

## **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 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.