

# Development Co-operation Report 2022



# In My View: Funding more proximately isn't risky but not doing so is

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Many myths about foreign aid persist in North America and Europe, two continents that dominate the funding structures supporting international humanitarian aid and development. One especially persistent myth is that local civil society organisations (CSOs) are too risky to work with. Such local groups get branded as “risky” because many are unable to meet donor requirements – embedded in complex compliance systems – and are thought to lack capacity (Barbelet et al., 2021<sup>[1]</sup>).

In my view, we are thinking about risk and lack of capacity all wrong. The risk isn't in funding local CSOs. Local organisations have capacity, and the risk lies in not funding them.

Why?

When we fail to fund more proximately, we fail to support the communities that are relied on to do the critically needed work on the ground. Community-based organisations are the most effective first responders to crises and are the most accountable to their communities. Time and time again, in the world's most insecure and complex environments, in places like Ukraine, Yemen, Syria, Somalia and Afghanistan, we see local organisations do the heavy lifting – and risking their own lives – in crisis implementation.

Local CSOs have local knowledge, contacts and the ability to access a country's most remote areas. Given this critical role, the humanitarian aid and development community can no longer continue to relegate these local groups to serving as implementation partners. We all know that by the time this funding reaches local organisations, not only is it heavily restricted but there are very few actual dollars left. We must end the short cycles of funding restricted to programme delivery, with little (or no) indirect costs allowed (Boyes-Watson and Bortcosh, 2021<sup>[2]</sup>). This perpetuates financial insecurity and keeps local organisations trapped in a disempowerment loop, facing a nearly insurmountable barrier to growth and maturity.

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I also question if complicated compliance systems built by government donors are serving the purpose for which they were designed: ensuring that their funds are well spent to save lives and lift communities out of poverty. Or are they forcing recipient organisations to divert funds towards managing the compliance systems rather than directly serving communities in need? Such massive, inefficient, costly compliance

systems stack the deck against local community-based organisations being able to successfully compete for funds.

## In ignoring local resources, the aid system disempowers the very communities it targets

In 2016, donors committed to the Grand Bargain<sup>1</sup> promise to see that 25% of humanitarian funding goes to local actors by 2020. Today, just 3.1% of humanitarian funding goes directly to local CSOs (Development Initiatives, 2021<sup>[3]</sup>). This is unacceptable. In order for the commitment to be put into action, we must address the current system that disempowers locals. Little to no attention is given to the feasible and accessible local resources inherent in the very communities targeted by aid. The risk lies in continuing to ignore contextualised socioeconomic realities. So when donors say that locals do not have the capacity to implement, it is an incomplete statement. What locals don't have is the capacity to implement what does not work for them! The current world system of aid is resistant to the indisputable fact that local organisations are best able to match aid objectives to the fundamental aspirations of the locals because they are conscious of the local sensitivities, and their solutions are tailor made to work within local historical contexts. The resulting community transformation is amazing, yet only a few development co-operation providers are willing to shift power and do what we know works. They are shamefully holding on.

There are concrete actions that can be taken to redefine risk and build on the capacity of local organisations:

- Interrogate existing funding models, put into action the commitments to truly fund more local organisations and seriously work on meeting the Grand Bargain 25% target.
- Ensure that all United Nations (UN) and international non-governmental organisations (INGOs) are adhering to the principles of the Pledge for Change<sup>2</sup>.
- Support new financing infrastructure that is led by local civil society instead of putting funds into the UN country-based pooled funds, which were not developed and designed to build capacity of local organisations.

Funders can also elect to fund courageously and with trust (increasing their “risk appetite”), making large, flexible, multi-year commitments to proximate and indigenous organisations in support of equitable partnerships. They can rethink the existing costly and inequitable compliance apparatus. And they can help shift global power by supporting the Pledge for Change, which builds on prior commitments such as the Charter for Change<sup>3</sup> and the Grand Bargain. Specifically, the signatories of the Pledge for Change commit not only to national and local organisations taking the lead on work, with INGOs in more of a support role, but also to funding the national and local organisations so they can do so. Signatories include CARE International, Oxfam, Plan International, Save the Children International, Christian Aid, ActionAid and the International Rescue Committee.

To conclude, to minimise risk, we must fund more proximately. To do this with fidelity, those who hold the purse strings must ensure that funds – including those envisioned in the Grand Bargain 25% target – are not simply absorbed by the same actors as before. Realising the goal means shifting power and resources to local indigenous groups and communities and holding ourselves accountable to the commitments we make.

## References

- Barbelet, V. et al. (2021), *Interrogating the evidence base on humanitarian localisation: a literature study*, <https://odi.org/en/publications/interrogating-the-evidence-base-on-humanitarian-localisation-a-literature-study/> (accessed on 17 November 2022). [1]
- Boyes-Watson, T. and S. Bortcosh (2021), "Breaking the Starvation Cycle", *Humentum*, <https://humentum.org/wp-content/uploads/2022/03/Humentum-ACR-Research-Report-Executive-Summary-FINAL.pdf> (accessed on 17 November 2022). [2]
- Development Initiatives (2021), *Global Humanitarian Assistance Report 2021*, <https://www.devinit.org/documents/1008/Global-Humanitarian-Assistance-Report-2021.pdf> (accessed on 17 November 2022). [3]
- Interagency Standing Committee (2022), *About the Grand Bargain*, <https://interagencystandingcommittee.org/about-the-grand-bargain> (accessed on 9 August 2022). [4]

## Notes

<sup>1</sup> For more details, see <https://interagencystandingcommittee.org/about-the-grand-bargain>

<sup>2</sup> For more details, see: <https://pledgeforchange2030.org/>

<sup>3</sup> For more details, see: <https://charter4change.files.wordpress.com/2019/06/charter4change-2019.pdf>