



20th June 2017

Dr. Jemilah Mahmood
The Under-Secretary General for Partnerships
International Federation of Red Cross and Red Crescent Societies (IFRC)
Route de Pré-Bois, 1
International Federation of Red Cross and Red Crescent Societies
P.O. Box 303
CH-1211 Geneva 19
Switzerland

And

Mr. Olivier Bangerter
Deputy Head of Division - Multilateral Affairs
Swiss Agency for Development and Cooperation
Freiburgstrasse 130
3003 Bern
Switzerland

Dear Co-convenors of Grand Bargain Work-Stream 2

Subject: Open Letter - Localisation Marker Working Group Definitions Outcome

We would like to thank SDC and IFRC for coordinating and co-championing the work stream on localisation. Over the past one year since the signing of the Grand Bargain, we held great hopes that this process would yield favorable outcomes and lay a solid foundation for re-imagining the humanitarian system.

As the first and only global network representing the voices and first-hand perspective of local actors, NEAR is uniquely positioned to lead the discourse for negotiating and advocating for an aid system that is more effective and people centered. While we do not posit to have all the solutions we are convinced that the future of humanitarian system can only emerge from within this paradigm shift.

We have been involved in the IASC Humanitarian Financing Task Team, localization marker working group and would like to lodge our disappointment to your revision of the definition of direct funding after finalization of the localization marker working group definitions paper.

The 25% direct funding to local actors was a target that was initially set by NEAR as one of its key advocacy messages during the WHS and was in direct reference to direct funding to local NGOs with zero intermediaries. The localization marker working group has been working for 9 months to finalize definitions of local actors and what “directly as possible” means in reference to the 25% Grand Bargain commitment and what is a “local actor”. NEAR along with others from the global south and north have been actively engaged in the working group and provided feedback to the process at different stages. A survey was also undertaken that received 450 respondents, which was also used to inform the final definitions. While the process has not been taken to local actors through country or regional consultations and has been dominated by the north, we still believe that some of our views were considered in the final version of the definitions issued by the working group on 14th





April 2017. Through this lengthy consultative process, the following definitions have been drafted on the “directly as possible” as the final version agreed by the working group:

1. Direct funding:

- a. For institutional (mainly government) donors - direct funding from the original donor to local and national organizations i.e. funding that does not pass through an international intermediary.
- b. 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 organizations.

2. “As directly as possible’ funding:

- a. Funding channelled through a pooled fund that is directly accessible to national and local responders.

3. Indirect Funding

- a. Funding from the original donor to any of the local/national organisation types listed above that involves two or more transaction layers.

Only categories 1 and 2 should contribute towards the 25% target.

We believe that the “compromise” reached that was shared with Grand Bargain signatories on 13th June 2017 where one intermediary layer was included as part of “as directly as possible” category (category 2) is truly against the intent of the 25% target and the consensus reached by the working group. This compromise was not discussed with the members of the working group.

This would mean that the signatories to the Grand Bargain would be able to measure their ability to meet the 25% commitment by giving their funds to an international agency, which may then pass some of those funds to a local actor. We believe that the inclusion of ANY intermediary into the definition of direct funding only serves to perpetuate the status quo. All intermediaries and in-kind contributions should be measured as part of the Indirect Funding category (category 3). This diminutive definition proposed is a disservice to the bold aspiration of the Grand Bargain commitments.

The revised definitions where an international organization as an intermediary is termed “partnership and capacity building” will not lead to more capacity strengthening or any improved partnership for local actors. Local actors have had more than 30 years of supposed capacity building and “partnership principles” which has not resulted in any significant gains – a plethora of strong local actors globally that have direct relationship with bilateral donors and are able to meet their due diligence requirements. This compromise and its language is extremely misleading as it further undermines the goal of getting more funds directly to local actors.

Furthermore, why is the document recommending that only category 2 to be tracked, which now includes both pooled funding and one intermediary and not recommending the tracking of category 1 of direct funding? We believe that tracking should happen for ALL categories and not exclusively on the “as directly as possible” category. Also, including one layer of intermediaries in the “as directly as possible” category does not improve measurement of progress. If any intermediaries, one or two layers, are included in the “indirect funding” category it will equally be possible to measure progress. While it is important to have clear data and a baseline, it cannot be used as an excuse to undermine the 25% target and the localization agenda.





Further, we do not endorse the inclusion of any local or national NGO based in the global south that may be affiliated in any way to an international NGO as a local actor. We believe that the current 14th April 2017 definition, which supports this position, should remain.

NEAR will not be able to endorse a definition that includes any intermediaries and INGO affiliates defined as local actors. We urge you both to reconsider your position and truly support us in ensuring that we make some real progress in demonstrating a true change in how resources are distributed to local actors in the true and courageous spirit of the 25% Grand Bargain commitment. Further, a change at this final stage of the process contravenes all principles of transparency and democracy. This sudden shift in the process disregards the effort put in by all members of the working group, both from the global north and south.

We hope that as Co-Chairs, SDC and IFRC will honour the work of the working group and support the last definitions agreed upon. We believe that an opportunity exists where both SDC and IFRC can truly champion the serious intent and voice of local actors by ensuring zero intermediaries are included in the definition, with the exception of pooled funds. We also hope that a nine month long participatory and transparent process of this working group will also be respected.

Regards,

NEAR Leadership Council

Adeso
COAST
Humanitarian and Development Consortium
Seeds India
Support to Life

Degan Ali (Kenya)
Rezaul Karim Chowdhury (Bangladesh)
Filbert Leone Ahmat (South Sudan)
Manu Gupta (India)
Sema Genel (Turkey)

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Malankara Orthodox Syrian Church Social Humanitarian Action
Muslim Foundation for Culture and Development
National Society for Earthquake Technology - Nepal (NSET)

Dr. Dawit Zawde (Ethiopia)
Nyamiye Hermenegilde (Burundi)
Naeem Salimee (Afghanistan)
George Francis Iwa (Uganda)
Sami Zhman (Afghanistan)
Naomi Tulay-Solanke (Liberia)
Loreine B. Dela Cruz (Philippines)
DCH Trust (Bangladesh)
Abdulrazaq O Hamzat (Nigeria)
Dr. Ravikant Sing (India)
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Halima Adan
Suhaila Noori (Afghanistan)
Yiga Robert Kiwana (Uganda)
Cyprien Ntahomvukiye (Burundi)
Erdem Vardar (Turkey)
Aydrus Daar

