UNDERSTANDING THE LOCALISATION DEBATE.

Koenraad Van Brabant & Smruti Patel

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INTRODUCTION: WHY UNPACK THE 'LOCALISATION DEBATE?

The World Humanitarian Summit (WHS) in May 2016 led to a voluntary commitment of major governmental donors and international relief agencies, known as the 'Grand Bargain'. One key commitment is to provide "*more support and funding tools for local and national responders*". This has become known as 'localisation'.

Text Box 1: Localisation in The Grand Bargain Document.

- ***Capacity-support***: Capacity strengthening is to be incorporated into partnership agreements; increase and support multi-year investment in the institutional capacities of local and national responders;
- ***Funding***: Achieve by 2020 a global, aggregated target of at least 25% of humanitarian funding to local and national responders 'as directly as possible', to improve outcomes for affected people and reduce transactional costs; develop a common digital platform "to demonstrate how funding moves from donors down the transaction chain until it reaches the final responders and, where feasible, affected people"[1] with the first such data reported by mid-2018; support the capacity of all partners to access and publish data; develop and apply a 'localisation marker' to measure direct and indirect funding to local and national responders; and make greater use of funding tools which increase and improve assistance delivered by local and national responders such as UN-led Country Pooled Fund, the IFRC Disaster Relief Emergency Fund, and NGO-led and other pool funds;
- ***Barriers:*** Remove and reduce barriers that prevent organisations and donors from partnering with local and national responders, in order also to lessen their administrative burden;
- ***National role in coordination***: Support and complement national coordination mechanisms where they exist and include local and national responders in international coordination mechanisms as appropriate and in keeping with humanitarian principles. (Grand Bargain 2016:4-5/10).

Over the past year, the precise and practical meaning of 'localisation' has generated a lot of focused work but also intensive debate. Both the term 'localisation', and the debate, are confusing to many. This paper[1] sets out the main parameters of the debate, and identifies reasons why it remains so confusing. Part I focuses on the 'meaning' or 'spirit' of 'localisation', Part II on the 'letter' of the Grand

[1] Many elements of this paper were developed in the course of an assignment for the Start Fund (part of the Start Network), through a service contract with World Vision UK. This paper focuses more on why the localisation debate is so difficult, and adds more recent references.

Bargain document. Part III points out that, notwithstanding the confusion and controversy, several important international agencies, often signatories of the Charter 4 Change, are moving ahead.

PART I. THE 'MEANING' OF LOCALISATION.

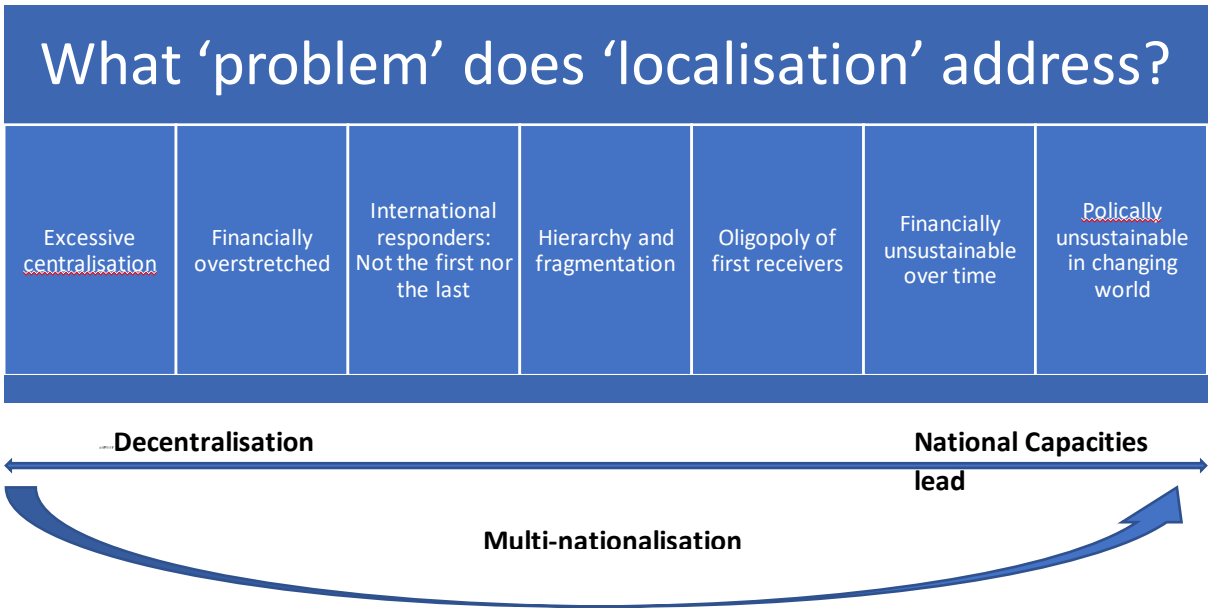
A. WHAT PROBLEM(S) IS LOCALISATION SUPPOSED TO ADDRESS?

'Localisation' is older than the World Humanitarian Summit. For the past 20 years or more, it used to be framed differently, e.g. as '*strengthening local capacities*'; '*working in solidarity*', '*partnership with local organisations*'. Typically articulated by international agencies, similar sentiments were found to live among those at the receiving end of aid. After several years of listening to people on that receiving end, CDA's Listening Project concluded:

"*What people want is an international assistance system that integrates the resources and experiences of outsiders with the assets and capacities of insiders to develop contextually appropriate strategies for pursuing positive change. (…) Real help (as opposed to the delivery of resources) would involve mutual insider/outsider analysis of the context, generation of options, and shared decisions about the best strategy for pursuing the desired changes*." (Anderson et alii 2010:137).

The particular, and louder, WHS call for 'localisation', in 2016, emerges from a concern over the 'financing gap' between rapidly growing humanitarian needs and a slower increase in available humanitarian funding. But also from a deeper self-critique of what some call the 'international humanitarian system' and others the 'relief industry'. Localisation is supposed to mitigate if not fully resolve, one or more problems of how this 'system' generally operates. 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 populations-at-risk and of local 'first responders', together with a strengthening of their institutional sustainability to assist over the long run (High Level Panel 2016:20; 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 national actors alike. A solution or mitigating measure, 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, currently a multi-billion-dollar industry, are only a handful of UN agencies and INGOs, and the Red Cross & Red Crescent Movement. 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, 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. Although individual generosity and solidarity remain strong, people in Western societies may not remain willing or able to fund a global humanitarian welfare system. Localisation will create more space for other relief providers which may be more appealing to non-Western donors. More strategic investment is needed in national capacities for crisis-management, whose financial sustainability has to rely more on domestic funding.
- ***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.[2] In contrast, with national actors in the driving seat, localisation will help ensure the continued legitimacy of internationally supported crisis-preparedness and response, even in a changing world order.[3]

[2] Philippine government officials for example, expressed strong frustration and anger over how Philippine actors were pushed aside by the collective of international responders to Typhoon Haiyan/Yolanda in 2013. Following the massive earthquake in Nepal in 2015, the Government restricted the ability of international agencies to remain directly operational, by ordering them to work with Nepali partners. Although this definitely has caused significant delays, including in the speed of housing reconstruction, one recent report finds that international agencies did find ways to mitigate several of the challenges mentioned. (Featherstone 2016)

[3] 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)

B. DIFFERENT INTERPRETATIONS, DIFFERENT STRATEGIES, DIFFERENT VISIONS OF 'SUCCESS'.

Lack of clarity or agreement regarding the problem(s) it is supposed to mitigate, is one reason why the localisation debate is confused. The above diagram 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.

A 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% objective. 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.

Text box 2: Possible Outcomes: What Localisation Success May Look Like.

Localisation as 'decentralisation' can become a powerful incentive for international agencies to pursue more comprehensive registration of their national offices in different countries, or for the accelerate multi-nationalisation of international NGOs, through alliances and federated structures. Purely to illustrate what this would look like: If there is ongoing violence in Iraq in 2025, then we might see the non-governmental relief efforts been led by e.g. Oxfam Iraq, World Vision Iraq, ActionAid Iraq, Muslim Aid Iraq, Islamic Relief Iraq etc. with only modest roles for purely Iraqi agencies without international affiliation.

Localisation as 'transformation' may lead to different outcomes e.g.

- a scenario in which national crises are managed by the government authorities, who control the relief funding. They direct where their national and local non-governmental relief providers must work, and determine the space, location and sector of work of the supporting international agencies;
- a scenario in which national crises are managed by a plethora of non-governmental actors, typically operating in consortia, networks or other forms of collaboration. But there is some competition and lack of coordination between different collaborative fora. The relatively passive role of the government also means that crisis management is not seen as part of the governance relationship between citizens and authorities;
- a scenario where national and local governmental and non-governmental actor collaborate effectively in a shared infrastructure for crisis management.

A 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 share at least part of the global purse. They look beyond the 'humanitarian economy' to its 'political economy'.

'Transformers' are also concerned that localisation as 'decentralisation' 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 organisational 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 civil society organisations, who are already under financial (Street 2013) and sometimes also political pressures.

C. CONCERNS ABOUT OVER-RELIANCE ON NATIONAL CAPACITIES: ARGUMENTS & COUNTER-ARGUMENTS.

There is also continuing debate because localisation does not have unanimous support. Here are five frequently heard reservations – almost exclusively from international agencies – qbout the more 'transformative' conceptualisation of localisation. And some of the counter-arguments.

TIME CONSTRAINTS	*Counter-observations*
In a major emergency, there is not the time to build quality relationships, and to assess and strengthen the capacities of national and local agencies.	There is a point to this, but it gets overstated. It negates the observation that local/national actors are often the 'first responders' but also the ones that stay when most international actors have gone. Several 'emergency' responses don't happen quite as fast as agencies like to portray. The 'emergency' mode, and centrality of international agencies, is often unnecessarily prolonged by international actors. Certain natural disasters, like earthquakes, tsunamis or cyclones have a limited "emergency" duration. Displacements in camps or with host families, and other chronic crises are still stressful, but not full blown 'emergencies'. International agencies have often been on the ground for years. They have had ample time to develop the relationships and assess and strengthen capacities of national and local actors.
EFFICIENCY	Counter-observations
Localisation is about empowering crisis-affected populations, not about shifting money to national and local 'intermediaries'.	In most circumstances, crisis-affected populations by themselves cannot muster enough strengths to overcome the crisis: Syrian refugees in Jordan, Haitians affected by successive earthquakes and cyclones, Nepalis whose houses have been destroyed etc., cannot by themselves 'build back better', even if they are provided with more financial resources. Dedicated 'organised' capacities will often be needed.
International agencies have stronger organisational capacities, more technical expertise and global experience. Especially when already present in country, they may turn out more efficient than national and local actors.	Given that the international humanitarian system does not invest systemically and effectively in strengthening national actor capacities, there is no way to prove or disprove this hypothesis. If international organisations retain the control over the financial resources, they are likely to always have superior capacities over national ones. Allocating 25% (only) of available funding to national actors creates the conditions to test whether, after some years, national actors can demonstrate their alleged advantages, such as better fit with the context, greater cost-effectiveness and greater accountability to affected populations.

CAPACITY CONSTRAINTS

The national authorities, even if willing and able to respond, are too slow.

National and local organisations, governmental or non-governmental, don't have the capacity to scale up quickly.

Working with existing partners does not per se provide the coverage and scale required in a response to a major emergency.

National and local organisations, governmental or non-governmental, don't always have the required thematic/technical expertise to work to minimum standards.

Counter-observations

There is a generalised assumption that national/local actors have less capacity than international ones. That risks becoming an expression of prejudice, rather than a statement-of-fact.

There are many, well documented and long-standing, ways in which international actors, directly and indirectly, undermine national and local capacities.

International agencies can obtain and retain 'capacities' because they have the financial resources. If national and local actors had similar financial resources (quantity & quality), they could do the same. *("Give us better funding and we can build and retain capacities just like you!"* NNGO director South Sudan)

International agencies have been raising funding for 'capacity-strengthening' for decades: if there is still a widespread capacity-deficit among national & local actors, what does this say about their willingness and ability to 'build capacities'?

FIDUCIARY RISKS.

The national authorities or national/local non-governmental actors do not always have the systems in place to provide the financial accountability required by international donors;

National and local organisations, governmental or non-governmental, do not always have the capacity to absorb sudden significant influxes of money, and manage it well;

The risk of mismanagement, fraud or corruption among national and local organisations is higher.

Counter-observations.

The fiduciary tests and due diligence standards imposed on national and local actors are sometimes higher than for international actors;

Even if international agencies meet such standards, there is a lot of wastage of funds allegedly dedicated to crisis-affected populations, on unnecessary travel, conferences, agency publicity, internal bureaucracy etc.

Cases of fraud occur also in international NGOs. UN agencies handle significant amounts of money, yet are exempt from external audit and verification.

Several national agencies around the world have already been receiving some funding from international donors directly. Many more have been receiving sub-grants from international agencies for years, and accounted for them. How long are we going to continue arguing that they constitute a problematically 'high' risk?

HUMANITARIAN PRINCIPLES

In situations of conflict, it is harder for national actors, governmental or not, to adhere to fundamental humanitarian principles, notably neutrality, impartiality and independence.

Counter-observations.

There is validity to this, but it must not be overstated: Several international aid agencies, or their staff, have taken sides in conflict, or expressed sympathy for one side against the other.

The majority of international aid agencies is not financially independent, and to a smaller or larger degree has to follow the agendas of the institutional donors, agendas that are shaped by the media attention, public opinion, and political, security and economic interests.

Most agencies that engage in relief are actually multi-mandate, and hence will operate according to other principles in times when the

conflict is less overt and violent. While they may compartmentalise their projected images, national and local actors don't see different agencies, but one that ultimately has an agenda that is not strictly humanitarian.

Maintaining neutrality and impartiality is not just a technical-operational principle, but requires developed political capabilities, as well as the skill to analyse war economies and how also humanitarian aid, directly or indirectly, can contribute to those. International actors are largely dependent on national and local actors to provide them the insights and guidance to do so. There are several examples where local actors are the most effective at 'negotiating access' and 'humanitarian space'.

If INGOs have been present in a country for decades and are run by national staff, can we confidently assume that they continue to stand totally objectively outside the local dynamics?

Each argument against localisation has its counterarguments. Counterarguments do not deny that the original concern has any validity. They point out how these reservations unfairly generalise problems with and challenges for national/local agencies. And they overstate the performance of international agencies, who also have their capacity issues, fiduciary problems, corruption scandals, and struggles with humanitarian principles in complex conflicts.

Understandably, those who have strong reservations about over-reliance on national and local actors, are more inclined towards the 'decentralisation' interpretation of localisation. Those who feel that the counter-arguments have validity, will incline more towards the 'transformation' interpretation.

D. PRACTICAL OBSTACLES FOR DONORS.

Those donors that have signed up to the Grand Bargain are also discussing internally how to achieve its commitment. Even where there is firm commitment to test the potential and limits of localisation with a share of globally available humanitarian funding, challenges remain, such as

- ***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, for profit and not, who have played such multiplier role.

- ***Restrictive legislation or 'constitutional' arrangements:*** Belgian legislation for example only allows for those NGOs registered in Belgium to receive public funding. Swiss Solidarity, a foundation which allocates funds raised through public appeals, has operated with a practice of funding only NGOs that have some 'Swiss connection'. ECHO too cannot directly fund national organisations with no European link. A quick scan of donors conducted by the authors of this report, shows however that many do not have legal restrictions.

- ***Counter-terrorism legislation***: Most prominently, though not exclusively, emanating from the US, 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. Governmental donor agencies do not have the capacity to examine the vast number of national and local agencies for any risks in this regard.

- ***'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 primary operator but more the broker/convenor/advisor/resource? [4]

E. HOW THE DEBATE IS WAGED.

The above sections have already signalled several important reasons why the localisation debate is difficult: There is no agreement about what the problem(s) is (are) that localisation is supposed to address; there are partially valid concerns about excessive reliance on national and local actors, and there are some important practical obstacles. Here are 6 additional reasons:

1. Different time perspectives.

Proponents of 'decentralisation' and 'transformation' speak with different time perspectives. Those leaning towards the 'decentralisation' interpretation focus on enhanced cost-efficiency and cost-effectiveness in the shorter term; those leaning towards the 'transformation' interpretation focus on the same benefits but over the medium- to longer-term. The first will emphasise the continued need to save lives now, the other doesn't deny this but will argue we need to also invest strategically in stronger national crisis management capacities, for greater sustainability and long-term cost-effectiveness.

2. A revolutionary or evolutionary agenda?

Localisation is sometimes debated as if it means the total 'overthrow' of international agencies, in a revolutionary move that will bring national and local actors to power. It is not: National organisations do not want to kick out international agencies, but want a fundamental change in the roles and relationship. In funding terms, 'localisation' only commits to 25% of global funding going to national and local actors. That leaves 75% for business-as-usual, and for those situations where advanced 'localisation' in terms of national actors leading in the decision-making and implementation, is not possible. Lastly, the 25% of funding is an aggregate target: That means that in practice some organisations or funding platforms will continue to largely fund international agencies, at least if others allocate more than 25% to national actors. Localisation is more sensible understood as an innovative, evolutionary, approach to test other ways of working.

3. Non-distinction of the distinct.

The debate in generalising terms, often does not distinguish between contexts. Speaking still in generalising terms, conditions for greater localisation are often better in natural disaster situations, where national and local actors are often already fairly central to disaster risk reduction investments. Even then, there are differences between countries. The Philippines or Bangladesh for example have stronger national governmental and/or nongovernmental capacities for crisis management than, say, Mali or Haiti. Different contexts present different opportunities. The debate also refers to national

[4] It must be noted, however, that developmental approaches often consist of working with national and local institutions and 'partners', so that the international agency is not 'front stage' and leading all the work. The general public does not seem to have a major problem with this.

and international agencies in general, and supposedly homogenous categories. International agencies, or individual staff members, often hold a sceptical view of national and local governments. Generally negative opinions about national non-governmental organisations can also easily be heard in informal conversations: all are portrayed as having limited capacities, more prone to fraud, one-men shows, politically or socially affiliated with one group or another etc. So generalised, this becomes prejudice. Everybody can provide usually more than one example that -supposedly- 'proves' their point, and therefore take the debate into a 'dead-end alley'. To go anywhere, the debate has to become context-specific, and take place, not in in Western capitals, but in the countries concerned.

4. **Excessive focus on money.**

The best known and (in principle) most easily measurable commitment from the Grand Bargain is the 25% of global humanitarian funding to national actors by 2020. This has turned the localisation debate into a competition over money. Yet the cornerstone of localisation, certainly in a more transformative sense, is and must be the quality of relationship[5] and the strategic purpose of a more cost-effective and sustainable global humanitarianism. It is easier to share part of the money when there is willingness to collaborate and a modicum of trust. If international organisations would spend even half the effort in developing the relationship with national ones, as they do in planning for the 'delivery' of 'results', there would be less distrust and game-playing.[6]

Text box 3: Unintended Negative Consequences of Focusing on Quantity and not Quality?

The Grand Bargain refers to the quantity of annual global humanitarian funding that goes to national/local actors or not. For the latter however, from an organisational sustainability point of view, the quality of that funding is as important, even more so. Ignoring the quality of funding aspect, can turn 'localisation' into an incentive for more sub-contracting – on poor terms for the national agency. Indeed, to meet the target, it then would suffice for my international agency to ensure that 25% of our funding is provided in cash to national/local actors, as payment for contracted services, on terms heavily determined by the international agency. These terms may continue the prevailing practice, in which national/local contractors are mostly paid their 'direct implementation costs' only. This perpetuates their structural weakness, and ensures that they cannot become credible competitors for better resourced international agencies. To avoid this, the quality of funding needs to be incorporated into the localisation marker. The tracking needs to distinguish between finance flows that '*pass through*', and those that '*pass to*' the national/local

CDA's 'Listening Project' (Anderson, Brown & Jean 2012) has signalled how the quality of relationship matters to crisis-affected people. The increased use of cash assistance already changes quite significantly the nature of the relationship between aid providers and people-in-need. It reduces the aid agency's long-standing habit of knowing what is best for people-in-need. Of course, cash provision can go wrong, which is why we do post-cash distribution monitoring. But occasional problems and failures are not an argument to shy away from it completely.

[5] Cooperative Capacity Partners (2016) asserts that the effectiveness of capacity-development efforts will be influenced by the underlying quality of partnership. If that is poor, the CD efforts will be less effective.

[6] "*The development sector is almost obsessive about defining, planning and evaluating 'results', often in a top-down, technocratic manner. Only a fraction of this attention is paid to creating the relationships on which achieving any sort of result hinges*." (Woodhill 2010:31)

5. **Institutional Interests.**

Those more receptive to a 'transformation' interpretation of localisation, can be suspicious of the motives of the 'decentralisers' and those who express strong reservations about over-reliance on national capacities. Rather than reflecting a genuine concern over the long-term quality and effectiveness of humanitarian action, they wonder whether this not more an expression of institutional self-interest? Many international agencies have built large organisations and powerful influence on practices of direct implementation and sub-contracting. More transformative localisation can be perceived as a significant threat, in terms of reduced income, but eventually also reduced power. This is certainly a perception often heard, when listening to national governmental and non-governmental actors.

6. **National agencies are not (yet) showing the leadership.**

'Localisation' is a great opportunity for national actors, governmental, non-governmental, and crisis-affected people, to have a much greater say in what is being done for their benefit, with money that was raised in their name. Problematically, the localisation debate largely takes place in Western capitals, with at best limited presence of national actors. This debate needs to shift to where the majority of its stakeholders reside. Challenging the capacities and integrity of national organisations in a meeting in Geneva is easier than in a meeting in Manila, Dhaka or Nairobi, with many more national actors present.

Beyond that, national organisations need to be proactive on articulating how they will exercise the responsibility that will come with greater localisation. Many of them have relied for decades on international grant funding, and become skilful in the rules of that 'game'. To exercise greater leadership, they now need to address the competition also among them. They need to come up with practical proposals on how they can address the justified concerns and practical needs of international donors, if they are funded directly. They need to be firm about their principles and standards of fiduciary and other integrity, which they will uphold and will promote actively. They also need to set standards and criteria regarding the required behaviour of those who claim to speak 'for national NGOs', not all of whom provide timely information, consult, give feedback etc. to that constituency.

PART II. THE 'LETTER' OF LOCALISATION.

As is often the case in negotiated documents, some vagueness of language is needed in order to achieve consensus. This then can become a source of confusion and disagreement, requiring dedicated 'working groups' to try and render the meanings more specific. True to form, this is what is also happening with the Grand Bargain wordings (see Textbox 1). Here follow the five major ambiguities, or 'loopholes' as some have called them, and the proposals of an interagency working group to define a 'localisation marker'. The first two ambiguities are of a broader, strategic nature. The other three 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 in its terms.

1. **What national capacities to invest in first, which to invest in 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 also strongly encourages a 'participation revolution', giving the intended beneficiaries a greater say in decisions that affect them.

2. **<u>The practical meaning off '*as local as possible, as international as necessary*''?</u>**

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. Large scale international response 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 major international action becomes less often necessary?

3. **<u>Who counts as 'national'/'local' actor?</u>**

The financial target is for 25% of funding to go to national and local actors. This will also have to be tracked, across a multitude of bilateral, multilateral and non-governmental agencies. Consistency in the use of definitions is key to being able to aggregate the figures coming from each. So who counts as 'national' or 'local' actor? This question has been the object of intense debate, that is likely to continue. 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 lean to 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.

The topic has been debated and subjected to a global survey by the IASC Humanitarian Financing Task Team Working Group on a 'Localisation Marker'. In April 2017, the group made its proposal, summarised in the Text box 4 on the next page. (Poole 2017:5-6) Unfortunately, the proposal doesn't deal conclusively with the issue of national members of international alliances / federations. It doesn't specify, for example, how much 'independent fundraising' the national affiliate needs to do, to qualify as not having 'inter-linked financing'? It certainly doesn't address the issue of diversification and 'level playing field'.

4. **<u>The practical meaning of *'as directly as possible'?*</u>**

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. The intent however is clear: 'dis-intermediation' with a concomitant reduction in transaction costs and increase in identifiable accountability. Here too, the IASC Localisation Marker Task Force has come up with a proposed interpretation (Poole 2017:6): To qualify as contributing to the 25% target, the funding should be one of the following:

- ***Direct funding***: For institutional (mainly government) donors: direct funding from the original donor to the local and national organisations, without international intermediary; for UN agencies and INGOs: The direct onward transfer of publicly-raised funds.

- ***Channelled through a pooled fund***: Inasmuch as this is directly accessible to national and local responders;

Not qualifying would be funding from the original donor to the national/local organisation that involves *two or more transaction layers*. Presumably, this then means that one transaction layer i.e. one intermediary, would count for the 25%? The report is not clear about this. It is contested by a number of national NGOs.

Text box 4: Who Counts as National/Local: Proposed Definitions

'***National NGOs/CSOs'***: National NGOs/CSOs operating in the aid recipient country in which they are headquartered, working in multiple subnational regions, and not affiliated to an international NGO. This category can also include national faith-based organisations.

'Local NGOs/CSOs': These operate in a specific, geographically defined, subnational area of an aid-recipient country, without affiliation to an international NGO/CSO. This category can also include community-based organisations and local faith-based organisations.

'Red Cross/Red Crescent National Societies': National Societies that are based in and operating within their own aid recipient countries.

'***National Governments': National*** government agencies, authorities, line ministries and state-owned institutions in aid recipient countries e.g. National Disaster Management Agencies. This category can also include federal or regional government authorities in countries where they exist.

'Local Governments': Sub-national government entities in aid recipient countries exercising some degree of devolved authority over a specifically defined geographic constituency e.g. local/municipal authorities.

'***Local and national private sector organisations':*** Organisations run by private individuals or groups as a means of enterprise for profit, that are based in an operating within their own aid recipient countries, and not affiliated to an international private sector organisation.

Excluded from the categorisation of national and local responders are:

'***Internationally affiliated organisations': Those*** that are affiliated through inter-linked financing, contracting, governance and/or decision-making systems. This category does not include local and national organisations that are part of networks, confederations or alliances wherein those organisations maintain independent fundraising and governance systems.

'***Southern international NGOs'***: NGOs based in aid recipient countries that are not OECD member countries, carrying out operations outside of the aid recipient country in which they are headquartered and not affiliated to an international NGO. The same organisation can be classified as a national NGO/CSO when carrying out operations within the country in which they are headquartered.

'***International NGOs'***: NGOs not based (*headquartered??)* in an aid recipient country and carrying out operations in one or more aid recipient countries.

'***Multilateral organisations'***: Agencies of the UN and other international organisations.

'***International Red Cross and Red Crescent Movement': The*** ICRC and the IFRC, as well as Red Cross/Red Crescent National Societies operating outside of their own country.

'***International private sector organisations':*** Organisations run by private individuals or groups as a means of enterprise for profit, that are not based in an aid recipient country and carrying out operations in one or more aid recipient countries.

5. **What counts towards the 25%?**

Does the benchmark relate only to financial transfers, from an international to a national actor, or does it also include 'in kind' transfers? If in-kind transfers are included, then many international agencies would already achieve the objective. (Els 2016) The IASC Localisation Marker Working Group found that 60% of those who responded to their online survey, felt however that the provision of goods-in-kind should be excluded.

There seems to be a fundamental confusion here, possibly resulting from the exclusive focus on money and its quantity. 'Localisation' is not about reducing direct implementation and working more '*through*' national and local responders. If this were the case then the indicator would be, 'what percentage of the overall budget has *passed through* a national/local actor?' As text box 3 signalled, such understanding could lead to an increase in 'subcontracting', which is precisely what national/local agencies already object to. Localisation is about strengthening the roles and capacities of national/local actors, including by providing them more and better quality direct funding. Any financial tracking should therefore distinguish between 'in-kind' transfers that *pass through* a national actor and those that *pass to* a national actor. Given that many national agencies are short on essentials like 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.

In Conclusion: The 'letter' of the Grand Bargain document has created its own challenges. There is a risk that it distracts from the broader 'meaning' or 'spirit' of the commitment, and the strategic question what humanitarian action should, can and might look like in 15 to 20 years from now, when the international world order may have changed quite significantly.

PART 3. CONTINUED DEBATE – AND CONCRETE ACTION.

Localisation continues to be debated. That is not surprising, because it is not just a technical-operational issue, but a truly 'political' one. Taken seriously, it invites critical reflection on, and changes in, the political economy of the international relief industry. As we have seen, the hesitations and reservations are not without justification, though purely institutional interests are also at play. The debate gets unnecessarily polarised because it is waged in generalising terms. Yet the localisation agenda, as it emerged at the World Humanitarian Summit, invites experiment and evolution, not radical all-or-nothing revolution.

While the debate continues, a significant number of international agencies acknowledge that the status quo and 'business-as-usual' are not an option. Several have simply decided to go ahead.

OCHA for example is devoting significant attention to the greater presence, role and weight of national and local actors in coordination fora. Other agencies have endorsed the 'Charter 4 Change' (C4C) whose very specific eight commitments are reproduced in Annex 2. (In our own analysis, derived from listening to many national and local agencies, we see seven dimensions of localisation, that encompass the commitments of the Charter4Change, but add some others. These are summarised in Annex 1.)

Most signatories of the C4C are taking this voluntary commitment serious, are discussing the implications for their organisation, and have started reporting periodically on their progress. One point is clear: Even for organisations for whom 'working with partners' is a long-standing practice, living up to these commitments requires institutional adjustments. For those who have largely been directly implementing, the localisation commitment goes to the 'DNA' of the organisation. Many

smaller and larger adjustments will be needed, including in mind sets and staff competencies, to make the organisation more 'fit-for-partnership'. Such changes will take time, but offer interesting prospects.

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ANNEX 1: THE 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. Around 2015 this amounted to less than 2%. This is an ambitious change target – whose achievability is already being questioned.

The other dimensions are derived from a fuller reading of the Grand Bargain document and an examination of the long-standing critiques and demands held by many national and local organisations around the world.[7] Diagram 2 visualises these seven dimensions. [8]

Diagram 2: The Seven Dimensions of Localisation in Practice.

- ***Funding:*** The commitment to ensure that at least 25% of internationally raised funding reaches national and local actors 'as directly as possible'. The Grand Bargain largely refers to *quantity* of funding, although it does call for less earmarking. For local actors however, just as for international ones, the *quality* of funding (flexible, longer-term, covering core costs, maintaining cash flow etc.) is as important as the quantity. They also feel they cannot easily compete with INGOs if a degree of co-funding is required. (de Geoffroy et alii 2017: 2) Furthermore, in emerging economies and countries with expanding middle classes, NNGOs are also looking at more domestic fundraising. They are deeply worried about the entrance of international agencies (or their national affiliates) as competitors into these 'emerging markets'.
- ***Partnerships:*** National and local actors are tired of being instrumentalised and of the prevailing sub-contracting relationship that many international agencies impose on them.[9] They acknowledge the value of international agencies, and don't want to get rid of them. But

[7] The appropriateness of these dimensions is confirmed by recent surveys in Afghanistan, Lebanon and Haiti, conducted by Ground Truth Solutions, offering field perspectives on the Grand Bargain. Some of the overall observations are that, generally speaking, affected populations do not feel that they have the information they need about the aid on offer or being provided, and that aid providers take their views into account. The quality of relationships between national organisations partnering with international ones, varies a lot. But national NGO generally provide low scores for how their work and contribution is publicised ('visibility' dimension), and for the quality of funding they receive in terms of its contribution to core costs and allowing flexible adaptation. Even though in Lebanon and Afghanistan significant shifts are occurring towards greater roles for national organisations, it does not appear as if there has been effective investment in their long-term institutional capacities and financial viability. http://groundtruthsolutions.org/our-work/by-project/projects-with-the-oecd/

[8] The 8 commitments of the Charter for Change (see Annex 2) can be grouped under four of these dimensions.

[9] The 2007 'Principles of Partnership' are, a decade later, little known and even less practiced.

they want to see more genuine and equitable partnerships. They want to be 'decision-making' and not just 'implementing' partners. [10]

- ***Capacities:*** More effective support for strong and sustainable institutional capacities, and less undermining of those capacities by international actors (e.g. by funding direct project costs only; hiring away the best staff of national actors for their own surge capacity);
- ***A 'participation revolution'***: 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.[11]
- ***Visibility***: Greater public recognition and visibility for the role, effort, contribution, innovation and achievements of local actors.[12]
- ***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 them. A different dynamic might result if we put the 'participation revolution' first. Recently DFID and ECHO set up a multi-million-dollar cash programme mechanism for refugees in Lebanon, with one intermediary and one separate monitoring agency. This is much more direct funding to the intended beneficiaries, cutting out most international and national agencies alike. [13]

[10] There are now many relevant references to reflect on and assess the health of a partnership, such as the principles of the Partnership Brokering Association, the framework and questionnaire developed by Keystone Accountability, or the Partnership Maturity Matrix of the Cooperative Capacity consultancy group.

[11] Which is not so easy, given that international coordination mechanisms are complex, slow and very time consuming. Not all national actors want to be burdened by them, or can afford the staff time required.

[12] A recent study that looked at 28 projects implemented by 5 ECHO partners (3 UN, 2 INGO), found that the reporting provided some descriptive information about the roles of national actors in programmes and projects, but does much on the added value. The report also continues to refer them as 'implementing partners'. owjee et alii 2017:2/20-21)

[13] 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.

Annex 2: Charter for Change

Localisation of Humanitarian Aid

(https://charter4change.org/)

We the undersigned organisations, working in humanitarian action welcome the extensive consultations and discussions which have been generated during the World Humanitarian Summit process. We believe that now is the time for humanitarian actors to make good on some of the excellent recommendations arising through the WHS process by committing themselves to deliver change within their own organisational ways of working so that southern-based national actors can play an increased and more prominent role in humanitarian response.

In the case of international NGO signatories we commit our organisations to implement the following 8 point Charter for Change by May 2018.

In the case of southern-based NGOs working in partnership with international NGOs we endorse and support this Charter for Change. We will be holding our international NGO partners which have signed this Charter to account and asking those which are not signatories to this Charter to work towards signing up:

1. **Increase direct funding to southern-based NGOs for humanitarian action:** At present only 0.2% of humanitarian aid is channelled directly to national non-government actors (NGOs and CSOs) for humanitarian work – a total of US$46.6 million out of US$24.5 billion[14]. We commit through advocacy and policy influence to North American and European donors (including institutional donors, foundations and private sector) to encourage them to increase the year on year percentage of their humanitarian funding going to southern-based NGOs**.** We commit that by May 2018 at least 20% of our own humanitarian funding will be passed to southernbased NGOs.[15] We commit to introduce our NGO partners to our own direct donors with the aim of them accessing direct financing.
2. **Reaffirm the Principles of Partnership:** We endorse, and have signed on to, the Principles of Partnership, (Equality, Transparency, Results-Oriented Approach, Responsibility and Complementarity) introduced by the Global Humanitarian Platform in 2007.
3. **Increase transparency around resource transfers to southern-based national and local NGOs:** A significant change in approaches towards transparency is needed in order to build trust, accountability and efficiency of investments channelled to national actors via international intermediaries. We commit to document the types of organisation we cooperate with in humanitarian response and to publish these figures (or percentages) in our public accounts using a recognised categorisation such as the GHA[16] in real-time and to the IATI standard[4]
4. **Stop undermining local capacity:** We will identify and implement fair compensation for local organisations for the loss of skilled staff if and when we contract a local organisation's staff involved in humanitarian action within 6 months of the start of a humanitarian crisis or during

[14] See http://devinit.org/#!/post/global-humanitarian-assistance-report-2015-2

[15] Either national NGOs or local NGOs as defined by the GHA categorisation, see footnote 3.

[16] GHA defines 5 categories of NGOs: international NGOs, southern international NGOs, affiliated national NGOs (which are part of an INGO), national NGOs and local NGOs. See http://www.globalhumanitarianassistance.org/report/gha-report-2014 page 119 [4] Fully respecting security and not necessarily publishing the names of individual partners in conflict contexts.

a protracted crisis, for example along the lines of paying a recruitment fee of 10% of the first six months' salary

5. **Emphasise the importance of national actors:** We undertake to advocate to donors to make working through national actors part of their criteria for assessing framework partners and calls for project proposals.
6. **Address subcontracting**: Our local and national collaborators are involved in the design of the programmes at the outset and participate in decision-making as equals in influencing programme design and partnership policies.
7. **Robust organisational support and capacity strengthening:** We will support local actors to become robust organisations that continuously improve their role and share in the overall global humanitarian response. We undertake to pay adequate administrative support. A test of our seriousness in capacity building is that by May 2018 we will have allocated resources to support our partners in this. We will publish the percentages of our humanitarian budget which goes directly to partners for humanitarian capacity building by May 2018.
8. **Communication to the media and the public about partners:** In any communications to the international and national media and to the public we will promote the role of local actors and acknowledge the work that they carry out, and include them as spokespersons when security considerations permit.