



Ministerie van Buitenlandse Zaken



UNBOXING LOCALIZATION - An Inclusive Dialogue Trajectory

SESSION VI: INNOVATIVE FUNDING FOR LOCAL PEACEBUILDING ACTION: WALKING THE TALK

14 November 2023

Executive Summary

During this VIth session of Unboxing Localisation trajectory¹, held on 14 November 2023 and co-organised by [GPPAC](#), CSPPS, the Dutch MFA, and KPSRL, discussions focused on innovative financing tools and approaches that foster local leadership and local ownership in peacebuilding by promoting fair, equitable and non-extractive partnerships in the current aid system. The event gathered various stakeholders, such as donors, aid agencies, and local peacebuilders with the aim of learning from each other and highlighting good practices and remaining challenges when it comes to strengthening the quality of humanitarian and peacebuilding funding in an effort to progress on implementing the localisation agenda. Some key takeaways:

- The need to shift power dynamics is recognised both, in the donors-implementers and intermediary-implementers relationships. Delegating grant decision-making to local actors could be one way to address the power imbalance and promote contextually relevant grantmaking.
- Pilot projects offer an opportunity to test innovative funding tools and can be expanded to a broader/larger scale if successful.
- Innovation doesn't inherently guarantee equity or effectiveness for local organisations.
- Ensuring resources for language justice (i.e. accepting proposals in local languages) is crucial to guarantee access to funding opportunities to marginalised local organisations.
- The complexity and bureaucracy of the current donor system, coupled with restrictive legal and fiduciary frameworks, have been criticised by several actors. However, some added that it is often customs and existing assumptions about what is and what is not allowed - both within donor entities *and* within aid organisations - that restrict flexibility more than laws.

Meeting Summary

Good practices from the Women's Fund Asia: [Women's Fund Asia \(WFA\)](#) believes in localisation through a multi-step approach. First, the WFA intentionally makes funding as inclusive as possible by ensuring accessibility and inclusion of excluded communities and groups as well as accepting project proposals in 14 different languages. Further, WFA advocates for **contextually relevant** grantmaking, acknowledging diverse access and utilisation of funds especially in Asian countries with restrictive legal and financial environments that hinder money flow to ground groups. In areas where women face barriers in holding official positions, WFA encourages partnerships to facilitate fund receptions. WFA sees **shifting power as an essential component of localisation**. This requires shifting the way money is controlled and accessed. Such a shift could be achieved through genuine **qualitative consultations** to identify areas for improvement in terms of fund distribution, recognising that accountability extends beyond the reporting stage. This also requires providing grants for learning initiatives to ensure that grassroots voices of local groups are not only represented but also actively engaged at all levels. Finally, WFA ensures a power shift by **delegating grant decision-making** to a group of advisors, including activists and individuals with diverse movement experiences who can guide them.

¹ The trajectory is an initiative by the Civil Society Platform for Peacebuilding and Statebuilding (CSPPS), the Dutch Ministry of Foreign Affairs (MFA) and supported by the Knowledge Platform Security & Rule of Law (KPSRL). Earlier sessions were a kick-off event (session I), priorities within the wide scope of localisation ([session II](#)), financing and influencing ([session III](#)), measuring localization ([session IV](#)) and inclusive programming ([session V](#)).

Radical Flexibility Fund (RFF)/ Innpactia/ Latimacto: Locally-Owned Innovative Funding mechanism for Barranquilla

RFF, Innpactia and Latimacto jointly reflected on the traditional funding system as it's no longer working. They **co-created new pathways based on the pilot process methodology** that incorporates a participatory core design process, aligning with grassroots social change needs. This led to the creation of a collective vehicle model for financing organisations focused on refugee serving and refugee-led organisations in the Caribbean coast of Columbia. The Barranquilla project aims to be a locally-led, **community-informed investment mechanism** that will support both social enterprises and organisations that focus their work towards benefitting the refugees/migrants communities in Barranquilla and nearby cities. This approach will ensure donors' accountability to local communities, as well as flexibility, inclusivity, and sustainability in funding mechanisms. Through the Baranquilla workshop, held in April, Colombian national donors and community-based organisations (CBOs) designed together a newly locally-led financing mechanism, identifying several priorities from the beneficiaries themselves. This mechanism has 3 lines of funding:

1. Building **institutional capacity** through non-reimbursable capital to support sustainability, technical assistance, and mentoring the organisations and their lines of action.
2. **Creation of new initiatives from scratch** that no one was willing to fund previously. RFF believes that despite high risks, this is a way to change and entangle this ecosystem: Support for experimental business models, seeking technical assistance and seed capital.
3. Support growth of **ideas that showed progress** but no support to run in the long term. They need to grow to be sustainable and be an example to new actors.

A single financial vehicle may use various mechanisms, there are two types of grants. The first type provides 100% non-refundable and recoverable grants with modest returns, returned to the fund for wider organisational benefit. This approach aligns with the concept of vehicle sustainability, crucial for catalysing an entire ecosystem. The second type involves catalytic loans to address the challenge raised by the population: the need to demonstrate repayment capability to a bank, striking a balance between borrowing and proving financial responsibility.

RFF highlighted that governments, and philanthropy organisations should discuss their limits and legal boundaries more openly as they have more agency and flexibility than they realise. Often, it's **customary practices** that hold them back. Moreover, they urged a shift in power dynamics, recognising that control and access to money represent power. This shift involves empowering people by establishing new funding sources, reducing dependence solely on grantmakers.

Understanding opportunities for scaling up innovative tools and mechanisms

The **UN Peacebuilding Fund** presented several initiatives and strategies related to supporting localisation in peacebuilding:

- Since 2016, the PBF is increasingly funding civil society directly. In 2022, 25 % of their total expenditure was allocated directly to civil society, which represents USD 43.2 millions.
- Nationalisation of proposals' selection by the PBF to encourage stronger long-term and more meaningful partnerships between UN country teams, governments and CSOs.
- The PBF supports the allocation of small grants to grassroot peacebuilding organisations working on cross-border and local peacebuilding issues. These serve as examples of how donors can take risks in terms of supporting smaller peacebuilding organisations in hard-to-reach areas.
- The PBF aims to better track where the money is going - requesting reports from organisations receiving grants on their sub-implementers activities - as a strategy to de-risking investments and identifying change actors at the local level.
- The PBF also works to develop/promote community-based monitoring and other evaluation efforts such as perception surveys (pilot projects in Niger, Guatemala, CAR and Cameroon)
- The Impact Hub will soon be launched as a tool to gather empirical evidence on the role of peacebuilding, and provide a network for peacebuilding actors, governments and academics.

The **European Civil Protection and Humanitarian Aid Operations (ECHO)** presented the [EU/DG ECHO localisation guidance](#) (March 2023), which stresses the need to facilitate access to local financing models, through increased support to country-based pool funding (currently in Ukraine, South Sudan, Venezuela, Afghanistan) and multi-year funding. ECHO traditionally has a one-year funding cycle which limits long-term activities. To address this issue, ECHO implemented in 2020 a pilot problematic partnership with a number of international actors, offering the possibility to provide funds for not one but two or more years, currently involving 9 pilots worth about 150 million euros. Another mechanism implemented by ECHO is the **Enhanced Response Capacity**, a thematic funding instrument to promote the design and piloting of more innovative tools and methodologies around a number of priority areas, including localisation and financing (i.e. [Project piloting “Lift”](#) in Turkey). However, localisation is limited by ECHO’s due diligence requirements, as well as their legal framework, which prevents them from directly funding local organisations if they do not have their headquarters in Europe.

Q&A Session

The following points were mentioned:

- More details have been asked on the UN Peacebuilding Fund Impact Hub, specifically in terms of impacts.
 - The UN Peacebuilding Fund explained that the impacts will depend on the level of funding dedicated to the initiative, however, it will be a valuable tool in order to help localisation in terms of best practices, tracking, designing and documenting impacts.
- The practical challenges of ensuring translation were raised seeking advice on how to tackle them.
 - Women’s Fund Asia highlighted that language justice was non-negotiable and central to localisation meaning ensuring a dedicated team of translators during all the process regardless of resource requirements
- How to decide on the legitimacy of local organisations from a donor perspective?
 - WFA believes that every organisation working on feminist issues is legitimate to receive funding. On this issue, it has been recalled that there are many unmet needs as last year, they were only able to meet 30-35% of needs, among all eligible grant applications.
- How can we ensure more complementarity in terms of finding and supporting innovation ?
 - ECHO mentioned that a number of foreign platforms internationally known already exist (i.e. [Grand Bargain](#)), and are used to share information and make sure there is some complementarity on innovation. The reality is that innovation is not happening in New York or in Brussels, but on the field, and there is a need to capture that and share it among donors, IO, INGOs. Donors have a role to play in facilitating participation from local actors, and determining which factors inhibit their participation in existing platforms.
- A representative of AISalam Institute for Women’s Studies asked for recommendations on how to raise funding, from an administrative perspective.
 - Following the publication of their Localisation Guidance, ECHO will be focusing more on capacity strengthening, including institutional capacity strengthening, and will allocate more money to indirect costs of their partners, which could be used for administrative tasks.
- A participant highlighted that despite increasing discussion about leaving no one behind, some obstacles at the EU level, such as the pre-condition of having office in European countries and extremely difficult structure of EU calls, obstruct the participation of local actors.
 - ECHO is aware that their main limitation is their own legal framework, however the administrative and legal complexity is unfortunately not going to change. One way to counterbalance these limits is to channel their funding as directly as possible, on the basis of their Grand Bargain commitment (limiting the number of intermediaries at one), and also through country-based pool funding where only local organisations can apply to and access the funds.
- A representative of the Dutch Embassy in Burundi shared a few remarks : 1) Issue of IO feeling threatened by the localisation agenda; 2) Resistance on the shifting powers narrative in Burundi as people are wondering who is giving power to who; 3) No mention from today’s speakers of a program initiated by a local organisation/government without being the idea of a certain

donors ; 4) Necessity to engage governments in order to guarantee the existence of a civic space when such one is missing in some specific context (i.e. Burundi).