Background paper

Wilton Park conference - One Year On: The Grand Bargain and Localisation (WP 1543)

Introduction

1. The development of the localisation agenda

In May 2016, the World Humanitarian Summit (WHS) in Istanbul attracted some 9,000 participants. During the 18 months preceding the summit, consultations were organised in nine regional centres around the world, at which representatives of national and local government, civil society, the private sector and international organisations considered the issues that they hoped the WHS would address.

These consultations were summarised in a Synthesis Report (http://synthesisreport.worldhumanitariansummit.org), issued by the UN Office for the Coordination of Humanitarian Affairs (OCHA) in September 2015.

At all the regional consultations, the issue that came to be known as 'localisation' featured at, or near, the top of the priorities identified by participants.

While there was a range of views about what constitutes 'localisation', some of the key elements included:

- Support for local responders to improve preparedness;
- More direct, predictable and multi-year funding for local organisations from donors;
- Adequate overhead payments for local organisations from their funding partners;
- Recognition of the value of local culture and language knowledge of local responders;
- Systematic participation of local responders in needs assessment, planning and coordination processes;
- Use of local languages in documentation and coordination processes.

The results of the regional consultations were brought together at the Global Consultation meeting in Geneva in October 2015 (https://www.worldhumanitariansummit.org/consultation-reports).

The United Nations Secretary-General (UNSG) published his report to the WHS In February 2016. Entitled "One Humanity, Shared Responsibility" (http://sgreport.worldhumanitariansummit.org/) the UNSG identified five core responsibilities, which became the focus of the debates and the commitments made by participants at the summit:

1. Political Leadership to Prevent and End Conflicts
2. Uphold the Norms that Safeguard Humanity
3. Leave No One Behind
4. Change People's Lives: From Delivering Aid to Ending Need
5. Invest in Humanity.

Between February and May 2016, governments, international organisations, NGOs and other humanitarian stakeholders were encouraged to make commitments under each of these five core responsibilities. Although commitments to end conflict and abide by the laws of war are indispensable pre-conditions for bringing conflict-related humanitarian emergencies to an end, these are overwhelmingly the responsibilities of states and non-state armed groups (NSAGs). In the event, it became clear that the WHS was not the forum in which states were willing to debate these questions in a serious manner and make effective commitments to change their behaviour. There was some disappointment, therefore, among WHS participants, that minimal progress was achieved in relation to these two core responsibilities.

The third core responsibility, Leave No One Behind, was taken from the Sustainable Development Goals (SDGs), adopted in September 2016. While there were valuable discussions at the WHS and

some new commitments were recorded, it is generally acknowledged that progress on this issue will be achieved primarily in the context of the SDG process.

For organisations involved in the provision of protection and assistance in humanitarian emergencies, and particularly for those concerned with localisation, core responsibilities 4 and 5 are key.

In the section of his report relating to core responsibility 4 – Changing People's Lives: From Delivering Aid to Meeting Needs – the UNSG laid out what he saw as the essential elements of a new paradigm or business model, which is now referred to as the New Way of Working (NWOW). These are:

1. Reinforce, do not replace, national and local systems
2. Anticipate, do not wait for, crises
3. Transcend the humanitarian-development divide, by working towards collective outcomes, based on comparative advantage, over multi-year time-frames.

2. The Grand Bargain

Recognising that adequate, timely and predictable funding is essential for success, the UNSG, appointed a High-level Panel (HLP) on Humanitarian Financing. Its report "Too important to fail - Addressing the Humanitarian Financing Gap" (http://www.un.org/news/WEB-1521765-E-OCHA-Report-on-Humanitarian-Financing.pdf), was published in December 2015, in time for its findings to be reflected in the UNSG's report to the WHS.

The report recommended the conclusion of a Grand Bargain between donor governments and major international organisations and NGOs. The Grand Bargain emerged from the work of the HLP reflected in core responsibility 5, Invest in Humanity, of the UNSG's report. At the same time, efforts are also underway to promote the New Way of Working (NWOW) that emerged from core responsibility 4, Changing People's Lives: From Delivering Aid to Ending Need, in the same report.

The Grand Bargain was presented and signed on 23 May 2016 at the WHS. It consists of ten core commitments, as follows:

1. Greater transparency
2. More support and funding tools for local and national responders
3. Increase the use and coordination of cash-based programming
4. Reduce duplication and management costs, with periodic functional reviews
5. Improve joint and impartial needs assessments
6. A participation revolution – include people receiving aid in making the decisions which affect their lives
7. Increase collaborative humanitarian multi-year planning and funding
8. Reduce the ear-marking of donor contributions
9. Harmonise and simplify reporting requirements
10. Enhance engagement between humanitarian and development actors.

3. The Grand Bargain and localisation

The Grand Bargain agreement on localisation contains six commitments that can be summarised as follows:

1. Invest in multi-year support for institutional capacity of local responders
2. Remove barriers to partnership with local responders
3. Support local coordination mechanisms and include local responders in international coordination mechanisms
4. By 2020, at least 25 percent of humanitarian funding to local and national responders, as directly as possible
5. Develop a localisation marker, to track direct and indirect funding to local and national responders
6. Make greater use of funding tools, such as pooled funds, which support implementation by local and national responders.

Although these are widely recognised as important and useful commitments, many stakeholders recall that the local responders who are the object of these commitments were not involved in their drafting or negotiation. While many local responders welcomed the Grand Bargain, they point out that their aspirations go beyond what it contains.

The localisation workstream - after the Grand Bargain

After the WHS, it was agreed to establish forums relating to each of the ten commitments, bringing together representatives of donors and aid organisations, to take the commitments forward. These forums, now known as the Grand Bargain Work-streams, are each co-chaired by a donor government and an aid organisation.

All ten work-streams are due to report on progress at the Grand Bargain meeting to take place just before the ECOSOC meeting in June 2017. Useful reports on progress in the work-streams have been published by ICVA

(https://www.icvanetwork.org/system/files/versions/ICVA_Grand_Bargain_Explained_1.pdf)

and IRIN (http://www.irinnews.org/analysis/2017/03/21/hunting-grand-bargain).

The localisation work-stream, co-chaired by Switzerland and the International Federation of Red Cross and Red Crescent Societies (IFRC), has focussed on the following main tasks:

- Engaging a more diverse range of actors, in particular local and national responders, to help define the direction and workplan of the workstream;

- Facilitating continued coordination and promotion of the work stream efforts; and

- Identifying ways to support and incentivise implementation.

The co-convenors held several meetings, including a **workshop** on 21 February 2017 which brought together nearly 60 participants from over 40 organisations to discuss solutions to implementing the commitments made within the localisation work-stream. (The report from this meeting is available as a separate attachment).

The workshop covered the four areas of work and commitments endorsed by the signatories of the localisation work-stream, namely**:**

Capacity Strengthening:

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

Funding:

- (2.2) Understand better and work to remove or reduce barriers that prevent organisations and donors from partnering with local and national responders in order to lessen their administrative burden.

- (2.4) Achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs.

- (2.6) Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as UN-led country-based pooled funds (CBPF), IFRC Disaster Relief Emergency Fund (DREF) and NGO- led and other pooled funds.

Coordination:

- (2.3) Support and complement national coordination mechanisms where they exist and include local and national responders in international coordination mechanisms as appropriate and in keeping with humanitarian principles.

Measurement:

- (2.5) Develop, with the Inter-Agency Standing Committee (IASC), and apply a 'localisation' marker to measure direct and indirect funding to local and national responders

In March 2017, a high-level workshop was held in Copenhagen, hosted by the Government of Denmark, which focussed particularly on ways of bringing humanitarian and development actors together to deliver "collective outcomes", as a major component of the NWOW. A report of the outcomes of that workshop is available:

(http://www.agendaforhumanity.org/sites/default/files/Copenhagen%20New%20Way%20of%20Working%20Outcome%20Note%20Final%20version.pdf).

Some concerns have been expressed that this high-level focus on bridging the humanitarian-development divide may come at the expense of efforts on the other two planks of the NWOW: Reinforce, do not replace, local capacity and Anticipate, do not wait for, crises.

While local responders and the governments of countries affected by humanitarian emergencies may welcome the commitments made in the Grand Bargain and the NWOW, in neither case were they centrally involved in the development of these policies. If the Grand Bargain and the NWOW are to be successful, local responders, their national governments and the regional organisations to which they belong will need to take ownership of their implementation in affected countries.

The Wilton Park conference

One year after the WHS and the Grand Bargain, this Wilton Park conference offers a unique opportunity to share practical examples of work to advance localisation in specific countries and regions, including efforts to apply the Grand Bargain commitments on localisation and to explore ways in which a genuinely new way of working might become the norm. Such approaches will be:

- demand-led rather than supply-driven;
- involve collaboration with all local and national stakeholders, rather than just coordination of operations among a few international actors;
- focus on preparedness and building resilience as well as responding;
- built on an approach that is "as local as possible, as international as necessary".

The conference should allow participants to leave with a common perspective on some of the key issues which will determine whether humanitarian action in a particular crisis can be said to have been successfully "localised". This will require a common understanding of:

1. Where we stand now;
2. What capacities do local responders require and how can they best acquire them;
3. How can local, national, regional and international organisations collaborate most effectively;
4. How funding should be channelled;
5. How can success be measured.

Where we stand

Participants need a clear idea of where and how localisation initiatives are in progress and a sense of which are worth watching. In its **Rapid Mapping Study, Humanitarian Outcomes** (see separate attachment) has identified examples of current initiatives. Is this a reasonable reflection of the reality in the countries from which participants are coming?

It will also be important for participants to leave with a common understanding of progress at the international level. In this context, the articles by ICVA (https://www.icvanetwork.org/system/files/versions/ICVA_Grand_Bargain_Explained_1.pdf) and IRIN (http://www.irinnews.org/analysis/2017/03/21/hunting-grand-bargain) and the report of the <mark>February meeting of localisation work-stream</mark> of the Grand Bargain provide valuable accounts.

1. Capacities

If possible, participants should leave the conference with a shared understanding of which types of organisations can be considered as "local", recognising that different criteria may be applied in different countries.

In any humanitarian emergency, local responding organisations may need to increase their capacity very rapidly. Participants may wish to share experiences of how this can be done successfully and the type of support that they find most valuable. Opportunities for learning and capacity-strengthening are now quite widely available. Are local NGOs taking advantage of this? If not, how can constraints be removed?

Situations still arise frequently where international aid organisations, seeking to establish a presence in an emergency context, may recruit the most experienced staff of local responding organisations, and thereby contribute to the collapse of these organisations. Can participants share examples of cases where this has happened or where it has been deliberately avoided and local organisations have been strengthened?

National governments and civil society of countries vulnerable to emergencies recognise the importance of preparedness and the availability of sustainable systems for joint needs assessment, collaborative planning and promotion of community resilience. Can participants share examples where international support has helped to enable sustainable local capacities to be developed?

2. Collaboration

A consistent message from the consultations prior to the WHS was that, seen from the perspective of local responding organisations, the focus on clusters and other systems of coordination often served to exclude them from relevant information and funding opportunities, since coordination meetings took place in a language they did not speak and in places they found it difficult to get to. What they sought, in contrast, were opportunities to collaborate with a range of other actors, including the private sector, local government and other local and international aid organisations on specific activities, including needs assessments and planning for agreed outcomes. Participants may like to share experiences of local or national coordination mechanisms, as well as situations in which a collaborative approach has been adopted.

In preparing to respond to emergencies brought on by climate change or other natural hazards, very large countries like China and India can benefit from economies of scale. Increasingly, smaller countries are discovering the benefits of working together under the umbrella of regional organisations. Participants may wish to share experience of cross-border collaboration and the assignment of particular tasks to regional organisations

3. Funding

The Grand Bargain commits donors and international aid organisations to work towards a situation in which at least 25 percent of humanitarian aid flows go, as directly as possible, to local responders by 2020.

At present, funds provided by donor governments to the Central Emergency Response Fund (CERF) may be transferred to a UN agency, from there to an international NGO and from there to a local or national NGO, a total of four transactions before the funds reach the organisation that will use them. Many observers feel that it is unrealistic and perhaps undesirable for individual donor governments to be expected to make grants routinely direct to local NGOs, since this would impose a heavy burden of administration on the donor and require the local NGO to report separately to a plethora of different donors. It may be better to identify pathways in which a single intermediary organisation receives

funds from donors and manages their distribution directly to local implementing organisations. Country-based pooled funds and some other forms of pooled funding seek to achieve this. What experiences with such funding mechanisms can be shared, and how would these and other options for reducing the number of links in the transaction chain help?

Quality of funding is also important. Flexible donor funding to cover overheads and staff costs has been identified as a priority. Many donors and international aid organisations do not provide funding to local actors for these costs, although local and national responders need this support to ensure organisational sustainability as much as any other humanitarian organisation.

Concerns remain regarding the overall volume of funding available for humanitarian response, given current and likely future constraints.

Funding from international donor governments is by no means the only source for local NGOs. Many have come into existence without any such support. Participants may like to share experience with local resource mobilisation, private sector and diaspora funding and other innovative ways of raising resources. Are these sources of funding being tracked and reported at national and international level? How can these alternative funding sources be tapped into more effectively by local actors?

Ever since international aid organisations began to intervene in large-scale humanitarian emergencies around the world, local NGOs have faced constraints and barriers in their efforts to gain access to some of the international aid flows. In recent years, additional barriers, including counter-terrorism legislation and complex reporting systems have added to these constraints and barriers. Do the funding mechanisms being promoted under the Grand Bargain enable these constraints to be overcome?

4. Measurement

Modern technology offers unprecedented opportunities for collection and analysis of relevant data about the work of local responders in humanitarian emergencies. Do participants have examples of how data are being collected and processed in ways that help to strengthen local capacities and enhance the reputation and centrality of local responders?

This paper has been prepared by Martin Barber with input from the partner organisations. It does not reflect the views of any individual or of the partners, but is aimed at providing background and stimulating discussion during the conference.

Extracts from the Rapid Mapping Study published by Humanitarian Outcomes

This study provides a short overview of initiatives currently underway that are relevant to the Grand Bargain Work-Stream 2: *Increasing support and funding tools for local and national responders.* Compiled by Humanitarian Outcomes, the purpose is to establish an overview of the range of initiatives underway by different stakeholders.

As a rapid mapping exercise, it was not possible, in the short timeframe, to capture all activities underway related to localization nor to verify the accuracy of those described with the relevant stakeholders. Still, it is hoped that it serves as an initial overview and is a document that can be built on over the longer-term.

The objective of the mapping exercise was to capture, in the main, work by humanitarian actors or relating to humanitarian action. The document includes new or current initiatives, particularly those taking place in multiple contexts; by consortia of actors; and/or underway at a system-level.

The initiatives listed here fall into the following three categories:

o   Initiatives triggered by the World Humanitarian Summit (WHS) and Grand Bargain which focus specifically on national and local responders;
o   Initiatives which focus specifically on national and local responders and which precede the WHS, but are of a scale that merit inclusion; and,
o   Initiatives aimed at improving the effectiveness and efficiency of the humanitarian system, which have implications for national and local responders.

The document is structured in accordance with the commitments under the Grand Bargain work-stream 2. **Capacity building and partnership** initiatives are described in section 2 (Grand Bargain 2.1); **funding** commitments (Grand Bargain 2.2, 2.4 and 2.6) are set out in section 3; Section 4 captures work in relation to **coordination** (Grand Bargain 2.3) and the final section details work on **measurement** (Grand Bargain 2.5).

WHAT IS HAPPENING?

Key findings

The mapping exercise documents an **impressive number and diversity of initiatives**, most of which are being driven by individual organisations or NGO consortia. While this reflects a strong interest and appetite for progressing the Grand Bargain commitments, it also signals the need for **increased coordination** to minimize the risks of duplication and maximize opportunities for shared-learning.

The majority of initiatives underway focus on capacity assessment and institutional / operational strengthening, and there is complementary research ongoing regarding local leadership and partnerships. It is unclear whether this represents a step-change in terms of scale of capacity-strengthening work. As yet, there are **limited long-term investments, and relatedly, limited collaboration with development actors**. This would seem critical both in terms of utilising established skillsets and potential resources.

Donor governments are in the process of refl**ecting on the implications of this agenda for funding strategies** going forward. And while significant direct funding to local and national responders appears to be a distant goal, there are **high expectations for pooled funds** to be the mechanisms through which funding is channeled. There are, however, tensions regarding the objectives of pooled funds and the Grand Bargain commitments which need to be better understood.

There are significant opportunities for **mainstreaming the localisation agenda** throughout the Grand Bargain process, but other commitments, such as improving the efficiency of the humanitarian system appear to be driving interests, and **leadership will be required to ensure balance and coherence between the various commitments**.

By far the most significant finding is the need to ensure **effective local, national and regional stakeholder representation**. It is seriously inadequate across the majority of initiatives reviewed, and risks undermining efforts to date unless it is quickly addressed.

Some agendas appear to be advancing rapidly – such as the work to harmonize and simplify reporting requirements. This work may have positive implications for national and local actors and it is positive that localisation is being mainstreamed across other Grand Bargain initiatives. However, there is also a question regarding the degree of specific focus that these processes have on local and national responders and how to ensure coherence with other initiatives underway in relation to localization.

Many interviewees reported that there has been **limited change in funding behavior on the part of donor governments in relation to the commitments to the localization agenda**. This would appear to reflect the prevailing position of donors, many of which are still in the process of reflecting on the implications of this agenda for funding strategies going forward. Questions were raised about whether there is a need for greater urgency on this agenda, and how to ensure greater political traction, including a potentially more robust means to hold donor governments to account. That said, a number of donors are in a process of reviewing regulatory barriers and other internal constraints to direct funding, which was an issue prioritized at the Bonn Grand Bargain meeting in September 2016.

Optimism was expressed by interviewees and other stakeholders that **pooled funds in particular, may be an important channel for ensuring funding reaches local and national actors 'as directly as possible'**. This expectation has resulted in several different initiatives, including proposals and pilots of NGO-led pooled funds, which provide significant new opportunities. If these are one of the more relied-upon mechanisms for achieving the Grand Bargain target of 25 per cent of humanitarian funding to local and national actors – which is recognized by many interviewees as central to shifting the current system towards national and local actors – then gaining a deeper understanding of how they can be adapted and/or established to meet the needs of these actors, as defined by local and national actors themselves, would appear warranted.

Many interviewees noted the **momentum in the IASC Humanitarian Financing Task Team (HFTT) on measurement, including on the localisation marker and on definitions of local and national actors**.

A final and overriding conclusion from this rapid mapping exercise is that, with the exception of some of the capacity strengthening work, **the localisation agenda and the majority of initiatives to date, appear to be driven by international, rather than national, actors**. Many of the initiatives are devised and developed at headquarters level, with limited engagement of national and local actors. Representatives of national organisations expressed major frustration at simply not having information on what was being proposed and agreed, and generally feeling sidelined from discussions.