

Donors and Equitable Partnership with National and Local Actors What aid donors can and must do

April 2021

SUMMARY

This GMI paper complements and expands two key guidance notes from the Grand Bargain Workstream on Localisation: *Guidance Note on Humanitarian Financing for Local Actors*, and *Guidance Note on Arrangements between Donors and Intermediaries*. (May 2020). Both contain relevant tips but, like the Grand Bargain and other commitment pledges from international actors, do not explain why this is important or why the international relief sector has been resilient (sic) to change for decades? International operational agencies argue it are donor practices that prevent them from making the changes committed to; donors on the other hand hold that it are the international operational agencies that resist change? This GMI paper speaks primarily to bilateral and multilateral donors of relief aid but is relevant also for certain private foundations and philanthropists. The full report contains extensive references that underpin the general observations.

Be clear about the why and why now. There are several reasons why this demand for equitable partnerships with national/local actors has become important and now urgent:

- The SDGs are unattainable unless we partner more and better. Partnerships are an SDG.
- Prior to the COVID-19 pandemic, the status quo in the global relief sector was already not an option.
- The COVID-19 pandemic has caused disruptive change, with local state and non-state actors responding faster and much more flexibly than the international relief sector. They expect this to be recognised and trigger the long-needed radical system-change.
- The credibility of international aid actors is ever more at stake. For 26 years, international aid agencies have been making formal promises to complement local actors and build on their capacities. Yet the prevailing practice is one of deep and persistent inequality.
- The localisation conversation has evolved into ‘decolonising aid’. This puts the emphasis squarely on that inequality, the concentration and use of power, and underlying mindsets and images of ‘the other’ and ‘us’.
- The aid system of the past 30 years is not fit-for-the future. The world experiences profound geo-political changes; the COVID-pandemic will have impacts on roles and responsibilities and patterns of solidarity; and local actors are demanding that international aid agencies stop limiting the potential of their commitment, experience, insight and national responsibilities. Today’s critical challenges are global, and global partnerships and coalitions are needed to tackle them. More inclusion is required, not subordination – which is what we promote when it comes to gender.

What the demand for equitable partnerships is not about. This call for systemic change is not

- An anti-international aid agencies agenda. But a request to behave like a guest invited to assist, not as the master in someone else’s house.
- A request to give local actors a blank cheque. Local actors know that resources entrusted to them must be handled with responsibility and accountability.
- A demand to go at the same speed in every context. In several countries, a rapid evolution in leading roles and responsibilities is possible however, while also for other countries a collective framework needs to be elaborated for intentional shifts in that direction.

The call is to end the structural inequality of domination and subordination, better sharing of power and resources, and much more inclusion on equitable terms and with mutual respect.

This is an agenda for collective and strategic change action. That requires a collective strategy for change in every aid recipient country, with collective impact objectives. It will also require adaptations of donor administrations, who are the main source of the incentives and disincentives in the system.

Practical tips for donors. Even if, for practical reasons, public sector and private foundation donors find it difficult to directly fund national/local actors and continue to channel most of their funding through international aid agencies, there is much they can do.

At strategic level

- Stop putting more money into more literature reviews, research, and discussions on 'localisation'. The topic is amply diagnosed, and recommendations are convergent. What is needed is action leading to significant change.
- Demand and support country level collective plans for system change. What changes in roles and responsibilities between international and local actors do we want to see in this country, in 3, 5 and 10 years from now? The vision of progress and success needs to be framed in terms of collective capabilities of national/local actors (eco-system), not just individual agencies operating in silos (ego-system). What are critical change areas to shift the overall dynamics between international and national agencies? What can and must collaborating agencies do in their own interaction? These are the key questions, for international and national/local actors (governmental and non-governmental) alike. Change will have to come from each, but local actors cannot step in and step up unless international actor step back and create a more enabling environment for them. Many practical frameworks are already available to inspire such strategic change frameworks.
- Do not count nationalised international agencies as 'local'. They do not enable more inclusion, on the contrary, they increase competition for home-grown local actors.
- Provide more access to quality finance, whether directly, via pooled funds or via intermediaries. Local organisations cannot develop their potential if they are used as cheap sub-contractors kept on a tight financial lease. Nor can they then attract and retain experienced human resources, which means that investments in training individuals are wasted, or in the end only serve international agencies who will recruit them as they can offer more benefits. There is on the other hand evidence that investing in institutions leads to greater impacts.
- Wave unrealistic demands for local agencies, such as co-funding and payment-for-results only.
- Increase aid via pooled funds, as they currently manage only a small percentage of all aid going annually to a country. Make them accessible to a broader range of local aid agencies and ensure effective influence of local actors on their advisory boards. Dare to use national agencies as fund managers, with normal checks and balances – there are positive examples.
- Invest more effectively, in sustainable and collective capability gains. The current practice of fragmented and supply-driven 'capacity building' by individual international agencies is wasteful and ineffective. Doing more of the same will not yield different outcomes. A much bigger return on investment will come from investing in local capabilities infrastructure, institutional resource centers, than can service the spectrum of national/local actors in a manner more fit-for-context and become regional resources as well.

At operational level

- Review your proposal format for implicit biases, reduce the technical jargon and formats and increase transparency around important issues, e.g.
 - Ask for needs and capabilities assessments: Crisis affected people do not want to be treated as passive recipients of charity but regain control over their lives and exercise agency.
 - Use the 'ladder of participation' for transparent information about the quality of participation.
 - Ask clarity whether the local agency is for the international agency a subcontractor, implementing partner or decision-making partner.
 - Ask how long the international and local agency have been collaborating. After years, you would expect significant changes in roles and responsibilities to have occurred.

- Ask about capacity-convergence and capacity sharing, not the stereotypical one-way capacity-building. The latter can be justified in certain areas, but then must have specific outcome objectives, which will be evaluated and if reached, should lead to role changes.
- Provide finance templates that show clearly the repartition of your grant between the international and local agency and allow you to check whether the local agency is treated fairly.
- Make calls for proposals more accessible for local agencies. They need simpler formats, less technical frameworks and jargon, and often some more time to put a proposal together as they have no extra staff capacity to do so and cannot afford proposal writers.
- Do not automatically deny a local agency funding if it does not tick all the boxes on the organisational assessment sheet you may use in 'due diligence' exercises. Many organisational assessments look at the form rather than the actual functioning of an organisation. We know from experience that internal policies do not mean they values and principles they seek to protect are owned and lived. If a certain policy is missing, that can become an objective of the collaboration, it does not automatically have to be a precondition.
- Do not leave 'equitable partnership' solely to the discretion of international agencies. Public aid administrations and foundations have been driving many agendas through international aid agencies: gender, PSEAH, conflict-sensitivity and prevention of violent extremism are some obvious examples and ask reviewers and evaluators to assess how they are doing on this. Equitable partnerships are no different.
- Be attentive to clauses in contracts. Local actors often feel powerless to negotiate changes in clauses of the contracts presented to them. Contracts can specific expectations not only around the task but also the management of the collaborative relationship. Donors can reserve the right to have tripartite conversations that include the local collaborator(s) or even have independent conversations with them, if needed. Local organisations have long asked for direct contact. Pay attention to fair grant sharing, joint decision-making on procurement and intellectual property rights of local actors. As they rarely have the quality finance to make capital investments, allow local actors to keep the assets when a project is finished.
- Listen attentively to all actors, including local people and local agencies, during monitoring visits, reviews, and evaluations. Monitoring visits, reviews and evaluations cannot be 'guided tours' fully controlled by international agencies.

Surface and examine beliefs and assumptions, and their possible negative consequences

- Reflect on labels. Local actors are not just 'first responders'. Several non-governmental ones want to be seen and treated as civil society organisations, with a broader role than just service delivery, which can become the primary connotation when they get called 'NGO's'.
- Reflect on risk, opportunity and the importance, also, of trust building. Risk matrices have become popular but are also deceptive. They need to be balanced with attention also to opportunities, like 'risk tolerance' needs to include appreciation for 'risk return' or 'risk reward'. Constant exclusive attention to risk stimulates mistrusts and fear in which ultimately, the other we want to collaborate with, becomes 'the risk' itself. Caution is fine, but continued mistrust breeds only more mistrust. Risk obsession and mistrust also increase the cost of doing business: in the end we will spend more on oversight and control than on actual action. Finally, risk matrices give the wrong impression that all risks are identified and well managed. In reality, there are many potentially grave negative consequences that we currently treat as a blind spot or externalities: someone else's problem that does not show up in our accounts and accountabilities.
- Examine narratives about 'the other' and 'us'. There is a generalising negative narrative about local actors that has become bias and prejudice. Its other side is an unfounded and equally generalising glorifying narrative about the superiority of international aid agencies, not only technical but also political and morally. There is no evidence base for either generalising narrative, and the now regular appearance of fraud, corruption and abuse of power cases in international aid agencies should inspire more nuanced narratives.
- Examine the role of time perspective in our decisions. The international aid system is generally impatient. Even though most crises in the world today are recurrent or protracted, the prevailing mindset of international relief actors remains that of the sudden, acute, emergency

response. It can result in local actors being bypassed or instrumentalised. Resulting behaviours often outlive their temporary justification. The logic of bureaucracies that demands budgets are spent within the fiscal year, and media and political expectations to see results fast, add to the pressure to spend. There is no systematic correlation however between fast spending and greater impact. *'As fast as possible, as slow as necessary'* has proven its relevance in managing the COVID situation.

- Does competition always bring out the best? Donors provide many incentives for competition on the assumption it will bring best value-for-money. Unregulated competition leads to monopolies. If the international relief sector were a country, it would stand out for the highest degree of inequality. It also encourages fragmentation and rivalry whereas most challenges are too complex to be handled by even a well-resourced agency and require collaboration and genuine partnerships. It also renders coordination so much more difficult – and costly. Finally, competition encourages an ego-system rather than eco-system approach. Supporting consortia and coalitions can counterbalance this if they are genuine and not donor-induced constructs.
- Review the value-for-money calculus. The value-for-money assessment is distorted if we ignore real costs that do not show up in the simple accounting of the aid sector. Excessive competition and weakened rather than strengthened local actors are only two examples of blind spots in our value-for-money appreciation. Too many intermediaries increase the transaction costs. A high level of distrust also increases the cost of doing business. Practices that deliver value-for-money in the short term, when repeated over a longer period, may no longer deliver value-for-money in the longer term. Additional costs can also derive from donor behaviour that has negative impacts on the local agency and what it set out to achieve. One evaluation of cases showed donor behaviour to be responsible for 46% of roadblocks to impact. Finally, donors supporting good governance reform have been promoting open budgets and participatory budgeting: why not give intended beneficiaries a hearing in how they see the value-for-money equation? And start from what we value and are therefore willing to spend money on, rather than first value money.
- Reflect on what 'nexus' means in practice. Will 'developmental approaches' counterbalance the shortcomings of 'relief sector' thinking, or will development funding be used for more short-term, band aid, crisis responses, in which the structural dominance of international aid agencies is continued? Will we use these funds to fill cracks in the old system, or use them to create a new one that is more equitable, resilient, and sustainable in the long run?
- Involve administration and finance colleagues in these reflections. They have influence over your practices as donor agency but may be operating according to different priority concerns and have their own accountabilities.
- Watch out for *'yes but'*. 'Yes but' is a frequent reaction to proposals for more significant change. It is followed by one or a few bad examples to demonstrate that the change constitutes a high risk and will have negative consequences for us. *'Yes but'* then closes the mind and deflates all will to change anything.

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This paper speaks primarily to bilateral and multilateral donors of relief aid but is relevant also for certain private foundations and philanthropists.

I. WHY, WHY NOW, and WHAT THIS IS NOT ABOUT

Be clear about the why and why now

There are several reasons why this demand for equitable partnerships with national/local actors has become important and now urgent.

The SDGs. Partnerships are considered inevitable if we want to attain the Sustainable Development Goals. They are so important that they are an SDG goal in themselves (goal 17).

The status quo in the global relief sector was already not an option. The Grand Bargain and Agenda for Humanity outcomes of the 2016 World Humanitarian Summit call for a significant, systemic, change in how the international aid sector relates to national and local actors. Commitment 6 of the Grand Bargain calls for a participation revolution: meaningful involvement of those who are intended to benefit from aid in the decisions that are taken for and about them. Commitment 2 of the Grand Bargain calls for greater support to national and local actors responding to crises and their aftermaths. The Grand Bargain was heavily influenced by the report of the High-Level Panel on Humanitarian Financing, that highlighted a growing *humanitarian financing gap*: globally, needs were then already rising faster than the financial means to adequately respond to them.¹

COVID-19 pandemic impacts caused and demand disruptive change. The direct and indirect economic impacts are driving millions more (back) into poverty and food insecurity. In both aid providing and aid recipient countries, governments and non-governmental organisations have been at the forefront of efforts to mitigate the pandemic's impacts, not international aid organisations. They have seen international aid agencies repatriate international staff and keep their national staff in full lockdown; they were mobilising social capital and providing direct assistance while international aid agencies were busy adjusting their contracts, producing volumes of guidance on COVID and any possible topic, asking local agencies to collect data they were interested in (e.g. on domestic violence), and raising funds to disburse -perhaps- in the same patronising manner. Over 800 private foundations on the other hand rapidly adapted to the situation by simplifying their procedures and requirements and taking the posture: *'tell us how we can help you?'* towards national and local actors.² National and

¹ High Level Panel on Humanitarian Financing 2016: *Too Important to Fail. Addressing the humanitarian financing gap.*

² Foundations' pledge: <https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19>

local actors expect that the realities during the pandemic will trigger a radical change in the international aid system and that they will be recognised as equal partners now.

The credibility of international aid actors is ever more at stake. For 25 years international relief and development aid actors have been committing to ‘*build on local capacities*’, work ‘*in complementary with*’ national and local actors, and in a spirit of genuine, equitable ‘*partnership*’.

- 1994 Code of Conduct for Red Cross/Crescent and NGOs
- 2003 Principles and Practices of Good Humanitarian Donorship (24)
- 2006 Impact of international response on national and local capacities – tsunami evaluation coalition
- 2007 Principles of Partnership
- 2010-2011 International Framework for CSO Development Effectiveness
- 2011 Busan Partnership for Effective Development Cooperation (and the Peacebuilding and Statebuilding Goals)
- Sphere standards
- Core Humanitarian Standard
- 2014-2015 Missed Opportunities (for partnerships) review series
- 2015 Charter 4 Change
- 2016 Grand Bargain
- 2017 Open Government Partnership: Participation and co-creation standards
- 2020 IASC Interim Guidance – Localisation and the COVID-19 Response

Text box 1 lists some of the various expressions of this, from the relief, development and peace/governance sectors.

What does it say about international aid actors if this is still a big and contentious discussion point?

A return to business as usual following the peak impacts of the COVID pandemic is not going to land well with local actors.

Localisation has evolved into ‘decolonise aid’. Simultaneous with the COVID pandemic, but triggered by the Black Lives Matter Movement, racism and colonial mindsets in the aid sector has become an issue that can no longer be denied. ‘Decolonise aid’ puts the finger on the structural inequality of dominance and subordination in the aid system, where international actors use their power to sideline or instrumentalise national and local actors. In 2015, the then IRIN network (now The New Humanitarian) calculated the Gini Coefficient (a measure of inequality) for the humanitarian sector. If this sector were a country, it would be one of the most unequal in the world.³ While some saw the Grand Bargain as an agenda for the economic reform of the international relief sector, to render it more cost-effective, for national and local actors it has been an agenda for the reform

“Youth civil society is largely limited to a delivery role, or occasionally to an influence role, but rarely seen as a strategic asset capable of broader leadership beyond the bottom of the delivery chain.”

Towards a Thriving, Credible and Sustainable Youth Civil Society. Development Alternative 2019:4

of the political economy of the aid sector. Power, whether it is shared and who benefits from it, is at the center of attention. The decolonize aid movement is an early warning signal that the world has changed geo-politically, with more political and economic power and self-confidence in many places in what is called the ‘Global South’. This is noticeable in various governments but also a growing number of civil society actors. After decades of so called ‘capacity-development’, it should not come as a surprise and be a cause for joy rather than perceived threat.



This is a fit-for-the-future question. Will the dynamics of international aid between 2025 and 2040 largely be a continuation of what they were between 1990 and 2019, or will the changing economic, political and social dynamics in the world require a major, system-wide change? Is the past aid system, with its practices and behaviours, fit for the future? Both aid providing and aid receiving states have incurred larger public debts in trying to mitigate the health and economic impacts of the pandemic but will be receiving less tax income. One projection sets the loss for developing countries at almost a trillion dollars in 2020.⁴ Public solidarity has been impressive but tends to be more generous towards fellow citizens than others further away. Official Development Assistance (ODA) from bilateral donors has

³ IRIN 2015: *The Humanitarian Economy. Where is all the money going?* <http://newirin.irinnews.org/the-humanitarian-economy>

⁴ Development Initiatives 2021: *Aid Data 2019-2020. Analysis of trends before and during COVID: 3*

declined sharply in 2020, with the international financial institutions picking up a larger share, though offering a larger percentage of their assistance as loans rather than grants. Only humanitarian ODA increased, with a strong concentration on health, WASH and social protection, sometimes to the detriment of other basic needs. One possible scenario is that international aid agencies will compete ever harder for the funding of traditional sources while also going multi-national to tap into the resources available in aid-recipient countries. This will be justified by the rapid increase in unmet needs around the world, and the argument that only the international aid sector has the managerial and technical competencies to handle an expanded global social safety net. Such growth logic was already driving several international aid agencies, for whom increased annual turnover is a top strategic priority. Another possible scenario is that we accept that this is not feasible nor desirable in a rapidly changing world, and that it is in the collective interest to create enabling space for the thousands of national and local actors to join the efforts to tackle the planetary problems we are facing today. Was the aid sector not about ‘inclusion’? Has it not been arguing for gender equity and -equality, on the grounds that it is not only good for women but also for men, and for society as a whole, which otherwise wastes the talent and potential of half its population? Is the international aid sector currently not limiting much potential of thousands of local agencies fighting poverty and mitigating crises in their communities, district, country?

What it is not about

The call for systemic change in the aid sector is not

- An anti-international aid agencies agenda. We need to break through the ‘us’ and ‘them’ narrative and behaviour that is strong among international aid agencies, not reverse it. Local actors know international aid agencies can play vital, complementary, roles. It is a clear message however that the structures of inequality and the behaviours of superiority and sidelining or instrumentalisation of national and local actors must stop. International aid agencies claim to be assistance actors, but too often have behaved as masters rather than as guests in someone else’s house. As national actors put it: *“In our country, we must be in the driving seat, not in the passenger seat.”*
- A request to give national/local actors a blank cheque: They know they need to handle resources given in trust to them responsibly, effectively and accountably.
- A demand to go at the same speed in every context. Contextual differences have an influence.⁵ But decisive change is possible now in countries where there are many well established civil society organisations and many talented and experienced nationals (often recruited to bolster the capabilities of international agencies), such as the Philippines, Bangladesh, India, Indonesia, Myanmar, Jordan, Lebanon, Kenya and Colombia. But also in other countries, inclusive and equitable partnerships need to become a collective strategic objective.

The call for systemic change in the aid sector is about ending the structural inequality of domination and subordination, the sharing of power and resources, and inclusion on equitable terms and with mutual respect. It is about genuine solidarity and international actors (donors, UN, INGOs, private contractors) providing useful assistance as invited guests.

‘Equitable partnerships’ is a collective and strategic agenda

Equitable partnerships can be practiced between any international aid agency collaborating with one or more national or local ones. But this is an agenda for broader systems change. In practice, that will require a collective strategy for change in every aid recipient country, with collective impact objectives. It will also require adaptations of donor administrations, who are the main source of the incentives and disincentives in the system.

GMI’s ‘Four Quadrants’ diagram makes this clearer. The top row of the quadrant refers to the collective level, the



⁵ See GMI Insight 13: *Contextual Factors that Influence Localisation or Internationalisation*. <https://www.gmentor.org/equitable-partnership>

bottom row to the individual organisations. The ten commitments of the Grand Bargain constitute an agenda for reform of the international relief sector (top left quadrant). Many of them relate to changing practices by donors, others of operational international agencies. The quadrant on the top right-hand side invites us to consider the collective response in a particular context. This will be determined by political choices of the national government, who decides the space for international actors and for national non-government ones, but also by the media and political interest in aid providing countries. At individual organisational level, localisation means certain ways of working in specific operational programmes and projects. But that may not be possible or easily more generalised beyond pilot projects, if the international organisation as a whole is not fit-for-equitable partnering, and unable to see itself ever in a supporting rather than leading role.

II. PRACTICAL TIPS FOR DONORS

Though there are variations between them, public administrations (and private foundations) have constraints and concerns. Few have legal constraints that inhibit direct funding of national/local actors, but some have a proportion of their aid automatically allocated to the UN, possibly also to the Red Cross and Red Crescent Movement. As civil service institutions, they may have to follow general procedures that an aid department cannot influence, and its staff may periodically rotate as part of a general civil service policy. Aid donors with presence on the ground of qualified personnel are in a different position from those who do not. Several public aid administrations do not have enough personnel to deal with a multitude of organisations and contracts, so they need some ‘grant managers’ to whom they can give a larger envelope and who then manage multiple subgrants. (This also transfers the risk to the grant managers.)

Donors have legitimate concerns, for example about fraud and corruption, aid money ending up funding terrorist activities, or aid workers misusing their power over crisis-affected people. All of which require extensive oversight. Public aid administrations work under Ministerial direction and oversight from their Parliament and can be scrutinised by their national media. This can lead to pressure to spend (as a visible indicator that a crisis is responded to seriously), a wish to see results ‘delivered’ fairly fast and visibly, and that ‘national’ INGOs will receive part of the funding. Given the anti-aid lobbies in aid-providing countries, the appetite for risk may be low.

Even if, for practical reasons, public sector and private foundation donors find it difficult to directly fund national/local actors and continue to channel most of their funding through international aid agencies, there is much they can do. The second paper of the Grand Bargain Workstream on Localisation already provides guidance. This paper expands on it.

At the strategic level

Stop putting money into more literature reviews, research, and discussions. Since the 2016 World Humanitarian Summit, there has been a proliferation of research (including by GMI) and conferences on ‘localisation’ and there is much older research and learning about e.g, capacity-development. The multiple diagnoses are very convergent as are the recommendations in all these reports and studies. The problem is not knowledge but will-to-change. National and local actors begin to see more research and more meetings and conversations as delaying tactics, not fundamentally different from climate change pledges and conferences whose promises are not matched by practice.

Demand and support country level collective plans for system change. What changes in roles and responsibilities between international and local actors do we want to see in this country, in 3, 5 and 10 years from now? The vision of progress and success needs to be framed in terms of collective capabilities of national/local actors (eco-system), not just individual agencies operating in silos (ego-system). What are critical change areas to shift the overall dynamics between international and national agencies? What can and must collaborating agencies do in their own interaction? These are the key questions, for international and national/local actors (governmental and non-governmental) alike. Change will have to come from each, but local actors cannot step in and step up unless international actor step back and create a more enabling environment for them.

Many reference materials are already available to inspire country specific action. The Humanitarian Country Capacity Analysis (HUCOCA) methodology, developed by Fernando Almansa and tested by

Oxfam Netherlands in Somalia, Bangladesh, and Uganda, can be used to determine a baseline and subsequently assess progress in a variety of areas. From Somalia and Nigeria we have examples of country level strategic frameworks for change that can serve as inspiration.⁶ The GMI 'Seven Dimensions' framework, also in its adaptations by NEAR and the Humanitarian Advisory Group, has already been extensively used to determine baselines and change objectives in collaborative relations.⁷ The Humanitarian Advisory Group and NIRAPAD network have tested it to assess the dynamics of a multi-agency response to a particular crisis: the 2019 floods in northern Bangladesh.⁸ The Global Protection cluster has developed and tested a framework that is applicable also to other coordination mechanisms.⁹

Do not count nationalised international agencies as local. Local and national agencies strongly object to the policy of some international agencies to register in country as a local agency.¹⁰ On the one hand, it seems an underhand way to continue to capture rather than share at least 25% of available global humanitarian aid. On the other hand, they use their stronger global public and corporate fundraising experience to tap into emerging sources of domestic fundraising. The net effect for home-grown local agencies is further competition and shrinking space. Donors can choose not to classify such localised international agencies as 'local agency'. They can also provide more support to home-grown local agencies to develop their broader fundraising and income-generating capabilities and set up legal frameworks and practical mechanisms for greater domestic philanthropy.¹¹

Provide more access to quality finance. No organisation can become financially viable without a degree of quality funding (flexible, predictable, covering core costs etc.).¹² Multi-country research on CSO financial sustainability revealed non-monetary factors such as commitment of core staff and social capital, but there is no denying that national and local agencies cannot build their individual organisational and collective capabilities if they cannot access quality funding in the way that international agencies have been able to do for decades.¹³ The Grand Bargain called for multi-year investment in the institutional capabilities of national/local actors and overall reduced earmarking. Private foundations have testified that funding organisational development provides worthwhile returns on investment in the form of greater impact.¹⁴

Some INGOs used to provide such sustained organisational and civil society development support. But this becomes much more difficult if their national donor administrations end their core programme funding, as has been the case in some countries.

Small grant programmes for local organisations are not enough for systems transformation. There are good experiences of providing gradually larger grants to local organisations, including community-based ones, that may not immediately be able to meet the very demanding requirements for larger grants. Oxfam has documented the many positives of its experience with such flexible 'emergency

⁶ The *Framework for Localisation in Somalia* and *Operational Framework for Local and International NGOs in Nigeria. Towards a humanitarian response that is locally driven and fosters development.*

⁷ E.g. by the Start Network, Dutch Relief Alliance, and in UNICEF 2019: *A Review of UNICEF's Approach to Localisation in Humanitarian Action*

⁸ Humanitarian Advisory Group & Nirapad 2020: *Elevating Evidence. Localisation in the 2019 Bangladesh Flood Response. Baseline report*

⁹ Nolan & Dozin 2019: *Advancing the Localisation Agenda in Protection Coordination Groups.* Thematic/sectoral coordination however needs to be urgently complemented with area-based coordination. See Konyndyk, Saez & Worden 2020: *Inclusive Coordination. Building an area-based humanitarian coordination model.*

¹⁰ Open Letter to International NGOs who are Seeking to 'Localise' their Operations. <https://www.opendemocracy.net/en/transformation/an-open-letter-to-international-ngos-who-are-looking-to-localise-their-operations/>

¹¹ Some sources of inspiration can be the African Visionary Fund (<https://africanvisionary.org/>) or the East Africa Philanthropy Network (<https://www.eaphilanthropynetwork.org/>) There is a risk of course that local actors become dependent now on national governments and private corporations. INTRAC & Change the Game Academy & Civic Engagement Alliance 2019: *Is there a relationship between domestic resource mobilisation and civic space?* The inability to emancipate under international relief aid however may make that worth trying out.

¹² See GMI Insight 8 2019: *The Finance and Economics of Localisation. Is the 25% target a key performance truth?*

¹³ LINC, Peace Direct & Foundation Center 2018: Report: *Understanding the Drivers of CSO Financial Sustainability* & Report: *Funder Approaches to Facilitating CSO Financial Sustainability.*

¹⁴ No author 2020: *Funding Organisational Development. A smart investment to multiply impact. Views from five foundations;* No author 2020: *Funding from a Place of Trust. Exploring the value of general operating support and capacity building grants.* Synergos; and McLead 2021: *Core Grants. The long and winding road to transformative funding.* INTRAC

response funds' in donor-funded multi-year programmes in Asia Pacific and Central America.¹⁵ But nothing will change fundamentally if they remain equally short term and very project specific, and therefore not enabling of more sustained organisational development.¹⁶

Wave unrealistic demands for national/local agencies. There are reasons why some donors only fund up to a maximum percentage of a budget and ask for co-funding. For most local agencies this is not an option, simply because they hardly ever get properly resourced in the way international agencies do. Payment-for-results, in which the implementing agency needs to prefinance everything, is generally not realistic for any agency in crisis situations or for those types of intervention where most factors are not under the control of the intervener, and even more exclusionary for local agencies. The approach carries a high risk that reports will be full of spin to demonstrate results, or that agencies steer away from anything that is more uncertain.

Expand pooled funds and access for local agencies. Pooled funds were already proposed in the Grand Bargain as a channel to provide more and more direct access to funding for local actors. That is the case in some countries (e.g. Somalia) but not in others (e.g. Jordan). However, pooled funds often manage only a small percentage of total annual (relief) aid to a country, and their importance can be easily overstated. Change targets are required for local agency access to pooled funds and meaningful presence on their advisory committees, but also for the proportion of annual aid channelled via pooled funds.¹⁷

Start using more national grant managers. There is no intrinsic reason why nationals are less capable or trustworthy regarding finance. Many of the finance staff in country-offices of international aid agencies are nationals. There are good experiences of national agencies serving as managers of subgranting or pooled funds that public aid donors directly contribute to. Checks and balances and external audits remain standard operating procedure. The Local Resource Centre in Myanmar, the Manusher Jonno Foundation in Bangladesh or the Kiisi Trust Fund in Nigeria are examples. If this is a step too far too fast, then joint international-national management of pooled funds, on an equitable basis, are definitely feasible.

Invest more effectively, in sustainable and collective capability gains. The current practice of fragmented and supply-driven 'capacity building' by individual international agencies is wasteful and ineffective for four reasons:

- Unlike in the development sector, 'capacity providers' in the relief sector typically do not have organisational development expertise, which is a competency area in its own right.¹⁸
- Local agencies cannot attract and retain capable human resources if they are financially not viable. The capacity-question can no longer be dissociated from the financing one.
- A significant proportion of the 'capacity support' is to teach local organisations how to comply with the ever-increasing demands of international aid agencies, not how to operate even more effectively in their particular contextual conditions. This risks turning change agents into aid and project administrators.
- There is no investment into a capabilities infrastructure, even in contexts of protracted crisis. By now, different countries that have received crisis-management aid for many years should have several national centers of excellence, that provide analysis, training, mentoring and accompaniment, support standard setting and accountability reporting to national stakeholders, provide review and evaluation expertise etc. These would serve as resource centers for governmental and non-governmental actors to develop sector-wide capabilities in the country, and possibly in their region. By contrast, aid-providing countries have an infrastructure of training centers and university studies, research centers and think tanks, academic and practitioner-oriented publications, evaluator networks etc. in which they

¹⁵ Manluta 2021: *Funding the Frontline. How an Oxfam emergency response fund facilitated local humanitarian action.*

¹⁶ See Emerhi 2021: *What's the Matter with Small Grants?* African Grant Makers Affinity Group. <https://www.africagrantomakers.org/blogposts/tp775zya66pca54rszcgtx6l7lmatc>

¹⁷ For a recent review see Featherstone & Mowjee 2020: *Enhancing the Potential of Pooled Funds for Localisation.* Commissioned by Grand Bargain Workstream on Localisation

¹⁸ See also GMI 2017: *Capacity Development in International Cooperation. Time to get serious.* And Ubels, Acquaye-Baddoo & Fowler 2010: *Capacity Development in Practice.* Earthscan

continue to invest. This perpetuates the inequity and dependency of aid-recipient countries and organisations.¹⁹

Some international aid agencies are claiming that equitable partnership will become possible after they have been able to do more capacity-development of local agencies. There is no reason to believe that doing more of the same will yield different outcomes. Certainly not if, as local actors point out, “*the capacity-development school has no graduation ceremony.*” They are forced to remain eternal students.

At the operational level

Make calls for proposals processes more conducive for genuine participation and equitable partnerships. Several donors are already signalling they welcome proposals from international agencies that include national/local actors as ‘partners’. But that is not new. And it can lead international agencies to include a national/local actor purely transactionally and not as a partner, to meet a donor requirement. A clearer signal can be sent of interest also in proposals from national actors alone and where the national/local actor is in the lead and the international one in a support role. There are still only a few such examples, and this is still beyond the imagination of many international agencies.

Review your proposal format for implicit biases, reduce the technical jargon and formats and increase transparency around important issues, e.g.

- Ask for needs and capabilities assessments. Crisis affected people do not want to be treated as passive recipients of charity, they want to regain as much control over their lives as possible and need to be enabled to exercise agency. That is in line with the ‘participation revolution’ commitment of the Grand Bargain.
- Ask detail about the quality of participation of the intended beneficiaries, using the ‘ladder of participation’.²⁰ Communicating with communities (CwC) and feedback and complaints mechanisms (FCM) are low on the quality of participation ladder. Overall, the evolution must be ‘*from voices to choices*’,²¹ and the principle ‘*Nothing for us or about us, without us.*’
- Insert a question whether in the collaboration the national/local partner is a *subcontractor*, *implementing partner* or *decision-making partner*. Each role can be justified sometimes but continuing to call all ‘partnerships’ is no longer acceptable.
- Add a question how long the international and national/local agencies have already been collaborating in the past. Over time we would expect to see changes in roles and responsibilities. If that is not the case, this needs inquiry. A continued situation of superiority and inferiority even after years of collaboration (and capacity-development) should raise serious questions.
- Is there an assumption that capacity-development will be something done by the international agency to the national/local collaborating one? This becomes prejudicial. Local agencies want a change in mindset through terms like ‘capacity convergence’ or ‘capacity exchange’.
- Capacity-development support for a local actor can be justified. In that case, ensure your proposal format demands for clear objectives of this, how these will be evaluated, and what role changes are expected to happen when the local agency’s capabilities have increased.
- Does the budget format provide for clear differentiation between what will go to the international agency and what to the national/local partner? Is there clarity about who gets a flexible management fee/Internal Cost Recovery, or a share of it? Is it possible to clearly assess the salary levels of the international and national staff of the international agency, compared to those of the national/local ‘partner’? Are the core costs of the local agency covered? Is its contribution, including in kind, written into the budget. Demand a written statement or

¹⁹ African scientists recently challenged the decision of the US President’s Malaria Initiative to award a contract to a consortium of seven Western institutions and no African included. <https://www.nature.com/articles/s41591-021-01307-8>. The President’s Malaria Initiative acknowledged the criticism and that is new strategy, a draft of which will be open for public comment, will “intentionally create space to learn from local researchers, leaders and organisations.” https://www.pmi.gov/news/all/news-full-view/pmi-s-commitment-to-investing-locally?mkt_tok=Njg1LUtCTC03NjUAAAF8eVHDic6rCCxm3BBOgh_3q8N7rH4yEkfaTs_N711aqOkX-sbAE7KdWlL9UfZrIpkxL5Ve3fEGJ95n9lmuR7b58Y5PhYsRT61NAvLThdPDQ9D_Nw

²⁰ <https://www.participatorymethods.org/method/levels-participation>

²¹ IARAN 2018: *From Voices to Choices. Expanding crisis-affected people’s influence over aid decisions. An outlook to 2040*

signature from the national/local agency that they have fully been involved in the conceptualization and elaboration of the proposal. Ownership is a recognised factor in sustainability.

Make calls for proposals more accessible for local agencies. National agencies have indicated their problems with calls for proposals: As they do not have (and often are not allowed in the subgrants they obtain) much spare staff capacity, the deadlines are often too short for them and the formats too complicated. They cannot afford to hire an experienced proposal writer. Language is a further problem: often proposals can only be submitted in a major Western language. They are also expected to be fluent in ‘aid-speak’, a technical jargon that not even all international aid workers master. This is a problem that can definitely be mitigated e.g. by requesting first only a concept paper and information about the agency’s track record, and decentralising the appreciation of those, so that appraisers also have contextual understanding. There is already practice experience of this among some institutional donors and INGOs.

Do not automatically deny a local agency funding if it does not tick all the boxes on the organisational assessment sheet you may use in ‘due diligence’ exercises. For understandable reasons, donors demand to see a growing number of internal policies: on fraud and corruption, child protection, the prevention of sexual exploitation, abuse and harassment, anti-terrorism etc. First, experience has taught us that having the right paper does not mean it is lived practice within the organisation. Secondly, rather than following an internal process of articulating an organisational policy in shared values and commitments, it encourages a cut-and-paste practice to quickly meet donor requirements. Thirdly, continuously under-resourced local agencies will struggle to effectively implement these policies. Developing such organisational policies, grounded in internal ownership, can be a subobjective in the collaboration, it must not be an absolute precondition.

Do not leave equitable partnership solely to the discretion of international aid agencies. GMI conversations with members from both public aid administrations and some foundations reveal that many donors want to see more equitable partnership but currently feel they can only ‘encourage’ the international aid agencies and the private contractors they fund to create such. They believe they have no legal basis or effective influence to oblige them to do so, or to monitor whether they do. This does not hold: Public aid administrations and foundations have been driving many agendas through international aid agencies: gender, PSEAH, conflict-sensitivity and prevention of violent extremism are some obvious examples. As we have seen, they can make it clear in their calls for proposals, check in when assessing proposals, demand data and information on it in interim and final reports, inscribe it in the Terms of Reference of independent reviews and evaluations, and even ask auditors to look into how budgets were shared between the international and national/local agencies collaborating.

Be attentive to clauses in contracts. Local actors often feel powerless to negotiate changes in clauses of the contracts presented to them.

- If today’s global problems require more collaboration and partnerships, then contracts must include clauses clarifying expectations not just around the task but also the management of the collaborative relationship.²²
- Reserve the right, as donor, to have tripartite conversations and reviews that include the local agency, to stop the exclusive control by the international agency over the donor-local agency communication. Local agencies have long been asking to be able to speak with donors directly, sometimes preferably independently. As institutional donor, also reserve the right to see the sub-granting contract the international agency establishes with the local collaborators.
- International aid agencies generally keep their local collaborators on a tight financial string. In contracts with intermediaries, specific that subgrants to local agencies should demonstrate the quality financing of which details have been given above - they cannot be used as cheap labour. Most local agencies do not get the quality finance to build reserves and are hard pressed to make capital investments. Allow them to keep the assets (office, transport, communications

²² See GMI 2020: *Grant Agreements and Partnership Agreements. Towards a new level of maturity and competency.* <https://www.gmentor.org/facilitation-and-partnership-brokering>

equipment) at the end of the project or programme. Ensure the full costs of audits you as donor require, are covered in their grant budget.

- Make mention of intellectual property rights of local actors in direct contracts and in contracts with international intermediaries: Their creative ideas and innovations risk being taken and presented by their international ‘partners’ as their own. This is extraction of intellectual capital resources.
- Give local actors co-decision authority over procurement choices. They may have insights and relevant experience that the international agency does not have.

Listen attentively to all actors during monitoring visits, reviews and evaluations. “*Gone with the wind*” is how some local actors describe their experience of donor visits to field sites. They are brief, with staff of the international agency often accompanying the donor representative throughout. There is little opportunity for the local agency to speak more at length, freely and frankly (independently), with the donor representative, even more so if there is a language barrier. The same holds for intended beneficiaries. Given the power inequalities in the relationships, and the resulting fear among the weaker ones to lose the resources of the more powerful ones, listening to different actors independently becomes a requirement. Field visits cannot just be ‘guided tours’.²³

If the questions of quality of the collaborative relationship and meaningful participation of affected populations have been explicit in the proposal assessment and contracting, it become legitimate topics of inquiry for the visiting donor representative, and for reviewers, evaluators and even auditors.

III. SURFACE AND EXAMINE BELIEFS AND ASSUMPTIONS AND THEIR POSSIBLE NEGATIVE CONSEQUENCES

Everyone’s behaviour is influenced by certain mindsets or assumptions, which are not always conscious. Aid donors are no exception. Several important ones are worth reflecting on more critically: labels, risk, urgency, value for money and competition.

Reflect on labels and their connotations

First responders. The ‘Grand Bargain’ seeks acknowledgment of the roles and contributions of local actors by calling them ‘*first responders*’. That label is full of bias. It can evoke an image of well-meaning first responders being center stage – until the professionals i.e. the international relief agencies, arrive. The label also ignores that the local agencies may have been responding to many challenges long before the internationals arrived and will continue to do so when most internationals have left for other crises.

NGO and CSO. Referring to non-governmental local actors as ‘NGO’s or ‘civil society organisations’ (CSO) also carries different connotations. In these contexts, NGO evokes more an image and role of a service deliverer. But CSO implies that the organisation positions itself within a wider societal context, between citizens/residents and the state and business interests, taking on other roles than service delivery. A CSO needs to have some legitimacy in its environment, whereas an NGO could be a mere project/service delivery machine. International actors complain that Somali non-governmental agencies are too much NGO and not enough CSO (without asking whether the nature of collaboration over the past three decades may have had any influence on this), whereas Bangladeshi non-governmental organisations demand that international agencies see and treat them as CSOs and not just as NGOs.

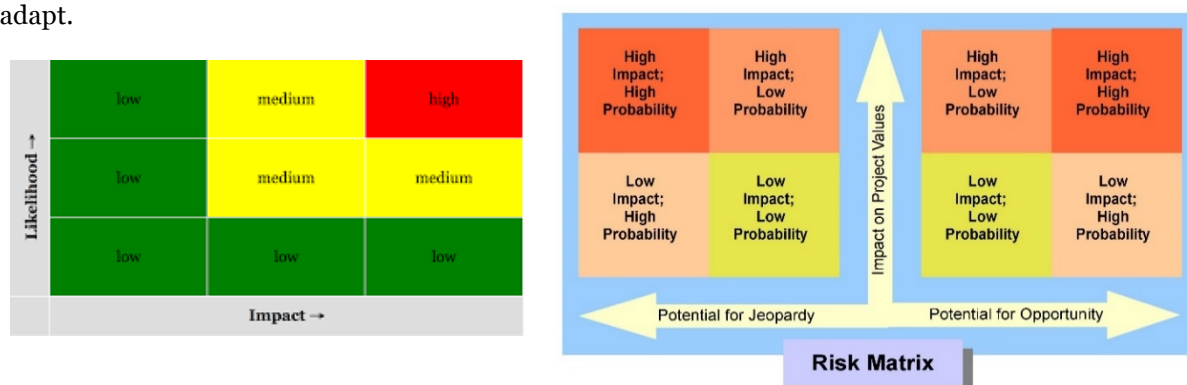
Reflect on risk, opportunity and the importance, also, of trust building

Risk matrices over the past 20 years have become a popular tool in aid agencies. They are also deceptive in multiple ways.

Constantly focusing on risk creates imbalance in our assessment of situations. It is healthier to assess both risks and opportunities, and weigh both against each other. When examining

²³ For some practical guidance see Chambers, R. 2018: *Debiasing: A systematic discipline and delight for development professionals*. <https://www.participatorymethods.org/resource/debiasing-systematic-discipline-and-delight-development-professionals>

DFID’s approach to managing fiduciary risk in conflict-affected environments, the UK’s Independent Commission for Aid Impact did not encourage DFID to have zero risk appetite, but to continue considering ‘risk return’ or ‘risk reward’ (i.e. the benefits from having dared to take a considered risk), and do so in a manner that is consistent across offices and staff.²⁴ Low appetite for risk does not fit well with a world that the private sector describes as becoming increasingly VUCA (Volatile, Uncertain, Complex and Ambiguous). It may incline us to continue with business as usual rather than change and adapt.



Constant attention to risk stimulates mistrust and fear. There is some conversation about risk sharing rather than risk transfer to local actors. But a persistent negative narrative about local actors may have actually turned them into ‘the risk’. The issue then is no longer how we share risk in the collaboration, but how we reduce the risk of collaborating with local actors. This is not conducive to equitable partnership. Relief aid administrators would do well to speak with colleagues managing aid for human rights, peace work, development, disaster risk reduction and climate change adaptation, who generally hold a more nuanced and appreciative view of local actors.

An exclusive focus on risk adds increasingly to the cost of doing business. We are likely to install various oversight and control measures and insert legal clauses to protect us from any liability. Taken to the extreme, we will reach the point where of every Euro 100 in aid money, we will be spending Euro 65 to control all possible risks that anything goes wrong with the remaining Euro 35. In extremis, we are unwittingly contributing to the spirit and practice of a surveillance state where local actors are constantly, closely and intrusively watched. Societies cannot and do not function when levels of trust are low. Nor can collaborative endeavours. Cautious trust is a balance between active attention to risk and active efforts to test and build trust.

Risk matrices give the wrong impression that all risks are identified and well managed. But what about the ‘risks’ that do not make it onto the radar screen? Does the aid industry make the same mistake as economists have done for decades, namely ignoring ‘unintended’ consequences as ‘externalities’? For a hundred years we have treated environmental impacts as an externality- someone else’s problem that therefore does not show up in my risk matrix and in my accounts. The result is such overexploitation of our planet that we now are concerned about our species survival. Here are some real risks that seldom make it into aid agency risk matrices:

- Undermining the self-confidence or ‘power within’ of local actors, by constantly pointing at where they fall short compared to international agencies.
- Undermining the readiness to volunteer and to commit, by turning all mutual aid into a paid act and causing local inflation of salaries and benefits.
- No sustained capabilities improvement because the local organisation cannot access enough funding to retain the strengthened capacities. The risk that an expensive ‘comprehensive’ approach does *not* leave a legacy of significantly

Strategic questions to ask, a conversation to have

What legacy do we, international actors, want to leave behind? What legacy do we, local actors, want international actors to leave behind?

GMI

²⁴ Independent Commission for Aid Impact 2016: DFID’s Approach to Managing Fiduciary Risk in Conflict-Affected Environments. A performance review. <https://icai.independent.gov.uk/html-version/dfids-approach-to-managing-fiduciary-risk-in-conflict-affected-environments/>

strengthened national and local capacities to deal better with the next crisis. Billions have been spent on repeat comprehensive responses to political crises and natural disasters in Haiti. Individuals and families have benefitted, but there is little strengthened Haitian organised capacity.²⁵ So next time, another expensive international response will be required.

- The risk that the relief sector undermines the development of a strong civil society, that the development sector invests in. In various countries, international donors invest with multi-year programmes in ‘civil society strengthening’. Simultaneously, a large contingent of international relief actors may be mostly instrumentalising national and local CSOs, putting them in competition with each other, hiring away their best people and turning them into service deliverers rather than broader change agents. As most crises today are recurrent or protracted, humanitarian assistance cannot remain only about short-term relief. A strategic question must be: how does it contribute to society? In terms of greater resilience of households and communities, but also more effective local and national institutions.²⁶ Bypassing or undermining local institutions in the medium-term does harm.

Examine narratives about the ‘other’ and ‘us’

Overly negative narrative. The portrayal of all local actors (governmental and non-governmental) as intrinsically a risk (until proven innocent) is fueled by a negative narrative, that we may get socialised in and are not even conscious of. In that negative narrative, local actors present generically a higher risk of fraud and corruption, of not having the capabilities to deliver quality programmes, of being unable or unwilling to adhere to fundamental humanitarian principles of impartiality and neutrality, and/or being essentially a business enterprise for the founder and her or his family. We all have examples of such – which then are invoked in a ‘yes but’ reaction to disqualify demands for more equitable partnerships.

Overly positive narrative. The counterpart of this negative narrative about local actors is an excessively idealised narrative about international aid actors as technically, managerially, but also politically and morally superior, and omnipresent wherever in the world there is a crisis. The regular revelations now about bullying, sexual harassment and abuse, and fraud and corruption in UN agencies and INGOs are denting that image. And some international aid agencies are behaving like corporates, more intent on expanding their own power and annual turnover than assisting others. Generally speaking, international agencies indeed have stronger technical and managerial capabilities than local actors – but unequal access to quality financing plays an important role in maintaining that difference.

Humanitarian principles. The issue of adherence to humanitarian principles requires dedicated reflection. It is sometimes used as another generalising statement that casts doubt on local organisations. They cannot however be invoked with a purist (and doctrinaire) attitude that not even Jean Pictet, the primary commentator on the principles, advocated for.²⁷ Not all local agencies have to try and follow the principles in the way the ICRC and MSF try to do. Nor is international humanitarian aid and are international agencies as adherent to these principles as they claim to be. Humanitarian aid globally is not allocated purely based on need: political interests play a role as well. And most international aid agencies are multi-mandate: when going beyond life-saving and other short-term ‘relief’ interventions, their programmes inevitably touch on the power dynamics and social norms in someone else’s society, and they will not be perceived as so ‘neutral’ and ‘independent’.

Examine the role of time perspective in our decisions

Short-termism. Time frames for projects and programmes in the relief sector tend to be very short-term; most do not exceed 18 months. More generally, *“the international aid sector is extremely*

²⁵ For an alternative observation on the aid response in Haiti, see Katz, J. 2016: *The Big Truck that Went By. How the world came to save Haiti and left behind a disaster*. St Martin’s Publishing; see also Karroum, N. 2017: *La ‘Localisation de l’Aide’ dans la Réponse à l’Ouragan Matthieu en Haïti*. Group URD

²⁶ In ‘*Why Nations Fail. The origins of power, prosperity and poverty*’ (2012), Acemoglu and Robinson make a strong argument that the nature and quality of institutions is a key factor.

²⁷ “*The truth is that nothing in life is absolute. The doctrine of the Red Cross, formulated at a particular moment in history, applies to a living world in never-ending movement, to a society composed of men who have not attained perfection. Sometimes it represents an ideal model to which we may aspire, rather than an unbending and rigorous law.*” (Pictet 1979: *The Fundamental Principles of the Red Cross. Commentary* p. 14)

impatient” someone pointed out to us some years ago. “*I want results, I want them visible, and I want them now*” was the demand of a relatively young public aid administrator in Tripoli, Libya, a year after the fall of the Khaddafi regime. She therefore was not keen to fund a deeper structural and longer-term approach to building trust and constructive interactions between different Libyan social groups. One year after that expression of impatience, Libya predictably, collapsed into deeper internal violence and chaos, that would grip it for the next 6 years at least.

Urgency mindset. Lack of time is a commonly used argument to explain why international relief agencies cannot develop better quality and more equitable collaborations with national and local agencies. They need to act fast and do that best through direct implementation or in transactional uses of local actors. Although most crises today are protracted or recurrent, the sudden onset emergency remains the paradigm that shapes the functioning but also the mindsets. There are indeed acute emergency situations that need responses from agencies that can deploy and/or scale up fast and effectively, including international ones. But once the situation stabilises, is time and effort dedicated to evolving into different relations and collaborations with national and local actors, and to develop some trust? How is it that, after decades of presence in e.g. the DRC and Colombia, the prevailing pattern of interaction is still one of dominance and subordination?

Although most crises today are protracted or recurrent, the sudden onset emergency remains the paradigm that shapes the functioning but also the mindsets of the international relief sector. GMI

Pressure to spend. Another manifestation of time pressure, as mindset and institutional logic, is the pressure-to-spend. A general trend in many public administrations is to always spend one’s budget within the fiscal year, or risk being allocated a smaller one the year after. That logic also affects aid administrations, and it reverberates into operational aid agencies. Even in conflict situations, where pouring in money fast can fuel the conflict, and the wiser approach (from a conflict-sensitivity perspective) might be to slow down and occasionally suspend spending. The pressure to spend can contribute to a negative assessment of certain national and local actors who are otherwise capable and have a proven track record, on the grounds that they do not have enough ‘absorption capacity’. It also incentivises operational managers to go for high costs expenditures to maintain an appropriate ‘burn rate’. Is the assumption that spending more, faster, leads to better medium-term impacts underpinned by evidence, for all types of situations?

Managing the COVID situation has taught governments to be careful with the impatience to lift restrictions. As the Swiss federal health minister, Alain Berset put it so well: “*As fast as possible but also as slowly as necessary.*” A useful motto to expand to the aid sector.

Does competition always bring out the best?

The aid sector relies much on competitive bidding on the assumption that it will enable donors to choose the best quality proposals and therefore get most value for their money. That reasoning is not entirely wrong, and the alternative might be favoritism. But negative consequences need to be considered too:

- Unregulated competition leads to monopolies and inequalities are reproduced: Historically, less well-resourced agencies, which is the case of many local ones, cannot compete with those that have been able to develop their capabilities through years of better resourcing and, if need be, can afford professional proposal writers.
- Incentives for competition are bigger than incentives for collaboration. This can increase the fragmentation among national and local actors, who should be working together, in complementary fashion, to better manage the stresses, shocks and longer-term crises they are confronted with. Also among international relief agencies it increases the cost of coordination, as the incentives favour individual organisation perspectives, rather than eco-system and collective impact ones.
- It is an obstacle to systems perspectives and funding collaborative approaches to try and effect systems change. ‘Project’ grants do not add up to more needed ‘systems grant making’.²⁸

²⁸ See no author 2016: *Systems Grantmaking. Resource guide*. Grantmakers for Effective Organisations & Management Assistance Group

Some public sector aid donors are encouraging applications from consortia. Partially this is an attempt to increase complementarities and collaboration, partially this is also driven by the donor wish to obtain larger reach and/or multi-dimensional action for the cost of managing one contract (with the consortium lead). In practice, consortia can be donor-induced rather than derived from organisations having properly examined their complementarities and willingness and ability to collaborate. As a result, they may not realise their potential.

How can genuine collaboration, based on complementarity and mutual respect, be incentivised and rewarded?

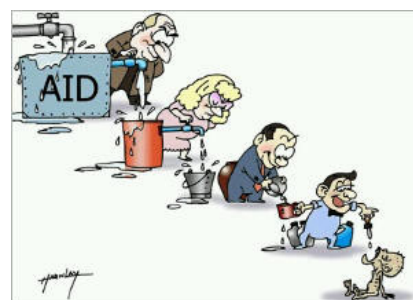
Review the value-for-money calculus

Value-for-money appreciations in the relief sector often consider single programmes or major projects, focus on money as the central factor and take the donor's perspective. What if we did differently?

Include hidden costs. For example, the cost of an international response where many international agencies fly in and all require their own operating infrastructure and demand separate attention from national actors; the impact of high turnover of international staff, with regular loss of contextual understanding and ruptures in relations; the cost of recruiting away the most experienced staff of local agencies; the ineffectiveness of 'capacity-development' if local organisations cannot attract and retain experienced people.

Include the costs of multiple intermediaries. We may find the cartoon here rather offensive, but it illustrates what the question is. Maximum one intermediary, the Grand Bargain said.

Bring time perspective into it. In situations of recurrent or protracted crisis, does short term value-for-money remain value-for-money in the medium to longer term? Is not investing in local institutional and their collaborative capabilities good economics?



Evaluate transformative impacts. Also in the evaluation field there is growing dissatisfaction with the practice of evaluating whether piecemeal projects within their aid silos have 'delivered' the results they promised. Several evaluators argue we need more systems perspectives, look at collective impacts and whether they are transformative.²⁹

Rebalance value and money. The tendency is to start from money and to assess how much value we could get for it. But humans operate also inversely: we are comfortable spending more money on what we value. The global COVID lockdowns are the prime examples. We have valued health, life and longer-term sustainability over short-term economic benefit – at a huge monetary cost. What does a value-for-money assessment look like if we started from appreciating the value first, rather than the money first?

Open budgets and participatory budgeting? Aid support for governance has long adopted and promoted practices like open budgets and participatory budgeting. What if groups of affected people (intended beneficiaries) were invited to give their views of what use of the money would give them greatest value³⁰, and to decide (and manage) the uses of at least part of the available budget? We trust them with unconditional cash transfers to households; are they incapable of coming up with thoughtful ideas for other, more collective impact, uses of money? If we think they cannot, what does 'resilience programming' than mean in practice?

Be attentive that donor behaviour can negatively affect the impact value. The Open Road Alliance ('Keeping Impact on Track') is a unique venture specialising in contingency funding. It provides grants or loans to help social sector organisations face a problem that threatens the impact of its action and sometimes even the survival of the organisation. In 2017, it analysed a sample of 102 applications to identify what types of obstacles or roadblocks made social sector organisations turn to the Open Road

²⁹ See Blue Marble Evaluation <https://bluemarbleeval.org/>

³⁰ See e.g. d'Emidio, F., T. Wallace, S. Henon & D. Buckles 2017: *Value for Money in ActionAid. Creating an alternative.* ActionAid. The value appreciations of other people may be different from those of international aid workers: Some years ago, we did not appreciate the value of means of communication (mobile phones) in the same way as crisis-affected people or would frown when a community's priority was to rebuild a religious space that serves as community center.

Alliance. It turned out that ‘funder-created obstacles’ made up 46% of such roadblocks. The most important ones of these were a change in funder strategy (13%), delays in disbursements (12%) and inflexibility in funder policy (9%). Weather events (particularly for agricultural projects) were the main issue in 9% of the requests, government intervention in 8%, partner problems also in 9% and fraud/theft in 4%, like violence/conflict.³¹

Reflect on what a ‘nexus’ approach means in practice

In theory, a double (relief-development) or triple (relief-development-peace) nexus derives from an appreciation that the challenges are complex and multi-dimensional. Nexus thinking and practices should encourage medium and longer-term thinking, a more sector-wide or systems perspective, and a greater appreciation of return-on-investment rather than short-term, recurrent, expenditure. But what will happen in practice? Will ‘developmental approaches’ counterbalance the shortcomings of ‘relief sector’ thinking, or will development funding be used for more short-term, band aid, crisis responses, in which the structural dominance of international aid agencies is continued?

“Rather than using these funds (...) to fill cracks in the old system, we should use them to create a new one that is more resilient, equitable and sustainable in the long run.” World Economic Forum 2020

In 2020, the World Economic Forum reflected that the COVID-19 pandemic called for a ‘Great Reset’. “Rather than using these funds (...) to fill cracks in the old system, we should use them to create a new one that is more resilient, equitable and sustainable in the long run.”³² Will we?

Involve administration and finance colleagues in these reflections

The above may be easier to accept for programme people in donor administrations. But your finance and administration colleagues may be operating according to different priority concerns and have their own accountabilities. Involve them in these reflections, as their collaboration is needed to create more enabling conditions for a genuinely inclusive global aid sector, with far more equitable collaborations.

Watch out for ‘yes but’

‘Yes but’ is a frequent reaction to proposals for more significant change. It is followed by invocation of one or a few bad examples to demonstrate that the change constitutes a high risk and will have negative consequences for us. ‘Yes but’ then closes the mind and deflates all will to change anything. Watch it in yourself, in your colleagues. But change is inevitable. Adopt a ‘yes and’ attitude: It is not so simple and there are many obstacles, but we have the skill and commitment to find solutions.

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Global Mentoring Initiative is a values-based and purpose-driven consultancy and advisory group. It has areas of thematic expertise but overall specialises in collaborative relationships, within and between teams, between organisations and between organisations and social groups. www.gmentor.org

³¹ Open Road Alliance 2018: *Roadblock Analysis Report. An analysis of what goes wrong in impact-focused projects.* <https://openroadalliance.org/resource/ora-roadblock-analysis-report/> See also Honig 2018: *When Reporting Undermines Performance. The cost of politically constrained organisational autonomy in foreign aid implementation.*

³² <https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/>