

Definitions Paper
IASC Humanitarian Financing Task Team, Localisation Marker Working Group

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I. Purpose and background

The Grand Bargain includes a commitment to achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national actors as directly as possible to improve outcomes for affected people and reduce transactional costs.

Grand Bargain signatories agreed to develop and apply a 'localisation marker', together with the Inter-Agency Standing Committee (IASC), in order to measure direct and indirect funding to local and national actors. The IASC Humanitarian Financing Task Team (HFTT) set up a 'Localisation Marker Working Group' in July 2016 to take this work forward, co-convened by CAFOD, OCHA and Development Initiatives. Participation in the group is open to HFTT and non-HFTT members, and includes the Network for Empowered Aid Response (NEAR), national NGOs, donors and independent experts.

II. Process

The Localisation Marker Working Group quickly established that in order to design an effective localisation marker, the following questions first needed to be resolved:

- 'What is a local or national actor' – to whom does the 25% target apply?
- What does the term 'as directly as possible' mean in practice?

A process was set in place to discuss and agree on a set of definitions that would answer the above questions, led by Development Initiatives as an independent organization without a vested interest in the outcome. Following a mapping of the various definitions of local and national actors currently used by different organisations and groups, and an assessment of the feasibility of tracking direct and indirect funding to local and national organisations, an initial set of definitions was circulated for comment in November 2016. The group discussed the definitions paper on several occasions; it was revised and discussed again at an expanded session at the IASC HFTT retreat in January 2017; and at a meeting of the Good Humanitarian Donorship work stream on localisation in February 2017.

In order to encourage local and national actors to contribute to the process, the working group designed, tested and disseminated an online survey on the definitions in English, French and Arabic. More than 380 individuals responded to the survey from 71 different countries during March 2017, approximately two thirds of whom categorized themselves as working with national or local organisations. The survey was applied to a large constituency of national and international NGOs as a means of engaging civil society and front line responding organisations in the field in this exercise. Respondents (384) largely agreed with the proposed definitions (agreement ratings varied from 81% to 91%) and provided useful suggestions for how the definitions could be improved. The results of the survey are summarized in an accompanying document.

Between June and November of 2017, the IASC HFTT Localisation Marker Working Group worked closely with the co-conveners of the localisation work stream of the Grand Bargain, IFRC and Switzerland, in seeking the endorsement of definitions among the Grand Bargain signatories. In line with the definitions produced by the IASC HFTT Localisation Marker Working Group, the co-conveners

formulated and circulated for endorsement definitions of 'local actors', as well as categories of "direct" and "direct as possible funding" which the signatories approved first through a silence procedure in June and a subsequent one in November 2017 and is herewith reflected (*text in italics below*).

III. Definitions of national or local actors

Following the consultation process, including taking into account recommendations from the online survey, the consensus reached by Grand Bargain signatories, and the work undertaken by the IASC HFTT Localisation Marker Working Group, the proposed definitions are:

National and local actors are of two types:

1. *Local and national non-state actors* are "Organizations engaged in relief that are headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO".
Note: "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" (text endorsed by GB signatories). Local and national non-state actors include:
 - 1.1 National NGOs/civil society organisations (CSOs): National NGOs/CSOs operating in the aid recipient country in which they are headquartered, working in multiple subnational regions, and not affiliated to an international NGO. This category can also include national faith-based organisations.
 - 1.2 Local NGOs/CSOs: Local NGOs/CSOs operating in a specific, geographically defined, subnational area of an aid recipient country, without affiliation to an international NGO/CSO. This category can also include community-based organisations and local faith-based organisations.
 - 1.3 Red Cross/Red Crescent National Societies: National Societies that are based in and operating within their own aid recipient countries.
 - 1.4 Local and national private sector organizations: Organisations run by private individuals or groups as a means of enterprise for profit, that are based in and operating within their own aid recipient countries and not affiliated to an international private sector organisation.
2. *National and sub-national state actors* are "State authorities of the affected aid recipient country engaged in relief, whether at local or national level" (text endorsed by GB signatories). This includes:
 - 2.1 National governments: National government agencies, authorities, line ministries and state-owned institutions in aid recipient countries e.g. National Disaster Management Agencies (NDMAs). This category can also include federal or regional government authorities in countries where they exist.
 - 2.2 Local governments: Sub-national government entities in aid recipient countries exercising some degree of devolved authority over a specifically defined geographic constituency e.g. local/municipal authorities.

Definitions that are not included in the above categorisation of national and local actors are:

- Internationally affiliated organisations: Organisations that are affiliated to an international organisation through inter-linked financing, contracting, governance and/or decision-making systems. This category does not include local and national organisations that are part of networks, confederations or alliances wherein those organisations maintain independent fundraising and governance systems.
- Southern international NGOs: NGOs based in aid recipient countries that are not OECD member countries, carrying out operations outside of the aid recipient country in which they are

headquartered and not affiliated to an international NGO. The same organisation can be classified as a national NGO/CSO when carrying out operations within the country in which they are headquartered.

- **International NGOs:** NGOs not based in an aid recipient country and carrying out operations in one or more aid recipient countries.
- **Multilateral organisations:** Agencies of the United Nations (UN) and other international organisations.
- **International Red Cross and Red Crescent Movement:** the International Committee of the Red Cross (ICRC) and the International Federation of Red Cross and Red Crescent Societies (IFRC), as well as Red Cross/Red Crescent National Societies operating outside of their own country.
- **International private sector organisations:** Organisations run by private individuals or groups as a means of enterprise for profit, that are not based in an aid recipient country and carrying out operations in one or more aid recipient countries.

IV. Definition of 'as directly as possible'

The 25% target within the Grand Bargain localisation commitment is aggregate and does not necessarily imply that it has to be achieved by each individual donor and organisation. However, it should be disaggregated by organisation type - donors and implementing organisations separately – in order to avoid double-counting and to track the progress of different groups.

Three categories of funding are proposed in order to monitor progress towards this commitment:

1. 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.
2. '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 intermediary¹*
3. Indirect funding: 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.

Financial support to local and national actors in the form of grants should be tracked separately to the provision of goods in-kind².

¹ The IASC HFTT Localisation Marker Working Group and the co-conveners of the localisation work stream of the Grand Bargain have agreed to undertake further analysis in 2018, including through a baseline exercise, to determine the extent to which other intermediaries should be considered as providing "as direct as possible funding".

² The majority (60%) of those who responded to the online survey on definitions felt that only funding provided in the form of grants should contribute to the 25% target and the provision of goods in-kind should be excluded.