

## Direct support to local actors: considerations for donors

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Despite international commitments, less than 1% of the \$167.8 billion of total Official Development Assistance (ODA) in 2018 went directly to local development actors.<sup>i</sup> [Grand Bargain](#) signatories committed to targeting 25% of their humanitarian assistance to local organisations, and yet, in 2018, 0.4% of all funding went to local and national NGOs.<sup>ii</sup>

**The COVID-19 crisis has highlighted the critical role of local actors, including governments, and local and national NGOs, in the design and delivery of programming.** Movement restrictions and a rapid scale-up of humanitarian and social protection assistance to new populations have driven a greater focus on localisation than ever before. Effective outlets for distributing, monitoring, and ensuring accountability for the surge in social protection and other funds that have come online requires strong networks of local actors who can respond to ongoing and evolving needs, as well as assist with delivery of vaccinations.

SPACE focuses on humanitarian/social protection linkages and the critical role of government social protection systems in localising crisis response. This short paper focuses on the role of local non-state actors in helping to deliver as well as hold accountable centralised systems.

### COVID-19 - What emerged across countries?

Within the context of humanitarian cash and social protection responses, local actors have been helping to achieve:

**A timelier response:** Local actors are some of the first to respond to a crisis, ahead of international systems. Social protection responses to economic lockdown due to COVID-19 in 53 countries found that donor financed programmes took on average 123 days to pay beneficiaries after the first case was announced in the country, and government programmes took on average 49 days.<sup>iii</sup> While data on local responses are not gathered systematically, anecdotal evidence often points to local responses that are materially faster. For example:

- GiveDirectly in Kenya cut their average time to pay beneficiaries by 50% and increase enrolment by 10 times through working through a large community of local organisations, and an automated SMS system.<sup>iv</sup>
- In Occupied Palestinian Territories (OPT), Zakat fundraised and distributed approximately USD 17 million in mid-May 2020, to support over 40,000 Palestinian workers, as well as 30,000 families.<sup>v</sup> World Bank funding was approved and disbursed to the Ministry of Finance by July end, months after local funds.

**A more cost-effective response:** Local actors can respond more effectively and quickly to community needs, and at a lower operational cost. A timelier response can in turn save billions of dollars:

→ The Productive Safety Net Programme in Ethiopia is estimated to have saved \$859m in humanitarian assistance in avoided household losses, with a potential additional saving of \$269m through extending the safety net to the additional caseload in response to COVID-19.

**A response that better meets local needs:** By sensitising communities and responding to multi-dimensional needs as they arise, networks of local actors can help to mitigate risks, and engage communities for a more effective response.

→ FIT – a network of 23,000 informal workers across Thailand – provided relief support alongside supporting informal workers to access the government cash grant, training workers to adapt livelihoods (e.g. online sales), and facilitating dialogue between Bangkok and national authorities and street vendor leaders to re-open markets.<sup>vi</sup>

→ The SAVE network in India – comprised of 900 community-based volunteers – partnered with the district government's relief efforts, who would inform them when and where government relief supplies – including cash – were going to be distributed so that SAVE could sensitise communities.<sup>vii</sup>

**A more accountable response:** Diverse networks of local trusted community representatives can be critical for minimising exclusion errors, especially gender and social exclusion; accountability and transparency; and identifying and helping to mitigate potential risks.

→ SEWA – a network of over 2 million self-employed women in India – played a key role in facilitating government aid, by informing members what they were entitled to, how to apply, how to open a bank account, as well as approaching local government officials, police and politicians on members' behalf.<sup>viii</sup>

→ The Indonesia social protection response to COVID used networks of organisations of persons with disabilities (PWDs) to administer surveys, through local health cadres, community rehabilitation teams, self-help cadres and sub-district staff, to identify PWDs and integrate their information into MoSA's national databases quickly and cost-effectively. Individuals were supported to receive identification documents and assistive devices to allow them to access social protection.<sup>ix</sup>

### Collaboration

SPACE is a joint initiative of FCDO's Better Assistance in Crises (BASIC) and Gender Responsive Social Protection (GSP) programmes (funded by UKAid); GIZ (funded by the German Federal Ministry for Economic Cooperation and Development); and the Australian Government through the Department of Foreign Affairs and Trade (DFAT). It does not necessarily represent the views or policies of FCDO, GIZ or DFAT.

### Implemented by

## What are the primary constraints for donors to shift more resources to local actors?

Based on consultation with a range of donors, a variety of **perceived** constraints limit funding to local actors.<sup>x</sup> However, these constraints are not only context-specific but also reflect a ubiquitous perception of limitations with limited qualifying evidence in the literature.<sup>xi</sup> Perceived constraints include:

- The ability of local actors to absorb fiduciary, reputational and operational risk.
- Bilateral requirements to fund only through one or two intermediary structures eliminates the possibility of funding multiple smaller local actors, requiring a reconceptualisation of intermediary roles and structure.
- The inability of local actors to operate at scale and deliver multi-dimensional funding compounds this constraint.
- The capacity of local actors to provide a multi-dimensional programme that meets due diligence requirements.

## Where are the entry points for action?

Donors can amplify the leadership of local actors through direct engagement (shifting power), providing funding directly (shifting funding), and shifting donors processes to be more inclusive for local actor engagement.

**Shift Power:** As a first step, increase direct engagement by ensuring that community voices are present for/leading on co-design, implementation and policy development. Direct engagement enables relationship building, addressing many concerns around risk, and facilitates identification of opportunities to shift power.

**(1) Ecosystem assessment and engagement:** The lack of equitable and transparent engagement is consistently cited as a critical gap. Donor teams should: (1) map and initiate a dialogue with networks of local actors at the country level; (2) designate centrally managed funds to support country teams with this process, e.g. designating localisation advisers; and (3) jointly identify opportunities that are investment ready and/or engage in co-design of programme opportunities.

**(2) Build a collective accountability agenda:** Local actors must be accountable to local populations. Invest in systems that enable accountable engagement with communities, via networks of trusted counterparts (local programme partners/leaders), report on what's working, provide feedback/complaints, and identify and mitigate risks. Digital networks that can link trusted voices in communities, with clear linkages to government systems and counterparts, are critical for citizen engagement, as well as effective programming.

**(3) Develop a collaborative working group** that meets regularly to develop common solutions and build a shared evidence base, at both central and country-level.

**(4) Ensure participation in local coordination forums and global forums,** by intentionally creating space for representatives of networks of local actors to be part of the conversation.

**Shift Funding:** Co-design needs to be met with funding opportunities for local actors to implement directly. Importantly, shifting funding directly to local actors for many of the functions required in the delivery of programming can enhance cost-effectiveness through improved timeliness, responsiveness, and proximate leadership. However, for bilateral funding to shift to local actors, alternative intermediary structures that prioritise local actors are critically needed.

**(5) Design, test and co-fund alternative delivery models:** Identify and test alternative intermediary structures that (a) ensure that local actors co-design and implement programming, and (b) channel funding to local actors more equitably. Alternative models could bridge a critical gap by facilitating pre-existing and/or new coalitions of local actors to design holistic programming that can operate across a wider geographic area. Local and National actors have called for more collaborative funding models to facilitate their ability to engage in peer-to-peer learning, networking and collaborative design. This process can then inform options for shifting funding:

- Transfer full programmes to local and national actors (via coalitions, networks or other partnership models).
- Transfer part of a programme – separate key functions to sit with local actors, designate flexible funding set-asides or wrap-around funds for engaging with local coalitions/networks.
- If funding UN/INGOs, ensure contract provisions for adequate funding and capacity building support for downstream local partners.

**Shift Processes:** Donor models must also shift to allow for more flexible and equitable programme design, fair assessment of actual (rather than perceived) risk, and more balanced due diligence processes using common passporting systems and/or aligned donor requirements.

**(6) Revise and redesign internal donor processes that hinder local actors from playing a leadership role:**

- Map programme implementation barriers at both a central and a country-level; risk, due diligence, programme timelines, and identify "myth busters" - many perceived obstacles often do not exist.
- Redesign procurement policies, risk frameworks, and competition metrics for local actors.
- Share lists of local actors and develop a single standard for compliance across donors.

The SPACE service has been supporting decision-makers across national governments, donors and implementing partners in over 40 countries with thinking through how to establish, maintain or adapt systems and programmes to meet rapidly growing needs. This document was developed alongside others in the SPACE series (available [here](#)).

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<sup>i</sup> OECD, 2020. [Aid for Civil Society Organisations & Private Philanthropy for the SDGs](#)

<sup>ii</sup> The Grand Bargain refers to “National and local responders comprising governments, communities, Red Cross and Red Crescent National Societies and local civil society.” With regard to measuring progress towards their financing goal, the Grand Bargain signatories agreed to the following definitions:

**Local and national non-state actors:** “Organisations engaged in relief that are headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO. (A local actor is not considered to be affiliated merely because it is part of a network, confederation or alliance wherein it maintains independent fundraising and governance systems.)”

**National and sub-national state actors:** “State authorities of the affected aid recipient country engaged in relief, whether at the local or national level.”

<sup>iii</sup> Beazley, R., Marzi, M., Steller, R. (2021) [‘Drivers of Timely and Large-Scale Cash Responses to COVID19: what does the data say?’](#), Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI Global UK Ltd, United Kingdom

<sup>iv</sup> [SPACE Economics of Early Response and Resilience to COVID-19: Ethiopia](#)

<sup>v</sup> [The Palestinian “Ezz Stand” Fund collects \\$17million for those affected by Corona, Alarby.co.uk](#)

<sup>vi</sup> WIEGO (February 2021). “COVID-19 Crisis and the Informal Economy: Informal Workers in Bangkok, Thailand”

<sup>vii</sup> WIEGO (January 2021). “COVID-19 Crisis and the Informal Economy: Home-Based Workers in Tiruppur, India.”

<sup>viii</sup> WIEGO (December 2020). “COVID-19 Crisis and the Informal Economy: Informal Workers in Ahmedabad, India”

<sup>ix</sup> Satriana, S., Huda, K., Hodayati, D. A. N., Saadah, N. A., & Zulkarnaen, A. (Forthcoming). Covid-19 Impacts on People with Disability in Indonesia: An In-Depth Look.

<sup>x</sup> Informed through consultation with a range of donors including FCDO, GIZ, USAID, Global Affairs Canada and the EC.

<sup>xi</sup> Barbelet, V, G Davies, J Flint, and E Davey (2021), “Interrogating the Evidence Base on Humanitarian Localisation: a literature study.”. Overseas Development Institute (ODI), UK.