeting on Leveraging Financing Across the Nexus for Capacity Strengthening of Local Actors

Outcome Document

Background and Meeting Objectives

The Grand Bargain reform agenda calls for responses that are ‘as local as possible, as International as necessary’, with a commitment from major donors and aid agencies to ‘invest in the capacity of local and national responders’ and provide at least 25 per cent of funding to local organisations ‘as directly as possible.’ While some progress has been made over the last five years, transformative and systemic changes remain limited. Local actors believe that the dominant framing of capacity strengthening in the humanitarian sector is a uni-directional transfer of capacity from international actors to local actors, with the latter expected to prove their capacity to the former in order to be able to access resources and roles in decision-making platforms. Capacity is often defined largely as ability to satisfy donors’ requirements related to finance and reporting and less in terms of institutional competencies, including the ability to provide rapid and effective assistance. Missing in many approaches is the notion of capacity sharing among local actors and the importance of enabling/facilitating a space for local actors to engage, and strengthen their networks and platforms for local-to-local capacity sharing. There is little evidence of how much of the capacity strengthening support get to the furthest frontline of local actors and consider the diversity and multi-layers of local actors. The biggest issue perhaps is that strategic and systemic capacity strengthening takes time and resources but most of the current available support specifically humanitarian funding are by its nature short-term, life-saving or service-delivery focused and project-based. For some donors it is effectively impossible to fund institutional capacity strengthening of local actors with humanitarian funds, due to their legal setup.

On 10 June 2021, the Grand Bargain Localisation Workstream convened a senior-level meeting of key donors across the humanitarian-development-peace nexus as well as international and local humanitarian and development organisations to identify potential actions and or commitments to move this capacity strengthening agenda forward particularly in the next iteration of the Grand Bargain. Specifically, the meeting explored the following questions:

1. What steps could be taken to increase investment and improve the quality of the support received by local actors?
2. Which instruments and funding streams (humanitarian, development, climate, peace) could and should support the institutional capacity strengthening of local actors?

This outcome document presents the main points of the meeting including existing good practices and potential actions that agencies can take both as individuals and as a collective. Highlights of the technical discussion/pre-meeting¹ among Localisation Workstream members and findings from a desk review² served as initial inputs and background to this meeting.

Meeting main points

1. Increasing investment and improving the quality of support to local actors
 - ❖ Capacity strengthening discussions should shift from project/programme approach to a more institutional transformation-focused approach . Specific capacity strengthening approaches that work include those around resource and knowledge sharing, mentorship programmes, and peer to peer learning. They should be demand-driven and adapted to the needs and context of the local actor.

¹ Insert link to the summary notes

² Insert link to the desk review summary report

- ❖ International actors have a lot to learn from local actors on specific contexts, sensitivities and political economy of the places where they operate
- ❖ Capacity strengthening does not always have to involve money; involving local actors in coordination to be in the position to lead and working with them as equal partners also builds capacity. IASC has recently developed a guidance on meaningful engagement of local actors in coordination, analysis of needs, planning and monitoring of responses
- ❖ At country level, coordination mechanisms/platform on capacity strengthening can address current fragmented approaches

In 2020 UNHCR experimented on a number of changes as part of its COVID response where the agency relied heavily on local actors/partners. These include introducing flexibility in budget lines and less reporting, having local actors in particular refugee-led organisations to be part of coordination structures and for priority setting at regional and country level, introduced fixed 4% overhead costs, outreach to community-based organisations to apply as partner on less stringent requirements and introducing the Innovation Award to provide direct funding to local actors.

- ❖ More central investment is needed on risk management and it should be made more efficient through harmonization of risk analysis, ‘passporting’ of due diligence requirements, reframing due diligence to risk management with emphasis on the strengths of local actors, and by donors working internally to ensure that the costs of compliance are part of their support to local actors
- ❖ INGOs are faced with a ‘risk sandwich’ between ever more stringent compliance requirements from donors on one hand and their local partners – who feel that they cannot keep up with paper work or high costs of due diligence – on the other
- ❖ Donors cannot compromise on compliance requirements and these are unlikely to change. Changes can and are being made, however, on areas where donors have more leeway such as on how funds are allocated and to whom, more bottom-up approaches, and rethinking the role of intermediaries.

START Network is creating platform of passporting which will enable organisations doing due diligence reporting to inform donors and intermediaries what already has been done, the information they have, and reporting that has already passed the examination of donors and intermediaries.

- ❖ A common understanding on localisation and capacity development/strengthening needs to be established for all actors across the nexus. Part of bridging this gap is a discussion on how to move forward and collaborate in making specific impacts on towards a more locally-led systems change.
- ❖ The role of intermediaries is also very important but development colleagues are not very aware of i.e. how intermediaries are enablers of locally-led action.
- ❖ Increased efforts should also be made to incorporate larger, more established national NGOs that can act as intermediaries such as the experience of Support to Life in Turkey working with refugee led and small local NGOs. Investment should also be made in supporting national and local NGO networks to be intermediaries eg NEAR’s is piloting work in Ghana to build on or use existing mechanisms to act as financial intermediaries for local and national NGOs
- ❖ Donors and intermediaries often provide capacity strengthening support to the same local actors; focus should be on including a broad spectrum of local actors
- ❖ Quality funding aspect as crucial aspect so that intermediaries are able to better cascade quality funding to local actors

A large share of the funding that Netherlands provide to UN and INGO partners are multi-year and flexible funding. This includes support for the Dutch Relief Alliance where INGO partners set their own commitments on percentages of funding to be provided to local actors/partners (currently set at 35%) and support for their capacity strengthening (currently set at 5-8%).

2. Nexus instruments, funding streams and approaches to support institutional capacity strengthening of local actors

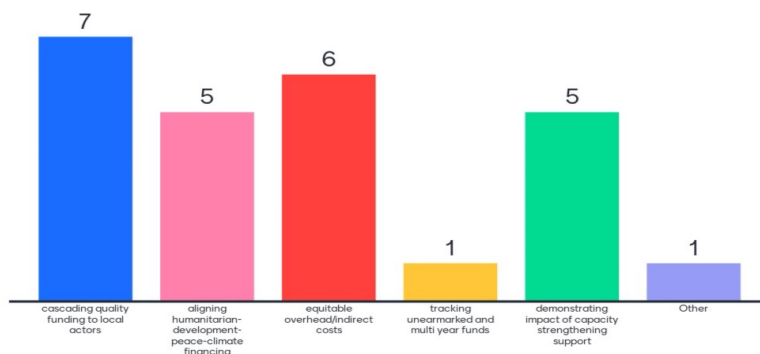
- ❖ Local actors already work extensively across the nexus and access various funding sources. Danger to categorise all CSOs as humanitarian or development actors; bilateral donors have less and less capacity to support small organisations and as such local and national NGO networks can be potential partners
- ❖ Challenges in using humanitarian funds to support long term capacity building can be addressed by having increased cooperation across the hdp nexus. Canada is examining its internal policies and procedures to identify areas to better link short term and long-term initiatives as well as in look at addressing fundamental barriers from a feminist perspective i.e., voice and empowerment of women and girls
- ❖ Organisational strategy on localisation by donors and intermediaries would indicate how capacity strengthening can be supported across the different funding streams and approaches. The Charter for Change (C4C) analysis of all 63 GB self reports found a number of UN agencies and INGOs that have adopted wide and systemic changes as well as deliberate steps to support local actors/partners.
- ❖ More emphasis should be made to local to local capacity strengthening; intermediaries have to step back and let the local actors do the job; power shift should be made where appropriate and possible

Support to Life in Turkey is using development funds for its three-year capacity strengthening programme on child protection/safeguarding. The programme complements and supports their humanitarian response work as well as a number of smaller organisations that they work with.

3. Next steps

- ❖ Follow up on the issue of capacity strengthening as included/mentioned in the GB 2.0 framework from a nexus (funding) perspective
- ❖ Take forward recommendations and ideas put forward in the discussion in particular exploring domestic resource mobilization and leaving this space for local actors, NGOs coming together and, amplifying the voice and influence of local actors
- ❖ Continue conversations between humanitarian and development colleagues and identify what we can do together including discussions around financial instruments or mechanisms that can support institutional capacity strengthening of local actors
- ❖ Role of intermediaries study undertaken by the Humanitarian Advisory Group commissioned by SDC for WS2 offers some useful analysis and practical recommendations

Which of the following issues you consider as most critical and urgent to be addressed in terms of financing local actor's capacity strengthening?



Meeting Participants:

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