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Unpacking Localization

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Unpacking Localization

In mid-2019, three years after the World Humanitarian Summit (WHS), the Grand Bargain and the Charter for Change, there are still widespread calls by non-government organizations (NGOs) to define localization and what it means to different stakeholders.

ICVA (International Council of Voluntary Agencies) has previously defined localization as *'the process through which a diverse range of humanitarian actors are attempting, each in their own way, to ensure local and national actors are better engaged in the planning, delivery and accountability of humanitarian action, while still ensuring humanitarian needs can be met swiftly, effectively and in a principled manner'*.

As with other similar definitions, by trying to be broad and inclusive of many viewpoints, it does not provide much of the detail of what localization really involves.

ICVA and the Humanitarian Leadership Academy have developed this paper to support local, national and international NGOs to 'unpack' localization in a constructive manner.

Localization is a product of a wide range of changes; particularly those related to the type of organizations that are leading or delivering humanitarian assistance, the ways in which these organizations are working and, the environments in which humanitarian action takes place.

To unpack localization, one approach is to consider it as the intersection of four sub-processes that are taking place simultaneously, in some cases working in parallel, in others working together or against each other.

These processes appear to be highly contextual; they are moving in different ways within regions, in different national or sub-national settings, and particularly between natural disaster, displacement or conflict settings.

'Lack of clarity or a shared understanding of localization and the persistence of some core challenges have meant that humanitarian actors continue to contest how localization unfolds, even while agreeing almost universally on its importance'.

Localization: Sub-Processes and Considerations

POLITICAL AND IDENTITY CONSIDERATIONS

- Government regulations on NGO registrations, access, projects
- Shrinking civil society space
- Sovereignty and self-determination narrative of host governments
- Understanding difference in local and national identity of NGOs
- Calls for decolonization of humanitarian narratives
- Strengthening and inclusion of local leadership
- Supporting local democratic processes for NGOs

POLITICAL AND IDENTITY PROCESS

- Does being local confer a right and responsibility to provide assistance to those in need?
- What assumptions should be questioned about reliance on local identity?
- What are the barriers to change in power dynamics?

OPERATIONS AND EFFECTIVENESS CONSIDERATIONS

- Upholding organizational commitments (Charter for Change, Grand Bargain, WHS Commitments to Action)
- Upholding and promoting principled humanitarian action
- Principles of partnership
- Turning policy into operational practice
 - Establishing national localization plans or frameworks
 - Localization progress baselining and measurement
 - UN Partnership Agreements
 - National co-ordination Structure

OPERATIONS AND EFFECTIVENESS PROCESS

- How does strengthening local action make the system work better?
- When is international action still preferred or necessary?
- How do we best create an enabling environment for local humanitarian action?

- Measuring funding flows to local and national actors
- Strengthening local fundraising
- Financial risk management
- Increasing the resource base
- Increasing investment in pooled funds
- Locally-managed funding mechanisms
- Tracking Grand Bargain commitments

FINANCIAL AND EFFICIENCY PROCESS

- How can we increase resources available to local and national actors?
- How can we grow the resource base or do more with less?
- What is the real amount being contributed to the response at local, national, international levels?

- How can we get decision-making closer to those who are most affected?
- How do we ensure we are providing the best possible quality of support?
- How can people have a say in who provides them with services and represents their needs?

QUALITY AND ACCOUNTABILITY PROCESS

- Participation of affected people
- Accountability and inclusion
- Engagement of marginalized groups
- Representing different refugee, internally displaced people (IDP) and host community perspectives

- Upholding International humanitarian standards (the Core Humanitarian Standard, Sphere)
- NGO and International Red Cross and Red Crescent Movement codes of conduct
- National quality standards
- Local community standards
- Principle of 'Do no Harm'

FINANCIAL AND EFFICIENCY CONSIDERATIONS

QUALITY AND ACCOUNTABILITY CONSIDERATIONS

Localization: Strengthening Humanitarian Action

Around the time of the WHS, a number of papers raised challenges related to the intersection of localization and humanitarian principles.

These helped to highlight the role these principles play for different actors, including the challenges faced by all actors when upholding the principles. Since then, the focus on localization for NGOs has remained centred on how organizations can strengthen operational effectiveness and financial efficiency. There has been much less attention given to understanding how localization can be a means of strengthening humanitarian action itself. Questioning the intersection of localization with other aspects of principled humanitarian action or humanitarian system reform may yield new approaches to the overall strengthening of humanitarian action.

Protection-Centred Approaches to Localization?

The protection of those affected is as integral a part of humanitarian action as meeting their physical needs, yet in relation to localization it has received much less attention. The humanitarian system is founded in international measures aimed at the protection of crisis-affected people, including through International Humanitarian Law (IHL), International Human Rights Law (IHRL) and Refugee Law. It is the responsibility of all humanitarian organizations to keep vulnerable people from harm, whether in conflict, refugee, IDP or other natural disaster settings. Local and national NGOs, particularly in natural disaster settings, may be less familiar with approaches to protection or may consider these concepts from a different perspective. Addressing challenges and sharing a better understanding of how local and national actors can strengthen protection of crisis-affected populations may help build the case for more support to localization. The Global Protection Cluster provides guidance and support from an international perspective and has recently placed a focus on localization in

coordination¹. Outside the international system, there has been less written about the intersections of localization and protection and so there are still many opportunities for NGOs to further explore the relationship between these issues.

What are the complementary roles of local, national and international actors in protecting people affected by disaster, conflict and/or displacement?

What role should local and national NGOs play in advocacy with governments for a protection-centred response?

What are the opportunities and challenges for strengthening the protection of displaced, stateless, marginalized or excluded people, e.g. under national legal systems, laws or practices of faith, or traditional cultural practices?

People-Centred Approaches to Localization?

Along with the drive for localization, another even more important call emerged from the WHS – to place people firmly at the centre of humanitarian action. Localization clearly demands a focus on issues related to organizational structures, effectiveness and efficiency, but there has been less focus on what localization means in relation to strengthening engagement of, and accountability to, local communities. Accountability to those affected by crisis is an increasing focus for donors and the UN system as part of ongoing processes of reform. Despite much effort, many of the core challenges remain unsolved, as highlighted in a recent paper by the Centre for Global Development². Local and national NGOs undoubtedly have a central role to play in solving these challenges, and efforts have begun in some settings to create systems where NGOs lead in developing and managing accountability mechanisms. It is important for NGOs to ensure the accountability of humanitarian action to those affected by crisis is enhanced by localization and not treated as a separate, external requirement of the international system.

1. <http://www.globalprotectioncluster.org/themes/localisation/>

2. <https://www.cgdev.org/sites/default/files/people-driven-response.pdf>

To put people at the centre of localization would mean to shift power and decision-making even further beyond organizations in favour of communities. The challenge for NGOs in trying to facilitate this process is to understand the implications of such a shift for the delivery of quality and principled humanitarian assistance. In many cases, communities are first-responders and best placed to provide their own solutions, but in some cases members of a community may also be contributors towards violence or discrimination or be unable or unwilling to provide the type of assistance needed. As such, the role of NGOs and other actors in providing principled assistance may change but is likely to still remain central. A number of NGOs and international actors, including ECOWEB and Local to Global Protection (L2GP) in the Philippines³, have been piloting survivor and community-led response approaches in different settings. These approaches empower local community groups to take leadership of the design and implementation of their own humanitarian response and recovery programming, contributing to harmonising the participation revolution and localization agendas.

What is the unique role local and national NGOs play in ensuring accountability to communities by different humanitarian actors?

How can the engagement of local and national NGOs contribute to stronger participation of affected people, particularly women and marginalized groups, in decision-making?

How can NGOs make space for genuine local ownership and leadership in humanitarian action?

Risk-Sensitive Approaches to Localization?

Management of risk in humanitarian action is complex and challenging, as the work is by its nature very risky. Related efforts towards localization, including to better manage risk through creating stronger partnerships and distributing resources more equitably, are at odds with the recent trend of donor financing to become more risk sensitive. In particular, there is growing pressure from donors for demonstrated compliance by all NGOs and their partners (even if not directly receiving donor funds) with strict international standards and with restrictions on financing related to counter terrorism and countering violent extremism. As summarized in a recent paper from Interaction: 'The collision between the increased needs and stated will for partnering and the growing risk aversion in the sector has distorted national-international partnership dynamics, resulting in greater risks,

hindrances and inefficiencies for humanitarian response'⁴.

For local and national NGOs, increasing funding and engagement requires consideration of a growing number of donor expectations related to risk, such as data protection, Prevention of Sexual Abuse and Exploitation (PSEA), managing staff safety and security, and financial due diligence. The consequences of taking on direct funding and managing risk can be heavy or even crippling for smaller organizations, and therefore developing strong partnerships that support these areas may in fact be preferable. More understanding may be needed of the true cost of managing risk for NGOs, and the difference between the willingness to accept risk and the ability to manage the risk effectively. Although direct funding to local and national NGOs remains an attractive proposition, there appears to continue to be a role for intermediary organizations that can provide risk-management services to donors, with their ability to absorb this risk as a specific value-add.

How can effective approaches to the management of risk become a value-add for localization and not a hindrance?

Which aspects of risk-management can be adapted to a local context, and which are best addressed at a systemic or global level?

What opportunities are there for local and national NGOs to openly discuss issues related to risk management with their donors and partners?

3. https://www.local2global.info/wp-content/uploads/L2GP_locally_led_crisis_response-philippines_report_2018_final.pdf

4. <https://www.interaction.org/wp-content/uploads/2019/03/Risk-Global-Study.pdf>

Engaging Local Actors – Diverse Perspectives

Much discussion on localization has focused on perspectives of international actors, primarily the Grand Bargain signatories (UN agencies, donors, the International Federation of the Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC), and international NGOs) and more recently on national NGOs. The diverse perspectives of other local and national stakeholders have received less consideration, although these are undoubtedly central to localization.

Affected Communities

A question that has become more prominent in 2019 is related to who decides who is local to disaster affected or displaced populations, including refugees, migrants and IDPs. Organizations who are local to a host community or established refugee population may not seem so to those newly arrived. A report on *Dignity and humanitarian action in displacement*⁵ found that despite initial assumptions regarding the value of local responders, whether an organization was local, regional or international did not in fact matter to affected populations. What was most important was the skills, knowledge and behaviours exhibited by individuals working for these organizations. Engaging with organizations formed by members of a displaced group can be a suitable mechanism to address this, but the space for these organizations to develop may be restricted by host governments, lack of effective communication channels, resistance from other local actors in the host community, and lack of awareness around genuine representation etc.

How can local and national NGOs become enablers of affected community participation and

representation, including through engagement with host communities, local government, media and other national stakeholders?

Host Communities (in displacement settings)

Host communities may be often considered also as 'affected' communities by a displacement crisis. However, their needs, perspectives and challenges may be very different to the displaced population. Host communities are in general less restricted and may have greater access and influence and more opportunities to engage with local government and local actors such as NGOs. Where relevant policies are in place, some communities may even benefit from access to funds made available through the broader humanitarian intervention. But they also may be marginalized when compared to the wider population of a host country and feel the burden of hosting displaced populations weighs on them particularly heavily. Recent focus on whole-of-society approaches and linking humanitarian and development funding in protracted refugee settings have highlighted the need to re-consider the place of host communities as key stakeholders in shaping humanitarian response at the local level.

How can the relationships between local NGOs and local host communities become an opportunity to strengthen principled action that benefits both displaced populations and host communities?

Local and National Governments

Local and national governments are first responders and the main duty bearers when it comes to providing protection when those affected by a crisis are within their borders. Many governments contribute significantly in financial and other terms, including by opening their labour markets and social welfare systems to refugees, or direct investment in re-building communities after a natural disaster. Many governments were active in multi-stakeholder discussions related to localization during the WHS consultations.

5. <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12627.pdf>

Since then, there have been less opportunities for meaningful engagement particularly between NGOs and governments on this topic. This does not mean, however, that governments have stopped considering the topic and how it relates to their role in enabling humanitarian action. For some governments, localization is closely linked to sovereignty and control over who does what within their borders. For NGOs this links directly to how open governments are to a strong and diverse civil society. Restrictions being placed on international NGO actors is not a new trend, however the specific linking of these to a localization narrative has added an extra dimension for NGOs to understand and navigate. Conversely, some governments prefer to empower international NGOs and restrict local and national NGOs, who may also play more challenging roles in advocacy on local or national issues. In either situation, government efforts to promote or restrict localization can lead to a shrinking of civil society space. In many cases, local government representatives are also key stakeholders due to the role they play in enabling NGO access, in interfacing with local communities and their representatives and in sharing of key data relating to affected populations.

How can NGOs and their partners promote further dialogue with governments on the value of complementary international and national NGO action in ensuring the quality and sustainability of humanitarian response?

National Red Cross and Red Crescent Societies

With the IFRC as co-chair of the Localization Workstream of the Grand Bargain, the International Red Cross and Red Crescent Movement is a central player in driving forward localization at global level. At national levels, the role of National Red Cross and Red Crescent Societies is less clear. The Movement works from a fundamentally different basis compared to NGOs for two key reasons. Firstly, National Red Cross and Red Crescent Societies have responsibilities defined by International Humanitarian Law and which are in most cases well recognized and upheld by governments, compared to the voluntary nature of NGO action which makes NGOs susceptible to pressure from governments. Secondly, the structure of the IFRC is based on its constituency of national societies and in this way is considered inherently bottom-up and localized⁶. Current perspectives are best summarized in the report by the British Red Cross,

*The Case for Complementarity*⁷ which considers complementarity and comparative advantage within the Movement.

How can NGOs better engage with National Societies to advocate for strengthening local and national NGO action with governments and host communities?

Faith-Based Organizations and Networks

In many countries experiencing humanitarian crises, the role of faith and faith organizations is central and affected communities often identify with, and rely upon, traditional community structures and religious identities. Local and international faith communities also leverage considerable resources and funding in humanitarian response. Networks and alliances such as Caritas and the ACT Alliance have an approach that is based in local churches and communities and connects to national, regional and global levels. These networks and their member NGOs have been leaders in global discussions on localization and are now working to further strengthen the alliances at national and regional levels. The unique structure and ways of working provide opportunities for supporting localization and identifying complementary approaches to the work of the broader NGO sector.

What lessons can NGOs draw from how faith-based alliances are working to support local communities and partners?

Regional Organizations

Regional organizations are newer to the space, but there has been increased engagement throughout 2019. In the Association of Southeast Asian Nations (ASEAN), the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) has focused heavily on the localization agenda, with a perspective that mechanisms should be 'nationally-led, regionally-enhanced, and internationally supported as necessary'⁸. A number of ASEAN member states are among those most strongly engaging in policy processes that have a strong localization focus. The AHA Centre has been working for a number of years to support the development of national and regional rosters of ASEAN expertise. A regional NGO mechanism, the AADMER Partnership Group (APG) is working to build a network of ASEAN-born NGOs and to engage on policy development and supporting NGO operations in the region. Current discussions within the African

6. In contrast to this, it has been argued that INGOs with a similar federated structure cannot be considered to be localized.

7. <https://www.icrc.org/en/download/file/88335/the-case-for-complementarity-report.pdf>

8. https://media.ifrc.org/grand_bargain_localisation/grand-bargain-localisation-workstream/asia-pacific-conference/

Union regarding the establishment of an African humanitarian agency have also included a focus on the localization agenda, questioning the role of a regional organization as a vehicle to support local approaches for member states and other stakeholders in the region. These initial discussions also include a focus on developing a regional financing mechanism, which may provide another potential opportunity for support to NGOs in the region.

Can regional NGO networks be developed or strengthened to provide an effective mechanism for engagement with regional organizations as they engage more in their version of localization?

Local Private Sector

Since the WHS, engagement of the private sector in humanitarian action has continued, both at international level with large companies in logistics, finance and insurance sectors and also at a local level through networks of local and national private sector actors (a number of which pre-date the WHS including the Philippine Disaster Resilience Foundation⁹ and the Asian Pacific Alliance for Disaster Management in Asia and the Pacific). Since the WHS, the Connecting Business Initiative (CBI)¹¹ has supported national networks in 12 countries to develop multi-stakeholder partnerships between the UN, NGOs, governments and the private sector. There is opportunity for NGOs to better explore these partnerships, recognising the important role that the local and national private sector plays within local communities affected by humanitarian crises. The international private sector can be engaged to support national efforts, for example the Humanitarian Leadership Academy partnered with Unilever in the Philippines to deliver an award-winning Business Continuity Planning (BCP) programme to over 1,000 micro, small and medium-size enterprises (MSMEs). The programme was designed to ensure that the MSMEs are able to prepare for and respond effectively, ensuring the continued supply of goods and services during a crisis¹². In recent responses, Chinese NGOs have raised funds at home and then engaged Chinese diaspora networks in disaster affected countries to mobilize the private sector in delivery of assistance.

How can links between local NGOs and local business, or between business and NGO networks be strengthened to create space for shared planning, preparedness or implementation?

National, Regional and Global NGO Networks

As a global network of NGOs that includes local, national and international NGOs, ICVA¹³ has a role in informing dialogue on complex issues, including through this paper. ICVA works to support national-level NGO co-ordination fora to play a lead role in helping NGOs engage on localization within their country settings. In the Pacific region, the Pacific Islands Association of Non-Government Organisation (PIANGO)¹⁴ has focused on the measurement of progress on localization and has been promoting this approach for use by NGOs in other contexts. Since its inception during the WHS consultations, the NEAR Network¹⁵ has championed the role of local and national actors with the vision to ensure genuine local participation at all levels of development and disaster management, and that effective aid is delivered to people in need. Similarly, in 2019 the Alliance for Empowering Partnership (A4EP)¹⁶ has taken on advocacy positions in regard to localization, including to promote engagement by local actors in global agendas and processes. The Start Network¹⁷ aims to build a decentralized network of national and international NGOs in regional and national hubs, each providing their own locally-led solutions to humanitarian crises, including through funding mechanisms and approaches to strengthening quality and capacity. The Charter for Change¹⁸ continues to be active in support of localization by promoting dialogue between its 35 signatory international NGOs and 250 endorsing national and local NGOs and advocating for faster progress toward localization by the system. The secretariat of the Charter for Change will soon transition to be held by a national NGO.

What more can be done by NGO networks to help bring together the efforts of NGOs at national, regional or global levels and advocate for more support to localization by donors and other partners?

9. <https://www.pdrf.org>

10. <http://apadm.org>

11. <https://www.connectingbusiness.org>

12. <https://www.humanitarianleadershipacademy.org/wp-content/uploads/2018/03/Wildfire-Academy-Unilever-BCP-4-Page-Summary-FINAL-HR-single.pdf>

13. www.icvanetwork.org

14. <http://www.piango.org/>

15. <http://near.ngo/>

16. <http://a4ep.net>

17. <https://www.startnetwork.org/localisation>

18. <https://charter4change.org>

The Language of Localization in 2019

All below are excerpts from quotes published in 2019 regarding localization. Quote attribution is as noted, highlights added by the author.

Traditional ways of working that treat local responders as **sub-contractors** still predominate.¹⁹

Trust needs to be built from both sides and from this a shared objective towards localisation that delivers principled and effective humanitarian aid and more importantly **accountability to affected populations**.²¹

While there has as yet been **no system-wide shift** in operational practice, the evidence indicates that the Grand Bargain has helped to drive progress.²³

Generating an evidence base on localisation is important in order to demonstrate change is happening and its impact.²⁵

We have to be honest about **who the humanitarian system is** – and it is dominated by the UN and international NGOs who are predominantly Westerners and mostly white people.²⁰

To ensure that corporate contributions have an impact and effectively reach those in need, **corporate partnerships** need to consider local presence and capabilities.²²

Consistently across countries, more than two-thirds of respondents from humanitarian organisations feel that a **combination of international and local organisations** is best placed to provide aid to people in need.²⁴

Recent experience after major earthquakes and tropical cyclones in Asia further demonstrates the role of **local communities and indigenous groups as custodians of local knowledge and experience** relevant to effective Disaster Risk Management.³¹

19 http://media.ifrc.org/grand_bargain_localisation/wp-content/uploads/sites/12/2019/07/Progress-Report-1.pdf

20 <https://www.devex.com/news/q-a-degan-ali-on-the-systemic-racism-impacting-humanitarian-responses-95083>

21 http://media.ifrc.org/grand_bargain_localisation/wp-content/uploads/sites/12/2019/06/NIGERIA-MISSION-REPORT-FINAL.pdf

22 <https://www.elevatelimited.com/insights/the-localization-of-humanitarian-response-and-implications-for-corporate-donors/>

23 https://interagencystandingcommittee.org/system/files/grand_bargain_annual_independent_report_-_executive_summary.pdf

24 https://groundtruthsolutions.org/wp-content/uploads/2019/06/Grand-Bargain-briefing_note_June-2019.pdf

25 https://humanitarianadvisorygroup.org/wp-content/uploads/2019/07/Tonga-baseline-report_Final_110719_electronic.pdf

26 http://a4ep.net/wp-content/uploads/2019/06/A4EP-Inclusion-and-Accountability_-_Position-paper-ECOSOC-1.pdf

27 http://www.resilientpacific.org/wp-content/uploads/2019/07/FRDP_2016_Resilient_Dev_pacific.pdf

While INGOs and the UN already access the funding from Northern donor administrations and publics, there is increasing and aggressive fundraising by the Grand Bargain and Charter for Change signatories in emerging economies of global South, leading to **shrinking space for local and national home grown organisations** to fundraise in their own countries.²⁶

There is **definitely a positive shift** with international actors increasingly supporting local leadership in responses in the Pacific.³⁰

Partners also have a key role to play in adopting more coordinated approaches in **support of national and local preparedness capacity**. A common framework for preparedness will significantly enhance response capacities, and maximise the use of capacity, resources and expertise.²⁷

Most country-based pooled funds (CBPFs) have **increased the funding share going to local actors**, by two-thirds on average, since 2015.²⁹

We're in the very, very beginning stages because we feel that we as local actors are not genuinely included and involved in the discussion. **We need to genuinely talk about change of power.**²⁸

The challenges we are facing are basically linked to mistrust.³⁴

National and local actors have core roles in protection preparedness and response. International actors can play complementary roles to support national actors if requested and required. The question is, **when is it okay for international actors to shift from a complementary role to a core role?**³²

Usually it's defined as the capacity of the locals to meet humanitarian performance standards set by the internationals... but for us, capacity should also be defined as the **capacity to reach communities affected by disasters.**³³

When I was talking to people they say, 'There is **no power balance** between us and aid workers.' Then you talk to the aid organisations and they say: 'There is no power balance between us and the international organisations.' You will go to the internationals and they say, 'This is the same thing we are facing with the donors.'³⁵

We Demand **Full Transparency** of Humanitarian Aid³⁶

28 <https://www.thenewhumanitarian.org/feature/2019/07/08/grand-bargain-humanitarian-aid-geneva>

29 <https://www.nrc.no/resources/reports/country-based-pooled-funds-the-ngo-perspective/>

30 <https://www.devex.com/news/new-framework-to-get-the-localization-balance-right-94578>

31 <https://www.adb.org/sites/default/files/publication/492711/ado2019.pdf>

32 https://humanitarianadvisorygroup.org/wp-content/uploads/2019/03/HAG_Protecting-people-in-locally-led-disaster-response_FINAL-electronic_140319.pdf

33 <https://www.thenewhumanitarian.org/2019/04/09/tnh-roundtable-going-local-aid-localisation>

34 <https://www.thenewhumanitarian.org/2019/04/09/tnh-roundtable-going-local-aid-localisation>

35 <https://www.thenewhumanitarian.org/feature/2019/07/08/grand-bargain-humanitarian-aid-geneva>

36 http://www.cxb-cso-ngo.org/wp-content/uploads/2019/02/English-CCNF-position-paper-on-JRP-2019_edited.pdf

Funding local action

Since the WHS, focus has remained on the Grand Bargain commitments by donors and aid organizations related to localization, particularly increasing funding to local and national actors.

There has been significant analysis of the efforts and frustrations according to different actors in changing the way existing funding flows to local and national actors, either directly or through various intermediary mechanisms.

Delays in agreeing definitions, difficulties in tracking data, and concerns regarding capacity and compliance have meant that the sector at large is making little progress. L2GP have published data showing that Grand Bargain signatories gave 14.2% of their combined total humanitarian expenditure – directly or through one intermediary – to local and national actors in 2018. Of this, direct funding has not increased since 2017 and remains at 0.2%, with the total funding also including 1.6% via country-based pooled funds and 12.4% via UN agencies, international NGOs or the Red Cross and Red Crescent Movement³⁷.

Pooled funds have emerged as a preferred option for many donors to meet their Grand Bargain commitments, largely due to their flexibility and accountability and because the fund manager assumes the hefty administrative burden. UN Country Based Pooled Funds (CBPFs) are playing an increasingly important role as an intermediary for funding to local and national organizations. Globally, they have doubled in size between 2014 and 2018, and most have increased the funding share going to local actors, by two-thirds on average, since 2015³⁸.

The Start Fund³⁹ claims the title of the first multi-donor pooled fund managed exclusively by NGOs. Projects are chosen by local committees, made up of staff from Start Network members and their

partners, within 72 hours of an alert. This makes the Start Fund perhaps also the fastest responding pooled fund mechanism in the world.

The recent Grand Bargain Annual Report⁴⁰ highlighted that multi-year funding is largely not being passed on to frontline responders and that donors are struggling to improve flexibility of funding. There is also the argument that accessibility to funding by local and national responders is a greater issue and focus needs to be on improved processes and due diligence that will help local and national NGOs have greater access to funds.

From *Dividing the Pie* to *Growing the Pie*

The Grand Bargain was initially proposed in the report of the High-Level Panel on Humanitarian Financing; *Too Important to Fail: Addressing the Humanitarian Financing Gap*⁴¹.

However, the Grand Bargain was just one of the three recommendations of the report. The others were to shrink the need for funding, as the most important way to bring down the cost of humanitarian action; and to deepen and broaden the resource base. This last area can be of central importance in relation to localization but has not appeared to be a priority in discussions to date.

Localization invites local and national NGOs to play a greater role in the humanitarian system, but this does not necessarily mean they need to be funded in the same way and by the same international donors that the system currently relies on. Although Official Development Assistance (ODA) has increased in recent years, it has become less important than other funding flows. Foreign Direct Investment (FDI), Islamic Financing, remittances and private sector funding are all growing significantly and may have the

37 <https://www.local2global.info/research/the-humanitarian-economy/gb19>

38 https://www.nrc.no/globalassets/pdf/reports/country-based-pooled-funds-the-ngo-perspective/country-based-pooled-funds-the-ngo-perspective_nrc-ocha-study-summary.pdf

39 <https://startnetwork.org/start-fund>

40 <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12734.pdf>

41 <https://reliefweb.int/report/world/high-level-panel-humanitarian-financing-report-secretary-general-too-important-fail>

potential to truly shift the humanitarian funding paradigm away from dependence on traditional sources of government and institutional funding.

The Role of Remittances

Remittances, the money or goods that diaspora or migrants send back to families and friends in origin countries, have been well studied in relation to migration and development. Globally, the total value of remittances in 2019 was equivalent to that of FDI, and significantly more than ODA and private capital⁴². This is particularly important for localization when considered from a people-centred perspective, because as long as financial services are operating this is money being sent back directly to local communities for them to make use of as they wish in times of crisis. There is no current measure of the value of remittances in humanitarian settings, and many challenges around tracking them or even whether they should be tracked. A 2019 report by the Overseas Development Institute/Humanitarian Policy Group highlighted that greater understanding of remittances may inspire new ways of fundraising, as well as emphasising the networks of support and dependency of people caught up in humanitarian crises⁴³.

Islamic Financing and Localization

The potential of Islamic Social Financing (ISF) has been estimated as between USD 200 billion and 1 trillion annually⁴⁴, with a significant increase in giving in the last decade. A number of NGOs have recently been exploring the potential of ISF to support their work. ICVA, with support from Mercy Malaysia, organized a workshop⁴⁵ which highlighted that in the humanitarian space much more work is needed to increase trust and widespread use of these funds. Large-scale projects are underway involving international financial services, however locally-led approaches may be faster and more viable in building the trust and understanding needed to

increase the amount of these funds allocated to humanitarian issues at local and national levels.

National Private Giving

In some humanitarian contexts, a growing economy and a surge in the upper-middle classes has heralded the rise of national philanthropy. With an increased pool of actual and potential 'home-grown' donors, the opportunity for NGOs to national private giving is clear. According to the CAF World Giving Index 2018⁴⁷, Myanmar and Indonesia are the top two countries ranked on charitable giving, whilst the African Philanthropy Network estimates the potential giving pool of wealthy individuals at \$2.8 billion per year, with the potential to reach \$7 billion⁴⁸. As this space evolves and grows, many NGOs are seeking to engage more actively in host-country fundraising. National offices of international NGOs may have an advantage (seen by some national NGO advocates to be unfair) due to their institutional fundraising experience and support. However, local and national NGOs may have a potential advantage when engaging these new donors, by better understanding their perspectives and developing relationships and trusted networks of giving.

Humanitarian-Development Nexus Financing

How 'the nexus' will work in practice remains unclear at a global level although at a country level there are reports of different approaches being trialled in a number of settings. A recent United Nations Development Programme (UNDP) study showed that funding and financing tools, instruments, policies and approaches have not yet had time to adapt to this new policy agenda⁴⁹. Over time, there may be potential for local and national NGOs to access new funding, for example from multilateral development banks such as the World Bank or the Asian Development Bank.

A Local Collective Approach to NGO Fundraising

The Shared Aid Fund for Emergency Response (SAFER)⁴⁶ in the Philippines is currently the best example of a locally-led effort to systematically shift the funding paradigm and it provides an example that may inspire other NGOs or networks. SAFER was established by a

consortium of national NGO networks to create a joint fundraising mechanism to address financial gaps in emergencies and disasters. SAFER raises funds and channels the donations to its members who have local presence in all regions the country. This enables SAFER to quickly fund emergency response everywhere including remote and vulnerable communities.

42 <https://www.knomad.org/sites/default/files/2019-04/Migrationanddevelopmentbrief31.pdf>

43 <https://www.odi.org/publications/11296-remittances-humanitarian-crises>

44 <https://www.thefutureofphilanthropy.org/pdf/full/Future%20of%20Philanthropy.pdf>

45 https://www.icvanetwork.org/system/files/versions/2019-01-25_Learning%20Lab%20on%20ISF_Summary%20Notes_Final.pdf

46 <https://www.gavagives.com/org/safer>

47 https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi2018_report_webnapw_2379a_261018.pdf?sfvrsn=c28e9140_4

48 <https://africaphilanthropynetwork.org/our-work/philanthropy-in-africa/#>

49 https://www.undp.org/content/dam/undp/library/peace/conflict-prevention-peacebuilding/Financing_the_Nexus.pdf

Moving Forward on Localization

Honest Conversations Between NGOs

The Grand Bargain promised to increase funding flows to local and national actors, and develop a means to track these more accurately. Since then, issues related to defining local and national actors have remained central to NGO engagement in the topic.

Unfortunately, definitions remain contested and used in contradictory ways, which strengthens or undermines the legitimacy of different actors, particularly NGOs. Due to the challenges associated with definitions, there has been no real progress on these at a global level in the past year. Some NGOs have proposed their own definitions at a national level and have reportedly engaged host governments to strengthen national systems for NGO registration. Definitions have also become central where local NGOs in a sub-national setting are advocating for more space with larger, national NGOs which they see as still distant from operational decision making. Some NGOs propose to abandon the definition-based approach altogether and focus on other aspects of the localization agenda. Others highlight that without the ability to define local and national actors much of the desired change will not take place and that therefore these tough issues still need to be addressed.

Related to definitions, strong and diverse viewpoints have been shared regarding the nationalization of international NGOs. For some, this practice seems to be deliberately avoiding the central issues of localization – particularly the need to shift power and control away from dominant international actors who continue to overshadow national organizations. This links to a drive for decolonization of the sector and actively working to avoid perpetuating such practices. Others argue that international NGO models of fundraising may not be the best method to work in different cultural settings but are limiting

innovation. Some have raised that international NGOs see nationalization as a good business model and only seriously consider the process of handing over to local partners as a reactive exit strategy to address reduced donor funding.

When considering international NGO perspectives, the situation is also complex. Many have been working for decades in operational settings, are governed, managed and staffed locally and are restructuring either as part of their own vision of localization, or as the requirement of host governments. They have also built effective fundraising mechanisms that can be used to benefit people today and it may seem that resources would be lost without these. This is further complicated when international NGOs face diminishing returns on fundraising in some 'traditional' donor countries and seek to increase fundraising efforts in others, particularly for organizations that have over many years become highly driven by fundraising outcomes.

In a number of countries, discussions between NGOs regarding localization have clearly become challenging. Many key issues remain unresolved and at the same time local and national NGOs are becoming more engaged in pushing the agenda in operational and political spaces. In some settings, NGO positions on localization have been picked up by media or impacted perceptions of governments, other humanitarian stakeholders and general public regarding the role of NGOs. The importance of dialogue and addressing issues cannot be ignored, but there is an emerging risk for the NGO sector that conflicting views may lead to a weakening of the NGO role and a further shrinking of space for NGO action.

How can spaces be created at national and global levels for the necessary honest conversations between NGOs regarding these complex topics?

Grand Bargain Workstream – Regional Conferences

In mid-2019, the Grand Bargain Localization Workstream held three Regional Conferences in Africa, the Middle East and North Africa, and Asia and the Pacific regions.

"The goals of the international humanitarian aid sector are still the right ones, we need to bring effective assistance to the people who need it as quickly as possible, in an impartial way. But we cannot achieve these goals if we keep investing only in international mechanisms. It is time to be transformative – to take on the real and perceived risks of a more locally-led approach."

Dr Jemilah Mahmood
IFRC Under Secretary General for Partnerships
Asia-Pacific Regional Conference on Localization

Measuring and Discussing Progress on Localization – Getting Started

Measuring progress is important to understand if and how change is occurring in relation to localization. International agreements such as the Grand Bargain and Charter for Change set out broad frameworks for action by individual stakeholders and a collective vision of change at the global level. However, these are not easily translated to the national or local level and the commitments do not always translate into clear, measurable steps to show progress.

NGOs can implement or engage in practical approaches to measuring progress at the national and local levels. A baselining approach piloted in the Pacific in 2019 sought to measure localization progress across the humanitarian system at the national level in four countries. This approach can be adapted to be used in operational settings by NGOs at organizational, collective, response, or national level. It can help to inform dialogue, set localization priorities, develop local or national localization roadmaps, measure progress at sector-level, and/or discuss with programme partners how localization can be built-in to future partnership agreements.

These conferences brought together many of the key stakeholders in the space to share progress and ideas for future engagement at national and regional levels. The discussions highlighted the similarities and also the differences between how localization is progressing in different national and regional settings.

Steps to tracking progress on localization in a simple and straightforward way:

How?

Stakeholders can agree on localization priorities or strategies based on the context and track progress with simple, clear indicators. This can be done using a self-assessment approach, and/or through independent evaluations at the response level.

What data?

Organizations can use a combination of existing data collection processes and a few new indicators where necessary.

When?

Data can be collected as part of ongoing organizational monitoring and evaluation processes. Some broader data can be tracked annually and reviewed in partnership meetings or other NGO coordination forums.

This guide is based on a research approach developed by the Humanitarian Advisory Group⁵⁰ and piloted by PIANGO⁵¹ and their member networks in the Pacific. The intention is for it to be adapted to other national contexts and used by organizations, and humanitarian platforms such as clusters.

The self-assessment process allows NGOs to establish a baseline and track future progress at the sector level. It also allows a platform for international and local NGOs to come together and jointly define 'localization journeys' in their national contexts.

⁵⁰ <https://humanitarianadvisorygroup.org>
⁵¹ <http://www.piango.org/>

International Council of Voluntary Agencies (ICVA)

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