

Charter4Change recommendations on implementation of the Grand Bargain Caucus on Funding for Localisation, February 2023

Based on a workshop with over 80 participants (INGO and national/local NGO)ⁱ and online consultation with the Charter4Change membership (over 300 national/local NGOs), Charter4Change identifies the following recommendations for members of the Grand Bargain Caucus on Funding for Localisation and the wider range of Grand Bargain signatories as they take forward efforts on funding for localisation:

1. **Establish agency specific roadmaps to increase funding to Local and National Actors (LNAs), with targets set for each Financial Year.** Discussions in the Caucus about establishing a 'roadmap' at a collective or agency-specific level are welcome, and all Grand Bargain signatories should develop such roadmaps. Donors should hold intermediaries accountable for developing these over the coming years. To achieve these increases, both donors and international humanitarian agencies should also promote and adopt:
 - a. 'Prime swapping' whereby international agencies establish clear timebound plans to transition from being the 'prime' on grants/programmes to the 'sub', and supporting the LNA partner[s] to transition to becoming the prime.
 - b. Addressing pre-financing requirements of some donors, which are barriers to LNAs directly accessing funding.
 - c. Contextual analysis of civil society diversity to inform donor and intermediary strategies and earmarking of funds and support to dedicated funding mechanisms to ensure resources reach smaller organisations and those representing marginalised sections of society; not just the larger national NGOs that are headquartered in capital cities and with longer-term partnerships with international agencies.ⁱⁱ
2. **Scale up support to country-level pooled funds and other mechanisms (eg NGO-led consortia) that prioritise LNA leadership or co-leadership and/or only fund LNAs.** Whilst UN country-based pooled funds in some contexts have made progress (and in other contexts not), a more diverse ecosystem of funding mechanisms is required: notably to get funding to more diverse, smaller national and local actors who cannot meet UN CBPF due diligence requirements, and to invest in longer-term approaches to capacity-strengthening across development, resilience and humanitarian efforts. These kinds of mechanisms can then also strengthen and enable pre-positioning by LNAs; establishing relationships with donors and international agencies who can then channel funding to them when crises occur.
3. **Develop a common, systematic and fair approach to overheads costs provision to LNAs amongst donors and intermediary agencies.** In line with research by Development Initiatives and feedback from national NGOs in C4C, overheads should be unrestricted, unaudited and without time restrictions; rather than being squeezed within direct project costs.
4. **Share and promote more effective models for tracking and reporting of funding to LNAs; with attention to both direct funding to them and cascading through intermediaries.** Donors should require timely tracking and reporting on this as mandatory; both on the overall quantity of funding reaching LNAs as well as cascading of overheads costs, and flexible, multi-year funding. In line with the above recommendation on roadmaps for increased funding to LNAs, donors should also track and report on their progress (adhering

to the Grand Bargain/IASC definition of national/local actors; and therefore not including country offices of INGOs or private sector contractors in this).

5. **More proportionate and aligned approaches to due diligence and compliance; including due diligence passporting.** Tiered approaches to due diligence, piloted by actors like the Start Network, should be built on so that smaller grants are made available to organisations without expecting them to conduct all the heavy bureaucracy required for larger grants. Due Diligence harmonisation and 'Passporting' between agencies, both donor, UN and INGO, should be pursued so that when LNAs have passed the approval of one agency or donor, they can swiftly benefit from support from others. Dialogue between donors, international agencies and LNAs to develop contextualised, proportionate approaches should be supported linked to wider follow-up on the Grand Bargain risk-sharing agenda.

We hope that the Caucus will issue outcomes that reflect bold and transformative steps on the above five priorities, and that all Grand Bargain signatories will act on these. We also invite Grand Bargain signatories to convene discussions on funding to LNAs at the country level.ⁱⁱⁱ Taking the discussion to the country level will be essential to identify contextualised solutions, which will likely enable more innovative options than only focusing on global policy change. C4C supports both C4C country-level working-groups and other networks led by LNAs at country-level to promote localisation; including Grand Bargain National Reference Groups and dialogue with HCTs on inter-agency localisation plans. These efforts deserve concerted support and engagement by the country leadership of Grand Bargain signatories; factoring in the above priorities to increase direct and 'as direct as possible' funding to LNAs.

ⁱ Charter4Change organised a Global Conference Session on the Grand Bargain Caucus on Funding for Localisation. Over 80 participants joined the meeting from across the C4C membership; including INGOs and local/national actors (LNAs) from every region around the world. The session was co-organised by COAST, a Bangladeshi national NGO, and CAFOD, a British INGO. It opened with thought-provoking insights from Development Initiatives, a research institution that has provided technical support to the Caucus, and USAID Bureau for Humanitarian Assistance, a donor member of the Caucus. This was followed by reflections from a national NGO endorser of C4C, ALDEF (chair of the Kenya Charter4Change working-group) and CARE, an INGO signatory of C4C. The plenary was then followed by break-out groups to discuss priority challenges and ways forward on issues raised by the Caucus.

ⁱⁱ Support to diverse LNAs; especially smaller national and local organisations represents a major challenge. Most funding for 'local' actors is going to a very small number of larger capital city headquartered national NGOs, which have longer-term partnerships with international agencies and donors. The practice of some INGOs turning their country offices into legally registered national NGOs worsens this dynamic; and LNAs struggle to compete with them to access funding. LNAs from minority and/or discriminated against sections of society (eg ethnic or religious minorities, women's rights organisations, disabled peoples organisations, youth organisations) also face challenges. Donors and international agencies need to establish clear policies and strategies to ensure that funding reaches diverse LNAs; factoring in an analysis of these dynamics.

ⁱⁱⁱ An example was shared in our workshop of a global process running for 6 months led by UN agencies about how UN funding mechanisms address gender and resource women-led organisations, which involved only one workshop engaging local women-led organisations.