

Grand Bargain

Localisation learning space: progressing towards 25% direct funding to local and national actors

To progress on the implementation of the GB localisation commitments, the learning event on 7 May 2024 was organised in response to a letter from Grand Bargain Ambassador Bessler, former Grand Bargain EP Jan Egeland, and NEAR Executive Director Hibak Kalfan asking caucus members for updates, including on their roadmap development towards achieving the 25% localisation target. The original Grand Bargain framework included a commitment to achieve an aggregated target of at least 25% of humanitarian funding to local and national actors (LNAs) as directly as possible to improve outcomes for affected people and reduce transactional costs. This document captures the insights from caucus members (Denmark, EU/DG ECHO, OCHA, Save the Children, UNHCR, and USAID) and other Signatories who participated in the Learning Event, (CRS, DRC, Switzerland). The document outlines key learnings and remaining challenges.

	KEY LEARNINGS
Donors	
Denmark	<ul style="list-style-type: none"> • Focuses on improving partnerships by emphasising quality funding and direct transfers to local and national actors. They require a local leadership strategy, cover overhead costs, and set measurable fund transfer targets. Instead of a fixed 25% direct funding target, they limit headquarters' expenditures and are analysing the benefits of these measures. • Policies aim to ensure transparent global data reporting via the IATI system, addressing manual data collection challenges.
EU/DG ECHO	<ul style="list-style-type: none"> • In March 2023, new guidelines on Equitable Partnership with local responders led to changes in operational procedures and implementation and to more accurate data reporting. • These changes prioritise organisations that commit at least 25% of contributions for local and national actors. Further, there's a strong incentive to share overhead costs and have a capacity-sharing strategy with LNAs. • These updates have been effective since January 2024. • EU/DG ECHO plans to publish a roadmap towards the 25% funding target by the end of 2024
Switzerland	<ul style="list-style-type: none"> • Need to 'enculture' localisation through processes and people to this end leverages a flexible range of partnership instruments tailored to different contexts and needs –. • Aims to formalise demands with partners, including increasing overheads for local and national actors and reporting on funding going to local partners through intermediaries. • Provides increased quality funding to key humanitarian intermediary partners. • Engages in ongoing policy and practical discussions to support partnership efforts
USAID	<ul style="list-style-type: none"> • Agency-wide USAID aims to allocate 25% of its funding directly to local actors; note: USAID direct local funding is measured as a percentage of total

	<p>development and humanitarian funds, with the exclusion of partner government assistance, interagency agreements, personal service contracts, and public international organisation agreements.</p> <ul style="list-style-type: none"> • USAID also promotes locally led programming, with a goal that at least half of all USAID programs have local communities in the lead by 2030, including co-designing activities, setting priorities, driving implementation, and evaluating impact. • Ongoing efforts focus on institutionalising the centrality of local actors in humanitarian response including through a forthcoming USAID Policy on Locally Led Humanitarian Assistance and redesigning its humanitarian assistance processes and systems to enable USAID to be a better humanitarian partner, including to local actors.
INGOs	
Catholic Relief Services	<ul style="list-style-type: none"> • Developed and endorsed a global local leadership strategy, emphasising leadership support for localisation efforts. • Invested in LNAs to influence external systems and implemented a new database system to track local leadership agency-wide indicators and KPIs. • Prioritised organisational capacity strengthening, contributing to securing direct funding for LNAs and advocating for locally-led development. • CRS finalised its sub-recipient ICR policy for non-USG awards instituting a streamlined provision of ICR to local partners across the agency.
Danish Refugee Council	<ul style="list-style-type: none"> • Developed a global local leadership vision endorsed by leadership. • Invested in developing a better approach to supporting local partners' capacity development. • Invested in pilot projects that provide direct access to funding for LNAs • Finalised a policy providing ICR to all local partners.
Save the Children	<ul style="list-style-type: none"> • Established a roadmap to increase the quality and quantity of funding to LNAs, with improved tracking mechanisms. • Exploring methods and preparing a pilot for sharing Indirect Cost Recovery and increased visibility of local partners. • Working to design and adopt a non-competition principle to allow better access to resources for local actors.
UN agencies	
OCHA	<ul style="list-style-type: none"> • OCHA's Pooled Funds (CBPFs and CERF) prioritise supporting local and national actors (L/NAs) through a multi-faceted approach. • Promote aid that is as local as possible and as international as necessary, by maximising funding to L/NAs and exceeding the 25% benchmark. In 2023, \$540 million (30% of CBPF and CERF funding) went directly or indirectly to L/NAs. CBPFs have seen significant increases in funding to L/NAs, reaching 40% in 2023 from 25% in 2016. Additionally, 8% of CBPF funding went to Women-led Organisations (WLOs). While CERF cannot directly fund L/NAs, it supports localisation through its Underfunded Emergencies (UFE) allocations in 2023, with an estimated quarter of UFE funds being sub-granted to L/NAs • Prioritise the quality of funding to local and national partners, upholding high standards in allocating resources to foster constructive and equitable partnerships. In 2022, OCHA revised the CBPF Global Guidelines to prioritise

	<p>localisation as a secondary aim of the Funds. Strategic efforts focus on selecting L/NAs for projects and ensuring equitable overhead distribution.</p> <ul style="list-style-type: none"> • Support meaningful engagement and participation of local and national actors in coordination, decision-making and consultative processes. In 2023, 18 out of 19 CBPFs had equitable representation of donors, UN agencies, International NGOs, and L/NAs in their Advisory Boards, with the recommended practice to have at least three L/NA representatives, with one being a WLO representative.
UNHCR	<ul style="list-style-type: none"> • 85% of UNHCR's partners are local and national NGOs or government bodies, with increased funding allocations to LNAs. • Efforts to simplify reporting processes to improve accessibility for local and national actors. • Introduced direct grants for organisations led by forcibly displaced persons and refugees.

Remaining challenges	
Improving financial systems	Inadequate financial systems hinder accurate tracking and reporting of funds to local and national actors.
Implementing operational changes	Shifting processes and operational practices pose significant challenges and require time to implement effectively.
Navigating policy constraints to reach the target	Sometimes, lack of clear policies hampers progress towards targets, while counterproductive policies, including increasing compliance requirements from donors pose significant barriers for LNAs in accessing funding, particularly related to audit report requirements by donors.
Strengthening capacity	Persistent challenges in capacity building, due diligence, and expertise crucial for fund allocation need to be addressed. Partner capacity development struggles, especially in linking with specialised institutions for coherent partnerships.
Risk Sharing	Identifying strategies to better manage and distribute risks along the funding chain, particularly concerning donor contributions, is key for effective operations.

To access the updated roadmap provided by the caucus members in early 2024, click [here](#).