



Caucus on funding for localisation: Collective monitoring and accountability framework

This document outlines the framework agreement between localisation caucus members¹ on how to **monitor their funding to local and national actors** (LNAs) and how to **report this funding transparently**. The application of the framework will improve the comparability of data on funding to LNAs and will enable the identification of the channels and volumes of funding reaching LNAs, both for individual donors/intermediaries and system-wide. As such it will promote increased individual and collective accountability to the commitment to reach the global, aggregate target of 25% of total humanitarian funding to LNAs as directly as possible (through up to one intermediary).

This framework focuses on the public reporting of data by donors and intermediary organisations. However, it recognises that a necessary pre-requisite for this to occur effectively is for these organisations to have sufficient internal data management processes to produce the data required for public reporting. For many donors and intermediaries such data management systems are not yet fully fit for purpose. Localisation caucus members agree to strengthen their internal systems to implement this framework. By endorsing this framework, caucuses members agree to:

- 1. Measure funding to LNAs** as what is channelled directly or via one intermediary (as per definitions previously agreed). Direct operational assistance by international organisations to target beneficiaries (without the involvement of local partners) in the form of cash delivery, in-kind assistance or support costs spent by intermediaries for work in partnership/on localization does not constitute funding for localisation and should not be measured towards reaching the 25% goal.
- 2. Report all funding to LNAs** through publicly available platforms (FTS and/or IATI) and include all available information on provider, recipient organisation and location.
- 3. Develop individual roadmaps for when and how the 25% target will be reached.** The commitment to publish these will be given at the Annual Meeting in June 2023. The caucus co-chairs recommend that the roadmaps are published by the end of 2023. The roadmaps will include milestones on the road to reach the target either through direct support for LNAs or via one intermediary.

¹ Members of the caucus on funding for localisation are: USAID, DG ECHO, Denmark, UNHCR, OCHA, Save the Children, IFRC and A4EP. The caucus was chaired by the Grand Bargain Eminent Person, Jan Egeland, and NEAR.

1. Measuring funding to local and national actors

a. Agreed definitions

Extensive work has been undertaken to characterise and unpick the Grand Bargain localisation target, through both the Grand Bargain localisation workstream and the IASC HFTT Localisation Marker Working Group.

As agreed by Grand Bargain signatories, [local and national actors](#) are defined as:

- **Local and national nonstate actors:** Organizations engaged in relief that are headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO.
- **National and sub-national state actors:** State authorities of the affected aid recipient country engaged in relief, whether at local or national level.

[Direct funding and funding “as directly as possible”](#) can be distinguished as:

- **Direct funding:**
 - For institutional (mainly government) donors - direct funding from the original donor to local and national organisations i.e. funding that does not pass through an international intermediary.
 - For UN agencies and international NGOs – the direct onward transfer of publicly-raised funding (i.e. funding that does not come from institutional donors) to local and national organisations.
- **“As directly as possible” funding:**
 - Funding channeled through a pooled fund that is directly accessed by national and local actors.
 - Funding to a single international aid organisation (including a federated/membership organisation) that reaches a local/national actor directly from that one intermediary.

b. Definition clarifications

The agreed definitions can be further clarified in the following cases:

- **International affiliations:**
 - [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.
 - INGOs that register in aid-recipient countries as national entities are not considered local or national actors.
- **Southern international NGOs:**
 - NGOs headquartered in aid recipient countries and operating internationally are only considered a national actor when operating within the country in which they are headquartered.
- **Disaggregation:**
 - Funding to women’s rights organisations (WROs), women’s led organisations (WLOs) and refugee led organisations is yet to be disaggregated and tracked, due to the lack

of agreed-upon definitions for these categories. Based on the forthcoming updated Inter-Agency Standing Committee (IASC) definition of WROs/WLOs, it will be essential to improve tracking and transparency of funding to WROs/WLOs.

c. Additional considerations and limitations

The localisation caucus was accompanied by a process of bilateral and group consultations on how funding to LNAs is measured and how progress against the global aggregate 25% target should be calculated. Challenges raised by caucus members are considered below, with agreements on the way forward (subject to review and approval).

Funding to LNAs across the humanitarian-development nexus

Issue: The localisation funding target in this caucus refers to humanitarian funding. For agencies with a dual humanitarian-development mandate it can be difficult to isolate humanitarian funding totals and within that funding to LNAs.

Way forward: Caucus members should **rely on established definitions of what should be reported as humanitarian funding as per existing guidance** issued by UN OCHA's [Financial Tracking Service](#) (FTS), the OECD DAC [Creditor Reporting System](#), and [International Aid Transparency Initiative](#) (IATI). These guidance documents contain indicative lists of the types of activities that are commonly understood as humanitarian assistance. Most international humanitarian actors already report to at least one of these different platforms. Within this guidance, and specific to each organization, there is an acceptable margin of imprecision given it might be difficult to definitively identify humanitarian and development funding or programming in some instances. Still, international actors with a dual development-humanitarian mandate are usually able to distinguish in their internal budgets/expenditure or programs between humanitarian or development funding and activities.

Calculating funding progress to LNAs for intermediaries

Issue: Intermediary organisations highlighted the challenge of deciding what funding total to use to calculate their agency-specific progress on increasing their share of total funding to LNAs, e.g. whether this total should also include costs related to their core mandate or only programme expenditure.

Way forward: It is up for each caucus member to decide how high to set and how to measure progress against their respective targets for funding to LNAs. The key requirement is for these processes to be transparent, both in terms of what is included as part of the funding total and on the granular breakdown of funding to LNAs, enabling each agency's own progress to stand up to independent scrutiny. It is worth pointing out that progress against the global, aggregate 25% target for humanitarian funding to LNAs necessarily includes all funding provided to international intermediaries and LNAs, irrespective of whether that is used to fulfil core mandates or for programme expenditure. Therefore, when caucus members or other humanitarian actors set their own targets for increasing funding to LNAs, they should hold themselves and other actors to account to ensure that agency-specific targets show sufficient ambition to reach this global target of 25%.

Cash assistance in relation to localisation

Issue: The delivery of humanitarian assistance in the form of cash directly provided to crisis-affected population does, according to some, also represent a form of localisation by empowering the recipients of that assistance.

Way forward: The Grand Bargain commitment to increase the use of cash assistance, while important in its own right, is separate from that to increase funding to LNAs and therefore to be reported on separately². The key distinction is between who delivers the humanitarian assistance (whether an international or national actor) and how it is delivered (in the form of cash or other modalities). As such, it is agreed that direct operational assistance by an international organisation to target beneficiaries (and not via LNA) in the form of cash delivery or in-kind assistance does not constitute funding for localization and should not be measured towards reaching the 25% goal. Similarly, the support costs incurred by intermediaries to promote the localisation (e.g. the salary of the staff working for an international organisation to promote partnership with LNAs) is not counted. This type of support can be however captured in the section “Other target and initiatives” of the individual roadmap.

Measures of localisation beyond funding volumes

Issue: There are other measures of localisation that go beyond the volume of funding to LNAs and are important markers of whether or not the humanitarian system is localizing.

Way forward: The caucus on funding for localisation focuses in its agreements on the volume of funding to local and national actors, given the significance of funding volumes as indication of the distribution of power within the humanitarian system and given this was the central concern of the caucus from the outset. The caucus however also recognizes the importance of other measures of localisation, such as the quality of funding to or partnerships with LNAs, as recognized by previous Grand Bargain caucuses on multi-year funding and on the role of intermediaries. Caucus members and other humanitarian stakeholders are encouraged to show their commitment to localisation by reporting on these other relevant measures, while ensuring transparency around their efforts to increase volumes of funding to LNAs as laid out in this document.

2. Reporting on funding to local and national actors

Public reporting of funding to local and national actors (LNAs), disaggregated by the organisations providing and receiving funding, is critical to enable mutual accountability and independent scrutiny. Such information is important to enable LNAs to have visibility of where and how funding is being channeled.

² Data on global volumes of humanitarian CVA is collected annually by the CALP network and DI. An assessment of the global state of tracking humanitarian CVA is available online at: <https://devinit.org/resources/tracking-cash-voucher-assistance/>

The public reporting channels for funding to LNAs are the same for donors and intermediaries. The two platforms that currently enable a timely reporting of this information are UN OCHA's [FTS](#) and [IATI](#). Below is a summary of how this can be achieved.

The focus should initially be on making the data on funding information by partner organisation and location publicly available, whether that happens through FTS or IATI. While ongoing efforts are underway to increase the interoperability of data between FTS and IATI following a [pilot project](#) on this, it should be possible to monitor progress on funding LNAs across the two platforms as long as the granular funding data is publicly accessible, on one or the other platform, as laid out below.

It should be noted that the organisation types on FTS are already aligned with the Grand Bargain definitions of LNAs, while further changes to the IATI standard are required to also align with them. Another important difference between IATI and FTS in terms of localisation data is that for IATI, publishing organisations are responsible for what information is included in a published funding transaction, and this information is not reconciled with or supplemented by a third-party. For FTS, the FTS team reconciles funding data reported by different actors with each other and includes the organisation types from its own centralized and curated database.

a. Using FTS to report on funding to LNAs

Donors and intermediaries are encouraged to report information on funding they provide or receive to FTS, including funding to LNAs. For EU institutions and Member States, this reporting happens automatically for funding reported into the European Emergency Disaster Response Information System (EDRIS), as data from EDRIS is pulled directly into FTS. Other actors report to FTS via an online form or via e-mail using an excel form³. All donors and recipients of humanitarian financing are encouraged to report to FTS in a timely manner and within the agreed standards. The FTS then manually curates the reported funding information to ensure there is no double-counting and publishes it on its webpage.

The minimum information that should be reported to FTS includes characteristics central to an improved tracking of funding to LNAs:

- the **names** of the **donor** (source) and **recipient** (destination) organisations;
- the **destination location** of the funding flow; and
- the **sector** being funded.

It is also possible to report on other aspects of funding relevant to the localisation agenda, such as the **quality of funding** (e.g., level of earmarking or whether funding is multi-year).

FTS then matches the reported organisation names with its centrally managed list of **organisation types** for over 12,000 humanitarian actors (as of February 2023). This list was updated during 2022 with information on organisation types (e.g., NGO, UN agency, Red Cross/Red Crescent Movement etc.) alongside their localisation classifications (e.g., international, national or local actors). These classifications reflect [agreements](#) from Grand Bargain signatories that are referenced above.

This means that if donors and intermediaries report only minimal information to FTS like when, where and who they funded for what, this will then in combination with FTS' list of organisation types create a consolidated, publicly accessible view of total humanitarian funding, and within that funding to LNAs, in close to real-time.

³ For more information on how to report to FTS, please visit: <https://fts.unocha.org/content/report-contribution>

Intermediaries can already report data on all the funding they provide to all their downstream partners, including LNAs and international actors, to FTS as described above. In practice, this rarely happens for actors other than pooled funds and presents the biggest opportunity for improving monitoring of and accountability for increasing funding to LNAs. It is also possible for those intermediaries to link in the reporting incoming grants from the original donors with funding provided to LNAs as sub-grants. This could then be identified by data users by linking the unique financial flows IDs for the grant and corresponding sub-grant, and thereby allow for the identification of indirect funding volumes to LNAs by the original donor. Given the lack of data on indirect funding overall, it is perhaps unsurprising that this level of reporting and traceability of funding on FTS hardly ever occurs in practice.

b. Using IATI to report on funding to LNAs

A proposed method⁴ on how to use IATI data to track commitments to increase funding to LNAs could enable caucus members to publish and identify funding to organisations that are headquartered in crisis contexts, and whether those organisations are NGOs or state authorities. It however requires additional, manual effort to ensure that NGOs identified in this way are not affiliated to an INGO.

Donors and intermediaries can choose their preferred way of publishing IATI data⁵ on projects they fund and implement, including data on funding transactions related to those projects. This transaction data then enables transparency of funding flows provided to LNAs or other actors, providing donors and intermediaries publish the following information for each transaction:

- The **name** of the organisation receiving the funding
- The organisation **type** of the organisation receiving the funding
- The **organisation identifier** of the organisation receiving the funding

This IATI data, once published in the correct format, can then be accessed publicly through the [IATI datastore](#), [d-portal](#) or the [country development finance data tool](#). The organisation identifiers, if used and formatted correctly, contain information on where the recipient organisation of funding is registered, the national registration agency, and the code assigned to the organisation by that registration agency. Combined with the organisation type and following manual checks of the organisation name to ensure no affiliation with an international organisation, this information can be used together to identify LNAs and whether those are state or non-state actors.

This process could be streamlined further if the organisation types currently used for IATI data⁶ can be clarified or supplemented in line with the agreed Grand Bargain definitions of LNAs. Caucus members or other actors that seek to be transparent on their funding to LNAs through IATI data should advocate for this to happen.

Intermediaries can also use IATI to link their funding provided to their downstream partners with that of the original donor by referring back to the donor's unique activity identifier associated with the

⁴ The draft methodology is available online at: <https://humportal.org/guidance/localisation/>. The guidance page also provides initial assessments of progress in implementation of this methodology by signatory. These assessments are updated daily.

Stakeholders are encouraged to provide feedback on the guidance at: <https://iaticonnect.org/topic/new-guidance-notes-publishing-and-using-humanitarian-iati-data-monitor-grand-bargain>

⁵ For an overview of the different options to publish IATI data, please refer to: <https://iatistandard.org/en/guidance/publishing-data/publishing-files/how-to-publish-your-data-on-the-iati-registry/>

⁶ Available online at: <https://iatistandard.org/en/iati-standard/203/codelist/organisationtype/>

original grant. Guidance on how to achieve this is [available online](#). This would allow donors to track how much of the funding they provide to an intermediary ends up with LNAs. In practice, this level of traceability is however rarely achieved by data publishers.

c. Security considerations and anonymity of funding recipients

There are a number of valid security concerns that may warrant the anonymity of funding recipients or restrict the publication of other data, such as the project location, to protect those humanitarian actors and the populations they assist from potential harm. This could limit the transparency of funding to LNAs for legitimate reasons.

However, FTS already accounts for this possibility and offers the option to anonymize funding information if required. In those cases, FTS still displays the name of the donor or intermediary organisation, whether the recipient organisation was an anonymous UN agency, international NGO or national NGO, and in which country the funding was received. This means it would still be possible to use FTS for tracking progress on funding volumes to LNAs by donor/intermediary, globally and by country location, if the names of the recipient organisation need to be anonymized for security reasons. FTS data also indicates that this is a relatively small-scale issue globally, with only 884 out of 19,826 funding flows in 2022 needing to anonymize the recipient organization name at the time of writing.

The IATI standard also offers the possibility to exclude data from published datasets for security or legal reasons. This requires the respective data publisher to create an IATI [exclusion policy](#) to clearly outline what information excluded from publication and why, and how it will be assessed what data to withhold. In those cases, there is currently no straightforward way to publish anonymized data on funding to local and national actors. This would require an update of the IATI organisation types to better reflect definitions of local and national actors, so that data on the type of actor receiving funding can be published when excluding other identifiable information (e.g., organisation names).

d. Further guidance on reporting

While the reporting platforms and standards are available for tracking and monitoring funding, not all organisations, in particular intermediaries, may have their internal systems set up enabling them to extract the required data and report on it publicly. Adapting these systems to support transparent reporting should be a priority for caucus members and Grand Bargain signatories more widely.

Development Initiatives is looking to provide a tailored support service for caucus members on how to ensure reporting meets FTS standards and the minimum requirements for contributing to system wide accountability. According to individual agency need, DI could support organisations to improve their internal data collation and external reporting. Interested parties should reach out to angus.urquhart@devinit.org.

3. Developing individual roadmaps

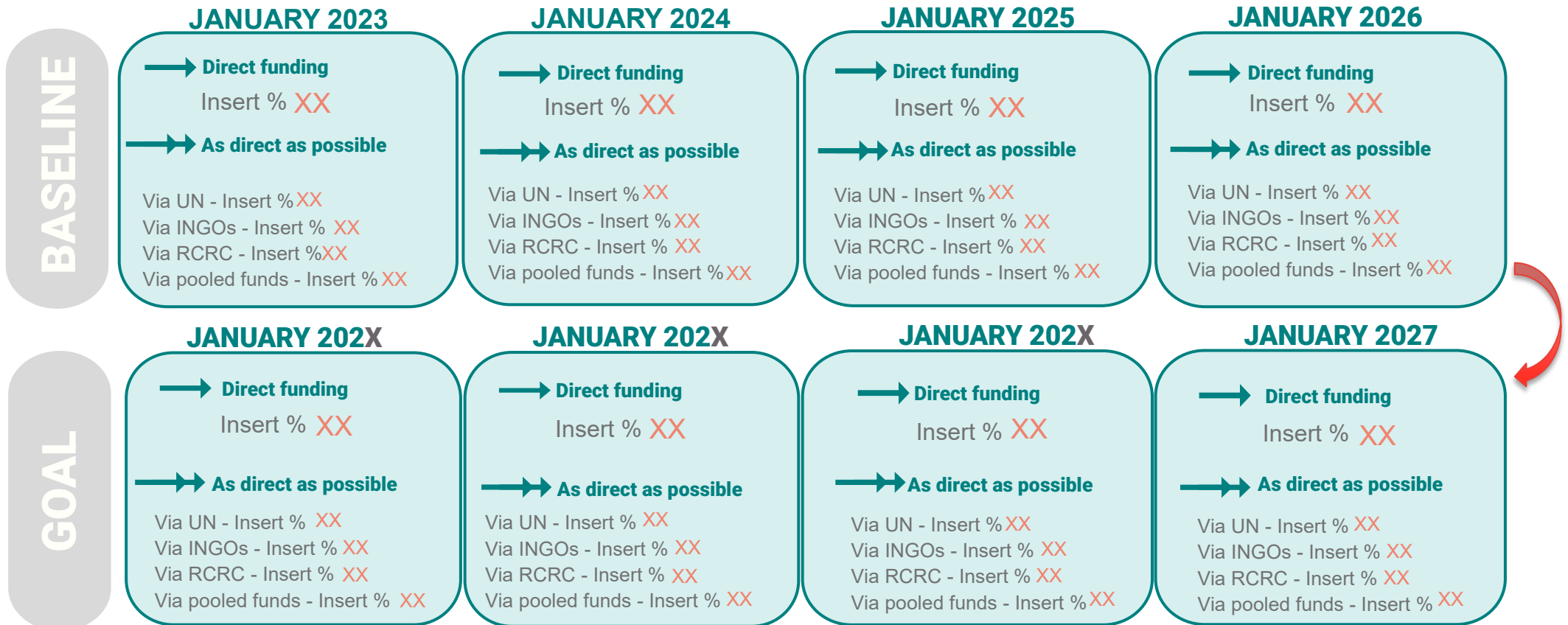
Individual roadmaps should be developed based on the template in Annex 1. The template can be adapted according to Signatory's data and policies.

Organisation name

XXXXX

CAUCUS ON FUNDING FOR LOCALISATION

Achieving a global aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transaction costs.



OTHER TARGETS & INITIATIVES

[Members are invited here to list other target & initiatives that would contribute to the goal such as: developing a localisation policy by YYYY/harmonizing due diligence with other donors by YYYY/pilot # programmes for direct funding to L/NAs in # countries by YYYY]