

Innovation for Localisation: Exploring the impact of channeling unrestricted funding to NNGOs in emergency context

Webinar: March 9th

Question & Answers

Question	Answer
<i>When you mention channeling unrestricted funding, which mechanism are we using: CERF, CBPF or direct allocations? If this is channeled separately, how can we ensure these contributions are being tracked through OCHA FTS?</i>	All three mechanisms are included, and different actors calculate differently. Some research only looks at direct funding tracked through OCHA FTS - with low figures barely over 3 or 4 %. Others are counting funds passed through no or one intermediary, and figures then reaching 13-14%. Others rely on declarations. This issue is at the heart of discussions on the future of the Grand Bargain and how to accurately assess the funding flows.
<i>\$15,000 is quite a small amount of money - what was the reason for that amount and spread across that many contexts? (did you consider working in less countries with a greater amount of funding?)</i>	<p>The funded amount to each organisation was \$15,000, thus \$90,000 in total across the six countries. In this research project we wanted to understand how organisations across different humanitarian contexts spent unrestricted funding in different ways. Based on the total research budget, one organisation was selected per country.</p> <p>For future follow up projects, we would recommend that multiple small unrestricted grants are given out in the same context to understand the varying ways local actors use unrestricted funding within a single setting with similar external factors/influences.</p> <p>In addition, if there is an opportunity in future projects to provide larger amounts of unrestricted funding to L/NNGOs, this will of course only add to the knowledge and evidence base of this research area. However, in this instance, would still recommend at least six organisations receive a similar level of funding to ensure a comparative analysis can take place.</p>
<i>Has there been any component of this project that focused on establishing/strengthening the accountability mechanisms and related capacity building activity to ensure the money is used for the right purpose as per the priority set by the project or the implementing partner?</i>	The purpose of this research project was to understand the decision-making process for local organisations when spending unrestricted funding. Therefore, the principle was to influence them as little as possible during this decision-making process to get a true understanding of these decision-making factors. Based on this, we actively tried to be as hands off as possible during this project with as little reporting requirements and

	<p>bureaucracy as possible. In theory, there was not a requirement or interest in ensuring organisations spend funding based on their initial budget. But rather, if they did vary from their initial planned budget, understand what the reasons and thought process were behind this decision.</p> <p>However, to your question, another learning that came out of the research piece was the desire from some organisations to receive training and support on methods and strategies for spending unrestricted funding on core costs to strengthen their organisations self-sustainability. This is a strong recommendation for future studies and research.</p>
<i>What was the greatest need of the LNNGOs during COVID-19?</i>	<p>Muhammad Kabir, the Programme Manager from the Nigerian local organisation called Hallmark Leadership Initiative had the following to say: “Our highest need as a local organization during COVID 19 was funding, as the pandemic surfaced at a time [when] we were rounding up all of our projects, we felt so helpless that we may not be able to support the communities we work in during such emergencies. Fortunately for us, the innovation for localization project was there and it was made flexible for us to amend or change activities based on the priorities. I must confess this has really showed us the impact such funding can make.”</p> <p>Muhaamad and his team used this flexible funding to assess the needs of the communities they serve and set up a remote leading radio programme that reached many girls that were out of the classroom due to COVID-19 school closures.</p>
<i>Flexibility and reporting requirements for the participating organisations?</i>	<p>The project asked local organisations to spend the funding within the 3-month stipulated timeframe, however for a couple of organisations that did not fully exhaust the funds. As part of this project, they were able to keep the funds and were asked to use them in the best way that suited them, without any time restrictions.</p> <p>It was noted by local organisations that historically, time pressure on expenditure by donors had led them to not spend funding in the way they’d like to or in the way their communities need them to. Local organisations were asked to create a draft budget before the project but were allowed to spend the funding however they pleased, as long</p>

	as they were willing to inform us of their decision-making process at the end of the project.
<p><i>One challenge that has always existed in partnering with national organizations is accountability and transparency in the management of the resources allocated to them. How did your research integrate this aspect and what results emerged?</i></p>	<p>This was something that we openly discussed with the local organisations that we worked with during this research.</p> <p>We reiterated throughout the entire process that the point of the study was to understand the decision-making processes of these actors and therefore there was no judgement made or wrong way to spend the funds. With this grounding of mutual trust, there was an encouragement for organisations to be transparent throughout the process, which they were happy to do.</p>
<p><i>Through the FCDOs Rapid Response Facility, the FCDO has become the first major donor to insist that lead organisations pass on the same % of unrestricted costs to their down stream local and national partners. We are continuing to look at the issue of unrestricted costs to NNGO. Does this study suggest a particular % of grant that would be suitable to pass to NNGO as indirect costs (ie. for core costs?)</i></p>	<p>At a minimum we expect that donors should ensure that the same 7% unrestricted funding that is afforded to INGOs is now also provided to NNGOs. However, we also know that international agencies are often given far greater support costs than local agencies are, with some international agencies taking between 20-40% of the grant before any implementation is conducted.</p> <p>Therefore, as NNGOs are not given this flexibility, we believe that up to 20% of grants to local actors should be flexible funding, with NNGOs able to decide the best way to use this funding. After all, this project has shown that with 100% UR funding, local actors still priorities the most pressing needs of the communities they serve.</p> <p>One final thing to mention here, that local organisations have raised, are the significant power dynamics between donors and local organisations, with regards to funding. Therefore, as the 'holders of the power', the onus to inform and encourage local actors to ask and apply for this unrestricted funding must come from the donors and fund managers.</p>
<p><i>It would be great to get a sense of which aspects of the project lend themselves to replication and scale up to partner with more partners in different contexts?</i></p>	<p>The main recommendations that came out of this research can be seen in the executive summary of the report and they focus mainly on general advice for donors & fund managers providing unrestricted funding and also for further research studies to build the knowledge on the use of unrestricted funding.</p>

	<p>However, on top of this there are some learnings that can be replicated and scaled up into every future project call for proposal:</p> <ol style="list-style-type: none"> 1. Donors and fund managers should allow the option of local organisations to claim unrestricted core funding in project proposals 2. International actors need to engage community-based organisations at the start of the design phase of the proposal development process as they understand the community needs 3. Where possible, fund managers and donors should neutralise the way the call for proposal is announced to try and remove any external influence on the way that local organisations spend the funds. 4. Provide fundraising capacity support alongside providing funds, to make local organisations more self-sustainable
<p><i>Was there a funding agreement put in place with the organisations? From the call I've taken away that there was light due diligence undertaken on the organisations selected to receive the funding and they were asked to provide an initial indicative budget and then indicate how the money was actually spend at the end of the period. Beyond that it doesn't seem that there were any formal reporting requirements, can you confirm?</i></p>	<p>This is correct, the reporting requirements were quite light tough. The only reporting requirements were:</p> <ul style="list-style-type: none"> - Draft budget before project - Expenditure report after project - Interview to discuss decision making - A short narrative report on how they spent the money