

Role of Pooled Fund, Intermediaries in Localization and Decolonization of Aid

Draft concept note on Proposing a session in RHPW 11 to 13 December 2023 in Bangkok



Abstract: The role of pooled funds and intermediaries holds prime importance in the process of aid decolonization.

After a three-year worldwide rigorous process from 2014 to 2016, the World Humanitarian Summit (WHS) resulted in the Grand Bargain (GB) commitment. Simultaneously, International NGOs announced the Charter for Changes (C4C). The primary focus of all these commitments is localization, which means supporting the leading role of local organizations in humanitarian, development, and peace efforts. This is aimed at facilitating accountability to the community, cost-effective management, and the sustainability of activities, even when funding is limited or nonexistent.

The IASC Definitions Paper identified pooled funds as a key mechanism to channel funds to national and local actors 'as directly as possible'. The significance of Country Based Pooled Funds has grown since then given the realisation among several donors that they were unable to manage multiple partnerships with L/NAs. In its policy document 'Promoting Equitable Partnerships with Local Responders in Humanitarian Settings 1', DG ECHO also committed to making more contributions to pooled funds to empower L/NAs. However, the challenge is, there are only 22 CBPFs in existence, therefore unable to cater to a large number of L/NAs in other countries. Several other pooled funds have been initiated in countries, especially by donors and other international actors (e.g., UN agencies and international NGOs).

The Regional Humanitarian Partnership Week (RHPW) is one of the largest gatherings in the

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Asia Region, organized by ADRRN, ICVA, CWSA, and OCHA in recent years. This year, RHPW has identified the pooled fund issue as one of the sub-themes for organizing sessions. COAST Foundation would like to propose a session with the aforementioned title. The objectives of this session are to discuss the current state of pooled funds, identify their strengths and limitations in terms of localization and decolonization of aid, and suggest actionable recommendations in this regard. COAST will host this session together with Community World Service Asia (CWSA) and Humanitarian Aid International (HAI).

Rationales: Examining the role of pooled funds and intermediaries.

The Grand Bargain (GB) and Charter for Changes (C4C) have had some impact on the flow of pooled funds and funding to the country level, particularly by international agencies. Many pooled funds have been established in southern countries, and one centralized Start Fund has transitioned to a decentralized model, resulting in the creation of hubs in several countries, e.g., Start Fund Bangladesh. At the Geneva level, discussions regarding the role of intermediaries in facilitating localization have been discussed, and there have been some proposals outlining what the role of intermediaries should be.

There are several positive aspects to note, including (a) Local NGOs have gained immediate and direct access to funds at the country level. (b) They have also begun to receive support for organizational and capacity development. (c) They now have access to the decision-making process in fund management and response strategy. (d) Donor agencies have established direct relationships with local NGOs.

We have also observed some reservations in light of the well-perceived principles and framework on localization and aid decolonization. These include: (a) International NGOs (INGOs) have started receiving funding at the local level simultaneously, even though they were already receiving funding from the international hub of pooled funds and from their country of origin. (b) Local NGOs find themselves in uneven competition with INGOs and UN agencies during bidding processes. This is compounded by the persistence of so-called definitions and Western concepts of "capacities." (c) Donors have begun to prioritize "Accounts Ability" over "Accountability" when evaluating local organizations. (d) In partnership agreements, unequal clauses persist. For instance, auditors and evaluators are appointed by funding organizations, with no opportunity for partner organizations to participate in the process including appointment of arbitrators. (e) The burden of risk and accountability remains with the partner organization toward funding organizations and local authorities, meaning there is no risk-sharing approach. (f) Most capacity development efforts have been top-down, with limited consideration for the local context, and there has been minimal effort to address the issue of "capacity exchange or convergence." (g) Decision-making roles continue to be dominated by expatriates, with minimal effort to transfer technology and knowledge to local leaders and staff. (h) International actors often deliberately blur

the distinction between local and national actors, favouring larger national NGOs to create division and rule, thereby depriving local NGOs. (i) There is a lack of transparent and criteria-based competition in the selection of partnerships by international agencies and pooled fund authorities, with widespread allegations of cronyism from the staff of agencies and pooled funds.

While the Central Emergency Relief Fund (CERF), established by the UN, is exclusively for the UN agencies, they can access the CBPF funding too. Consequently, a major chunk of funding available through CBPFs is accessed by UN agencies, INGOs and their country offices. Local NGOs have often struggled to compete for the sophisticated bidding process. International actors have made minimal efforts to facilitate access for local NGOs in this regard.

On a positive note, there are some good examples that align with the principles of Equitable Partnership and Aid Decolonization, such as (a) Joint efforts and a collaborative decision-making approach in project design, auditing, accounting, capacity development, and joint reviews. (b) The sharing of risks when it comes to accountability to donors and local authorities. (c) Gradual knowledge transfer, know-how, and technology transfer to local leaders and staff, with a phased-out approach for expatriate involvement. (d) Some progressive INGOs have made declarations that they will not raise funds at the local/country level and will refrain from competing with local NGOs. (e) Some donor agencies have declared and initiated efforts to fund only consortiums, where local NGOs lead.

Indeed, these examples illustrate a positive shift toward more equitable and localized approaches in humanitarian and development efforts.

Session implementation strategies: Participatory outcome and wider attention for possible changes.

We will follow an inclusive and participatory approach for inviting others as co-organizers, and inviting speakers. We will follow a participatory approach in respect to conducting the session so that we will have critical mass and positive outcomes for reform in the role of pooled funds and intermediaries toward an equitable partnership and localization. So, (a) we will conduct a survey especially to collect case studies from countries, (ii) invite others as co-organizers of the event and also speakers who will have greater influence in this regard, (iii) we will record deliberations in the session and will post them in the Twitter / x to draw attention of all possible major donors, INGOs and other stakeholders, and (iv) we will prepare a short written document of the outcome and widely circulate this for wider attention.