



Joint analysis and recommendations for the Grand Bargain Annual Meeting 2021

For the past three years, non-governmental organisations (NGOs) in the Charter for Change (C4C) coalition have collaborated to analyse self-reports against the Localisation Commitments provided by Grand Bargain signatories. This year is unique. Not only because we have, collectively, spent the past year responding to the COVID-19 pandemic in our work and lives, but because the future of the Grand Bargain (GB 2.0) is being discussed and agreed now. The C4C supports the decision to recognise localisation as an enabling priority in the GB 2.0. We also know that success must be built on progress already made and with full knowledge of the gaps that have persisted these past five years.

Reflecting on C4C analysis of [2017 reports](#), [2018 reports](#), and [2019 reports](#), as well as [our three primary asks for the Grand Bargain 2.0](#), we present this year's analysis of 2020 self-reports.

We highlight 4 examples of good practice in 2020 that can be replicated and built upon:

- More support for flexible funding;
- Strengthening localisation in the cluster system at the country level;
- Increasing multi-year investments for capacity strengthening; and
- Beginning to unlock quality funding, including indirect costs, for local actors.

we then note 3 continuing challenges:

- Tracking progress on funding to local actors, through to the donor level;
- Meeting the 25% as directly as possible target; and
- Limited multi-year funding accessible to local actors for response work.

finally, we reflect on 6 lessons learned that are necessary to move the localisation agenda forward, based on the past five years of GB reporting:

1. Localisation has moved from an ideological position on the fringe of humanitarian debate to a critical framing for humanitarian action.
2. Donor partnership policy revisions have had a multiplier effect for localisation outcomes.
3. Organisational strategies on localisation have supported more systemic shifts for international intermediaries.
4. Pooled and new funding models are improving local actors' access to international humanitarian funding.
5. Measuring funding to local actors must become an institutional priority across the sector.

We hope GB signatories take this learning into the Grand Bargain June 2021 Annual Meeting and beyond.

Good and promising localisation practices in 2020

1. **More support for flexible funding:** Some progress on flexible funding was achieved in 2020 to enable front line responders' agile responses to COVID-19, with donors and UN agencies reporting on new guidelines developed to help unlock necessary resources for the response including for local actors. Greater flexibility in some donors' and some UN agencies' rules and regulations has moved humanitarian funding systems in the right direction - more agile and flexible than ever before.

2. **Strengthening localisation in the cluster system at the country level:** Several agencies initiated localisation efforts in the clusters. For example, IOM convened a global Camp Coordination and Camp Management (CCCM) session on localisation with follow up in Indonesia, Ethiopia and Bangladesh.
3. **Increasing multi-year investments for capacity strengthening:** A number of signatories, across constituencies, reported on increased multi-year funding for capacity strengthening and increased collaboration between international actors on this. For example, Germany reported on investing in the “ToGETHER” initiative which supported *need-based* capacity strengthening work in eight countries. Australia’s multi-year investments in Bangladesh and Myanmar requires all partners to develop Localisation Plans, including institutional capacity strengthening and advocacy.
4. **Beginning to unlock quality funding, including indirect costs, for local actors:** A small number of GB signatories have made progress on providing or sharing quality funding, which includes equitable overheads and other indirect costs, to local actors. Given wider momentum on quality funding and tracking the cascading of this through the system to frontline responders under the GB, it is critical that the next phase identifies more deliberate and specific steps to ensure these efforts benefit national and local actors.

Gaps and challenges in 2020

1. **Tracking progress on funding to local actors, through to the donor level:** Even after five years, many signatories are still unable to report on the percentage of funding shared with local actors, and as a result donors do not receive adequate reporting from their partners to reliably track performance. *84% of donors who reported have not been able to measure how much of their funding reaches local actors as directly as possible.* It should be noted, those donors who are able to measure their funding to local actors are demonstrating meaningful progress over time.
2. **Meeting the 25% as directly as possible target:** Only 15 of 53 grant giving signatories report reaching the 25% target. The failure to track and report transparently on indirect funding through one intermediary to local actors remains a significant challenge. Further, the amount of direct funding from donors to local NGOs remains marginal. Unfortunately, there has been very little progress in overcoming barriers and hesitations experienced by donors in providing direct funding to local actors. Lack of consistent monitoring mechanisms and transparent data on how much funding goes to women’s organisations as part of the 25% target to local and national responders continues to undermine the transformative capacity of the GB to advance women’s and girls’ empowerment and protection in emergencies.
3. **Limited multi-year funding accessible to local actors for response work:** While we celebrate increased investments in multi-year capacity strengthening initiatives reported by some signatories, there is, disappointingly, limited investment reported in the provision or sharing of multiyear funding provided to local NGOs, especially to women’s rights organisations, for humanitarian action. Whilst UN agencies and some INGOs have benefited from increased multi-year funding, this ends up becoming once again shorter sub-grants in the experience of most local NGO partners.

Important learning from the past three years

1. **Localisation has moved from an ideological position on the fringe of humanitarian debate to a critical framing for humanitarian action.** C4C signatories to the Grand Bargain believe localisation commitments have contributed to recognising the importance of local frontline responders at a normative level,

alongside the Global Humanitarian Response Plan for COVID-19. For example, the United States has noted that “localisation is now widely viewed as a critical part of an effective humanitarian response. The idea that local responders play an indispensable role in humanitarian action is now embedded in the humanitarian dialogue”. Yet, there remains a major gap between this recognition at a policy level and actions to translate this into practice, particularly in contexts that have coordination mechanisms which differ from those international actors are more familiar with (for examples clusters or joint response plans). We are encouraged by the continued prioritisation of localisation in the future of the Grand Bargain and hope political will and action result in more transformative shifts, everywhere.

2. **Donor partnership policy revisions have had a multiplier effect for localisation outcomes.** Several countries including Canada, USA, UK and Denmark have revised their guidance for implementing NGO partners to encourage greater partnership working and tracking of funding. Some donors adopt a more minimalist approach and others adopt a more ambitious approach. For example, Denmark has redesigned its Strategic Partnership approach to improve local actor engagements through multi-year investments and capacity strengthening; Under its new framework agreements, all Strategic Partners will be required to a) demonstrate a strong track record on localisation b) a strategy for how the level of funding to local partners can be increased as well as targets for transfer of ownership and leadership and partners’ involvement in program design and implementation. The significance of these shifts should not be understated: many international intermediaries, including C4C signatories, are improving their partnership approaches as a direct result of donor partnership policy revisions. We hope this practice can expand to more donors under GB 2.0.
3. **Organisational strategies on localisation have supported more systemic shifts for international intermediaries.** Many INGOs and some UN agencies (eg UNHCR, UNICEF and UNFPA) have adopted a more deliberate and somewhat wider and systematic approach, based on tracking of funding and more deliberate steps to increase funding to local partners. This approach has led to some significant progress: for example, UNHCR’s baseline for the localisation was USD 430 million representing 18% of its operational budget in 2015. In 2020, this shifted to approximately USD 1.26 billion, representing 28% of its programme expenditures going to local and national responders, as directly as possible. In 2020, USD 802 million was provided to 954 local and national responders, including \$628 million to 730 NGO partners, the highest number of local and national partners recorded by UNHCR. We invite all international intermediary agencies to develop organisational strategies that articulate ambitious and actionable investments to achieve our common localisation outcomes. To deliver on the ‘as local as possible, as international as necessary’ pledge, such strategies should *start at* equitable partnership practice, and go further: to promote a more transformative shift towards local leadership in their organisational model, programming and coordination approaches.
4. **Pooled and other new funding models are improving local actors’ access to international humanitarian funding.** NGO signatories are developing innovative funding models to support localisation outcomes, including mechanisms that demonstrate the potential for locally led funding models and strengthen local-to-local collaboration in responses. For example, NEAR supports two localized funds, one in Somalia, and another in West Africa, that ensure funding is more directly and efficiently reaching LNNGOs, and with less restrictions. OCHA’s Country Based Pooled Funds have improved local actor access to higher volumes of humanitarian funding through important incremental steps: in 2016, 25% of CBPF funding went to local and national actors - 19% directly and the remaining through sub-grants. In 2020, of \$830 million allocated, 39% (\$317.3 million) to local and national actors with 30 % (\$247.4 million) directly and the remaining 9%

(\$69.9 million) through sub-grants. We acknowledge this significant progress, but note that several donors highlight the CBPFs as their main or only contribution to localisation. This is a continued concern for the C4C network as CBPFs are present in few countries, only accessed by a tiny percentage of local NGOs, and only finance a limited range of short-term response activities. We encourage GB signatories to invest in a wider range of funding mechanisms, prioritising those which model leadership or co-leadership in their governance by national/local NGOs, and which invest in multi-year capacity-strengthening and preparedness, not just short term response funding.

5. **Measuring funding to local actors must become an institutional priority across the sector.** Each year of the GB, C4C has called for improved systems for tracking funding to local actors. Each year, we report this as a continued challenge. Last year, we noted OCHA's Financial Tracking Service progress in classifying 8,000 organisations according to Grand Bargain definitions, but without more transparent reporting by signatories, we will have limited capacity to better measure progress against funding flow targets. We need every international agency to set up or improve existing systems, now, if we are to ensure the delivery of GB 2.0 enabling localisation priority. For agencies that claim a specialisation in support to gender transformative crisis response in particular, they need to track and report on the timeliness and quality of their funding to local women-led organisations.