



Shifting the power balance: Effective Options for Financing Local Peacebuilding

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Shifting the power balance:

Effective Options for Financing Local Peacebuilding

This paper is primarily written for bilateral donor governments. It provides concrete options to change the way donors distribute their financial support to peacebuilding with the aim of shifting power to local peacebuilders. To come to a substantial power shift, a system change is required. Such change can only happen if there is a leadership commitment to reform the policy, legal and regulatory frameworks within which policy officers and program managers operate. In the short-term, however, donors can take immediate steps to initiate change at the programming level.

The options presented in this paper are meant to be actionable, though they will have to be fine-tuned to fit the specific operational model of individual aid bureaucracies - and the levels at which they operate (i.e., central or decentral). We hope, however, at a minimum the paper provides an opportunity for those at the programming level to engage in a more critical conversation with those at the policy level on how to realize the required system change.

Redistributing power in the aid chain

The idea that people directly affected by development and peacebuilding challenges are best placed to address these challenges is not new. The development community has put ‘ownership’ front and center in its policy discourse and frameworks for a long time,¹ acknowledging that in the absence of effective local ownership, aid investments will neither be sustainable nor yield long longer-term results. Over the last years, the understanding of ‘ownership’ has shifted from a focus on ownership by national governments to a more inclusive definition that underlines the importance of ownership by local stakeholders – including local civil society. As part of larger policy discussions on the decolonization of aid, localization and building back/forward better, **donors increasingly sign on to the principle that local stakeholders’ ownership entails more than merely involving them in project design and implementation. What is required is a redistribution of power**, including concrete action to address underlying power imbalances.²

One important element in this redistribution of power is to rethink the way in which local organizations³ are funded. The rules and regulations of most funding mechanisms are intrinsically asymmetric in that local actors have to rely on intermediary organizations and entities (like INGOs and global or in-country pooled funds) to access donor funding. This further undermines their agency and ability to sustainably drive their own change processes. Donors are aware of this and have committed to start making changes in this regard. The ‘Grand Bargain’ that was agreed upon in the humanitarian field in 2016, for instance, was supposed to ignite a ‘participation revolution’.⁴

However, a recent review found that by 2020, only 4.7% of the direct funding went from the donors to local organizations.⁵ Five years on, there is still insufficient support for local responders – not only in terms of funding, but also in terms of fairer and more appropriate distribution of leadership and decision-making.⁶

Most donors will not deny that more substantial changes are required. In July last year, the OECD’s Development Assistance Committee (DAC) endorsed a recommendation asking all of its members to promote and invest in the leadership of local civil society actors by, “increasing the availability and accessibility of direct, flexible, and predictable support including core and/or program-based support, to enhance their financial independence, sustainability, and local ownership”.⁷ However, **most donors will also acknowledge that they struggle to change traditional approaches to grant-making and decision-making.** Major obstacles are linked to the perceptions of development aid providers’ dominant views on risk, and local actors’ capabilities.⁸ Linked to that are the political agendas and vested interests in the current aid system.

A complete overhaul of the aid system is perhaps not feasible in the short-term as it requires changing the policy, legal and regulatory frameworks within which donor governments operate. Nevertheless, there are concrete steps donors can take to start adjusting their existing funding instruments so that progress can be made in changing the power dynamics in the aid chain. For this paper, we focus specifically on the **peacebuilding aid chain.**

Ongoing debates on how to improve peacebuilding financing focus predominantly on how to increase volumes and predictability of funding, and less so on considering **how to improve the quality of funding – and, as part of that, how to improve the accessibility of funding for local peacebuilders.** This paper builds on previous work and aims to start addressing that gap.⁹

1 See for instance the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) <https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

2 ODI (2021), Are we there yet? Localisation as the journey towards locally led practice <https://cdn.odi.org/media/documents/ODI-SH-Localisation-Report-Oct21-Proof06.pdf>

3 Here, we mean organizations whose “peacebuilding initiatives are owned and led by people in their own context. It includes small-scale grassroots initiatives, as well as activities undertaken on a wider scale”. (2019), Local Peacebuilding: what works and why by Peace Direct and the Alliance for Peacebuilding. In other words, we are referring to grassroots- and community-based organizations, rather than country offices of INGOs.

4 See: <https://interagencystandingcommittee.org/a-participation-revolution-include-people-receiving-aid-in-making-the-decisions-which-affect-their-lives>

5 ODI (2021), The Grand Bargain at five years: An Independent Review <https://odi.org/en/publications/the-grand-bargain-at-five-years-an-independent-review/>

6 See: <https://www.idiainnovation.org/towardsnewpartnerships>

7 See: <https://legalinstruments.oecd.org/Instrument%20s/instruments/OECD-LEGAL-5021>

8 See: <https://www.idiainnovation.org/towardsnewpartnerships>

9 See: [2021 Financing Mechanisms to Support Local Peacebuilders](#)

About our project

With support from the Knowledge Platform Security & Rule of Law (KPSRL), the Global Partnership for the Prevention of Armed Conflict (GPPAC) and Radical Flexibility Fund (RFF) have brought together a group of local peacebuilders with a group of international finance experts from within and outside of the peacebuilding sector, thereby facilitating an exchange of experiences and ideas between two constituencies that normally do not meet. This group helped us think about what donors could change about how they distribute their peacebuilding support that would strengthen the position of local peacebuilders and start shifting the power balance in the peacebuilding aid model. This options paper presents the main suggestions and ideas that emerged from these exchanges, combined with insights derived from a series of conversations held with donor representatives and fund managers.

GPPAC and RFF will continue to bring together experts from across the development, humanitarian and peacebuilding eco-system to work on this issue. Most concretely, we are planning a follow-on project to design a new pilot instrument for supporting local peacebuilders, allowing us to test ideas in practice and to feed the lessons learned back into the on-going discussions on financing peacebuilding.

We are grateful to the following financing experts and local peacebuilders for participating in our project:

Peacebuilders

- **Lucy Nusseibeh**, member of the GPPAC Global Improving Practice Working Group, and founder and chairperson of Middle East Nonviolence and Democracy (MEND) in Palestine
- **Visaka Dharmadasa**, GPPAC Gender Focal Point, and founder and chair of Association of War Affected Women in Sri Lanka
- **Nqobile Moyo**, GPPAC Board Member and current Chair of the GPPAC Youth, Peace and Security Working Group, and Director of Voices In the Vision for Africa (VIVA) in Zimbabwe
- **Elvir Djuliman**, GPPAC Regional Representative for Western Balkans, and Director of the Nansen Dialogue Centre Mostar in Bosnia and Herzegovina
- **Patrick Bwire**, GPPAC Regional Liaison Officer for Eastern and Central Africa, and Programme Coordinator at the Center for Conflict Resolution (CECORE) in Uganda
- **Khaled Eman**, GPPAC member of the Youth, Peace, and Security Working Group, and Director of Justice Call for Rights and Development in Egypt

Finance Experts/Funders

- **Catherine Howell**, Innovative Finance Advisor, New Financing Models, International Committee of the Red Cross
- **Avila Kilmurray**, former Executive Director, Community Foundation of Northern Ireland and current Board Member of Foundations for Peace
- **Ariadne Papagapitos**, Advisor, Global Whole Being Fund
- **Ambika Satkunanathan**, Chairperson, Neelan Tiruchelvam Trust

Financing local peacebuilders

- the need for partnership

The challenges for donors to finance local peacebuilding organizations are well-documented and we will not reiterate them extensively here. Rather, we aim to provide concrete and actionable steps for donors to start overcoming some of these challenges.

Key challenges to financing local peacebuilding organizations:¹⁰

- Administrative requirements for receiving funding are burdensome for smaller organizations and for some they are impossible to meet (organizations lack required capacity, expertise, institutional financial history, etc.);
- Risk mitigation requirements put the onus of proof of concept, tracking impact, etc. on the recipients of funding – with standards that are mostly impossible for smaller organizations to adhere to;
- Where donors do manage to set up funding mechanisms to directly support local organizations (most often decentralized), fiduciary risk regulations only allow for the provision of small grants (USD 20–50k) that result in fragmented funding for local organizations. These seldom yield long-term impact (i.e., one-offs that are not conducive to sustainable peacebuilding and where the effort required to access the funding does not match up with the benefits gained);
- Procurement rules and regulations create a situation in which ‘new’ recipients compete with recipients that have an advantage of existing working relationships (e.g., most governments have a cadre of “usual suspects,” organizations which routinely receive funds);
- This cadre of “usual suspects” benefits, in part, from successful lobbies to parliaments, which result in donors earmarking funds for these organizations, creating an uneven playing field with vested interests that limit chances for ‘new’ recipients;
- Limited resources and capacity within donor governments make it challenging for donors to manage a large number of smaller contracts. This encourages donors to continually work through an aid chain model that places local organizations in a position of dependency, with support being channeled through intermediary organizations; and
- The political nature of peacebuilding means that

most donors understand their engagements as serving a political agenda in a foreign context. For many donors, scrutiny of these engagements – and the results they are expected to show – are linked to political agendas as defined by their parliaments. Thus, their capacity to support “locally led” peacebuilding will always be mitigated by principles of national ownership and the expectations of constituencies in the donor country. The task, therefore, is to find a way of negotiating local priorities with the realities of political expectations to which donors are beholden.

The crux of the collective arguments related to decolonizing aid is that **a substantial power shift in the aid chain requires a system overhaul – a new way of thinking about partnership** that is not driven by accountability to donor rules and regulations. Rather, partnerships should be shaped around a shared process between donor and funding recipient, focused on ascertaining what is required in specific situations in order to have the best chance of supporting sustainable peacebuilding and development.

In order to move from rhetoric to action, it is necessary to actually start doing things differently; this includes thinking about what it means for donors to be authentic partners rather than merely financiers. We acknowledge that this is easier said than done. There are very real obstacles and challenges that limit donors in bringing about system change; yet, this does not mean that there is no room to start the change process. **Donors can and should start now to shift ways in which they disperse the majority of their aid, first and foremost by investigating and testing options other than the current top-down, prescriptive chain of aid delivery.** The center of this strategy should focus on responding to issues that local peacebuilders themselves indicate are required to strengthen their position in the aid chain.

The main question in this regard is **how donors can hold themselves accountable to being authentic partners to local organizations**, ensuring that local peacebuilders are in the lead in their own peacebuilding processes – and not mere contractors implementing programs and activities that have been decided upon and designed by international stakeholders. Our project has focused exactly on this question, with the objective to **provide concrete and actionable steps for donors that lie within their span of control**, so that they are presented with options they could subsequently explore further within their own operational models.

10 See: <https://www.gppac.net/resources/financing-mechanisms-support-local-peacebuilders>

How can donors position local organizations as partners rather than contractors?

It is becoming increasingly common that donors ask for programs to be co-designed with local organizations. However, in practice design processes are driven first and foremost by factors exogenous to any particular context: donor results frameworks, political agendas, existing partnerships, etc. What can donors do to ensure that local organizations are in the lead, or at least have an equal role in decision-making and programming, and critically that their contributions to these donor processes are not extractive? How can donors – and subsequently the intermediary funders/INGOs that donors channel the bulk of their money through – hold themselves accountable to being good partners to local organizations?

One key takeaway is that donors need to hold themselves accountable to – and local organizations need to demand – a set of foundational partnership parameters. Only in this way will a new power paradigm in aid relationships emerge.

RFF 10 Radical Actions

Radical Flexibility Fund has covered this topic extensively in its publication, *10 Radical Actions*, including sections that address funding innovation, participation and community-led understandings of impact (see: <https://radicalflexibility.org/10-radical-actions>). Each of these 10 sections is accompanied by a set of questions for funders and a set for local organizations, some of which are included below with elaboration from our working group.

Below, we outline what those parameters might include. We encourage donors and local organizations to think about what these principles might mean in practice – what they look like with operational indicators attached, and how they can be translated, both at the policy and the programming level.

GETTING TO FOUNDATIONAL PARTNERSHIP PARAMETERS

For donors

- The **thought leader and main point of contact for the donor is a local organization** – even if the contract in practice is administratively managed by an intermediary organization. This means that Requests for Proposals (RFPs) should require local organizations to be in the lead in terms of, for example, setting the agenda, steering decision-making processes, selecting staff. Additionally, RFPs should allow for special constructions where intermediary organizations support local organizations (as subcontractors to the local organizations) in fulfilling their leadership role as regards monitoring, reporting, evaluation and learning and enabling mutual accountability.
- The RFP allows for **a group of smaller local organizations to act as thought leaders and program architects together**, allowing them to pool resources and track records.
- There are **regular progress and learning meetings between the donor and the main point of contact** (i.e., local organization), focused on exchanging insights on relevant developments for the progress of the project, and suggesting and testing ideas on how to further project implementation in an effort to foster learning and adaptation between partners. These meetings should take place not just at country level (i.e., between embassy or country office staff and the local organization), but also at headquarters level: the budget should allow for the local organization to travel to the donor's capital regularly throughout the project implementation.

For donors and intermediary organizations

- Donor, local organization, and the intermediary organization **ensure that the partnership focuses on contributing to the local organization's strategic plan, beyond the project's objectives and activities by, for instance, providing support to the development and implementation of strategies in a participatory way.** This can be done through soft-earmarked or projectized funding, and by ensuring that strategic planning is discussed in regular progress meetings (meaning these meetings should not only focus on the project at hand).
- Donor, local organization, and the intermediary organization **ensure that the partnership strengthens the institutional capacity of the local organization, beyond the project's**

objectives. This can be done through soft-earmarked or projectized funding, and by including related reporting requirements in the contract. This can also be applied when the contract is managed by an intermediary organization, in which case reporting should be requested on how intermediaries serve as connectors and conveners of organizations with different capacities so that local partners can learn from each other and pool their resources.

- Donor, local organization, and the intermediary organization agree upon the **role the donor plays in the project implementation** (which can be linked to connecting to main stakeholders, supporting activities' long-term sustainability, etc.), and the donor will report on whether and how they fulfilled their role in the regular progress meetings.

Example of an equitable partnership between the intermediary and the local partner

In a multi-phased project funded by the German Federal Foreign Office, GPPAC played the role of the intermediary with a specific strategy in mind: for the intermediary role to be temporary. Based on this strategy, GPPAC and its local partner jointly identified which capacities would have to be built or strengthened in order to allow for the local partner to take over. Using this approach, approximately 90% of the funding was utilized at the local level for local implementation. In terms of the capacities to be built or strengthened, it included the more technical ones such as monitoring and evaluation, and aligning local impact to global indicators or frameworks such as the SDGs. But most importantly and atypical, GPPAC provided support to bolster the legitimacy of the local partner, including building their self-confidence and facilitating direct engagement with the donor, as well as leveraging the impact of the project with other donors such as the UN. The local partner is now being funded directly by the German Federal Foreign Office with no support from GPPAC.

We encourage donors and local organizations to jointly develop these foundational parameters further. **Donors can already start to think about how these parameters 'translate' into the day-to-day reality of grant-making and distribution of their aid.** To this end, we identify three key questions that can serve as a starting point:

- Who sets peacebuilding priorities and objectives, and who has designed the program?
- Who decides what constitutes peacebuilding success/impact?
- How can donors support local organizations' long-term sustainability?

Who sets peacebuilding priorities and objectives, and who designs programming?

Who decides what is needed to build sustainable peace? More specifically, who identifies peacebuilding priorities in the calls for proposals donors put out: How can donors engage with local stakeholders to systematically identify peacebuilding priorities? And what can donors do to ensure that local organizations are in the lead of program design, or at least have an equal role and are not perpetuating extractive relationships?

Since peacebuilding is not a linear process, co-design and continuous evaluation and adjustment of initial priority-setting (the "adaptive programming" approach) are essential. For co-design and co-creation between donors, intermediaries, and local organizations to be successful, continuous contact and relationship building is necessary. It is essential to create space and opportunity for priority-setting to be inclusive; this is vital in creating holistic and fair priorities in peacebuilding activities and programming.

This has several implications for donors: **commitment to inclusive priority setting must be reflected in budgets and implementation timelines.** Adequate time and financial investments are also needed to allow for meaningful (non-extractive) relationships with local organizations to be fostered. Our working group provided examples of funder-grantee relationships in which the organizations visit each other, and both time and money are invested in relationship-building activities that deepen the relationship between the two parties and allow for a more symmetric power dynamic. This has enabled local organizations to play a more central role in the priority-setting process and program design, connecting community needs more clearly to activities and thus making the project more likely to create positive results. Importantly, these examples were not 'merely' linked to decentralized funding lines managed by in-country donor representations or intermediary organizations. They were explicitly linked to central funding lines allowing local organizations to engage with donors at headquarters level.

In this regard, it is essential to recognize that **all local organizations are not the same** and may well have different strengths and want different types of relationships with donors. For example, local organizations often have limited time to sit on projects' governance boards or those of pooled funds. They may prefer that specific tasks, such as creating legal frameworks, be the responsibility of donors or intermediaries. Along the same lines, it may risk the security of some local peacebuilders to work with and receive funds directly from an international actor, whereas others may welcome the direct relationship. Thus, it is important that international actors create different ways in which local organizations can be engaged and supported. However, **local peacebuilding organizations can and must play a key role in exchanging ideas and knowledge about the context – including the conflict dynamics, community needs, and the local reality.** Including local organizations in decision-making related to peacebuilding priorities and funding must have a clear purpose, both to avoid tokenization and to ensure that local organizations are best positioned to bring maximum value and insight when making funding decisions.

In terms of ensuring that local organizations are in the lead of program design in response to RFPs, **there is an important distinction to be made between how the format and, in contrast, the content of RFPs affect local organizations' ability to apply for funding.** In terms of the *format* of the RFPs (technical requirements, administrative design), the amounts of money (especially for projects funded out of central budget lines) are usually too large for local organizations to manage – forcing them to partner with intermediaries who can. Also, the typical timeframe for developing proposals is too tight to ensure a meaningful engagement of local organizations – which also limits the possibilities to identify new local partners (forcing reliance on usual suspects). In addition, many RFPs require a certain percentage of co-funding; unfortunately, local peacebuilding organizations do not have reserve funds that allow them to co-finance activities. In terms of the *content* of RFPs, it is problematic that most RFPs are driven by overarching donor policies and budget lines like human rights, CSO capacity building or basic service provision, with an obligation to select one “issue area” or “line of effort” and stick to specific sub-objectives. The reality on the ground is oftentimes not so clean cut. This is especially true in the field of peacebuilding where activity lines between development and peacebuilding support are overlapping. For instance, to support the long-term sustainability of a peacebuilding activity such as a peace education program, the construction of

a classroom would be required – but not allowed due to a strict delineation between peacebuilding and development budget lines. Another issue is that most RFPs focus on multiple countries/regions. This means the objectives are set at an overarching level and cannot be context specific, making it difficult for local organizations to adhere to the full set of objectives.

CONCRETE OPTIONS

For donors

- **Include objectives, along with set indicators/ progress markers, aimed specifically at strengthening the institutional capacity of local organizations.** This should not be covered out of overhead but should be projectized. This will force the partnership to report against it.
- **Prioritize content over administrative criteria and requirements.** Meaning, the financial assessment is done only after the assessment of the content of the proposal. A good way of doing this is to work with a two-step approach in the application process, **allowing for co-creation of priorities and activities after a grant has been awarded.**
- **Determine the financial reporting requirements based on the capacity of the local organization,** including a potential division of labor between the local organization as lead architect – and the intermediary organization as supporter.

For donors and intermediary organizations

- **Consult local organizations in the preliminary stages of designing an RFP** (objectives, target groups, duration, etc.), either directly or using intermediary networks of local organizations such as GPPAC.
- **Compensate local organizations for their participation in co-creation processes.** Currently it is only larger organizations that have sufficient resources to cover the costs involved. Further, **compensate local organizations for the use of their intellectual property** – i.e., do not expect them to give up their ideas and practices for free.
- **Pay for local organizations' staff time to develop full proposals.** Organizations in the Global North often have a contingency budget or a reserve they can dip into).

Example of inclusive grant advisory committees

The EU Special Programme for Peace & Reconciliation in Northern Ireland worked with a structure of grant advisory committees, composed of people from conflict communities and structured to reflect both geographical and thematic areas (e.g., ex-prisoners, minority ethnic groups, religious diversity, etc.). Each group got to nominate people to the advisory committees that later advised on funding decisions. In order to impede any backchanneling or retaliation between groups, a board was set up to oversee the process and challenge bias. This created an inclusive and participatory grantmaking process that, in and of itself, constituted peacebuilding as it created opportunities for groups and people that previously had not interacted to build connections and room for collaboration.

Who decides what constitutes peacebuilding success/impact?

How can donors ensure that they are measuring what communities consider to be peacebuilding success rather than how donors define it?

Naturally, donors want to know that the money they invest is being used effectively and that progress towards more peaceful societies is made. Yet, most accountability mechanisms are driven by the need for donors to justify spending in accordance with their priorities, and to ensure that money is spent as initially allocated despite changing factors on the ground. The process is not driven by measuring impact for the community itself. There is a power asymmetry between donors and local peacebuilding organizations when it comes to defining what constitutes peacebuilding success. **By not letting local organizations define what constitutes peacebuilding success, indicators of success and impact may not resonate with the local reality, creating programs and interventions that will fail to move the needle on peace.**

Measuring progress is important for donors, intermediaries, and local organizations alike. It allows them to know whether the money and effort spent is making a positive difference and provides learning opportunities to course-correct. However, measuring and evaluating peacebuilding is inherently challenging; as one local peacebuilder noted: “How do you measure the dog that doesn’t bark?” In the working group discussions, there was a consensus that while measuring impact and success is important, donors and intermediaries need to **move away from superficial forms of measurement focused on numbers to deeper and more holistic forms of measurement that take into account the shift in behavior and attitudes.** Tools and resources to do this exist and should be utilized by donors.

Examples of locally-developed indicators

Everyday Peace Indicators,¹¹ involves a methodology for communities to generate their own indicators to measure the effectiveness of peacebuilding interventions. New York University’s Peace Research and Education Program (PREP)¹² emphasizes deep relationship building and participatory research that centers community members who both drive and are impacted by local, national and international peacebuilding work. These principles, combined with technical and thematic support on related topics, have enabled PREP to support action research organizations such as FUNRESURPAZ in Algeciras, Colombia. They define the dimensions of sustainable peace with the residents of the municipality. And they more holistically evaluate the impact of social cohesion work through the identification of key “invisible” peace actors on processes that might otherwise be overlooked by outside evaluators. These methodologies could be systematically included in project learning agendas.

11 See: <https://www.everydaypeaceindicators.org/>

12 See: <https://www.nyupeace.education>

CONCRETE OPTIONS

For donors

- **Include budget line items allowing for capacity development of local partners related to measurement and impact.** It is important to make sure that this is projectized and not to be covered out of the overhead.
- Some donors require local project indicators to be aligned with their own set of rather generic and limited indicators that are not always representative of the context within which the project will take place. To mitigate this requirement, **allow for specific sub-indicators more relevant to the project to be added** (e.g., engagement with local actors unique to the context, shifts in attitudes and behaviors, contribution to local frameworks or norms, etc.).
- Ensure that donors ask: Does the evaluation data being collected serve the donor or the community where programming is being implemented? **Are the impact measurements developed by people in the communities where the intervention is taking place?** Engage in co-design processes where, rather than submitting a logframe as part of an application package, the co-design of impact indicators is undertaken at the start of a project, with the input from donors.
- Similarly, ensure that donors ask: Are we measuring network building? The development of horizontal and vertical social capital? Dignity? Trust? How can we **promote deeper and more holistic forms of measurement that take into account shifts in behavior and attitudes versus a focus on things that are quantifiable?**
- **Focus on long-term measurement, including attitude change over time** and set aside funding to conduct “ripple evaluations” where evaluators return to a particular setting several years later to try to understand the “ripple” or follow-on effects of a certain set of interventions.

For donors and intermediary organizations

- **Engage in adaptive learning** in which results indicators are reviewed at regular intervals and changed as the work and needs evolve.
- Donors and intermediary organizations should **create metrics to measure and evaluate the quality of their collaboration with local communities and local organizations.**

They should ask themselves questions like:

- *What are the communities' perceptions of our engagement in the field?*
- *How often are we making contact with the*

*groups that we are purporting to serve?
What is the quality of those interactions?*

- *Did we enable organizations to adapt, demonstrate resilience and flexibility and respond to crises and emergencies as they arose?*
- *What is the purpose of reporting in our organization? Does our current reporting structure achieve both our goals and local organizations' priorities?*
- *Can the format and structuring of reporting be aligned with other donors and intermediary organizations to decrease the burden on local organizations?*

How can donors support local organizations' long-term sustainability?

Including local organizations in priority-setting, governance, and measurement and evaluation is key to creating effective and equitable peacebuilding practices. Previous sections have explored ideas and best practices of how donors and intermediaries can make this a reality. Building on that insight, here we focus on how donors, through their funding practices, can support the sustainability of local peacebuilding organizations through more innovative funding practices.

The discussion of how to raise new funds for peacebuilding or optimize the use of traditional funding sources, a discourse often referred to as ‘innovative financing’, is not new but has gained increased traction in the realm of peacebuilding. Innovative financing is often put forth as a panacea when it comes to closing the funding gaps we see across the peacebuilding, development, and humanitarian relief space. However, innovative financing by itself does not necessarily mean more equitable, empowering, or effective ways of working. Tools themselves are often neutral. It is the way they are implemented that will shift power dynamics to favor local organizations. Thus, the key question is: **How can donors, intermediaries, and local peacebuilding organizations create or adjust funding mechanisms in a way that addresses the asymmetries in the current aid chain model?** This should be done simultaneously through generating catalytic funding and “unlocking” new resource flows that can help close the funding gap.

While pushing for, supporting, and piloting innovations that make funding more inclusive, the **donor community needs to continue to work on the structural changes needed to make peacebuilding funding sustainable.** This means continuing to make progress on changes local organizations have long asked for, such as prolonging funding timelines and allowing flexibility in spending.

Further, governments may have more flexibility in the types of funding instruments they utilize than is commonly known; often, different arms of agencies may support, for example, social enterprise or impact investing and yet these are not tools used in other programming areas.

The role of donors has historically been more that of a watchdog and controller of resources – meaning more passive; however, shifting these systemic dynamics will require an active role – both at the policy and the programming level. For example, donors could gather and support innovative financing approaches that are already being utilized by local peacebuilders. Additionally, donors could gather different financing models from within their own institutions and be intentional about figuring out how to utilize them as appropriate in their own portfolios. A key way **donors can do this is through confronting their ideas and perception of risk and innovation.**

Donors need to shift the narrative around risk and stimulate their staff and implementing partners to try and pilot new and innovative approaches. This will not only allow donors to strengthen their own learning, but it will also allow them to start building a proof of concept and an evidence base to push back on perceived risks. Donors can be encouraged to push for innovation, and to spread out the risk of failure more equally between each other. This will require a continuous push to convince parliaments and other decision-making bodies of the need to shift the risk narrative. Starting to make a change along these lines at the programming level will provide an essential starting point for this type of policy action.

CONCRETE OPTIONS

For donors

- **Include in the proposal a role for the donor to contribute to the achievement of the project objectives**, especially when it comes to ensuring the sustainability of the project beyond the project lifespan – i.e., the donor plays an active role in the project implementation, as agreed with the partners. Donors will also have to report on whether they fulfilled their role, for example, to facilitate meetings with other stakeholders and potential other funders/partners (both at country- and headquarters level), and contribute to the visibility of the project at a higher policy level.
- **Educate program/fund managers about different types of procurement/contracting options** and incentivize grants officers to utilize these new approaches (i.e., de-risking them).
- **Invest in innovative financing approaches and new ways of raising catalytic resources that could fund local organizations in a more sustainable way.** While this research and development is essential in generating more funding for peacebuilding, it must be noted that these new instruments or tools need to be designed and implemented together with local communities, or they can perpetuate the same issues as traditional funding mechanisms.

For donors and intermediary organizations

- **Help local organizations develop technical and subject matter expertise that can help them attract funding.** Support intermediaries and local organizations alike to help local organizations develop a resourcing model that creates value for donors and local communities, including thinking through what types of service offerings and technical capacities local organizations can develop that will be attractive to other potential funders and/or employers. Projectize this as an activity in the partnership, obliging donors and intermediaries to report on this.

Conclusion

This paper has taken one more step towards furthering the conversation on “shifting power” and localizing aid specifically to peacebuilders by providing concrete options for donors to take into account when designing the provision of grants. These are necessary short-term actions to move the current donor eco-system towards more equity and inclusion. To come to a substantial power shift, a system change is required. Such a change can only happen if there is a leadership commitment to engage in a longer-term agenda to reform the frameworks within which policy officers and program managers operate.

While we have tried to provide thought leadership and creativity to move the discussion forward, there remains significant work for the peacebuilding community to undertake. Next steps include:

- **Articulate the issues that belong in a long-term agenda to change policy, legal and regulatory frameworks versus immediate steps that can be taken to enact the above aspirations in practical and operational terms.** In the case of many governments, their existing frameworks implicate the exact opposite to the flexibility that we are advocating for in this paper. They reflect an outdated approach to risk, ownership and development aid in general – and they ultimately undermine the goals this aid is meant to achieve. Policy officers and program managers are regularly confronted by the limitations of the frameworks. Many of them try to find workarounds within the boundaries of the system – a task that can require herculean dedication to achieve even small gains. Yet, it is clear that a substantial system change can not be achieved by the working level alone. Continued efforts at the most senior levels are essential to reform the overarching frameworks.
- **Fine-tune the options provided in this paper to fit the specific operational model of individual aid bureaucracies, with specific attention for the level at which programming takes place (i.e., central or decentral).** There is a key distinction between central budgets that are often large and unwieldy, and the flexibility and adaptability of decentralized (country level) funding. We understand that many of the recommendations we make here may be challenging to implement in capital cities in the short-term; we suggest looking for funding streams or levels of implementation that offer more versatility.
- **Continue to rethink how we understand programming and partnership,** placing value and emphasis on relationship and trust building, convening, learning, etc. We encourage donors and local organizations to jointly develop further the foundational partnership parameters identified in this paper. In some cases, governments have added criteria along these lines to their grants processes that explore these relationships; these practices could be amplified as models and learning opportunities for the larger funding community.
- **Be bolder in considering what “innovative financing” really means.** Many use this language but in fact, what they most often refer to is flexible and participatory grantmaking. While it is an important shift for the international community to center decision-making about resources with those affected by the problems at hand, we suggest this is a baseline – not the vanguard of innovation. Innovation includes looking at funding pathways and mechanisms that go beyond flexible, participatory grantmaking and include a range of other tools (e.g., community philanthropy; cash transfers; new technologies; bonds; outcome-based finance approaches, social enterprise, etc.). Donors should not settle for ‘innovation’ that does not force them to step outside of their comfort zones – a system change requires bold and daring leadership.

Indeed, in order to come to a more substantial change, donors need to start piloting new approaches to create a new proof of concept – to learn from these new approaches, to see what works and what doesn’t – and to feed those insights into the on-going thinking about adjusting the aid model.

About the authors

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Riva Kantowitz is the founder of Radical Flexibility Fund (RFF). RFF is a budding not-for-profit on a mission to create more impactful, sustainable pathways for donors to invest in local peacebuilding, development and social change initiatives. For more than 20 years Riva has worked with human rights, humanitarian and peacebuilding organizations around the world. She now focuses on effective support to grassroots social change via partnerships and innovative funding approaches. In addition to founding RFF, Riva is a Senior Advisor at the Dag Hammarskjöld Foundation and holds an appointment at New York University's Center on Global Affairs. From 2011-2017, she established and led a team at the U.S. Department of State, providing strategic direction and oversight to a global funding portfolio promoting human rights in conflict-affected countries.

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Mariska van Beijnum

Mariska van Beijnum is an internationally recognized expert with 20 years' experience in the peacebuilding field. She currently heads the Conflict Research Unit at the Clingendael Institute, providing analytical support and advice to donor governments and multilateral aid organizations. Mariska's research focuses specifically on aid architecture and aid effectiveness in fragile and conflict-affected situations, including financing modalities. From 2017-2020, Mariska served as Chair of the Secretary-General's Advisory Group of the UN Peacebuilding Fund. She also served on the Board of the Global Partnership for the Prevention of Armed Conflict (GPPAC) in the period 2008-2021, and building on that connection she has been advising GPPAC in their work on Financing for Local Peacebuilding. Since its 2012 inception, Mariska has managed and overseen the Knowledge Platform Security and Rule of Law, a network of more than 5,000 experts and practitioners.

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Marie-Laure Poiré joined the Global Partnership for the Prevention of Armed Conflict (GPPAC) in 2018 and currently manages the Global Fundraising and Advocacy team. Founded in 2003, GPPAC is the world's largest global member-led network of local peacebuilders, bringing together over 200 civil society organizations active in the field of conflict prevention and peacebuilding.

In her capacity, Marie-Laure develops programs that ensure that local voices and experiences are taken into account in global peacebuilding practices and policies. She also engages with donors and partners to jointly create more effective funding solutions in support of local peacebuilding.

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