

Lessons from Climate Funders on Locally-led Development Assistance

Policy Paper



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1. Introduction

Some climate funders in the philanthropy sector have gained significant insight into how best to provide resources for locally-led action. Both large international foundations and bilateral donor agencies can gain from these experiences as they travel on the path of institutional change.

Localisation has been discussed for a long time in development cooperation, beginning with a call for 'equitable partnerships and solidarity' in the 2010 Istanbul Principles for CSO Development Effectiveness and, one year later, in the [Busan Partnership for Effective Development Cooperation](#). Among the Busan principles are 'inclusive development partnerships, based on openness, trust, and mutual respect', and 'mutual accountability and transparency between donors and the intended beneficiaries of our co-operation'. The two principles set the stage for localisation.

Based on these and other declarations, the [2016 Grand Bargain commitment](#) by humanitarian and disaster relief organisations promised to provide 25% of financing directly to local actors by 2020. In subsequent years, however, bilateral development cooperation agencies and international non-governmental organisations (INGOs) failed to translate talk of shifting power into a meaningful increase in resources and local leadership. Just [0.5% of funding](#) was given directly to local and national NGOs, while calls have grown for changing the power imbalance from local civil society faced with bureaucratic barriers and compliance hurdles to accessing funding. Signatories agreed to a [Grand Bargain 2.0](#) in 2021, yet many are sceptical that it can shift the needle on localisation further than the first commitment.

2. Localisation at the top of the development agenda

The renewed push to shift power and funding to the local level results, in part, from rising inequalities exacerbated by the Covid-19 pandemic. There is also greater awareness of the need to decolonise development, and address unspoken racist assumptions and excessive control by resource providers and contracted intermediary INGOs that either implement projects directly or are channels for funding to organisations in the Global South. "Such relationships often disempower partner civil society organisations (CSOs), reducing them to being implementers in their own country of externally predetermined programmes for which the partner CSOs must produce results," [observed a group of civil society leaders](#).

The climate funders interviewed in these case studies reject the label ‘intermediary’. While they are re-granting from other donors, the term lumps them together with organisations that can act as gatekeepers and enforce the upstream donors’ requirements on eligibility, activities, indicators, and reporting. In contrast, these climate action regranting organisations have deep knowledge of local context and promote ‘localisation’ as WINGS defines it: “A process by which different stakeholders return local actors to the centre of development cooperation and humanitarian relief with a greater and more central role.”

Definition adapted from [Trócaire’s Partnership and Localisation Strategy 2021-2025](#)

In an international law landmark in 2021, members of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) unanimously adopted the [Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance](#). Among many key actions, the Recommendation called for increasing “direct, flexible, and predictable support” and strengthening civil society’s “ability to develop local financial resource streams”. In 2022, a group of 15 OECD DAC bilateral donors adopted [a joint commitment to support locally-led development](#). This aligned with an initiative among seven INGOs launched

that year in a [Pledge for Change](#) that focuses on equitable partnerships, authentic storytelling, and influencing wider change among civil society.

Nevertheless, most donors continue to rely on being [subcontracted by other CSOs](#), and on [contracting to other CSOs](#) for their own programming. Both modalities can position INGOs to manage local partner funding and enforce donor conditions, such as eligibility requirements and financial audits, which can undermine local autonomy, ownership and leadership.

3. Explanations about slow progress in localisation

There are practical arguments raised by donors, either publicly or privately in internal management meetings, to justify the slow pace of implementing local direct funding. Some cite the [significant increase in staff and time](#) required to oversee activities and manage relations with a larger number of subcontractors and express fear that localisation leads to more bureaucracy. The Danish International Development Agency (Danida) did an [evaluation](#) that confirmed its national NGOs were making progress on using its localisation principles. However, some reported that it was hard to make localisation practical given the way they operate, and considered the higher proportion of staff time managing relationships as a barrier.

“The United States Agency for International Development (USAID) has more people on the ground in Kenya than the Norwegian Agency for Development Cooperation (Norad) has in its main office in Norway,” said Bård Vegar Solhjell, Director General of Norad, in a February 2023 [discussion on locally-led development in civil society partnerships](#). “So, for them, working a lot directly with partners on the ground is a realistic goal. For us, it is limited in how realistic it is, which makes it even more important that our multilateral or NGO partners are able to do good local development – so that would be our main strategy.”

The need for accountability for the use of taxpayers' money weighs on officials in government agencies responsible for development cooperation assistance. Solhjell understands this as a general dilemma of politics, not just specific to development. "Parliaments typically want to decide (priorities), while those who receive budget support typically want to set priorities themselves. This is true beyond Norway, on the European level, and in development." Both views are legitimate, Solhjell says, but there can be conflict when rigid requirements on spending must be complied with, while also trying to support locally-led development priorities. This mandatory 'red tape' can conflict with the goal of flexibility and direct funding that helps partners do locally-led development.

International donors will sometimes defend strict due diligence requirements that are put in place to reduce the risk of corruption, citing the lack of administrative capacity of local NGOs as a concern. "We would be just a few scandals away with mismatched money that could threaten the political and popular support for foreign aid," said Kaj-Martin Georgsen, National Director of CARE Norway, [at the Norad seminar](#). Bilateral donors value the role of INGOs as intermediaries because of their experience in working with organisations that are seen as having less financial infrastructure to handle large amounts of funding.

Some have called it a 'compliance conundrum'. [A survey of USAID private contractors](#) identified complex compliance and reporting requirements as a major barrier to localisation that often prevents all but the most sophisticated local organisations from being able to directly contract with USAID or even accept significant levels of subcontracts under agency projects.

4. Civil society responses

Civil society has proposed innovations that try to address the slow pace in shifting power and funding to greater local control. Adeso, an African humanitarian NGO, established [an administrative support service](#) to assure donors about local organisations' financial accountability. The aim is to centralise bookkeeping and grant management for consortia of smaller NGOs so they can qualify to jointly apply for larger grants from bilateral, as well as private donors.

Peace Direct describes [nine additional important roles for INGO intermediaries](#), beyond just acting as a mechanism for managing donor funds. The Re-Imagining the INGO (RINGO) project, hosted by Rights CoLab, has challenged INGOs to relinquish their dominance over bilateral funding by trying to dispel the myth of 'efficiency'. The project diagnosis is that complex reporting and compliance procedures will lead to cumbersome bureaucracies within INGOs, which drive up costs and cement their dominant role in the development aid system. Therefore, RINGO is [prototyping innovations](#) such as participatory grantmaking, as well as new methods of risk-sharing and compliance management that are more effective, trust-based, empowering, and equitable.

A forthcoming study by the [CSO Partnership for Development Effectiveness \(CPDE\)](#) describes structural and institutional challenges for INGOs transitioning to locally-led development. One major issue is how risk-averse donors keep intermediaries 'in the saddle' to facilitate donor priorities – a position from which they cannot easily extract themselves. Another is organisational resistance to engage, understand and accept changes to traditional ways of working, in relation to power, structural racism, and privileged access to resources, couched in language of accountability to donors, the study concludes.

5. Climate funders step up

In this renewed debate about how to practically shift more power and resources to local civil society actors in partner countries, some new climate funders in the private philanthropic space are leading progressive change in regranting, partnership, planning and project implementation. In the climate space, there has been a heightened understanding of how climate change and human rights are intertwined. There has been huge historical philanthropic support for larger conservation organisations, while the indigenous local community groups were invisible, despite being the primary actors in protecting threatened biomes. The new approach to funding climate action aims to carefully provide resources directly to local activists and organisations, sometimes working with marginalised communities that are not usually consulted on decisions about their ecosystems. Underlying this work is a fundamental understanding of shifting power and control.

Climate philanthropy is a growing field. A [recent report](#) estimated an increase of 25% in philanthropic funding toward climate mitigation from \$7.5 to 12.5 billion in 2021 compared to 2020. Through intensive relationship building, trust-based funding, locally-led capacity development, and other models, climate funders are at the cutting edge of philanthropy's transformation to become more engaged in direct funding at the local level.

WINGS has almost two years of experience leading #PhilanthropyForClimate – a global movement that aims to catalyse and support meaningful climate action by philanthropic organisations worldwide. The movement was initiated in 2019 with the launch of the UK Funder Commitment on Climate Change. With support from the European Philanthropy Coalition for Climate, led by Philea (Philanthropy Europe Association), WINGS launched the International Philanthropy Commitment on Climate Change, which has now expanded the global movement to 600 signatories from over 20 countries.

In a 2023 publication, WINGS highlights [20 case studies](#) of organisations from around the world that explore concrete ways of approaching common challenges in funding climate action locally, with a specific emphasis on Global South philanthropies. The #PhilanthropyForClimate case studies show that many non-climate philanthropic institutions have improved their grantmaking practices as they mainstreamed climate change into their programmes.

6. Three case studies on funding locally-led climate action

It will take some time for major bilateral donors and international foundations to implement their policies effectively for greater localisation of funding, power and capacity. In the process of working on new ways that shift power to local actors, large funders based in Europe and North America will continue working with intermediaries even as they move toward direct funding of local organisations. In the interim, they can encourage intermediary international development and humanitarian organisations to adopt more equitable and supportive resourcing practices in their partnership with local development actors on the ground.

By reviewing and adopting some of these promising new practices in giving, development funders of all types can deepen their impact on people's lives and reduce communities' dependency, while strengthening local and national organisations to design and lead their own work.

■ 6.1 Alianza Socioambiental Fondos del Sur (Alliance of Socio-Environmental Funds of the Global South)

[Alianza Socioambiental Fondos del Sur](#) brings together independent socio-environmental foundations from across the Global South to do regranting: Casa Socio-Environmental Fund (Brazil), AC Solidarity Action Fund (Mexico), Tierra Viva Foundation (Central America), Samdhana Institute (Southeast Asia), Fundación Semilla (Bolivia), Peru Socio-environmental Fund (Peru), Emerger Socio-Environmental Fund (Colombia), Ñeque Fund (Ecuador), and Tindzila Fund (Mozambique). The new initiative directs resources to local grassroots organisations working on the frontlines of the climate crisis.

Each fund is a nationally or regionally based funding disbursement structure operating in local languages and cultures and issuing grants in local currencies, to local actors. For example, just one of the funds in the Alianza – the Casa Socio-Environmental Fund – provided overall support in 2021 that totalled [more than USD 3 million for 462 projects](#), of which 73% directly supported 285 projects of institutionalised associations, and 23% directly funded 93 informal groups and movements.

The alliance is inspired by an activist philanthropy model which has been growing since 2005 to address socio-environmental issues in Latin America and Southeast Asia, and now also includes newer funds in Africa. The emergence of institutionally and politically strong local funds can make timely resources readily available to local grassroots organisations facing the worst impacts of environmental devastation, and support the most vulnerable populations in places where traditional philanthropic support does not usually reach.

Each Alianza member is a nationally or regionally based entity dedicated to providing grants and other forms of support to local grassroots organisations proposing just and sustainable alternatives to unsustainable environmental practices or outright environmental destruction. Their work focuses on effecting change with indigenous people and communities, in specific and tangible ways, for the protection of communities' rights and ecosystems in different countries and regions of the Global South.

All Alianza members are making timely resources available to communities that face environmental challenges and are excluded, have their rights constantly violated, and are mostly invisible to philanthropy. The solution, according to Alianza co-founder Maria Amalia Souza, is to create "... independently run national and/or regional level funding structures, each responsible for mobilising resources from multiple sources, and defining appropriate mechanisms to make sure grants are made directly to grassroots communities".

Alianza ensures that each of its members is shifting power and resources to organisations that have legitimacy and representation in local communities. Its primary goal is to act on two concrete problems faced by several philanthropies and other donors working in the climate agenda: How to define a grantmaking strategy that responds to local priorities and that is grounded in local knowledge, and how to operationalise the disbursement of resources without having a legal entity operating in the country.

Alianza fulfils the roles of connector and convenor. On one hand, it acts as a bridge between large donors that see the value in resourcing grassroots organisations but cannot do it themselves. On the other hand, it acts as a buffer, protecting local inexperienced community groups and associations from having to prematurely deal with the ordeals of receiving grants in international currencies (which is not only bureaucratically difficult but even dangerous in some politically tense places and periods). Alianza members build ever-growing networks of deep trust — since they too experience the same struggles — and hone their capacity for acknowledging and valuing local resources that communities offer in abundance. Sometimes, rather than cash funding, volunteers with skills are provided to support a particular initiative. Alianza also connects groups to similar networks in their areas of activity, and in other countries, to foster fresh ideas and exchange their experiences about solutions to common problems.

Collective and participatory decision-making structures hold country teams accountable to provide direct strategic grants in local currencies, to local groups. Alianza ensures that any interventions with these affected communities are inclusive.

Recently, there has been growing global awareness that the most important climate-regulating biomes and ecosystems sit in Global South countries — such as the largest rainforests still standing on this planet. Hence, local socio-environmental funds have gained an even bigger platform. As Souza points out: “Eighty per cent of all forests still standing today are on indigenous lands. However, for several decades, billions have gone to solve the deforestation problem. But it is simply not possible to do this without recognising and resourcing the true guardians of these places. Local forest communities, however, have thus far had only their lives to give in this fight. This is the exact reason activists like ourselves, in our Alliance, roll up our sleeves to invent, literally, new ways of doing philanthropy from the ground up”.

■ 6.2 The African Climate Foundation (ACF)

The [ACF](#) is the first African-led strategic climate change grantmaking foundation on the continent that is fully dedicated to working on climate change and development. In less than two years, the organisation supported work in 23 African countries, with a presence in Southern, East, West and North Africa. ACF has issued grants to over 80 organisations and individual technical experts working at the intersections of climate and development on the continent, with funding from 19 donors.

ACF is an example of a family of regranteeing organisations that began operations with a combination of seed capital from traditional and established climate philanthropies, and strong political, operational and strategic knowledge from the region in which it works. It does not operate like a traditional regranteeing tool, such as a pool fund or intermediary which facilitates philanthropies’ selections of what they want to fund. The guidance, relationships on the ground, and strategic decisions on funding suitability are made by ACF as the regrantee. Working with aligned donors, ACF provides a philanthropic mechanism with an in-depth understanding of Africa’s social, economic and political context, to support an African-led climate-positive development agenda, rooted in decarbonisation, social resilience and inclusive economic growth and transformation. This model ensures locally grounded strategies that contribute to Africa’s efforts to address climate change. Trust is at the centre of ACF’s work. If donors genuinely believe in the need to solve what is the biggest issue of our times — a possible climate catastrophe — then they must trust

local philanthropic entities such as ACF to make the right decisions with their money. Alan Wallis, Strategic Advisor at ACF, discourages donors from predetermining an outcome and instead trust local expertise. “From our side, our donors do not give ACF money because they want to support a specific organisation or project in a particular country,” he said. “Instead, we focus on raising funds to deliver an evidence-based strategy that aligns to our donors’ strategies, because we believe that there must be a degree of deference to regranters to deliver their strategies with trust in the processes, and checks and balances in place that informs decisions”. ACF does not focus on what or who they will fund, but on why they will fund, and the outcomes and impacts the support achieves. Therefore, in ACF’s view, regranters should not be seen as an extension of a donor’s strategy, but as a way of achieving it. “It’s not about losing control or not requiring accountability, but trust,” says Wallis.

ACF understands that to be successful, change needs to be driven from the bottom up, and funding should be context-specific and speak to the needs of a specific sub-region, country or local community. “If you do not understand a region, then work with organisations that do. This avoids an overly macro or homogenous view of climate change in Africa.” Appreciating complexity and nuance is critical, he says. “Regranters invest resources and capacity to understand the local context, so they have already done a lot of leg work.”

Part of the success of ACF is its multistakeholder partnerships with civil society, academia, government, business, labour and funding organisations, both within Africa and across the globe. Change pathways require multiple inputs and perspectives at any one time, so ACF brings together different players to understand their roles and where inclusive influence can be exerted. Highlighting local partners’ work is a key point for ACF. “Central to all of our work is to elevate and support African excellence and voices, promote homegrown evidence-based solutions, and demonstrate the climate and development opportunities on the continent,” says Wallis. “ACF’s ability to make an impact is because of the African ecosystem of organisations that we have been able to support – many of which may not have had access to philanthropic resources deployed from outside of Africa. Growing the climate and development movement, and the corresponding philanthropic support on the continent is a critical measure of our success.”

■ 6.3 The Pan American Development Foundation (PADF)

[PADF](#) was established by the [Organization of American States \(OAS\)](#) in the 1960s, to work with governments, civil society and the private sector to address the needs of the most vulnerable communities in Latin America and the Caribbean. The Foundation is part of the Inter-American system of human rights but maintains an independent status. As a funder, PADF is not focused on climate, usually supporting human rights and justice, economic opportunities, migration, disaster resilience and environmental work, but it is integrating climate action into its operations and building its staff capacity and awareness on how to support locally-led development.

At PADF, locally-led development means the Foundation designs its funding interventions based on equal partnership with communities and organisations. By partnering with communities, the Foundation can figure out how funding – particularly longer-term funding – can best add value, build capacity, and avoid taking over or directing the agenda from the outside. This has been particularly successful in places like Honduras, where PADF has worked with local organisations and entrepreneurs to design and implement strategies to address the country’s food insecurity – a challenge that climate change has exacerbated, particularly along Central America’s dry corridor.

PADF receives funding from different donors and responds to both structured processes, such as USAID, and other funders, such as the Canadian or Colombian governments where project design is about building jointly through a more flexible process. Once a funding opportunity is secured, partners step in to design how regranting will be done.

USAID is pushing for localisation, and its application varies by country. PADF implements funding from USAID and is actively involved in its co-creation process, which brings diverse actors into the room to jointly design projects to be funded. This process can be easier for large organisations, while less-resourced organisations face greater organisational participation costs, as key staff are redirected away from their daily jobs, according to Camila Payan, PADF's Democracy, Governance, and Human Rights Director.

Localisation does not have to be “a switch flipped, that implies jumping straight to a radical shift,” says Payan. “Starting small and collaborating at a local level makes it easier to identify where we can add value. Once that dialogue becomes more like ‘muscle memory’ in an institutionalised approach, the cost of that consultation and partnership is less.”

PADF works with many small organisations that are often not even registered, and lack administrative capacity. Funding is determined by local priorities for growth and supports the capacity development identified by these organisations to succeed. “Where necessary, we help them have a hiring policy, hire a bookkeeper, or find lawyers to look at labour contracts,” says Payan. “This is foundational work and it cannot be driven by us, but by them. It must be according to their plans and vision. Or it is a lost investment.”

Funders benefit greatly from gaining detailed information about needs, priorities, opportunities and impact. As experts in their own communities, local people naturally begin to provide the funder with more ideas about the problems that they are trying to solve. “As hard as it can be to take that first step, investing in local dialogue gives you the opportunity to get more information that you wouldn't necessarily have access to if you didn't have those conversations. And as you get more information, it becomes easier to know what to fund and the impact that the funded activities are having,” she says.

7. Progressive practices for intermediaries in the chain of development funding

These climate funders have several good practices in common that provide clear suggestions to intermediary organisations about how to shift more power and move more resources to local civil society actors in developing partner countries. Their experiences can serve as recommendations that donors and foundations can demand from traditional national intermediaries in the development and humanitarian sector. Such interim steps can contribute to incremental change within these organisations, to relinquish control over funding and shift agency to local partners for local activities.

■ 7.1 Clearer definitions of what constitutes a local organisation

Direct support by a donor can be via an embassy or country office without an international intermediary. Another possibility is when donors support locally-led and owned civil society consortia or platforms that then further transfer or forward funds to other local civil society actors or platform members. When that is not possible, re-granting organisations can do so. These climate funders can regrant to collective groups of civil society that then share resources among themselves, often ensuring that no single entity controls all the finances.

Their emphasis in defining local is on leadership and management. Donors and other international funders should not solely consider an organisation's place of incorporation, physical address, and place of contract activity to define 'local'. [A close examination](#) of USAID's methodology to determine a local actor found that INGO subsidiaries or private contractors' country offices were unintentionally included. This risks both over-counting funding to local actors and incentivises international development entities to set up country offices that can further crowd out local and national actors from funding.

■ 7.2 Regranting according to partner design

In the initial design of climate action projects, all three foundations trust the local actors' or communities' judgement and capacity to find solutions. Rather than subgranting resources according to the priorities of a 'back donor' (i.e. either large foundations or bilateral development agencies), the funders use applicants' own strategies that have often been seen as less valuable than what an international funder may want.

As Alan Wallis of ACF notes: "We are regranting to other partner organisations and we do not see ourselves as representatives of those who give us money and fund us. Intermediary means you are still part of someone else's process. It does not speak to the autonomy that local regrantees have or should have". WINGS aims to encourage a community of practice among philanthropic actors on how foundations best manage funding received from other entities that demand accountability.

■ 7.3 Improving the quality of funding

Core funding is identified as the preferred funding modality in the OECD DAC [Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance](#). Core funding is encouraged as a practice by the Swedish International Development Cooperation Agency (Sida) since adopting its 2019 [Guiding Principles for Engagement with and Support to Civil Society](#).

Providing core support for an organisation allows the local actor to be mission-driven, rather than donor-driven. Most of the climate funders profiled found that funding day-to-day operations strengthens local ownership and power by providing both flexibility and predictability by covering salaries and overheads, which can be useful in contexts of shrinking civic space. The dialogue in a partnership between an intermediary funder and a partner local organisation can elevate from a technical project level to a policy and strategic level when core funding is covered.

■ 7.4 Simplifying reporting requirements

One key way that intermediary funders can enhance locally-led development and limit the burden on local organisations is to simplify reporting requirements. Excessive and overly complicated reporting rules can create compliance burdens that many local organisations struggle to meet.

For climate funder ACF, for example, verbal reports are better than sole reliance on written reports. Therefore, telephonic check-ins and in-person discussions are used to monitor the outcomes that were set together in the original grant agreement.

■ 7.5 Building ecosystems for sustainability

In these case studies, funding climate action has gone towards building the infrastructure to support connections between local civil society actors. When there is no direct funding, then the flow of money through re-granting mechanisms can prioritise building good communication between local groups often found in rural areas, and national civil society and international organisations in the cities.

Ecosystems building can also include funding the establishment of homegrown philanthropy that can mobilise support for development and humanitarian needs from resources within countries. WINGS has [documented the collective impact that comes from supporting a healthy ecosystem](#) in generating more private resources for the common good. The WINGS network focuses strongly on ecosystems, including rolling out tools for ecosystem mapping and strengthening, such as [pilot initiatives in East and West Africa](#). Funders interested in ecosystem infrastructure building can reach out to WINGS for further discussion about the roles played by national and local civil society associations and platforms, or councils that are important for the long-term sustainability of the ecosystem. INGOs could facilitate and extend their roles to support building civil society inter-connectivity, as well as supporting these core processes for inclusive governance.

■ 7.6 Building a network between local actors

While funding constraints can be a root cause of competition and suspicion among local civil society actors, vertical fragmentation often happens when government decision-makers and INGOs exclude local actors from national policy discussions – whether intentionally or not. Agenda setting is also an issue. INGOs often determine the relevant issues for policy debate and then engage local actors in support of these issues. Peace Direct urges international intermediaries to play a role in helping bridge these divides, by connecting local actors in a convening role and by facilitating and funding exchanges and visits.

Casa Socio-Environmental Fund, born as a South-American fund and the founding member of the Alianza, understood this risk of fragmentation and therefore consciously decided not to open second-country offices, to avoid decisions being taken from a neighbouring country. Instead, Casa Socio-Environmental Fund helped other countries replicate their own independent, locally owned versions of a socio-environmental fund. Increasing the number of independent funds working collaboratively. This made it possible to build a global alliance of local networks. This joint work produces collective knowledge, appreciation and understanding between actors working at different

levels in the system, while all are focused on the same mission to channel needed resources to the most vulnerable, remote and underfunded groups struggling to protect the environment and their ways of life.

■ 7.7 Emphasising transparency

Some INGOs have made considerable efforts to create transparent systems that share financial information with local partners. The forthcoming CPDE study, however, found that this is often on a project-by-project basis and not consistent across an entire development or humanitarian assistance organisation. Humentum conducted [research interviews](#) across more than 100 countries, concluding that funders and INGOs should develop mutual and transparent accountability mechanisms that are proactively co-created with local partners and based on an institutional approach to risk.

Financial transparency is often required by intermediary funders, but this is rarely provided to local partners. PADF, in contrast, is transparent with partner organisations about costs, key personnel in joint projects, indicators and proposal documents.

■ 7.8 Capacity building to fill local organisations' administrative gaps

When existing capacity becomes an overriding factor in choosing which local organisations become funded partners, USAID and intermediaries often repeatedly choose the same local entities. “The best ones get funding and get stronger, while smaller organisations—even those doing good work—are left behind,” observes [a group of private contractors](#) that work with USAID. Aware of this dilemma, the [Ford Foundation](#) provides grantees with five years of general operating support, combined with targeted organisational strengthening support. An evaluation after five years concludes that “...multiyear, unrestricted funding combined with dedicated institutional development leads to stronger, more resilient organisations of all structures, sectors, and sizes—and deeper connections to the communities they serve”.

In a similar effort, Alianza aims for organisational sustainability by supporting local organisations to strengthen themselves in the management of their own projects, in general, financial management, and in institutional communication and governance. In this way, the funds aim to provide the conditions so that more groups can receive direct financial support. Souza of Alianza is emphatic about not undervaluing local capacity: “After 20 years in this business, we have more than enough evidence and proof that local groups can receive and manage resources to implement their own solutions,” she says. In Africa, Wallis from ACF agrees: “The best investment is in people and intellectual infrastructure. A project may not be sustainable, but a person is, so we invest in local actors and experts because the capable person is so much more valuable to the continent than a single project”.

8. Conclusion

Cooperation mechanisms like the Alianza Socioambiental Fondos del Sur are useful to speed up the process of channelling resources to the local level in communities vulnerable to socio-environmental impacts while remaining under local control. PADF actively facilitates a knowledge-sharing space about how regranteeing organisations function in practice. ACF seeks to position Africa as a centre of innovation in which both climate resilient and other transition solutions are trialled and tested to shape new development pathways through environmentally and socially oriented investments.

To tackle the climate crisis at the local level, these climate funders have developed a relationship with local organisations marked by national and local political connections, effective partnerships, and the strengthening of local capacity and knowledge. Their progressive regranteeing approaches and mechanisms can be the missing piece for those puzzled about implementing localisation. A clear conclusion from the case studies is that intermediary INGOs still have critical if changing, roles to play.

Larger donors channelling money through international civil society organisations in the development and humanitarian sectors should ask intermediaries to adopt the innovations showcased in this paper as initial, intermediate steps in localising much-needed foreign assistance financing for development. In doing so, they also help their traditional partners to remain relevant.

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