# The Start Fund, Start Network and Localisation: current situation and future directions

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Global Mentoring Initiative

April 2017

START NETWORK

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*This report is the beginning of a conversation, not the end of it.*

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His experience directly relevant to this assignment includes his time with AVICEN, an organisation which started laying foundations for a future Afghan public health service even as the conflict continued around them, investing in Afghan capacities from day one. It also includes his time as country director for Oxfam GB, and his experiences working with national and local NGOs during the escalation of the war in Sri Lanka. Further relevant are the 13 years he spent with Interpeace, for whom the support of local capacities for peace is a strategic objective. As director for the development and delivery of an innovative course on 'strategic advising in international contexts', he worked with capacity and organisational development specialists. Currently, he is a Board member of the Swiss Solidarity Foundation and chairs its technical commission, which assesses project proposals. He is an experienced analyst, researcher and facilitator, and is pursuing advanced training and practice in partnership brokering and team coaching.

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Obviously, the responsibility for the content of the report remains with the authors.

# Start and localisation

## Start's commitments

Since 1 April 2014, the Start Fund has demonstrated impressive strength. Despite being only three years young, it has already enabled its members to respond 95 times in 48 different countries, out of 148 alerts coming from 63 countries. As such, it could plausibly be a candidate for a 'fastest crisis response funding mechanism' prize. Rather than being driven by the 'CNN effect', the Start Fund focuses on less visible, smaller scale crises. A collectively managed NGO pool fund, it actively encourages collaboration among its members, both at central and country level, and it is actively exploring the creation of 'national Start window' funds in several countries.

These are all significant and, notably, transformative achievements within the prevailing modus operandi of the international relief system. Yet, the Start Network has also expressed strong commitment to 'localisation'. Now, in a bold exercise of reflection and development, it is asking questions about its progress towards 'localisation' – and it is this which the report seeks to assess.

# Box 1: The Start Network & localisation

*Localisation is a foundational and non-negotiable principle within the Start Network. Local nodes will have sovereignty over their decisions, local management of resources, and the right to develop their own financial innovations. They will receive the support necessary to achieve this in exchange for taking on the obligations necessary to spread Start Network values more widely.*

**Start Network Vision document - Nov 2016**

*Today some 50% of Start Fund grants are implemented by national NGOs acting as subcontractors to Start Network Members. While this partnership between national and international NGOs provides considerable value and resilience to the system, we will go further, and ensure that 25% of Start Fund grants by 2020 will be directly implemented by national Start Network Member NGOs– without the need for subcontracting*

**Start Network statement to the World Humanitarian Summit 2016**

*The Start Network wants to harness the strength of this civil society pillar, to work with the rest of the sector and beyond, to embrace the move toward disintermediation and new ways of working in the most effective way.*

**Membership Information Pack 2015**

# The task

## Terms of reference

The overall task was to conduct a baseline review on the Start Fund's "current contribution to the localisation agenda and develop recommendations for the future, including, but not limited to, the commitment to channel at least 25% of humanitarian funding to local and national responders as directly as possible by 2020." Additional questions considered were:

**FUNDING FOR LOCAL AND NATIONAL ACTORS:**
How might we improve the ways in which funding can be successfully channelled to local organisation in a sustainable manner, and that address existing barriers such as financial controls and legal frameworks?

How does the Start Fund's current decision-making structure and processes impact the ability of national and local actors to access the fund?

How might we measure success in meeting the World Humanitarian Summit (WHS) commitment on the localisation of funding?

Where the Start Fund has involved local actors in the response, how have the results of the response differed? (e.g. are local partners better able to leverage more funding?).

**CAPACITY DEVELOPMENT:**
Looking back at Start Fund trends, have any of the projects in the past two years supported local capacity building? If so, which projects and in what ways?

Why was capacity built? (e.g. was it based on the nature of the crisis/country?).
What did the implementing agency intend to accomplish through building capacity?

How could the fund further complement the work of the Start Network collectively, and possibly members individually, in supporting capacity development?

**TRACKING:**
How comprehensive and accurate is the Start Fund's data collection in tracking the involvement of local organisations, and what could we do to improve tracking whilst still maintaining accessibility and a lightness to the reporting process?

# Challenges and constraints

For various reasons, summarised in Box 2 and detailed further in Annex 1, this has been a challenging exercise:

**BOX 2: CHALLENGES FOR THIS EXERCISE**

**NO CONSENSUS ABOUT THE 'LOCALISATION AGENDA':**
Not only is localisation is a vague concept, it is also an ongoing and difficult debate. This debate continued throughout the four-month duration of the exercise (Nov. 2016-Feb. 2017). It relates to longer-standing discussions within the Start Network about the organisation's purpose and pace. A report about a debate is also likely to become a debated report.

**NO COMPREHENSIVE FRAMEWORK WITH BENCHMARKS FOR 'LOCALISATION':**
To do a 'baseline', there must be an acceptable framework with defined benchmarks. Other than the Charter4Change (C4C), which the Start Network has endorsed, such a framework did not exist. The ToR for this assignment were mute what these benchmarks should, or indeed could, be. Accordingly, this report presents its own framework, one that is more comprehensive than the C4C and considers the nature of the ongoing, aforementioned debate. It emerged during this inquiry and is open to further refinement. The questions it invites us to ask now were not equally clear at the outset. We were sailing while building the boat.

**THE COMPLEXITY OF START:**
The Network and its different work streams are multi-facetted. Member agencies choose which one to work with. There are also different Start secretariat teams per work stream. Moreover, Start is also highly dynamic: during our inquiry, some relevant reference documents and processes came under review, while important conversations and initiatives also evolved.

**BEYOND THE FUND:**
Within Start, the 'localisation agenda' resides at the Network level. It was necessary to examine two other major strands or strategies for localisation: 1) expanding the Network membership with more national NGO members and 2) look at at least some of the Disasters and Emergencies Preparedness Programme (DEPP) projects. We took a quick look at three DEPP projects that are directly relevant for the capacity-development question. Unlike the references in the Fund documentation, they provide a clearer framework to understand 'capacity'.

**LARGE NUMBERS:**
There is a vast number of potential interlocutors among Start teams, member agencies, national NGOs and donors. We had conversations with over 200 individuals, 157 of which took place in Bangladesh. Though this is not a representative sample in the strict sense, it nonetheless generated clear attention points. Moreover, heavily dependent on relationships, localisation touches on issues of power and trust. Thus, in accordance to the regular demands of the interlocutors, the report preserves their confidentiality.

**QUALITATIVE AND QUANTITATIVE:**
While MEAL teams have collected large quantities of well organised information, this is not necessarily the information most relevant to key topics of localisation. Of that which is, much is qualitative, and does not appear systematically in every report. Much of it is also provided by INGO staff. We have deliberately refrained from transforming such limited and qualitative information into generalised numbers and figures, which could have been misleading.

**PAPER AND THE REAL WORLD:**
Only one country visit, Bangladesh, was possible. With three responses and a country-level Start Fund initiative, the country is inarguably relevant to the topic at hand. Nonetheless, it offers only a limited base for comparison, especially with conflict contexts, in which localisation is believed to be more challenging.

# A framework to understand & debate localisation

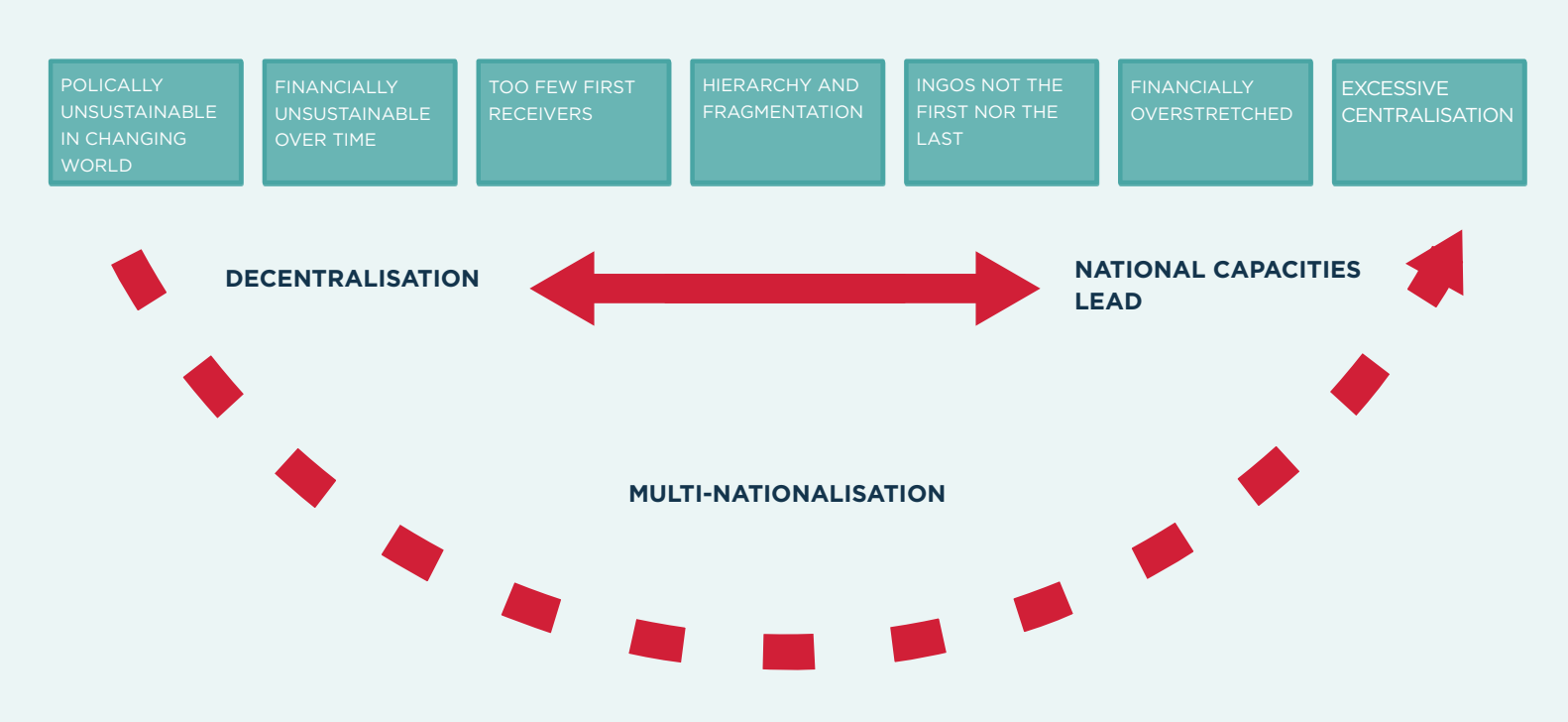
This section unpacks 'localisation' in five steps: First we examine the problem that 'localisation' is supposed to mitigate. We then present seven dimensions of 'localisation'. These dimensions were identified through examining a range of comprehensive sources, including the conversations leading up to the 2016 World Humanitarian Summit and the 'Grand Bargain', but also earlier and concurrent reports and analysis. They also include points important to NNGOs that emerged for example from earlier consultations with over 260 NNGOs, especially in Asia, Africa and Lebanon. We then review five ambiguities that complicate the ongoing debates. Following this, we mention five frequently heard hesitations regarding localisation, each of which have counter arguments. Relevant to the ongoing debate, both the hesitations and the counter arguments are included in more detail in Annex 3. Finally, we identify four obstacles to localisation that are of a more structural nature.

## What problem is localisation supposed to mitigate?

**THE PROBLEM LINE-UP.**

'Localisation' is supposed to be, at least in part, a solution to a 'problem', yet what is the problem? Our scan of the literature and debates on localisation reveal seven 'problem statements'.

## Diagram 1: what 'problem' does localisation address?



### EXCESSIVE CENTRALISATION

The international relief system is too centralised and remote when it comes to making key strategic, financial and operational decisions. The solution then is to bring the strategic-decision making closer to the crisis zone.

### FINANCIALLY OVERSTRETCHED

Global humanitarian needs are rising faster than humanitarian funding. By capitalising on generally cheaper local resources, and by reducing the role of 'fundermediaries' (e.g. High Level Panel 2016:19; Grand Bargain 2016:2-3), 'localisation' can increase the cost-effectiveness of relief action.

### INTERNATIONAL SURGE MACHINERY IS GENERALLY SLOWER TO RESPOND AND DOES NOT STAY WITH AT RISK COMMUNITIES AS LONG AS LOCAL AND NATIONAL ACTORS

The solution then is greater investment in the capacities and preparedness of local 'first responders', together with a strengthening of their institutional sustainability to assist over the long run (High Level Panel 2015:20; Grand Bargain 2016:5).

### EXCESSIVE HIERARCHY AND FRAGMENTATION

The control over the flow of financial resources in the relief sector gives international agencies a structural dominance over national actors. The resulting inequality means that national actors often become contractors for international ones. Additionally, fierce competition for financial resources encourages fragmentation among international and the national actors alike. The solution is to provide national actors with more direct and better quality financing, and to create incentives for collaborative action. (Bennett 2016: 5-6)

### TOO FEW FIRST RECEIVERS

The first receivers of institutional humanitarian aid are only a handful of UN agencies and INGOs, and the Red Cross & Red Crescent Movements. In effect, this creates what has been referred to as an 'oligopoly' (Parker 2016). These few actors have extraordinary control over international relief action, which consequently restricts the space for national leadership, and may limit the appetite for reform and the scope for innovation. The solution is to diversify the number of 'first receivers', including more direct funding to national actors in particular.

### FINANCIALLY NOT SUSTAINABLE

For several decades, the machinery of international relief has been largely funded by Western citizens, yet, in the medium-term at least, this state of affairs may not be financially sustainable. Localisation will create more space for other relief providers which may be more appealing to non-Western donors.

### POLITICALLY NOT SUSTAINABLE

Frequently viewed as overly paternalistic, the structural dominance of the international relief industry may not remain palatable for national governments and civil societies.[1] In contrast, with national actors in the driving seat, localisation will help ensure the legitimacy of internationally supported crisis-preparedness and response, even in a changing world order.

[1] The international relief system has failed "to connect meaningfully with national and local institutions and groups. As currently structured, the incentives for such engagement do not exist: the sector's power dynamics, culture, financing and incentives structures create compelling reasons to remain closed and centralised and averse to innovation, learning and transformation. This creates unhelpful rivalries and inefficiencies with the formal sector, and erects high barriers to fruitful engagement between those within and outside the formal system." (Bennett 2016: 5)

## Different interpretations, different strategies, different outcomes

The ongoing debate over localisation is complicated by the multitude of different understandings of the concept. This plurality is the result of several factors, namely the vagueness of the concept, a lack of clarity regarding the problem it is supposed to mitigate, and sometimes even institutional interest. Diagram 1 invites us to clarify what problem(s) we are focusing on. It also reveals two possible interpretations, depending on where on the spectrum one focuses.

**The decentralisation interpretation** focuses strongly on the 'centralisation' problem, and acknowledges the need to try and be more costs-effective. Under this interpretation, 'localisation' can be achieved if strategic, operational and financial decisions are made close to the at risk or affected areas, and if 25% of financial resources go 'as directly as possible' to 'local' actors, i.e. in proximity to the crisis area, irrespective of who they are. In that interpretation, more direct funding of the nationally registered offices of international agencies and/or the national affiliates of international alliances, counts as contributions to the 25% objectives. This interpretation takes a more technical-operational perspective. Inasmuch as it considers 'power', it looks mostly at the distribution of 'power' between 'HQ' and the regional/country offices.

**The transformation interpretation** sees localisation success in terms of much stronger national capacities and leadership. Now, strategic, operational and financial decisions are made by undisputedly 'national' actors (governmental and non-governmental) in support of which 25% of the available international resources go directly to them. Proponents of this interpretation take a broader historical and systemic view. They argue that the 'domineering' presence and attitudes of international agencies are one of the important obstacles to national leadership and to building strong and sustained national capacities. This will continue until they are prepared to at least share (part of) the purse. 'Transformers' are concerned that localisation as 'decentralisation' actually turns into an incentive to accelerate the 'multi-nationalisation' of INGOs: creating more and more 'national' offices and national 'affiliates', that sooner or later will also compete in fundraising from the domestic market. This does not diversify the eco-system, because there is no level playing field for those who do not have these structural international relations. Increased competition in the domestic market will further reduce the space, especially for national CSOs, who are already under financial (Street 2013) and sometimes also political pressures.

**PURSUANT TO THESE INTERPRETATIONS, TWO 'TRANSITION' QUESTIONS ALSO ARISE:**

Can decentralisation eventually change into transformation, and if so, at what pace?

Will 'transformation' occur through the multi-nationalisation of international agencies i.e. multiplying 'national affiliates' within an international alliance?

The Start Network agrees there is a problem. Its different statements related to the 'problem' remain a bit ambiguous. It doesn't really address the question: why is the system so unbalanced? Its statements tend to lean towards the left side and hence a decentralisation interpretation. The vision for the 'end-state' is also not totally clear: Four concepts appear repeatedly: 'decentralisation', 'subsidiarity', 'diversity' and a more 'balanced humanitarian economy'. What, more precisely, would that look like in a given country? (see Annex 8 for more).

# Recommendations

**Recommendation 1:** Facilitate a dialogue on localisation at the next General Assembly using this part of the framework and differentiating between decentralisation' and 'transformation'. We recommend that participants (re)read Tennyson's 2015 'Power and Politics' report on the Network beforehand

**Recommendation 2:** Start members clarify both where they stand on the spectrum and their view of what the end-state of successful localisation looks like – in not overly vague terms.

# Seven dimensions of localisation

it is possible to identify seven distinct dimensions of localisation. Resulting from the Grand Bargain, the most prominent of these is the commitment that, by 2020, no less than 25% of annually available (international) financing for relief action is to go "as directly as possible" to national and local actors. The other dimensions can be ascertained from a fuller reading of the Grand Bargain document (Annex 2) and an examination of the long-standing critiques and demands held by many national and local organisations around the world.

**DIAGRAM 2 VISUALISES SEVEN DIMENSIONS OF 'LOlocalisation'.[2]**

### FUNDING

The commitment to ensure that at least 25% of internationally raised funding reaches national and local actors 'as directly as possible'. For local actors, it is a much the quality of funding that is important (flexible, covering core costs, maintaining cash flow etc.) as it is the quantity. For INGOs too, this holds true. Furthermore, in middle-income countries, NNGOs are also looking to increased domestic fundraising.

### PARTNERSHIPS

More genuine and equitable partnerships, and less sub-contracting.

### CAPACITIES

More effective support for strong and sustainable institutional capacities, and less undermining of those capacities by international actors (e.g. funding direct project costs only; hiring away the best staff of national actors for their surge capacity);

### A 'PARTICIPATION REVOLUTION' (GRAND BARGAIN 2016:10)

Fuller and more influential involvement of crisis-affected people in what relief is provided to them, and how.

### NATIONAL ACTORS LEADING IN COORDINATION MECHANISMS

More presence and influence of national governmental and non-governmental actors in 'coordination' mechanisms such as clusters (Grand Bargain 2016:5).

### VISIBILITY

Greater public recognition and visibility for the role, effort, contribution, innovation and achievements of local actors.

### POLICY INFLUENCE

Increased presence of national actors in international policy discussions and a greater accounting of their views and proposals.

There are options in how the first 4 dimensions are ordered. As presented here, the first three focus on national and local actors and represent a move towards greater engagement with affected populations. A different dynamic might result if we put the 'participation revolution' first. The recent decision of DFID and EU to run a huge unconditional cash programme in Lebanon through only one handling (and one monitoring) agency, bypasses most international and national actors alike.[3]

**Recommendation 3:** The Start Fund uses this framework as basis for further monitoring and evaluation on its progress towards localisation.

[2] The 8 commitments of the Charter for Change can be grouped under four of these dimensions.
[3] While seen as a potential 'game changer', this precedent must not be taken out of proportion: cash programming only works where markets can provide the goods and services, and that is not always the case.

# Five ambiguities around 'localisation'

Five ambiguities complicate the debate about 'localisation', slowing down progress significantly. Three of the five (ambiguities 2, 3 and 4) are linked to the 25% funding target, and must be addressed if we are to track progress towards this target and determine a clear picture of what 'success' looks like. The first and fifth ambiguities are of a broader, strategic nature.

### WHAT NATIONAL CAPACITIES TO INVEST IN FIRST, WHICH TO INVEST IN THE MOST?

Is it more prudent to focus on governmental capacity, NGO capacity, or the capacity and 'resilience' of at-risk populations? Conversations about 'localisation' in NGO circles tend to focus on NNGOs, but the Grand Bargain explicitly references the government (2016:5) and making also strongly encourages a 'participation revolution'.

### THE PRACTICAL MEANING OF 'AS DIRECTLY AS POSSIBLE'?

The insertion of this qualifying clause into the Grand Bargain (2016:5) might be inspired by practical considerations: there are legal and practical obstacles to direct funding. However, in its vagueness (who decides what is possible?) the clause clearly presents a potential loophole through which to skirt funding national actors and thus preserve the status quo. To pin down the definition of "as directly as possible", we refer to the interpretation currently being proposed by the IASC Task Force which states, 'no more than one intermediary between original donor and actual aid provider'. This interpretation is derived from different considerations:

- **Increased cost-effectiveness through 'disintermediation'**
- **Transparency and accountability:** Multiple intermediaries obscures who is responsible for constraining rules, regulations etc. It becomes easy to put the responsibility upwards to a previous layer. A single intermediary makes it clear who is responsible and accountable for exercising that role efficiently and effectively;
- **Donors want it:** Our conversations with some donor representatives confirm this. The recent move of DFID and ECHO on cash-programming in Lebanon, a clear sign too.
- **The Start Network has committed to it, as the text box on page 4 shows.** It even sets the bar lower than the aspiration of 25% "directly implemented" without subcontracting.

### WHAT COUNTS TOWARDS THE 25%?

Does the benchmark relate only to financial transfers, from an international to a national actor, or does it also count 'in kind'? (Els 2016) If it does include the latter, then many international agencies would already achieve the objective. There is a possible misinterpretation here as localisation is not, as such, about 'direct implementation' or 'working through others'. If this were the case then the indicator would be, 'what percentage of the overall budget has passed through a national/local actor?' To have any relevance, the indicator should distinguish between 'in-kind' transfers that pass through a national actor and those that pass to a national actor. Given that many national agencies lack such essentials as vehicles, computers, and reliable internet connection, transfers of these kind can be considered 'capacity-support' and should rightfully count towards the 25%. Goods that the national actor distributes onwards, do not.

### WHO ARE THE NATIONAL/LOCAL ACTORS? THERE ARE THREE ELEMENTS TO THIS QUESTION:

**What categories of actor do we need to distinguish between?** For system-wide tracking purposes, agency and financial flow tracking mechanisms such as IATI need to use the same categorisation of actors. Working groups are dealing with this.

**Who counts as 'local' and 'how local' are you?** The focus of intense debate, some propose that national offices of international organisations or 'affiliated national NGOs' should count as 'local'. Arguments for this position invoke considerations such as: the office of the international agency is duly registered in the country concerned; it is (almost) fully staffed by 'nationals'; it may have a governing board made up of nationals; and the agency may have been in that country for decades. This position tends to be associated with the 'decentralisation' interpretation, and with a multi-nationalisation strategy. However, those who see localisation as 'transformation' and many national agencies disagree. They do not refute this argument on legal, historical or even identity grounds, rather, their main objection is that is perpetuates the 'uneven playing field'. 'Local' entities with structural international connections simply have a qualitative advantage over those who don't, and can always use this to maintain a position of dominance, thus hampering diversity and national leadership.

**Does 'local' also have an in-country geographical connotation?** Though 'national' authorities may be considered local, they may feel very remote in the eyes of segments of the population, particularly those who live far from the capital. An additional question to contemplate is how 'local' should the diaspora interventions in the country be regarded? (Wall & Hedlund 2016:15).

### THE PRACTICAL MEANING OFF 'AS LOCAL AS POSSIBLE, AS INTERNATIONAL AS NEEDED'?

Who decides what this balance should be, and on what grounds? International and national actors may differ, quite significantly, on the answer for any given context. It is also not possible to isolate this question from historical context, as large scale international action in many places may have been fully justified over the past 30 years. Should it however remain equally needed everywhere for the next 20 years, or do we invest more seriously in the systemic national capacities, so that international action is less needed?

# Recommendations

**Recommendation 4:** Given that the Network has accepted the need for 'dis-intermediation', and in line with its own stated ambition of 'direct' funding, the Start Network and Fund accept 'as directly as possible' to mean 'no more than one intermediary'.

**Recommendation 5:** The debate on 'who counts as local' will not yield a consensus soon. For full transparency, in its future tracking the Start Fund ought to differentiate between 'national entities' that have a structural international affiliation and those that have none, differentiating also 'diaspora' organisations.

## Five operational hesitations and their counterarguments.

There are five frequently heard reservations – almost exclusively from international agencies – on the more 'transformative' conceptualisation of localisation. These reservations, which have also arisen within the Start Network and Fund, are:

### TIME CONSTRAINTS:

In an emergency, there is not the time to build quality relationships, or assess and strengthen the capacities of national and local agencies.

### EFFICIENCY:

Because of their stronger organisational capacities, technical expertise and global experience, international organisations will often be more efficient than national/local ones.

### CAPACITY CONSTRAINTS:

National authorities, even if willing and able to respond, are too slow and, like many NNGOs, don't have the capacity to rapidly scale up. They may also lack certain thematic or technical expertise such as M&E, or may not be able to uphold standards (e.g. Sphere standards). Moreover, working with pre-existing partners does not, per se, provide the coverage and scale required in a response to a major emergency.

### FIDUCIARY RISKS:

National actors do not always have the systems in place to provide the financial accountability required by international donors. They may also lack the capacity to manage a sudden influx of money well beyond what they are used to handling. They may also represent a higher risk of mismanagement, fraud or corruption.

**HUMANITARIAN PRINCIPLES:**
In situations of conflict, it is harder for national actors to adhere to fundamental humanitarian principles, notably neutrality, impartiality and independence.

Each hesitation has its counterarguments. Counterarguments (see Annex 3 for some detail) to these reservations do not deny that the original concern has any validity. Rather, they highlight how these reservations unfairly generalise. They also overstate the performance of international agencies, which too have run into capacity issues, fiduciary problems, corruption scandals, and struggles with humanitarian principles in complex conflicts. One must also consider if there are other motives, be they conscious or unconscious, behind such generalised reservations. Are they, perhaps, driven by a desire to protect an agency's business model and income stream, creating arguments to retain access to a part of the 25%? This is certainly a perception in NNGO circles, and came out clearly in a workshop for this assignment with local Bangladeshi organisations. The potentially perverse incentives for these hesitations has, it should be noted, been picked up by other consultants (e.g. Clayton & Emmens 2016:12). Herein lies a demonstration of how the localisation debate can be complicated: We can all selectively identify examples that support one view or the other. The implication is thus that we cannot generalise, and situations need to be examined on a case-by-case basis.

## Four obstacles of a more structural nature

It is possible to identify four significant obstacles to 'localisation' of a structural nature, which encompass legal, political, organisational and practical concerns.

**THE NEED FOR MULTIPLIERS:**
Donor agencies have limited staffing capacities; they need multiplier contractors to handle the multiplicity of contracts, and the assessments and oversight that come with them. The multiplier-entity also reduces the donor's exposure to risk, as it assumes the accountability and potential liability for fraud, unjustifiable losses or mismanagement. To date, it is overwhelmingly international actors who have played such multiplier role, both for-profit and not.

**RESTRICTIVE LEGISLATION OR 'CONSTITUTIONAL' ARRANGEMENTS:**
Belgian legislation for example only allows for those NGOs registered in Belgium to receive public funding. Elsewhere, Swiss Solidarity, an organisation which allocates funds raised through public appeals, currently only funds NGOs that have some 'Swiss connection'. In short, several such situations exist. Those donors that have committed to the Grand Bargain are also discussing internally how to meet these commitments. But a quick scan of some donors (see Box 3 on the next page) shows that many do not have legal restrictions.

**COUNTER-TERRORISM LEGISLATION:**
Most prominently, though not exclusively, emanating from the US. Though it creates complications for international organisations, it does so even more for national NGOs, which not only operate in, but are also part of, societies where there are 'terrorist' groups.

**'OUR' AGENCIES?**
The public, either directly through donations or indirectly as taxpayers, may have a desire to see organisations of their nationality at the forefront of the action. They may be reluctant to see more of their money go directly to national organisations, they know nothing about. International agencies on the other hand may wonder whether they will be able to justify their role and maintain their legitimacy if they are no longer the service provider, but solely the broker/convenor/advisor/resource? [4]

[4] It must be noted, however, that this arrangement is already fairly common in development

# Box 3: A Rapid Scan of Selected Donors: Restrictive Legislation and Constitutional Arrangements

**SWISS DEVELOPMENT COOPERATION (SDC):**
No legal restrictions on directly funding national organisations for humanitarian action. It happens regularly, especially in smaller- and mid-sized humanitarian crises and in conflict-situations where international organisations do not enter directly. Often the co-funding of the SDC to national organisations is in the order of 50% but for relief work it can go up to 100%. (R.S. SDC)

**DUTCH MINISTRY OF FOREIGN AFFAIRS (MOFA):**
No legal restrictions on directly funding national organisations. At the World Humanitarian Summit, the Ministry of Foreign Affairs committed to do so via country-based pooled funds, and to make available funding for capacity-strengthening. However, the practical constraint for the Ministry is the need for a 'multiplier' i.e. an entity that has the capacity to carry out the assessments, conduct due diligence if needed, and manage a diversity of contracts. Two of the channels to do so are the Dutch Relief Alliance and the Start Fund. Discussions are taking place about a channel to directly fund national NGOs. (HH)

**UK DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID):**
No legal restrictions on directly funding national organisations, yet they are centred on fiduciary responsibility and general due diligence. The same challenge of capacity-constraints as for the Dutch MoFA, so they need a multiplier. (F.T.)

**THE EUROPEAN UNION'S 'INSTRUMENT CONTRIBUTING TO STABILITY AND PEACE' FOR LEBANON AND SYRIA CAN DIRECTLY FUND NATIONAL NGOS.**
These are actively encouraged to respond to regional and thematic 'calls for proposals', as the European External Action Service wants to contribute to the strengthening of civil society. Restrictions apply, however, regarding the funding of Syrian NGOs; organisations and individuals on the sanctions list cannot be funded, and there may be restrictions on money transfers. (J. CM) ECHO on the other hand, cannot currently directly fund NNGOs, because of Article 7a of the Humanitarian Aid Regulation which does not authorise it to do so. An amendment to this legal restriction is not to be expected anytime soon. (B.M.)

**USAID:**
well before the Grand Bargain at WHS, has been committed to directly channel 30% of its budget to local actors. In a food security programme in Bangladesh, USAID wants proposals to have a national agency as the lead, with the international one in a technical support role, where needed. (see also Pool 2014)

**CANADA:**
Has no legal restrictions on directly funding national organisation. Eligibility depends on other institutional track record and humanitarian principles and standards criteria.

## Table 1: Emerging benchmarks for seven dimensions of localisation

| | |
|---|---|
| **FUNDING** | • At least 25% of available international funding goes to crisis affected populations with no more than one intermediary<br>• National actors receive quality funding: there is a reasonable and unrestricted 'management fee'<br>• Operational budgets can be adjusted within limits<br>• Procedures are adjusted so as not to cause major cash flow problems<br>• Where a provision exists for post-action 'learning', the national actors can access at least part of it and use it for their own priorities<br>• In-kind or financial contributions from national actors are included and highlighted in the financial reporting<br>• National actors, especially when 'partners' are introduced to private and institutional donors and invited along to all meetings with the latter, that concern joint activities |
| **PARTNERSHIPS** | • Sub-contracting relationships (implementing partners) are formally distinguished from (decision-making) 'partnerships', with the latter term only used for 'equitable relationships' i.e. joint design and implementation with joint responsibility and mutual accountability<br>• Genuine 'partners' are pro-actively and fully briefed about the functioning of the Start Fund<br>• In partnership relationships, national actors know that they can take initiative through the Start member organisation<br>• In partnership relations, national actors are involved in the design of the proposal and budget, can observe or are fully informed about the project selection process and the reasons for its decisions, know the full budget and not just their part, as well as the financial flexibility and additional provisions (lump sum for learning) that are available<br>• Possible adjustments during implementation can be quickly and effectively discussed with the member agency on equal terms and 'partners' feed into and see any report that is produced to another stakeholder;<br>• Due diligence processes are designed in such a way that they concentrate on purpose (function) and not primarily on form, are contextually appropriate, take into account track record, and differentiate between 'must have' and what is 'desirable' to have but not essential<br>• There is explicit recognition that the partnering of national agencies with international ones, also carries risks for them – so 'partnership' relationships include reciprocal due diligence<br>• Partnering agencies jointly develop and agree on key indicators for a constructive, quality relationship, and periodically review where they are, if needed assisted by an impartial third party. The indicators also cover (implicit) messages projected through behaviours<br>• The ideas, suggestions and proposals of 'partners' are solicited at the very beginning of any initiative in which they are likely to be a stakeholder, so that it can be co-designed<br>• The views of 'partners' are solicited and identifiably recorded for any reflective or evaluative exercise or report. |

| | |
|---|---|
| **CAPACITY** | • Capacity-strengthening efforts come with clear objectives. Whose capacity, for what, by when. Moreover, the objectives should be clear on what difference successful capacity-strengthening makes, including in the relationship and respective roles of international and national actors<br>• Capacity-strengthening efforts differentiate between competency development of individual staff and institutional capacities<br>• Structural capacity-strengthening investments are made in times of non-crisis, build on earlier capacity-investments, and respond to agency priorities; training and other workshops fit into a broader capacity-development strategy that includes much on-the-job learning<br>• On-the-job learning approaches are made effective by designing-in moments for reflection and intentional mentoring<br>• Organisational capacity-strengthening efforts address the challenges for national actors of: 1) Financially sustainable organisations in a particular funding market; and 2) Maintaining staff with humanitarian skills through periods of non-crisis<br>• When a major surge is needed, national actors are provided quickly with additional funding to hire in extra qualified people<br>• The staff of national actors is not actively approached or invited to apply for vacancies with international agencies<br>• Collaborative capacities are explicitly attended to, and modelled by the capacity-developer, including in the relationship with the agency(ies) whose capacity is being strengthened<br>• National partners are invited to be part of 'capacity assessments' of the international agency |
| **PARTICIPATION REVOLUTION** | • Crisis-affected populations are actively involved in the 'needs assessment', and fully understand what the implications of it are for what may be done for their benefit<br>• Crisis-affected populations are briefed about and have a real say in the prioritising of assistance, the nature and quality of the assistance, the identification of beneficiaries and what to do when the available means cannot provide sufficient coverage<br>• Crisis-affected populations are actively asked for feedback during and after the assistance provision<br>• Crisis affected populations are given opportunities for collective reflection and learning, identifying their own priority learning questions; they may also be given the opportunity to insert their own priority questions in a real-time or post-project evaluation<br>• Crisis-affected populations are asked about their longer-term experience with crisis-situations and their suggestions and proposals how to reduce the threat and/or their vulnerabilities, and how to more sustainably strengthen their 'resilience' |
| **COORDINATION MECHANISMS** | • Government officials at national and local levels are actively kept informed about the Start Funded response plans and confirmed projects, as well as the core principles on which their execution will be based<br>• Active effort is made to have Start Funded responses support rather than substitute or undermine existing government capacities<br>• The creation or enhancement of direct communication between crisis-affected populations and government officials, as the primary duty-bearers, is a component of any intervention<br>• National non-governmental actors are encouraged to be part of coordination meetings (also among INGOs) and allowed to contribute in their own language<br>• International actors take national actors seriously and listen more deeply to the considerations that may lie beneath their perspectives and proposals |
| **VISIBILITY** | • The names of all national and local collaborators, including sub-contractors, appear in all reports to donors and external communication<br>• The role(s), contributions, innovations and achievements of national and local actors are explicitly mentioned; |
| **POLICY INFLUENCE** | • National actors are recognised as key stakeholders in international debates about policies and standards that may have significant impacts for them. Consequently, a diverse number of national actors are invited to be part of the conversations<br>• As of their early stages, the conversations are also taken to other continents to enable larger participation of these stakeholders<br>• Dedicated websites, video clips and newsletters in different languages, provide regular briefings to a wider audience that cannot participate directly, who can also feed in questions and proposals that are picked up and attended to |

## The Start Fund through seven dimensions

Before considering how the Start Fund can operate through the seven dimensions of localisation, three important preliminary remarks are necessary:

**DIFFERENT CRITERIA THAN DAC:**
A localisation lens uses different criteria or benchmarks than the DAC criteria. It is possible therefore that the valuation of performance according to the DAC criteria will differ to localisation 'performance'.

**NO EVALUATION:**
This is not an evaluation of the Start Fund. The Fund has not been operating with this or any other localisation framework of reference. This work provides the outline of one for future use.

**START FUND NICHE:**
The Start Fund's focus on first response and rapidity of response is an important consideration. Once projects are approved, implementation has to start within 7 days and be completed within 45. Its funds are also limited and, as such, it cannot ensure full coverage for all possible ongoing needs around the world. Start hopes to catalyse other donors to complement its contribution. Considering its niche role, therefore, there are limitations to what the Fund can achieve by itself in terms of 'localisation'.

## Quantity and quality of funding.

This section first looks at the global Start Fund and then at the initiatives for a national level Start Fund. In the terminology of the sector this would be called 'country-level pooled funds', in this instance collaboratively managed by NGOs and 'Start-style'. In Bangladesh and the Philippines, the discussions about the design and set-up of what Start also refers to as a 'national window' are still ongoing.

### WHAT COULD BE KEY BENCHMARKS?

Does the Start Fund channel 25% of its overall funding directly (as per its own stated intention) or 'as directly as possible' to national actors? If intermediaries are at play, how many exist between the Fund and the local partner, and what is the impact of this?

Does funding to national actors constitute what could be labelled as 'quality funding'? Does it cover all costs, including a flexible management fee and does it allow for budget adjustment (within limits) as the operation unfolds, with good cash flow?

Do the decision-making structures and processes impact the ability of national and local actors to access the Fund?

How can funding be successfully channelled to national/local organisations in ways that are sustainable and address existing barriers such as financial controls and legal frameworks?

Do speed or quality issues, for example in proposal development, create obstacles?

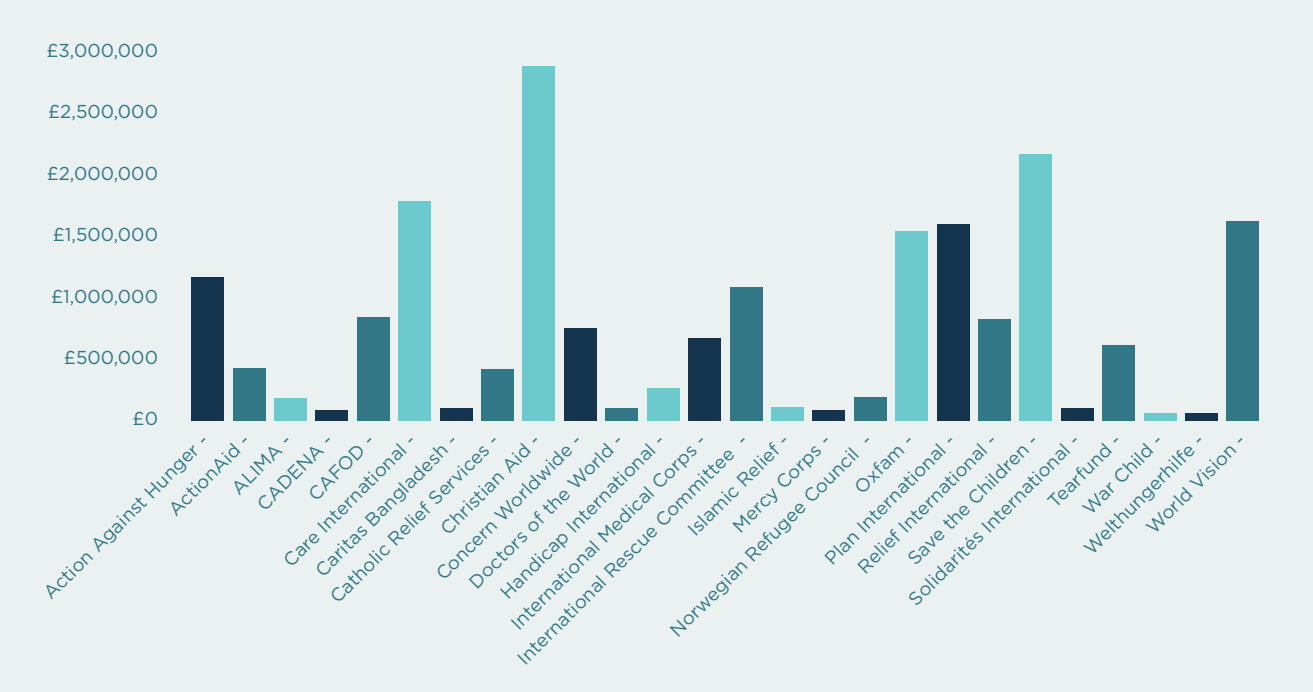
# Start Global Fund

## Findings for the Start Global Fund: Quantity.

**MEMBER AGENCIES ONLY:**
The policy so far has been that only members of the Start Network can receive direct funding from the Fund. Under this policy, it can only connect people to the best possible available within its membership and their network. For the 2016 cyclone response in Bangladesh, a Bangladeshi NGO with long-standing presence and relief experience in the affected area, approached members in Dhaka. It was told, however, that it could not count on Start funding as it had no established connection to a member agency,

**OVERWHELMINGLY INGOS:**
Since 1 April 2014 the Fund has allocated a cumulative total of £24,460,000 (up to alert 146) and awarded a total of £22,904,525 (up to alert 146). Although some NNGOs have become Network members, in the first three years of the Fund's still young life, it has been overwhelmingly INGOs that received funding. So far 26 member agencies have received Start Funding. Of the 26, 23 are undisputed INGOs – we are not sure how to consider CADENA, ALIMA and Caritas Bangladesh (the first 2 we don't know, the latter appears in in different places as INGO and NNGO), but it doesn't make a difference in the overall picture. Of the 23, 13 INGOs received cumulative funding over £ 500.000.[5]

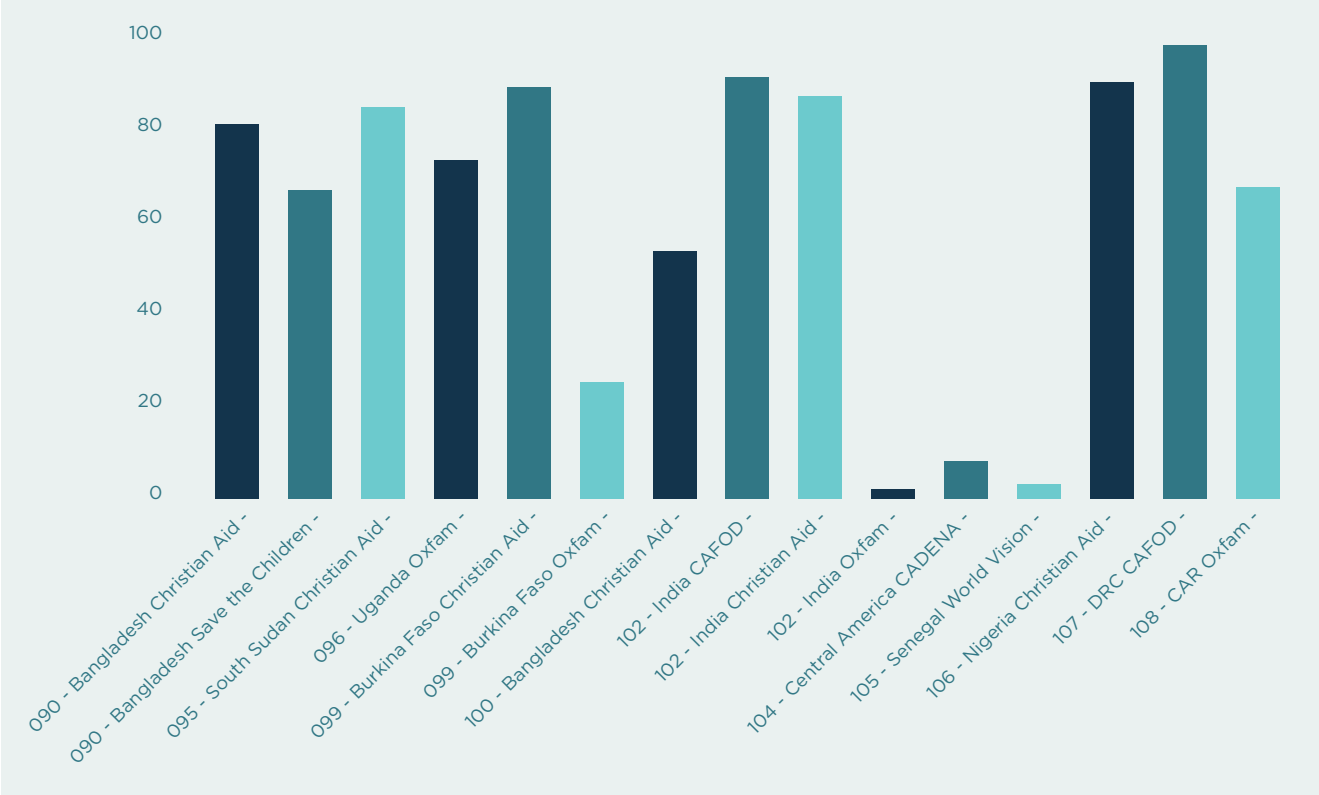
**GRAPH 1: CUMULATIVE RECEIPTS FROM THE START FUND 1 APRIL 2014-17 FEB. 2017.**




**INCOMPLETE DATA:**
As for how much funds have been 'passed to' or 'passed through' national and local non-members, the data-base is incomplete. Different documents give indications of close to 40% or to 50%.[6] An analysis of the data from Alerts 88-113 (20 May-16 September 2016) indicates that 61% of the 39 funded projects were implemented fully or partially through 'partners'. Where further data were available, the average of the project budget 'spent' through 'partners' was again 61%. But as Graph 2 shows, this hides wide variations: between 2%-97%. From a localisation point of view, these data do not tell us the story that matters. International organisations implementing via, and channelling part of their budget through NNGOs, has been common practice in the international relief system for decades.

[5] The figures need to be interpreted with some more nuance as certain proposals funded came from a Consortium of members. Relevant here is the overall message regarding INGOs and NNGOs.
[6] The 'Membership Information Pack' document (undated) talks about 'over a third'; our 2016 ToR mention 'less than 40 percent", the 2016 Start Network statement to the WHS says "some 50%".

## Graph 2: Percentage of project budget passed through a partner(s)




### AS DIRECTLY AS POSSIBLE?

Taken to mean 'no more than one intermediary', the Fund has yet to achieve its own objective of 'disintermediation'. Funding goes from the donors to SCF who hosts the Start Network, then to the Start Global Fund, then to the member agency, and only then to a national agency that would not be a Start Global Fund member. If the member agency is a NNGO, we would still have two intermediary layers; if the ultimate user of the funds is a non-member then there are three.

## Findings for the Start Global Fund: Quality and Terms of Funding:

### MANAGEMENT FEE:

The easiest indicator here would be the tracking and assessment of the 10% flexible management fee that comes with every approved project budget. Thus far, this has not been done systematically. Moreover, of the tracking and assessment that has occurred, it has been not mandatory but optional and left to the member agency. Our conversations indicate different practices regarding the management fee:

- The member agency passed on the full 10% to the national collaborator. This seems so exceptional that only one such instance is remembered in the Fund team;
- The member agency only pays direct project costs, but provides longer-term institutional support to the national partner, which includes coverage of quite some core costs (scenario between INGO member and a Honduran organisation);
- The member accepts or even suggests to the national collaborator that some of its core support costs be written into its operating budget. While certainly appreciated by the national collaborating agency, this also constitutes a practice of an international 'intermediary' turning 'flexible funding' into 'earmarked funding' – reducing its overall quality for the national actors – and going against one of the Grand Bargain recommendation to reduce earmarking (2016:12).
- The member agency only provides the NNGO with funds to cover 'direct project costs'. This is the least useful option if we want to strengthen the institutional capacities and support the leadership of national actors, yet this is the prevailing situation for the 27 Bangladeshi NGOs we talked with.

### CASH FLOW:

A key attention point. There were instances in Bangladesh where delays occurred in the flow of funds from the Start member to the NNGO. Where available, the latter then advanced its own resources, sometimes without having even received the guarantee of a signed contract.

### REAL COST COVERAGE:

Another key attention point. There have been instances in Bangladesh where the operational situation required the NNGO to mobilise more human resources than initially (rapidly) planned. If they are given a fixed and closely earmarked budget and don't know there is some overall budgetary flexibility under Start rules, they absorb these costs even returning unspent money. Final financial reports may not include the actual NNGO contribution, and therefore underestimate the real cost of the response.

### FULLY INFORMED ABOUT FINANCING CONDITIONS:

Briefing and informing their own staff and that of non-member agencies taking part in Start Fund work is the responsibility of the member agencies. Our consultations in Bangladesh with NNGOs that had collaborated in Start responses, revealed that none know the full programme budget, only the part allocated to them. None of them know there is a 10% flexible management fee, and none of them know that the Fund makes available a certain amount for post-response learning. Such knowledge would put them in a better negotiating position for a fair deal with the Start member.

### LEVERAGING ADDITIONAL FUNDING?

Does action funded already by Start leverage additional funding and, if so, for the member agency only and/or also for the non-member national collaborator? The Start Fund documentation indicates that this was tracked in the beginning, at least for its members (e.g. Alert 56 Afghanistan:2) but not continued systematically. We understand that the issue is being picked up again in a new reporting format, but will it inquire into leveraging funds for the non-member national collaborating agency?

### DIRECT CONNECTION TO DONOR AGENCIES:

Do INGOs introduce their national collaborators to the donor representatives in-country.? The Bangladeshi NGOs we talked with and one African NNGO we asked the question, indicated this did not happen – though they would be delighted. The DFID representative in Dhaka signalled openness to this.

## Recommendations

**Recommendation 6:** Develop guidance or stipulate a policy that members, as part of their obligations, ensure that collaborating non-members are fully briefed about the nature and functioning of the Fund, and know in detail all the financing conditions and options of the Fund, and that full project budgets and their allocation is transparently clear also to them.

**Recommendation 7:** Develop incentives or stipulate a policy that members must pass on a minimum % of the management fee when all or part of the response is carried out by others.

**Recommendation 8:** Include in guidance to members the recommendation that, where needed, non-member NNGOs are introduced directly to donors.

**Recommendation 9:** In future reporting, track and differentiate between the amount of funding that is 'passed through' and 'passed to' a collaborating non-member, identifying sub-contracting agreements or behaviours;

**Recommendation 10:** Stipulate that financial or in-kind contributions from non-members must be included and highlighted in financial reports.

# Country-level Start Fund

## What Is This About?

A Start Fund strategy for 'localisation' is the creation and testing of NGO-managed country-level pooled funds in selected disaster and crisis prone countries. An internal PowerPoint presentation (16 Nov. 2016) spells out ideas for experiments at the national level. Three models are considered:

### MODEL 1: AN NNGO PASS-THROUGH WINDOW OF THE START FUND.

"There are thousands of pre-existing NNGOs sub-contractors to Start Network Members. Funds disbursed will have a cap on the fee for the risk management service and other support services, to ensure that the implementing NNGO is able to acquire resources for investing in its own capability. The capacity to pass through funding exists in all INGO members of the Start Network, but this particular window will reverse the power relationship between the local and international NGO, whereby the local NGO will 'hire' the INGO to provide support on a competitive basis."

This window of the Start Fund "will incentivise all 42 existing Start Network members to provide a risk management service on behalf of local NGOs, with the option for mentoring and support services at the discretion of the local NGO. (...) Members underwrite risk through subcontracting agreements. A significant percentage of pre-existing relationships have enough experience and trust that no additional due diligence would be required by the INGO."

### MODEL 2: A NNGO EARMARKED WINDOW OF THE GLOBAL START FUND.

This might be developed by the 'Missed Opportunities' group of Start members and build on the infrastructure of three DEPP projects – Shifting the Power, Financial Enablers and Transforming Surge Capacities (see infra). To get this going quickly, the many NNGOs involved in DEPP projects might be the first to benefit from this, which would also give them an opportunity to put into practice their strengthened individual and collaborative capacities. Presumably they would not have to go through the demanding process of becoming a fully-fledged Start Network member?

### MODEL 3: A NATIONAL-LEVEL START FUND, ACCESSIBLE BY LOCAL AND INTERNATIONAL NGOS.

Here INGO Start members and (selected) NNGOs have equal access and share decision-making power. Over time a 'country-level' membership might be put into practice, managed in-country and using a contextually tailored due diligence process.

While we understand there to be expressed interest in other models among Philippine NGOs, the current conversations in the Philippines and in Bangladesh revolve around Model 3. At a very practical level, some of the questions for the 'working groups' in the Philippines and in Bangladesh appear to be:

- Who manages the national fund and who carries the risk? Is it managed by Start member agencies, by a mixed group of NNGOs and INGOs, or by NNGOs only? Does one (member) agency of Start carry the risk, or is the risk shared?
- Who can directly access the national-level fund: Start member agencies only, non-member NNGOs only, or both? If the access opening evolves over time, then at what pace?
- Should a tiered membership structure be introduced to allow more NNGOs to access the national fund without being fully fledged Network members? What obligations would come with national-level membership?
- Are additional due diligence assessments required? If so, then under what conditions, and of what nature? Does the Buzacott process serve as model, or is a more context-tailored process possible? Our understanding is that the Financial Enablers project in the Philippines has used a due diligence process lighter than that for the Start Network membership, differentiating between requirements that are 'essential' and 'desirable' but not a deal-breaker (see Annex 8 for more on the due diligence for memberships).

- Will it be Start branded or not? In other words, is it a decentralised and country-earmarked part of the central Start Global Fund, or is it rather a non-Start branded, autonomous fund that can still benefit from Start's experience of managing the global fund?

The conversations about the design and possibly planned evolution over time have only just started. In the Philippines, the working group met for the first-time late January 2017. It is made up of individuals from Philippine NGOs and from INGO members. In Bangladesh, a first meeting (22 February 2017) had Start members only. The following observations are therefore intended as input into continuing conversations.

The possibility of national-level Start Fund in Bangladesh became real when DFID indicated it would make available £10 million over a period of 4 years (2017-2020). For the time being, that contribution will pass through the global Start Fund. Our conversations with DFID indicated that they could have provided the contribution directly into a national level fund, if Start had already had the set-up.

The vision is that "Start Fund Bangladesh will be a peer-managed financing mechanism co-created and developed in Bangladesh by Start Network member NGOs. This project is designed for national and international NGOs and donors to benefit from the strength of an international network." (Project Concept June 2016:1) One of the intended objectives is to 'unlock collaborations between NGOs in Bangladesh' (idem:2)

The process of operationalising a Bangladesh national fund is envisaged as two gradual processes:

1. The increasing devolution of the governance responsibilities of the Start Fund Network for Start Fund Bangladesh (once local actors have interiorised the principles and procedures of Start global). Note that 'local' is used here as 'proximity' i.e. with a 'decentralisation' perspective.

2. The expansion of accessibility of the fund to a first cohort of non-member organisations and more national organisations. (Concept note to DFID June 2016)

### OUR ADVICE

Our advice regarding 'inclusion' on non-members, particularly for Bangladesh, is:

#### CO-CREATION AND CO-DESIGN FOSTER SHARED RESPONSIBILITY:

We were made to understand that some of the hesitations about including Bangladeshi non-members relate to not raising expectations about funding access, that may prove premature. Moreover, we came to understand that there was additional hesitation due to the practical problem of who to invite, given the large number of NNGOs. Our recommendation is to involve more non-members from the outset. Though challenging, this can only have benefits in the medium-term if handled well, such as:

- The creation of a process, like that of the Start Network, where participants learn to focus on the purpose of what should be a 'public good', and not (only) on their institutional interest;

- Early involvement in co-creation and co-design creates a strong sense of shared ownership and joint responsibility;

- Recognition that such a national-level fund, even if still 'Start' branded, is first and foremost part of a wider disaster management landscape and infrastructure in Bangladesh, for which there are key stakeholders beyond the Start membership and their regular collaborators;

- Keeping the promise made to DFID (draft concept June 2016:3) that the priority is to first familiarise "all stakeholders with the competencies and processes involved in a peer-led financing mechanism, and providing the Network members and their partners in Bangladesh the space for co-creation and joint planning of the evolution of the Fund"

- Tapping into the creative ideas of more Bangladeshi stakeholders ('crowd thinking'), on how to deal with some of the practical challenges, including 'due diligence' and 'risk' in ways that fit the context and for which they too will take active responsibility. It makes Bangladeshi stakeholders part of the solution.

### WHO TO INVITE?

There are at least two options. The institutional option is to invite a selection of the more regular and longer-standing 'partners' of the Start membership and/or Bangladeshi NGOs currently involved in a capacity-strengthening DEPP project in Bangladesh (which may or may not be the same). Another, in our view potentially better option, is the individuals option, which avoids the wrangle over 'representation' that is to be found in the institutional option. The individuals option entails talking with a diverse spectrum of Bangladeshis who are familiar with disaster-management and ask for names of Bangladeshis they see as knowledgeable, professional, and independent-minded. The named individuals are then approached to be part of the design work. This may include individuals from civil society, but also people that sit in academia, government or the private sector. They may be active or retired. They are there for their respected integrity and competencies, not as institutional representatives.

### ACKNOWLEDGE THE QUALITY OF RELATIONSHIP DYNAMIC:

As we have heard in many countries (even beyond this consultancy), there are real issues of trust between international and NNGOs. National agencies are reluctant to speak up, and will either self-censor or gentrify critical comments about those on whom they often significantly depend upon for funding. In reference to the behaviour of staff of international agencies, "domineering" was a regularly used term. Such behaviour, though difficult to measure, can be easy to observe. Independent third parties may have to provide a supporting role to Start Team colleagues. The 'partnership' dimension of localisation (see next section) puts the spotlight on the importance of the quality of relationship for localisation.

### LEVELLING THE PLAYING FIELD:

The Bangladeshi NNGOs we talked with felt that, even if their national fund is open to both INGOs and NNGOs, they could not meet the same standard of high quality proposals (in English but also with formats infused with 'Anglo-American thinking' as one INGO interlocutor put it) along international models and in a very short time. A certain part of the national fund would have to be reserved for NNGOs, to ensure that they could hope for a 25% share. This resonates with a consideration in the Philippines, where the shape of another national fund is also currently being discussed. There it was suggested at a first substantive meeting in December 2016, that the governance of the national fund "include safeguards to ensure that decision-making and response leans towards national NGOs, later phasing to all local NGOs. Some suggested a 'national/local NGO first policy'". INGO involvement initially is deemed important "to provide legitimacy and take on risk" but it should phase to local/national NGOs and over time become 'completely national'. (National Start Fund consultation – minutes 2016).

### LEGAL RESTRICTIONS AND RISKS:

DFID, like several other institutional donors (though notably not ECHO) has no legal restrictions against direct funding of NNGOs. USAID, which had already committed to a target of 30% direct funding to national actors years before the WHS, has in Bangladesh already implemented a modality inviting proposals that must have a national actor lead, wherein an international actor can only have a supporting role. The main risk that donors (and others) prioritize is fiduciary risk, which they tend to approach with 'zero-tolerance'. Start is in a strong position to argue that risk here is manageable. First, many Bangladeshi NGOs have been receiving international funding for decades, even if only on a sub-contracting basis, including from Start member agencies; some of them already get direct international funding, often for more developmental work; some of them (more in Bangladesh than in other countries) run large scale savings-and-credit schemes and have bigger budgets than INGOs - they should know something about financial management. In addition, Start funded operations are very contained: short-term, often distribution oriented, and for relatively limited sums of money: maintaining financial oversight of this is not a major challenge. And none of the peer-review or learning exercise records pointed at fiduciary problems. Additionally, donors could be reassured by non-member Bangladeshi and Philippine NGOs coming with up with practical proposals how they will contribute to assuring fiduciary oversight and accountability. More direct interaction between NNGOs and donor representatives in country will also help build the relationship, better understanding of each other's requirements and constraints, and trust.

## Bolder steps needed?

As Diagram 3 shows, even if the funding for a 'national window' goes through the Global Start Fund first, it would still have various intermediaries and would thus not be 'direct' by any measure. Start's intent is to address this 'indirectness' in future.

**DIAGRAM 3: FUNDING FLOWS IN THE CURRENT NATIONAL FUND SET-UP.**

# Recommendations

**Recommendation 11:** In line with the intent of the Grand Bargain and the Start Network's own objective to contribute to a 'more diverse' and 'more balanced humanitarian economy', involve NNGOs from the beginning in the conceptualisation of a national fund. Ask NNGOs to design among themselves the principles and practices for the effective management of such a fund within the overall Bangladeshi eco-system of disaster management, ensuring that it meets the key concerns of the donors. In doing this they may come up with solutions that international agency staff would not necessarily think about. It also allows them to demonstrate the leadership and responsibility that they possess. Participants need not have prior connections to Start: a 'national window' fund becomes part of the national system or infrastructure of 'disaster management', and hence acquires a wider set of stakeholders.

**Recommendation 12:** Map out a detailed history for a sample of NNGOs detailing the past 5-7 years. This history should include: How many sub-grants for what amounts did they receive from which international agency? What management fee came with it? Who received direct funding for what amount from which donor (reportedly more frequent for 'development' grants?). How many due diligence processes were they subjected to, and by whom? This will provide more of an evidence-base to appreciate the NNGO experiences with international funding, and the realistic level of 'risk' – that Start subsequently can present to the institutional donors.

**Recommendation 13:** Open access to a wider set of non-members NNGOs fast. If Start wants to 'connect crisis-affected people to the best possible national solutions', then it would do well to acknowledge that these solutions may lie outside the current membership and its network. If 'membership' of sorts is required, and Start doesn't want this to turn into strong boundaries of 'inclusion' and 'exclusion' (with strong collaboration among the included, currently mostly INGOs still, and weaker intentional collaboration with those outside the circle), then lighter forms of 'membership', at national level, must be considered. Within our time frame we could only take a brief look at some relevant reports (see Annex 6). But to our knowledge- none of them requires applicants to be 'members' first.

**Recommendation 14:** Focus on creating the modality for donors to (also) directly contribute to a 'national window' fund, reducing the layers of intermediation. While making the point that a global Fund remains vitally justified to be able to respond to crises around the world.

# Challenges and constraints

**BOX 2: CHALLENGES FOR BOX 4: DIFFERENT INTERPRETATIONS OF LOCALISATION, DIFFERENT VALUE PUT ON PARTNERSHIP THIS EXERCISE**

The decentralisation interpretation, with its short-term 'efficiency' and 'effectiveness' perspective, does not necessarily prioritise the quality of relationship with national and local actors (governmental and non-governmental). In the more transformative interpretation of localisation, with its longer-term focus, quality of relationship becomes very central.

## Findings and observations:

**NOT AT THE FUND LEVEL:**
The global Start Fund per se doesn't enter in direct relationship with non-members. Rather, relationships are shaped by the preferences and practices of Start members. There are differences among member agencies, but also between different country offices of the same agency, dependent on individual personalities.

**OVERLY LOOSE USE OF THE TERM 'PARTNER':**
The Start Fund documentation (peer review and post-project learning exercises, detailed excerpts in Annex 4) shares the widespread habit of calling any collaboration with another agency 'partnership', regardless of the terms of that relationship, its history, or the identity of who we collaborate with. The term is typically used to refer to national governmental or NGO collaborating agencies, but can also apply to another INGO or a private sector company (e.g. Burkina Faso telecoms company). Different qualifications are sometimes used, such as 'pre-existing partner', 'external partner' and 'sister agency', but it is not clear what the criteria are for each, nor are the words used systematically and consistently. Intentionally or not, the prevailing language has connotations of inequality. An 'implementing partner' is not a 'decision-making partner', to 'implement through' is not the same as to 'implement with', and a 'downstream partner' (BUZACOTT due diligence form) seems less central and important than the agency that sits at and controls the financial source.

**NO REFERENCES TO PARTNERSHIP PRINCIPLES:**
NNGOs do not want to discard INGOs. What they demand is equitable partnerships.[9] In the Network and Fund documentation we reviewed, we did not come across any reference to the 'Principles of Partnership' agreed upon in 2007 by the Global Humanitarian Platform (Equality, Transparency, Results-Oriented Approach, Responsibility, Complementarity). Nor to the five somewhat different principles of the Partnership Brokers Association that Start often calls upon. Of course this is no indicator that Start member agencies may not be working more intentionally on the quality of partnership![10]

**DIFFICULT CONVERSATIONS:**
Staff in many NNGOs do not dare to raise critical issues with international agencies whom they are financially dependent on.[11] Because of the inherent power relationship, it is international agency staff that set the terms and bounds of which criticism is acceptable.[12] This is a clear indication that third party facilitators may sometimes be needed.

[9] See the Bangladesh visit report in Annex 5 for NNGO views

[10] The need for international surge staff to have commitment to the PoP is highlighted in Featherstone 2016b:6

[11] See also Featherstone 2016a:vi

[12] Different sectors may have different tolerance for stronger language. The report of a 2016 event on 'Future Funding' organised by BOND, has as one of the core questions: "How can we overcome the neo-colonigal 'North-South' power dynamic? Is such language acceptable in the relief sector?

### BENEFITS AND DRAWBACKS:

One message that occurs several times is that 'pre-existing relationships' can significantly contribute to the speed and quality of a response, in the same manner as pre-positioned stocks and pre-vetted suppliers. But the Fund documentation also contains mixed statements about the advantages and challenges of working with or through (non-member) national agencies.[13] It must be observed however, that the documentation derives primarily from staff of member agencies that have received funding, i.e. overwhelmingly INGOs. Thus, a certain bias is possible.

### SPEED AND PARTNERSHIP:

One of our interviewees (INGO member agency) held that the speed of the Start Fund made it essentially impossible to work with national/local agencies, even if there is a pre-existing relationship, as it left no time for the inevitable paper work that sub-granting brings with it. However, the experience of other INGO members does not corroborate this assertion.

Participation in decision-making: In decision-making, there are three key moments: alert, allocation and project selection.

- **To alert or not?** Non-members cannot alert the Fund directly, but can do so through a member. They can take part in the country-level discussion whether to alert.
- **Allocate or not?** This decision is made centrally by the 'Allocation Committee' and/or the Start Team. The Committee consists of representatives from several member agencies as part of the duty to contribute to the collective management of Start. As more national NGOs become members of the Start Network, more of them can take part in the 'allocation decision', also for alerts outside their country or region.[14] The Allocation Committee may also extend its pre-decision survey to non-members.
- **Project selection:** In its first 3 years, the Fund has made intentional and considerable progress in decentralising project selection to the country affected. Project Selection Committees were initially ad hoc. Now there are already 12 Standing Decision Making Groups. Members can nominate senior staff of partner NNGOs to be part of these.[15]

Overall, the Fund does not have rules that restrict the participation of 'partners' in its key processes. It is up to the members to make use of the openings that exist.

### OBJECTIVITY IN DECISION-MAKING:

The Start team already promotes collective decision-making which addresses the problem of competitive fragmentation found in the international relief system. This is very positive, yet there are signals that this may require even closer monitoring than currently already exists. For example, in Bangladesh, some member agencies felt that inappropriate coalition-forming might be going on among others, biasing the Project Selection process. The issue is flagged up elsewhere through other examples, such as in the evaluation of a project in flood-affected areas in Pakistan (Nov. 2015). The evaluators recommend that independents and technical specialists are part of the decision-making groups (as is the case in the Swiss Solidarity Foundation, which also includes peer-review). Is this relevant for 'localisation'? It is, when we consider the scenarios where some individuals from (non-member) NNGOs are becoming part of the country-level Selection Committees, as is happening, and/or when NNGOs apply to a country-level Start Fund. In the current configuration, it is conceivable that a proposal from a NNGO would not be assessed purely on its own merits, if most members of the Selection Committee were direct implementers.

**Recommendation 15:** Determine conditions to differentiate a sub-contracting from an equitable partnership relationship and introduce a standardised vocabulary to differentiate types of collaborating agencies. These should be tracked with nuance. Start thereby introduces and models more precise language to talk about different types of collaborative arrangements and practices, to end the arbitrary use of the word 'partner'. Table 2 can provide some inspiration.

[13] See Annex 4 for details

[14] There is an argument to keep at least part of the allocation decisions 'central', as the overall aim is to manage the Start Fund as a resource for global crisis response. Other considerations then come into play than purely the (unfunded) humanitarian needs arising from the crisis in a particular country.

[15] Creating a situation where they can participate in assessing and deciding which projects to fund, but cannot directly present a proposal without being a Start Network member)

| DEGREE OF PARTICIPATION | DEFINITION |
|---|---|
| **Ownership** | The partner controls the decision-making |
| **Functional** | The partner fulfils only a particular role with limited decision-making power (for example, forming a committee which is then supervised by an INGO staff member) |
| **Material Motivation** | The partner receives funding or in kind support in return for implementing programme. |
| **Consultation** | The partner is asked for their opinion on what they would like to see, but their opinion has limited sway in decision-making |
| **Information Transfer** | Information is gathered from the partner, but they are not involved in the resulting discussions which inform decisions. |
| **Passive** | The partner is informed of decisions and actions, but have no say in either the process or the result |

# Recommendations

**Recommendation 16:** Provide guidance or stipulate a policy that were Start Funded responses take place with collaborating non-members on supposedly 'partnership' terms, mutually agreed principles of partnership are to be respected.[16] The guidance should be in place before crisis hits. This can possibly be taken up in the 'anticipation window' under development.

**Recommendation 17:** Monitor, minimally for a sample of responses, when and how non-member NNGO partners take part in the various steps of a Fund process. Inquire directly with them into the experience of these individuals, or have an independent that has no structural association with Start do so.

**Recommendation 18:** Establish a structured feedback mechanism to communicate concerns about the principled functioning of the Project Selection Committees or Standing Decision Groups (this is not exclusively a 'localisation' issue).

**Recommendation 19:** Where members carry out responses with 'partners', attention to the nature and quality of the collaboration during the response merits being part of any post-project learning review.

### BOX 5. MORE INVESTMENT IN INSTITUTIONAL CAPACITY-SUPPORT

Aid organisations and donors commit to: Increase and support multi-year investment in the institutional capacities of local and national responders, including preparedness, response and coordination capacities, especially in fragile contexts and where communities are vulnerable to armed conflicts, disasters, recurrent outbreaks and the effects of climate change. We should achieve this through collaboration with development partners and incorporate capacity strengthening in partnership agreements.

**Grand Bargain 2016:5**

[16] See also Featherstone 2016a:vii

# Findings and observations:

Affirmation of the importance of capacity and the need for capacity strengthening: The Start Fund documentation captures different statements affirming the importance of 'capacities' and 'capacity-development' of different actors.[17]

"It is crucial to build the capacity of local staff before the disaster occurs. This is why RI is using the 1% learning budget for staff training." (Peer review Somalia, Nigeria, Colombia March 2015:6) "Given how crucial local partners are in this context, the Start Fund should be used to build capacity of local partners." (Review of Alert 56 Afghanistan:2) "The Fund should be involved in advocacy around boosting government capacity to respond and for capacity to be addressed within the preparedness plan." (Review of Alert 85 Kenya flooding).

Different perspectives on the opportunity for capacity-development in crisis times: The Fund documentation contains statements that sometimes perceive a tension between local capacity building and crisis situations, and sometimes not:

"There is a discrepancy between the idea of local capacity building and emergency first response on the ground." (L& E Committee Review Bangladesh & Turkey Jan. 2015:3) Or: there need be "no controversy regarding the use of capacity building in this anticipatory response." (Alert 60, Sri Lanka flooding – first anticipatory response experience)

Opportunities within the current Start Fund modus operandi: The three key moments for learning and/or capacity development are:

### THE ANTICIPATION MODALITY:

The Start Fund documentation contains multiple references that pre-positioned stocks, pre-identified and vetted suppliers, as well as pre-existing collaboration agreements, can all help to speed up response. Our inquiry also invites attention to 'cash-at-hand' for or in NNGOs, even with the rapid transfers from the Start Fund. The further development of the 'anticipation' modality of the Start Fund offers some opportunity to increase preparedness in other ways, for example pro-active investment in staff competencies or taking preventative actions to avoid affected populations turning to negative coping mechanisms such as cutting trees or selling assets (e.g. Alert 65 Ethiopia belg rains).

### THE POST-RESPONSE LEARNING EXERCISES:

The Fund used to make available 1% of the approved budgets for subsequent learning for every response. This has now changed into a cumulative total of £10,000 for learning post-response. Members use this provision for very different purposes, from a sort of 'after-action-review', for 'training' (e.g. on cash programming) or even as the main or partial contribution to a response evaluation.[18] Key, particularly from a transformation-oriented localisation perspective, are the questions: Who participates, who co-decides the focus of the learning review, and where does it take place? The reports we have seen do not provide clear answers to these questions. Are non-member collaborating agencies (such as government representatives or members of the affected populations) participating? Among 54 peer reviews, the Cameroon response (Sept. 2015:1) is the only one indicating that community leaders participated. The learning reports, however, contain more references of involvement of 'beneficiaries' or of their views (obtained via focus group discussions and/or surveys) being considered.[19]

### LEARNING-ON-THE-JOB:

NNGO participation in all steps of a Start Fund process can become a learning experience if they do so more than once and can ask questions about the reasoning underpinning the bigger and smaller decisions. We do not automatically learn from experience. We learn from reflected experience, which is why we encourage mentoring and after-action-review. Secondly, learning by (a few) individuals doesn't automatically translate into institutionalised learning. Their limited financial means make NNGOs also hire in extra staff for a crisis response, whom they can't retain afterwards and thus what was learned-by-doing goes with them.

### CUMULATIVE LEARNING?

When there have been successive responses in a country, do post-response learning exercises refer to learning documented from the previous ones? For Bangladesh, there are unfortunately no learning review reports for Alerts 12 and 100, where flooding took place in the same area in 2014 and 2016. In general, is it feasible for the Start Fund, through its MEAL team or otherwise, to also pull together some learning across responses

[17] This was true to a greater extent with peer reviews more so than the learning reports that we examined

[18] See Annex 4

[19] See Annex 4

in different contexts, on topics that the Start Fund is frequently confronted with? For example, responses to flooding, to epidemic outbreaks etc. We understand that MEAL has started doing this since February 2017 – can these insights be disseminated to reach also the 'partners' of members?

**SURGE SITUATIONS CAN UNDERMINE LOCAL CAPACITIES:** Surge is needed in large-scale emergencies. International organisations tend to first develop their own capacity before that of NNGOs. This is a key moment when NNGOs get weakened because some of their most experienced and talented staff moves to international agencies. Notably, this problem is less acute with the Start Fund, as their mandate is not to respond to large scale crises that attract many relief actors. The Transforming Surge Capacity project of DEPP is, however, highly relevant in this respect.[20]

**THE RELEVANCE OF DEPP:** Several DEPP projects are directly and strategically relevant for the capacity-dimension of localisation. Of these, we were able to devote some attention to three in particular: Shifting the Power, Financial Enablers and Transforming Surge Capacity.[21] Effective synergies between DEPP and the Start Fund have not yet been fully realised, though there is now nascent interaction and exchange between the respective teams. A structural challenge results from the fact that Start Network members can choose which work-streams of the Network they wish to engage and which they wish to ignore. Only a numerical minority of members are actively engaged in DEPP. These tend to partially coincide with the agencies that have been active in the 'Missed Opportunities' and 'Charter4Change' initiatives (outside Start) which engage with localisation in the more transformative interpretation.

## A few broader but very relevant observations are needed here about 'capacity':

**VAGUE TERMINOLOGY:**
In the international cooperation sector, and within the Start Fund related documentation,[22] the concept of 'capacity' is as vaguely used as that of 'partner'. There is often no clarification of whose capacity, or for what. Additionally, there is an assumption that developing staff skills equates to institutional capacity,[23] and little attention to the strategic challenge of retaining capacity. Without a clear 'capacity framework', and specified 'capacity strengthening' objectives to relate to, the available quantifiable information such as 34 out of 125 projects (27.2%) in Alerts 1-67 had a capacity-strengthening component, cannot tell us the story that matters.

**THE COMMON NOTION THAT NATIONAL ORGANISATIONS HAVE LESS CAPACITY:**
This generalised assumption is one of the primary factors causing hesitation about transformative localisation. It can even be detected in the Theory of Change of the Shifting the Power project (Shifting the Power 2015:7). The assumption is too general, and also too easily invoked, and risks being seen as an indicator of assumed 'superiority' by international agencies, rather than a fair assessment.

# Recommendations

**Recommendation 20:** Where project proposals refer to 'capacity-building', this objective should be treated like any other – made specific (whose capacity for what), measurable, and consequently verified.

**Recommendation 21:** Continue to encourage members to explore broader joint learning by involving collaborating non-members in decisions on the focus and key questions for the learning exercise, finding ways to have involvement, or at least input, from the affected populations and government officials. Members can also experiment further with learning reviews that take place among the affected populations, and where the latter decide the focus, key questions and how they will explore them.

**Recommendation 22:** More institutionalised capacity-building happens before and after, not during a crisis. In countries where relevant DEPP projects exist, closer connections and interaction with Start Fund's functioning and other Network members must be actively pursued.

[20] See also Featherstone 2016a

[21] See Annex 7

[22] See Annex 4

[23] This also applies to the 2017 CHS Alliance guide on 'Building and Organisational Learning and Development Framework

[24] See also Patel 2014 & Featherstone 2016a :18

**THE EFFECTIVENESS OF CAPACITY-BUILDING INVESTMENTS.**
It is likely that 'localisation' will create a new wave of funding for capacity-building. The fundamental questions however are these, what builds sustained organisational capacity, and why has all that capacity-investment over the years not been (more) effective?[24]

**"WE KNOW HOW TO BUILD CAPACITY":**
There is also a prevailing notion that capacity-development is a unidirectional service from international to national organisations, and an assumption that international organisations have the capacity to develop sustained capacity of others. Specialists in capacity development and organisational development point out however that capacity-development is an area of specialised expertise.[25]

# The participation revolution

## Findings and Observations:

**EXPLICIT ATTENTION:**
The Fund is already attentive and active on participation revolution dimension of localisation. Indeed, it is an explicit point of attention in the Fund's decision-making (e.g. guidance for the Project Selection Committee on Project Selection Criteria) and documentation. The project documentation also contains regular references to, for example, complaints/feedback/accountability mechanisms and post-distribution monitoring.

**PARTICIPATION VERSUS SPEED?**
The responses documentation contains several references to a (perceived) trade-off between 'community involvement' and 'speed'. Sometimes the operational members report back that speed was the primary consideration and that any more substantive 'community involvement' would have caused problematic delays.[26] Yet, there are several references where community engagement was prioritised over 'speed' and proved very valuable.[27] In fact, there are even occasions where community involvement is said to have contributed to the speediness of response.[28]

**COMMUNITY INFLUENCING:**
There are several instances where mention is made of how 'communities' have, to varying degrees, influenced the priorities or shape of an intervention. e.g. a Colombian community prioritising 'protection' over food security (Peer Review Somalia, Nigeria, Colombia March 2015:10) or a fuller WASH programme over digging latrines (Review of Alert 45 Colombia displacement); people assessing the quality of goods that a vendor supplies before distribution; people assessing the nature of the NFI kit being put together and giving suggestions (e.g. Alert 36 Mali; Alert 45 Colombia; Alert 47 Nigeria returnees; Alert 52 Sierra Leone flooding).

**COMMUNITY INVOLVEMENT FOR WHAT?**
There are many explicit references about other purposes of community involvement. For example, when community leaders, religious leaders, or community members (sometimes explicitly as 'volunteers') identify IDPs, hosts[29] or returnees.[30] Other positive examples tell how community members helped verify the listed target beneficiaries and monitor whether they receive as planned; where they help with distribution; where they help affected populations understand the prioritisation made based on the vulnerability criteria being used; or where they help spread messages.[31]

[24] See also Patel 2014 & Featherstone 2016a :18
[25] See Acquaye-Baddoo 2010; Baser & Morgan 2008 for examples
[26] E.g. Review of Alert 34 DRC Refugees Oct. 2015
[27] E.g. Review of Alert 35 Ghana flooding; of Alert 38 Colombia oil spill; Alert 43 Myanmar flooding
[28] E.g. Alert 41 Pakistan flooding
[29] E.g. Yemen II
[30] Alert 51 Colombia
[31] See, for example, Alert 66 in Nigeria where health messages about protection from Lassa fever were spread

### DIVERSE COMMUNITY STRUCTURES:

Various types of 'community organisation' are referred to. These include community leaders,[32] community-level committees,[33] Health Management Committees,[34] beneficiary committees,[35] and disaster management committees.[36]

### POWER, INCLUSION, EXCLUSION IN COMMUNITIES:

Although the Start Fund documentation contains periodic references to perceived attempts by local authorities to bias the response towards their interests, we haven't come across mentions of power dynamics and patterns of inclusion and exclusion or marginalisation within 'communities'. That doesn't imply that Start member agencies do not work with conflict-sensitivity, only that it hasn't been an attention point for the Fund as such. It can also not be automatically assumed that national/local agencies are intrinsically better at this.

### AFTER THE START RESPONSE?

Unlike the 'peer review' notes, the 'learning review' notes highlight two points more strongly: shortfalls in coverage and what happens next? Start's financial allocations are modest, and on various occasions the amount of available assistance was not enough to cover the whole affected population.[37] Subsequently, while affected people are grateful for the fast and concrete help from Start members, they point out that often their needs extend well beyond the '45' days.[38] This is a point often made by national and local actors i.e. they take a responsibility for ongoing care after the (internationally supported) 'project'. Obviously the Start Fund cannot take responsibility for all uncovered humanitarian needs everywhere. But we hope and expect that its members and implementing collaborators communicate this clearly and honestly from the outset when engaging with the affected populations and additional funding is not (yet) in sight.

## Recommendations

**Recommendation 23:** Document in more detail, across a series of responses in different countries, the different approaches that allowed early and meaningful participation by affected populations, including what the contextually constraining or enabling conditions might be. This would be another valuable contribution to the 'localisation debate'. Given the speed of the Fund, pay particular attention to the quality of participation in the 'needs assessments'.

**Recommendation 24:** Take a few selected crisis situations of longer duration as sample and study what happened to the affected populations after its response. What did its member agencies continue to do (or not do), and with what means? what 'resilience' strategies (or negative coping mechanisms) did the affected populations pursue? This could be outsourced to a consultancy but, within the spirit of Start and localisation, could also be done as collaborative 'research' involving some members and non-member local agencies in the respective countries.

[32] E.g. Yemen II

[33] Such as Village Development Committees found in the Myanmar alert

[34] E.g. Mauritania

[35] E.g. Malawi-Mozambique flooding

[36] E.g. Alert 52 Sierra Leone

[37] See also Honduras NNGO interview

[38] See people consultations in Bangladesh

# National authorities & national actor presence and leadership in coordination

**FINDINGS AND OBSERVATIONS ON THE RELATIONSHIP WITH NATIONAL AUTHORITIES:**

Primary duty bearers: The foundational Consortium Agreement of the Start Network affirms the national authorities as primary duty-bearers:

"The Implementing Agencies recognise the primary role and responsibility of the state to provide assistance when people's capacity to cope has been exceeded. Consequently, the Consortium Members will seek to support the relevant statutory bodies in the countries in which Projects are carried out and to assist them in building their capacity to meet this responsibility." (from the original Consortium Agreement 2014 :12)

This is relevant from a wider perspective on the quality of governance. If people in crisis systematically get help from international agencies, then the government can feel less obliged to respond effectively, and people may be less inclined to hold their government accountable for its weak performance.[39]

**POLICY RESTRICTION: THE START FUND DOES NOT ALLOW THE SUB-GRANTING OF START FUNDS TO A GOVERNMENTAL ENTITY.**

**PRESENT BUT NOT VERY DETAILED INFORMATION:**
References to governmental authorities appear in Start Fund documentation. Sometimes stated only in the most general terms, they are specific on other occasions, for example referring to the Regional Health Directorate (Alert 35 Mauritania) or 'educational institutions' (Alert 52 Sierra Leone). Some Peer Review notes provide a bit more detail. Examples include:

- While using the Fund for an actual vaccination campaign against yellow fever in DRC proved not possible for SCF, it used the funding to train "over 1000 staff, showed the Ministry of Health what a good vaccination campaign looks like, and introduced an innovative probability sampling technique within household surveys." (Review of Alert 92 DRC Yellow fever)
- In the response under Alert 93 Chad -CAR Refugees (Sept. 2016), the IRC felt that it "built capacity of local Ministry of Health hospitals".
- The Fund should be involved in advocacy around boosting government capacity to respond and for capacity to be addressed within the preparedness plan." (Review of Alert 85 Kenya flooding).

Government officials are sometimes invited to post-project learning exercises (e.g. by Plan International & CARE after providing emergency relief to Nigerian refugees and IDPs in Cameroon 2015).

**CONCERNS ABOUT GOVERNMENT CAPACITY AND POLITICAL BIAS:** Two common concerns exist over government in the relief community which relate to its effectiveness and its respect for humanitarian principles. In terms of effectiveness, government response can be too slow because of its bureaucratic way of working (e.g. interview INGO staff member in Kenya; ACF MEAL team visit to Malawi & Mozambique 2015). In terms of principles, government officials can be tempted to direct aid to their political constituency or try to influence the organisation scaling up, to hire people they recommend.[40] This concern can extend to NNGOs that are perceived or assumed to be politically aligned, with such a concern being specifically expressed in Bangladesh.

Member agencies oriented to government collaboration: On the other hand, collaboration with national and certainly local government authorities happens regularly. It tends to be common in certain sectors, such as health. For some Start member agencies, for example Doctors of the World, this is fairly normal practice.

**GOVERNMENT PARTICIPATION IN PROJECT SELECTION, LEARNING AND CAPACITY-DEVELOPMENT:**
Contacts with government officials, at national and certainly local level, take place throughout response. The closeness of collaboration with government or lack thereof presumably varies a lot depending on the context, but also on the inclination of the agency or individual staff. Some of the potentially interesting 'outlier' points that drew our attention were the presence, in the Philippines, of one local government agency as a member of a Consortia supported under the Financial Enablers DEPP project, as well as a question expressed by Plan International "that it would have been useful to have a representative from the MoH on the local PSC meeting" (Alert 69 Benin Lassa fever May 2016 peer review).

[39] This is a classical 'substitution' effect that Do No Harm guidance has pointed at almost 20 years ago.

[40] See, for example, Featherstone in relation to Nepal

## Findings and observations on the presence, role and influence of national actors in coordination fora:

**EVIDENCE BASE:** Although it was not possible to systematically study the issue, a survey by the Shifting the Power DEPP project notes that local actors participate less in such fora than international ones. Moreover, when they do participate, they have less influence (Shifting the Power 2015:10). Globally, there is a lot of variation in both NNGO participation and in the perception of it.[41] According to OCHA data the situation has been improving to the extent that the average presence of nationals is now a bit over 50%, yet OCHA also confirms that 'presence' does not equate with 'influence'.[42] In Bangladesh, national-level clusters are in place for early recovery and shelter and most of the Start members are present in these. CARITAS Bangladesh is identified in this context as an INGO. There are only 2 NNGOs, neither of them a 'partner' of a Start member. One of our African NNGO interlocutors suggested that INGOs encourage NNGO participation, by taking them along or even asking them to go alone and report back.

**OBSTACLES TO NNGO PARTICIPATION:** At the same time, the non-participation of NNGOs is not just a question of lack of capacity or confidence. Some do not have the staff to send for regular meetings that are often called on short notice, or cannot easily function in meetings that require good command of English or another international language.[43] They may find the formal coordination efforts too slow and ineffective and coordinate faster among themselves by mobile phone.[44] Alternatively, they may refuse to send quality staff with good command of the international language as these will be noticed by international agencies who will then seek to recruit them.[45] On the other hand, coordination platforms both by and for national NGOs do not automatically function effectively. Effective localisation also demands commitments and efforts from NNGOs.

**NO FORMAL COORDINATION OR TOO LATE?** It is conceivable that in several instances where Start responds to a mid-sized crisis of low profile there is no pre-existing coordination mechanism in place. It is also conceivable that that Start is so fast that its response is well underway by the time an existing mechanism gets activated – this is certainly a point for further examination.

**DEPP AND COORDINATED COLLABORATION:** The 'Financial Enablers' DEPP project in the Philippines seeks to strengthen the coordinated collaboration within and between 6 NNGO consortia (with 1 local authority also participating). The idea is that their enhanced collaborative capacity will also put them in a stronger position to influence in formal coordination mechanisms. This is a theory of change assumption to be monitored. In Bangladesh, the Shifting the Power project is encouraging the creation of a network among the 11 participating NNGOs. They themselves have pointed out that it would not be opportune to create a new circle of inclusion/exclusion and that it needs to reach wider. This too is a positive occurrence.

# Recommendations

**Recommendation 25:** Qualitatively track and document, at least for a sample of responses, how the members and non-members relate to government and if, when and how government is an active part of a Start response.

**Recommendation 26:** Qualitatively track and document, at least for a sample of responses, how the Start response related to coordination mechanisms, what presence and role NNGOs played in those, and what the various reasons are that NNGOs may have little presence and influence.

[41] See, for example, UN 2015:101 and Shifting the Power 2015:10-11

[42] A.G. personal communication Mars 2017

[43] See Patel 2014 and Featherstone 2016b:10

[44] Interview with staff of INGO

[45] Featherstone2016a:7

# Visibility of national and local actors

## Findings and observations from Start Fund internal documentation:

**TO BE NAMED OR NOT TO BE NAMED:**
In the Start Fund internal documentation, national actors sometimes remain anonymous, and at other times are named. At times national actors are described as simply "a local partner",[46] "local NGOs",[47] or "a national partner" [48] . In other instances the collaborating agencies are named, e.g. CAFOD's partner NAG in Alert 43 Myanmar flooding; Eyn and the Centre for Child Health and Development as SCF partners (Alert 47 Nigeria returnees); or the Centre for Caring, Empowerment and Peace Initiatives (CCEPI) and the Goggoji Zumunchi Development Initiative (GZDI) that with their local presence and networks proved very valuable partners for IRC in the Nigeria flood response (Alert 50, review Dec. 2015). The report of the 2016 MEAL team visit to India carries logos of 13 member agencies, but 'local partners and networks' are only mentioned in very small print at the bottom of the front page, even though their 'pivotal role' is later asserted in the text.[49]

**SO WHAT?**
The internal documentation tells us very little about the role and contribution of national and local agencies in the Start-funded response. It is not known what risks they are exposed to, how they resolve dilemmas or deal with significant challenges. Further, it is not known whether they put in extra resources of their own, or if and when they show creativity or innovation?

## Findings and Observations from Start Fund (and DEPP) external communications:

**HARDLY VISIBLE:**
In the crisis response pages of Start Fund's annual reports (2014/15; 2015/16), national and local collaborators have hardly any visibility. All the maps contain only the name of the funded Start Fund members, all INGOs, even though many responses were carried out with or by other 'partners'. In the summary, the logo of the member appears clear and on top, yet there are rarely logos of the other operational partners and, if such logos are present, they are of a much smaller size. In the second Annual Report which covers a larger number of responses (34) than the first one (16), the line of 'implementing partner' is more often left blank, and again there are hardly any logos. It is unclear from the summaries whether this indicates an increase in direct implementation or a relative negligence about mentioning the other agencies involved.

- National and local collaborating agencies are not 'present' on the Start website on its Facebook page.
- Various internal but also publicly available DEPP project or DEPP learning reports, also do not systematically mention even the name of the national and local participating agencies.

## Findings and Observations from Bangladesh:

Partners names are mentioned in some proposals, notably more so in Alert 90 and 100. They are not mentioned on the Start Fund website. The visibility of partners depends on individual members, with some mentioning them on their websites in general terms. Partners are not sure how the information they provide is being used and there was a sentiment that the information provided by partners is being packed and sold to raise more money, without guarantee that their name would even appear.

**PARTNERS WANTED MORE VISIBILITY WITH DONORS.** In their collaboration with INGOs, they rarely get the opportunity to meet the donors. DFID in Bangladesh indicated they are very open to this.

[46] See Yemen III 2015
[47] See Alert 35 Mauritania
[48] See Alert 56 Afghanistan
[49] 2016 MEAL team visit to India p.5

## Recommendations

**Recommendation 27:** Ensure, as the absolute minimum, that all collaborating non-member agencies are at least named and adequately visible in all Fund (and DEPP) external communications (website, Facebook, public reports, donor reports).

**Recommendation 28:** With the help of members, publish at least 12 solid case studies per year profiling the roles, contributions and achievements of national and local actors in a Start response. The information can come as an audio recording. The profile needs to be signed off by both the member and the local agency concerned. Over time, a comparative analysis can generate a report that Start can also make public as another small but relevant contribution to changing attitudes and perceptions about local agencies.

**Recommendation 29:** For members, as a matter of principle, bring one of more regular partners along to meetings with donor representatives and do not stand in the way of them having direct contact.

# National agency participation in humanitarian policy debates

## Findings:

**START NETWORK LEVEL:**
Engagements in international debates about humanitarian policy and practice happen at the level of the Start Network and not the Fund.

**START NETWORK DOES NOT CARRY OUT ADVOCACY:**
It is practically unrealistic for Start itself to canvass the views on an issue among the many thousand local actors that collaborate with its members. Members also have different opinions about Start and advocacy.

**Recommendation 30:** To the extent that DEPP projects and the experimentation with Start-supported country-level funds turn out real innovations, ensure that national actors are part of, or even leading, the sharing of what is being learned from it.

# Concluding observations

The Start Fund explicitly pays attention to the participation of affected populations. Overall, its members appear to be doing well in this regard. If there is some flexibility on the current one-size-fits-all-contexts time frame (7-45 days), then it could be possible to further build on this success.

The overall picture on the relationship with national and local actors is undoubtedly variable, but our broader consultations (beyond this exercise) signal that there is frequently room for significant improvement. This is, first and foremost, the responsibility of the member agencies. The Fund can support this by encouraging attention to issues that are critical for NNGOs such as quality of funding, equitable partnership, sustainable and more institutional capacity-development, recognition and visibility for their roles, contributions and achievements, and substantive presence and influence in the fora where humanitarian policies, standards and programmatic coordination are discussed.

Rather than one of 'capacity', this is primarily a matter of relationship quality, respect and trust. Even after repeated collaborations, many NNGOs feel they cannot speak freely and safely in the presence of international agencies about the difficulties their way of operating creates for them. The power they have also enables international agency staff to determine what criticism they are willing to accept, and on what terms. Regarding the capacities and performance of NNGOS, it is primarily the perceptions of international agencies – individually and collectively – that find their way into the records. Few records give equal space to the reciprocal views of national actors.

Of the DEPP projects that we could examine, they focus squarely on the individual and collective capacities of national actors other than the 'national offices' of INGOs or the 'national affiliates' of international alliances. Important synergies are to be made between the Fund's activities and what DEPP brings to a country – something which DFID, as donor to both, wants to see. However, only a limited number of Start members are engaged in DEPP, many of whom are also active in other initiatives such as 'Missed Opportunities' and the 'Charter4Change'.

Within the Start Network there remains ambiguity whether it will content itself with a 'decentralisation' interpretation of 'localisation' or pursue a more 'transformative' one. The question of why the 'humanitarian economy' is so unbalanced in the first place deserves more critical attention. For now, there is more explicit language in the Network about 'decentralisation' than about 'transformation'. 'Decentralisation' has also been the thrust of developments in the Start Fund. 'Decentralisation' is not necessarily a step towards 'transformation' and indeed, when not accompanied by major shifts in the role of international agencies, the former can be an obstacle to the latter, perpetuating the 'unbalanced' economy. More attention needs to be given to the tension between pursuing greater 'diversity' and a 'members first' practice, because of the complex dynamics of inclusion and exclusion it can generate.

A major point of attention is the target of 25% of Start Fund grants that the Network has committed to see implemented directly by national Network member NGOs, without subcontracting, by 2020. Based on our review, the pace of bringing in more NNGOs into the Network membership (and their uptake of funds) might be too slow. The current process to become a Network member is very demanding and quite possibly an obstacle. The initiative to set up country-level Start Funds carries potential, but those will materialize only in a few countries in the next few years, and its cumulative responses subsequently, are unlikely to add up to 25% of the Fund's grants worldwide. To meet Start's ambition, they would also have to be designed to facilitate access for more national actors. There is still the challenge of 'dis-intermediation', another objective Start has committed to. Bolder approaches may be needed, and soon. There are enough potential donors that do not have legal restrictions to directly fund NNGOs and Start is in an excellent position to argue that the risk in its responses is manageable and should not be a major obstacle.

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