

# MONEY TALKS

## Assessing funding flows to local and national actors in Uganda



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Development Initiatives and Oxfam

**Despite commitments made under the Grand Bargain and other international instruments to direct a greater share of humanitarian funding to local and national actors, there remains limited data (quantitative or qualitative) at the national level on the barriers local agencies in Uganda face in accessing funds to respond to needs. Commissioned by Oxfam and the Comprehensive Refugee Response Framework in Uganda, this paper assesses the current situation of humanitarian funding in Uganda and the perceptions of the actors involved. The study puts forward recommendations on how to involve local actors more effectively to strengthen their access to funding for emergency responses.**

**This research report** was written to share research results, to contribute to public debate and to invite feedback on development and humanitarian policy and practice. It does not necessarily reflect the policy positions of the organizations jointly publishing it. The views expressed are those of the author and not necessarily those of the individual organizations.

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# GLOSSARY OF TERMS

**Direct funding:** Funding given by an original donor directly to the ultimate recipient agency (implementing partner).

**Donor:** Donor refers to the original source of the funds.

**First-level funding/recipient:** Funds reaching the first recipient agency from a donor, before being passed on to another recipient agency.

**Indirect funding:** Funding that is channelled through one or more intermediary organizations between the original donor and the ultimate recipient agency (implementing partner). Current discussions on funding that passes ‘as directly as possible’ – as is referred to in the Grand Bargain – include one intermediary, whereas in this report funding via one intermediary falls within indirect funding.

**International agency:** Refers to humanitarian actors that are not headquartered in an aid recipient country. This includes international NGOs, multilateral organizations, the International Red Cross and Red Crescent movement (including National Societies operating outside their own countries) and international private sector organizations. This definition is taken from the Inter-Agency Standing Committee’s Humanitarian Financing Task Team (IASC HFTT) definitions paper (March 2017).<sup>1</sup>

**Localization:** This report uses Oxfam’s definition of localization as a transformational process that recognizes, respects and invests in local and national humanitarian and leadership capacities, to better meet the needs of crisis-affected communities.

**Local and National Humanitarian Actors (LNHAs):** Refers to national and sub-national governments, the national Red Cross or Red Crescent societies, local and national NGOs and civil society, including media, community-based organizations (CBOs), faith-based organizations or local and national private sector actors. This definition is taken from the IASC HFTT definitions paper (March 2017).<sup>2</sup>

**NNGOs:** Due to constraints in the dataset, and the small sample size, local and national non-government organizations (NGOs) are both included under the heading of national NGOs (NNGOs).

**National Societies:** Refers to national Red Cross or Red Crescent societies, and in this report refers to the Uganda Red Cross Society (URCS).

**Overhead costs:** Refers to, among other items, office rent, utilities, support staff costs, IT, HR and financial systems, insurance and HQ support costs. Different stakeholders refer to these as core, indirect or non-project costs, general operating support, overheads, administration costs or fees and potentially capacity-building investments. This definition is taken from the IFRC study on the Provision and Conditions of Core/Overhead/Indirect Costs for Local/National Humanitarian Actors (December 2018).<sup>3</sup>

**Private donor:** Refers to individuals, companies or foundations, as distinct from institutional donors providing government funding or UN agencies. Private funding comes from private donors.

**Ring-fence:** To guarantee that funds allocated for a particular purpose will not be spent on anything else.

# ACRONYMS AND ABBREVIATIONS

AMP	Aid Management Platform
CBO	Community-based organization
CBPF	Country-Based Pooled Fund
CRRF	Comprehensive Refugee Response Framework
CRS	Creditor Reporting System
CSO	Civil society organization
DAC	Development Assistance Committee
DRC	Democratic Republic of Congo
DREF	Disaster Relief Emergency Fund
ECHO	European Civil Protection and Humanitarian Aid Operations
EU	European Union
FDRS	Federation-Wide Databank and Reporting System (IFRC)
FPA	Framework Partnership Agreement
FTS	Financial Tracking Service
GoU	Government of Uganda
HFTT	Humanitarian Financing Task Team
IASC	Inter-Agency Standing Committee
IFRC	International Federation of the Red Cross
IHA	International humanitarian assistance
INGO	International non-government organization
KII	Key informant interview
LG	Local government
LNHA	Local and National Humanitarian Actor
MoFPED	Ministry of Finance, Planning and Economic Development
NGO	Non-government organization
NNGO	National non-government organization
OCA	Organizational Capacity Assessment
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
OPM	Office of the Prime Minister
PECA	Partner, Equip and Coach Approach
PFMA	Public Finance Management Act
RCRC	Red Cross/Red Crescent
RFP	Request For Proposals
STA	Settlement Transformative Agenda
UNHCR	United Nations High Commissioner for Refugees
URCS	Uganda Red Cross Society
WASH	Water, sanitation and hygiene

# SUMMARY

In May 2016 international humanitarian agencies and donors made a series of global commitments to reform the humanitarian architecture. These included a commitment towards the 'localization' of humanitarian response. In Uganda, localization is understood as a collective process which aims to ensure that local and national humanitarian actors have a greater role in humanitarian responses and in decision-making spaces.<sup>4</sup> One of the global commitments made towards localization aims to provide 25% of global humanitarian funding, as directly as possible, to local and national responders by 2020. This study sheds light on that target at the national level by providing data on the levels of direct and indirect funding to local and national humanitarian agencies in Uganda in 2016 and 2017, and by providing insights into opportunities to further this commitment and remove barriers to doing so.

## SUMMARY FINDINGS

In 2016 and 2017, an unprecedented and continuous mass influx of refugees into Uganda put enormous pressure on communities, the land and the capacities of humanitarian and development actors. Large-scale humanitarian responses were required to meet the breadth and scale of need.

To support the significant increase in humanitarian need, the amount of international humanitarian assistance (IHA) flowing to Uganda more than doubled over the two years, from US\$154m to US\$348.6m. The share of this provided to local and national humanitarian actors (LNHAs) fell, however, from 13% of the total in 2016 to 8% in 2017. The Government of Uganda (GoU) was the largest recipient in both years, in line with signposted transition planning through UNHCR's Comprehensive Refugee Response Framework (CRRF) in Uganda, but the proportion of total annual IHA received by the government fell from 8.3% in 2016 to 4.7% in 2017.

LNHAs did not benefit directly from the greater volumes of IHA received by Uganda. In both years of the study, they received very minimal levels of direct funding – less than 1% of total annual IHA to Uganda for both 2016 and 2017. This was despite the large increases in IHA from one year to the next.

LNHAs benefited from increases in volumes of indirect funding between 2016 and 2017, but fell further behind international agencies in terms of the proportion of overall IHA received. Although volumes of indirect funding to LNHAAs increased from \$20.6m in 2016 to US\$29.3m in 2017, they received a lower percentage of total annual IHA, due to the large growth in total aid from 2016 to 2017. From an already high base in 2016, INGOs received the lion's share of the increase in IHA in 2017.

UN agencies and other multilaterals passed increasing volumes of funding to the GoU (up from \$12.8m in 2016 to \$16.3 in 2017), but not at a level commensurate with the overall growth of IHA to the country. UN agencies' funding levels to the Uganda Red Cross Society (URCS) stayed the same from 2016 to 2017, at \$1.8m, despite a doubling of IHA over the period. Funding of national NGOs by UN agencies fell from \$3.1m in 2016 to \$1.9m in 2017; this supports comments by study respondents that UN agencies are struggling to commit fully to the localization agenda due to increased compliance requirements, either internally or from donors.

International NGOs showed a growing trend to pass funds down to national NGOs (such funding increased from \$1m in 2016 to \$4.1m in 2017), but they provided minimal levels of funding to local NGOs – just \$0.2m in 2017. This perhaps reflects both poor visibility beyond

known actors and the fact that the increased compliance standards that INGOs are required to pass on down the transaction chain are bringing caution in passing funds down.

The quality of partnerships between international 'intermediary' agencies (UN and INGO) and LNHA has reportedly improved in the two years of this study period, and there is a growing sense of trust and a greater desire for reciprocity in such relationships. However, donors' reduced appetite for risk and the effect of more rigorous compliance requirements are apparent. INGO personnel acknowledge a gap between the spirit of intended partnerships and the realities forced upon them due to short-term funding, short lead-in times for requests for proposals and increasing compliance requirements. As a result, international agencies de facto 'filter', or selectively share, funding opportunities, and thus limit the access of national agencies to information on funding. Local actors perceive this filtering to be driven by international agencies' business models, which require them to strengthen their respective funding portfolios.

Local and national agencies readily recognize capacity limitations in important areas of financial management, fundraising personnel and governance, which make it difficult to access funding directly. Indeed, the fall in the proportion of IHA received directly by LNHA in this period may also be linked to the need for actors with high absorptive capacity for funding and strong financial management capacities to respond quickly to the large-scale influx of refugees. Still, intermediaries are observed to partner only with known and trusted national and local organizations. Emerging or nascent local organizations are hampered by their lack of visibility, which prevents them from establishing relationships with intermediaries.

Short-term funding effectively inhibits the promotion of institutional partnerships between international agencies (UN and INGO) and their national counterparts. With pressures to turn around responses to solicitation opportunities, and to implement projects within tight timelines, the selection of partners rests primarily on previous relationships, and previous dynamics within those relationships are replicated. Good will to change is recognized by all parties, but communications between partners are mostly driven by specific project requirements, with little time to genuinely foster a more meaningful relationship. Lack of consistency from donors in allowing overhead costs is passed on by international intermediaries to national or local partners, who acknowledge current limitations in financial management but argue that they lack the resources to invest in better systems and in skills development.

This is mirrored in the current focus on project-based capacity strengthening, which becomes more an exercise in helping national partners meet donors' compliance requirements rather than wider and longer-term institution building. Siloed approaches to partnerships also result in the duplication of capacity-strengthening activities. National partners have appreciated specific examples of institutional capacity strengthening that have been effective in building stronger trust, better mutual accountability and a joint vision of the division of labour between international and national agencies.

# SUMMARY RECOMMENDATIONS

## **For the Government of Uganda**

- Strengthen the Ministry of Finance's capacity and commitment to the provisions of the Public Finance Management Act (PFMA) and progressively use its existing Contingencies Fund, established to provide funding for responses to natural disasters and other unforeseen circumstances, to support local actors to respond.
- Engage in coordinated dialogue with donors collectively on the Grand Bargain commitments for multi-year funding for all humanitarian responders, drawing on lessons learned from the localization experiences of national agencies accessing development aid funds.
- Progress efforts on financial tracking and publish data on aid flows in a standardized, open source format, such as the GoU's Aid Management Platform (APM).
- Harmonize relevant laws to strengthen the role of local actors in humanitarian preparedness and response work, including the NGO Act, the Local Governments Act and the Refugees Act, and ensure that all harmonization protects humanitarian and civic space.
- Move beyond rhetorical support to local and national NGOs and ensure their participation and consultation in coordination and decision-making spaces.
- Publish and disseminate regular updates to the mapping of national agencies that deliver humanitarian action.

## **For donor governments**

- Encourage information-sharing channels, either existing or new, that are fully inclusive of national and international responders and that can be used to promote the transparency of humanitarian funding flows.
- Insist that UN- and INGO-funded partners transparently state and deliver against concrete milestones to deliver on the Grand Bargain's localization commitments.
- Ring-fence funds with lower caps, which are protected for local actors and which have a strong institutional capacity-strengthening component that includes overhead costs.
- Harmonize and simplify financial reporting requirements.

## **For local and national agencies**

- Use a collective voice to define, with international agencies, standard policies in areas such as pay scales, organizational capacity assessments (OCAs), reporting requirements, unrestricted funds and overheads.
- Continue and expand on diversification of the funding base, including local resource mobilization, and consortium bids of established and new national agencies working together.
- Establish local actor compliance mechanisms and a common sanctions framework to demonstrate leadership.
- Invest in learning activities that strengthen the case for the effectiveness of local and national agencies.
- Promote the work of local and national agencies, publicly and in coordination forums, highlighting their added value and successful approaches to working with local responders.

## **For international agencies**

- Under the leadership of UNHCR, work with the Office of the Prime Minister (OPM) and donors to strengthen a strategic vision and mapping of the division of labour between international and national agencies towards the refugee response over time.
- Consistently track and publish to the AMP how much humanitarian assistance international agencies allocate to national agencies, including volumes, types, sources and quality of funding.
- Strengthen equitable partnership approaches, for example in and through greater programming via consortiums.
- Encourage dialogue with donors on risk appetite and increasingly complex reporting requirements as a barrier to the inclusion of emerging national or local partners.
- Adopt a consistent cross-agency approach to OCAs and agree models for sharing findings across projects and agencies.
- Ensure that publicity or promotional materials recognize the contribution of named national agencies in any response.
- Promote localization and lobby collectively for projects that enhance local capacity to contribute to humanitarian action as a specific objective, as well as projects that make provisions for institutional capacity strengthening.
- Commit to practical methods for building mutual accountability mechanisms.
- Develop a charter that will harmonize practices at local, national and international levels, including the adoption of multi-year funding and planning, the promotion of suitable consortiums and ensuring effective coordination.



# 1 INTRODUCTION

## LOCAL CONTEXT FOR THE HUMANITARIAN RESPONSE IN UGANDA

For the past 50 years, wars, violence and persecution in the Horn of Africa and Great Lakes region have been key drivers of forced displacement into Uganda. An upsurge in conflict in South Sudan in 2016, insecurity and ethnic violence in the Democratic Republic of Congo (DRC) and political instability and human rights violations in Burundi have resulted in a doubling of refugee numbers within Uganda, making it Africa's largest refugee-hosting country. Displaced persons from DRC, Burundi, South Sudan, Somalia and other countries<sup>5</sup> are currently living in 30 settlements across 11 districts, alongside their hosts. The districts of Isingiro, Hoima, Kamwenge, Kiryandongo and Kyegegwa in the Western Region of Uganda host 27% of the total. These districts are in the Albertine Graben region where oil exploration, extraction and production are anticipated, with associated demand for land. This has already led to the internal displacement of hundreds of people, with potential for further displacement. Climate-related hazards, also a factor responsible for migration, are becoming more frequent and less predictable as a result of climate change and environmental degradation.

As of June 2018, Uganda's refugee population was an estimated 1,470,981, a record high, with 1,065,094 refugees from South Sudan, 288,766 from DRC, 42,656 from Burundi, 37,193 from Somalia and 37,272 from Eritrea, Ethiopia, Rwanda, Sudan and other countries of origin.<sup>6</sup>

The Government of Uganda (GoU)'s Settlement Transformative Agenda (STA), included in its five-year National Development Plan II (NDP II 2016-2020), has recognized the impact of protracted displacement upon host communities and supports development in refugee-hosting districts by investing in infrastructure, livelihoods, peaceful co-existence initiatives and environmental protection. This settlement approach is aligned with the 2030 Agenda for Sustainable Development and its main principle to 'leave no one behind'.<sup>7</sup>

In March 2017, Uganda launched the Comprehensive Refugee Response Framework (CRRF) to build on the STA by providing a humanitarian response, alongside the inclusion of refugees in longer-term local and national development plans. The CRRF has five 'mutually reinforcing pillars': admission and rights, emergency response and ongoing needs, resilience and self-reliance, expanded solutions and voluntary repatriation.<sup>8</sup> It is governed by the CRRF Steering Group, which consists of representatives from GoU line ministries and departments, local government, development and humanitarian donors, UN agencies, national and international NGOs, the private sector and international financial institutions, as well as representatives of refugees themselves. All relevant ministries, as prioritized by the CRRF Steering Group, aim to develop integrated response plans that embed refugee responses into national and local development plans. A government recommendation also commits humanitarian actors to ensure that assistance services (other than food assistance), where appropriate and feasible, also benefit the host community.<sup>9</sup>

Uganda has been part of the South Sudan Regional Refugee Response Plan since 2014, and the Burundi Refugee Response Plan since 2015.

Following serious allegations relating to transparency and funding models within the refugee response,<sup>10</sup> the government, with support from UNHCR, launched a biometric verification programme for all refugees in Uganda in March–October 2018. This aimed to address concerns about accuracy amid an overwhelming increase in refugee numbers used for fundraising and programming. Significant investments were made in 2018 to support the Office of the Prime Minister (OPM)'s adoption of UNHCR biometric systems for all future refugee registrations.

Other laws and policies are critical for assessing the localization process in Uganda. They include the country's decentralization policy, as enshrined in the Constitution (Chapter 11, Article 176(1))<sup>11</sup> and expounded in the Local Governments Act (Cap. 243).<sup>12</sup> Both the Local Governments Act and the Constitution (Chapter 11) state that planning and distribution of basic services should be undertaken at the district level and are the responsibility of Local Governments (LGs). Furthermore, the Constitution determines that the mandate for refugees lies with the central government (Article 189 under the sixth Schedule of the Constitution). This is defined in the Refugees Act of 2006, which positions responsibility for the coordination of refugee response under the OPM.<sup>13</sup> However, the role of LGs in refugee-hosting districts in a comprehensive response is widely recognized. LGs are on the frontline of the response, as refugees enjoy free movement and access to public services and natural resources administrated by LGs.

Section 26 of the Public Finance Management Act (PFMA), 2015 established a Contingencies Fund. Each financial year an amount equivalent to 0.5% of the previous year's total appropriated national budget is set aside to finance disaster response. Since 2016, the GoU has set aside US\$ 80bn (Uganda shillings) from its national budget as a Contingencies Fund for unforeseen expenses. Of this budget, 85% is reserved to support disaster and response activities. However, accessing these funds has been difficult for national actors, as there are no clear guidelines as to when, or how, to access the contingency budget.<sup>14</sup>

The Aid Management Platform (AMP) is the government's official online database of aid-funded projects and programmes in Uganda. It was launched in November 2014 and is managed by the Ministry of Finance, Planning and Economic Development (MoFPED). It was designed for managing external resources and improving the connection between expenditure and results.<sup>15</sup>

The humanitarian context in Uganda goes beyond the country's role as host to nearly 1.5 million refugees, however. Food insecurity, primarily in the eastern Karamoja region but also affecting refugee-hosting districts, as well as increased risks of measles, malaria and cholera outbreaks, further stretch the coping mechanisms of communities and institutions equipped to respond.

Uganda has seen a proliferation of NGOs, with 13,000 organizations currently registered with the National Bureau for NGOs.<sup>16</sup> The past five years have seen the introduction of a number of measures that have been viewed by some as attempts to narrow the space in which civil society agencies operate, including national and international humanitarian agencies. The 2016 Non-Governmental Organisations Act, for example, has been regarded as being restrictive as it requires NGOs to declare their sources of funding and for their work plans to be approved by the NGO Bureau.<sup>17</sup>

## BACKGROUND TO THE STUDY

The Grand Bargain, agreed initially by 18 donor countries and 16 aid agencies in May 2016, lists 51 commitments aimed at bringing reform to the humanitarian 'system', including six commitments under Workstream 2, 'More support and funding tools to local and national responders' (see Box 1).<sup>18</sup> This commitment sets a target for 25% of global humanitarian funding to be provided 'as directly as possible' to local and national responders by 2020. However, globally, in 2017 just 2.9% of total international humanitarian assistance (IHA) went directly to local and national responders, up from a mere 2% in 2016.<sup>19</sup>

### **Box 1: 'Localization commitment' in the Grand Bargain<sup>20</sup>**

#### ***Commitment 2: More support and funding tools to local and national responders***

'National and local responders comprising governments, communities, Red Cross and Red Crescent National Societies and local civil society are often the first to respond to crises, remaining in the communities they serve before, after and during emergencies. We are committed to making principled humanitarian action as local as possible and as international as necessary recognising that international humanitarian actors play a vital role particularly in situations of armed conflict. We engage with local and national responders in a spirit of partnership and aim to reinforce rather than replace local and national capacities.

Aid organisations and donors commit to:

1. Increase and support multi-year investment in the institutional capacities of local and national responders, including preparedness, response and coordination capacities, especially in fragile contexts and where communities are vulnerable to armed conflicts, disasters, recurrent outbreaks and the effects of climate change. We should achieve this through collaboration with development partners and incorporate capacity strengthening in partnership agreements.
2. Understand better and work to remove or reduce barriers that prevent organisations and donors from partnering with local and national responders in order to lessen their administrative burden.
3. Support and complement national coordination mechanisms where they exist and include local and national responders in international coordination mechanisms as appropriate and in keeping with humanitarian principles.
4. Achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs.
5. Develop, with the Inter-Agency Standing Committee (IASC), and apply a 'localisation' marker to measure direct and indirect funding to local and national responders.
6. Make greater use of funding tools which increase and improve assistance delivered by local and national responders, such as UN-led country-based pooled funds (CBPF), IFRC Disaster Relief Emergency Fund (DREF) and NGO-led and other pooled funds.'

The agreed definition of 'as directly as possible' allows for the inclusion of funds passed through one intermediary;<sup>21</sup> in 2017, 3.6% of all global humanitarian funding was provided directly or through one intermediary, up from 2.3% in 2016. Also in 2017, 2.4% of all funding could be traced as being directed through one intermediary to local and national responders, up from 1.7% in 2016.<sup>22</sup> These figures are based on global-level aggregate data, as shared in the 2018 Global Humanitarian Assistance report, and are only partial due to a lack of comprehensive data on the funding chain, including country-level flows.

In 2016, Oxfam conducted research into country-level flows of humanitarian assistance and found that, of \$166m entering Uganda in 2015, \$19.3m, or 11% of the total, reached local and national responders 'as directly as possible', largely through subcontractors to international agencies.<sup>23</sup>

This paper builds on that initial study, with two key objectives:

- To assess how much, and through which channels, direct and indirect international humanitarian funding went to local and national humanitarian actors in Uganda from international NGOs, UN agencies and the donor community in the financial years 2016 and 2017, including a snapshot of the funding landscape for a sample of women's rights organizations engaged in the humanitarian response;

- To identify trends in funding flows and drivers of changes in funding flows from 2015 through 2017.

The report is structured in two main sections: the first compiles analysis of funding figures to local and national responders, while the second provides a synthesis of perceptions, based on interviews and surveys with local, national, and international agencies operating in Uganda, regarding access to and the quality of international grants that local and national NGOs received over the 2016–17 period. The third, concluding section provides recommendations for progressing global localization policy commitments pertinent to the humanitarian context in Uganda.

## METHODOLOGY

The study used a mixed methods approach, combining qualitative and quantitative data. Primary quantitative data provided by national and international humanitarian responders on IHA flows for fiscal years 2016 and 2017 were cross-checked with an analysis of data drawn from OCHA's Financial Tracking Service (FTS), the OECD's Creditor Reporting System (CRS) and the IFRC Federation-Wide Databank and Reporting System (FDRS), where data were available. Qualitative data were collected through in-country interviews with representatives of national and international humanitarian actors. A total of 11 interviews were conducted: four with national actors and seven with international actors. Data were aggregated into two core categories of analysis, Local/National and International.

Quantitative data for international agencies were collected through purposive sampling of those agencies identified as being intermediaries that passed funding to second-level recipients or being in receipt of \$5m or more in 2017, the most recent year of data. Based on FTS data, nine agencies met this criterion; these nine collectively received 90% of all international humanitarian funding into Uganda in 2017, with another 45 international agencies receiving the remaining 10% as intermediaries.

Quantitative data for local/national agencies were collected through an initial purposive sampling exercise from a full list of 97 agencies provided by Oxfam of those agencies with a specific remit for women's rights;<sup>24</sup> this identified 13 agencies. An additional 12 agencies were then identified through systematic random sampling of the remainder of the agencies on the Oxfam list, for a total of 25 agencies that were sent a quantitative survey.

Two separate MS Excel survey tools were distributed according to the category of respondent:

- one survey disseminated to intermediary agencies (identified primarily through FTS reporting, as noted above), requesting data on funding that they passed on to implementing partners in 2016 and 2017;
- one survey disseminated to local and national NGOs, requesting data on funding that they received from international sources in 2016 and 2017.

Qualitative interviews were conducted in-country during the week 14–18 January 2019, using a semi-structured key informant interview (KII) guide approved by Oxfam. Data were content-coded using predetermined analysis codes, but allowing for additional emerging categories of analysis. Further analysis included frequency analysis for each category to identify the strength of opinion across respondents. Coding and analysis were conducted by the interviewer and then checked by a second analyst. Individual interviewees or agencies are not identified.

## METHODOLOGY LIMITATIONS

**Response rates:** Of the nine intermediary agencies which were sent a quantitative survey, seven responded, or 78%. Of the 25 national or local agencies which were sent a quantitative survey, 15 responded, or 60%. Five of the 15 indicated that they received no international (or national) humanitarian funding at all for the years of study. Of those local and national humanitarian actor (LNHA) respondents who provided data, reports were insufficiently disaggregated between direct and indirect funding to allow for further examination given the study timeline, and therefore were not included in this analysis. The study therefore relied on data provided by intermediary agencies; this, by definition, excluded LNHA as first-level recipients.

**Data discrepancies:** Discrepancies were identified between data from intermediaries and data from national and local implementers. At least two rounds of iterative checks were conducted with submitting agencies, but not all data queries could be resolved fully.

**Data visibility:** Data from the FTS do not allow for full visibility through the transaction chain. Data provide a partial picture only and do not show the totality of funding. Data cannot therefore be reliably traced from starting donor to final recipient. In addition to the lack of data visibility beyond first-level recipients, the data do not capture funds raised nationally or raised from other economic activities and assets. The extent to which nationally raised funds are reported is under-determined, but it is likely that none are captured on the FTS.

**Data representativeness:** Qualitative findings should not be read as statistically representative of the wider humanitarian landscape, given the small sample size, but should be read as points for reflection and wider discussion. Qualitative data were based largely on respondents' opinions, supported by organizational documentation where appropriate and where available.

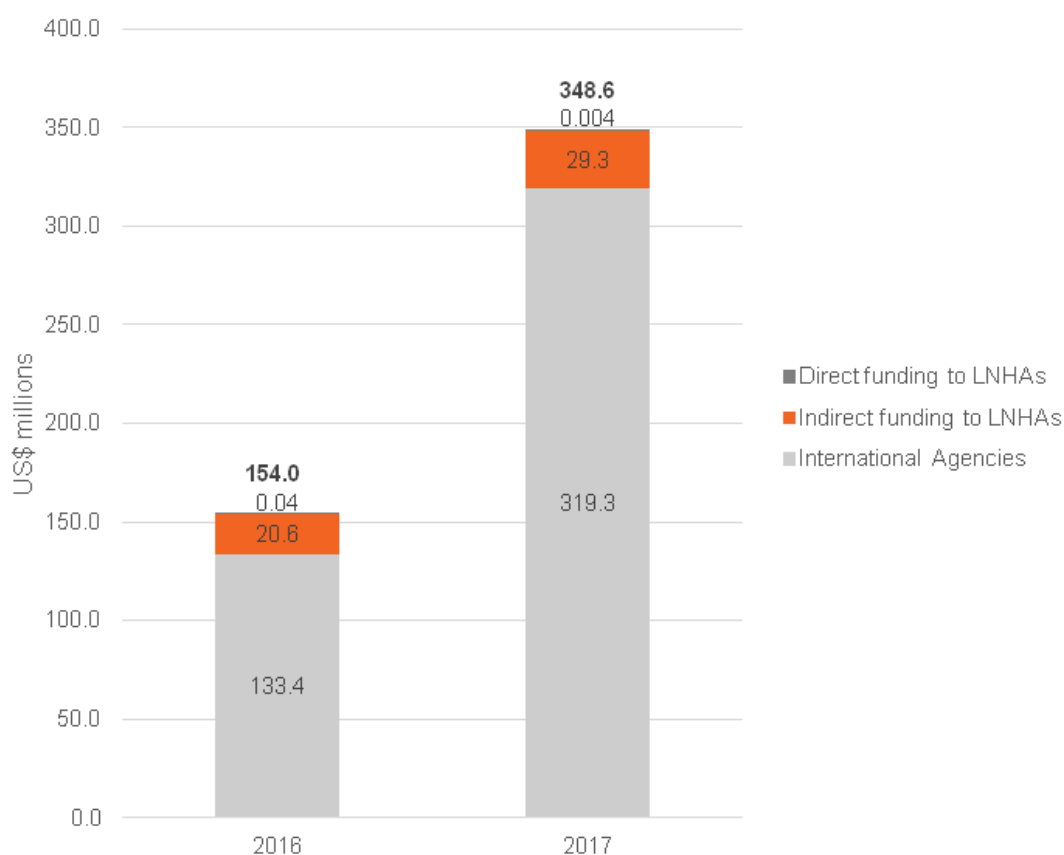
**Conclusions drawn from the data:** This paper seeks to represent the data collected accurately and objectively; however, care should be taken when drawing conclusions beyond the data presented. The research did not address all relevant variables that may have contributed to changes in the data from 2016 to 2017, and is therefore limited in its ability to assign causation without further analysis.

## 2 FINDINGS

### 2.1 ANALYSIS OF FUNDING FLOWS

Local agencies are not benefiting equally from the growth in international humanitarian assistance to Uganda, compared with their international counterparts. The proportion of total IHA to Uganda provided to LNHA, directly and indirectly combined, declined from 13% in 2016 to 9% in 2017, despite the volume of aid increasing by more than 126%, from \$154m in 2016 to \$348.6m in 2017.

**Figure 1: International humanitarian assistance to Uganda, 2016 and 2017**



Source: Development Initiatives (DI) based on survey primary data, OECD Creditor Reporting System (CRS), UN OCHA Financial Tracking Service (FTS), IFRC Federation-Wide Databank and Reporting System (FDRS) and UN Exchange Rates. Data collected from LNHA have not been included in this analysis.

Notes: Direct funding refers to funding which originates from primary donors, often governments and private entities, or publicly raised funds in the case of UN agencies and INGOs which are then given to local and national organizations, i.e. funding that does not pass through an intermediary. Indirect funding is that which is channelled through at least one intermediary to local and national responders. DI's survey collected data from international agencies and local and national NGOs working in the Uganda context. Where primary data were not available, UN OCHA FTS, OECD CRS and IFRC data were used. Data in current prices.

In 2016, a total of \$154.0m in IHA was received by Uganda, of which 87% (\$133.4m) went to international agencies. The remaining 13% (\$20.6m) went to LNHAs.

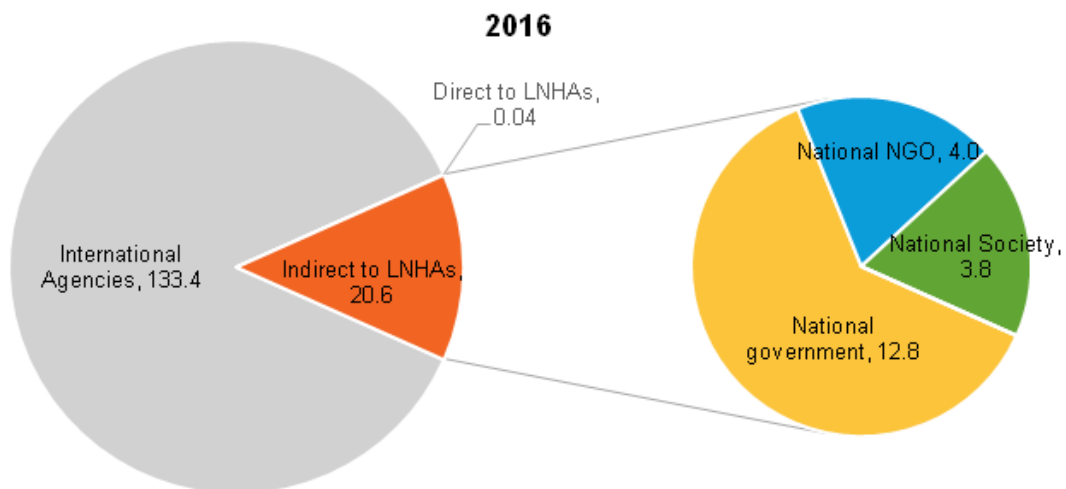
In 2017, the amount of IHA to Uganda more than doubled, to \$348.6m. International agencies took a greater share of this IHA than in the previous year, receiving 92% (\$319.3m) of total funding. The remaining 8% (\$29.3m) went to LNHAs. This is primarily attributed to the mass influx of refugees, which necessitated responses by agencies with the ability to scale up quickly, as well as to absorb and manage a high volume of funds.

## Direct and indirect funding

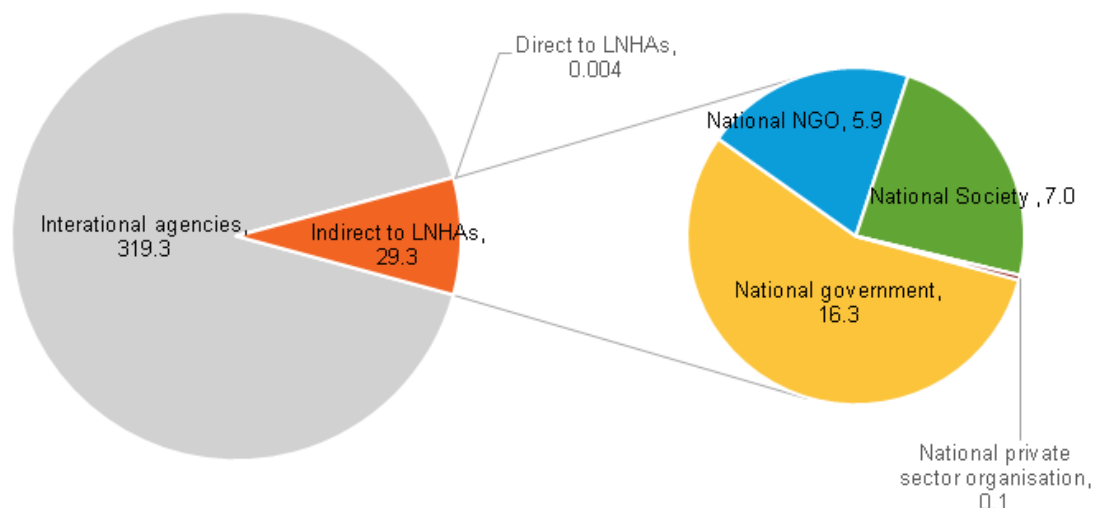
In terms of direct funding, LNHAs are receiving very minimal amounts of total IHA per year, even when that total increases significantly. The total IHA received directly by LNHAs for each year under review was less than 1%. For 2016 this amounted to only \$0.04m, and in 2017 it dropped to \$0.004m, despite overall IHA to Uganda more than doubling from one year to the next. The fall in the proportion of IHA received directly by LNHAs in this period may be linked to the need for actors with high absorptive capacity for funding and strong financial management capacities to respond quickly to the large-scale refugee influx, as mentioned above.

In terms of indirect funding, although the amount of funding to LNHAs increased, the proportion of total IHA going indirectly to them decreased. LNHAs saw indirect funding grow from \$20.6m in 2016 to \$29.3m in 2017, an increase of 43%. Against a backdrop of total IHA doubling from 2016 to 2017, however, this translates into an actual fall in the proportion of total IHA, from 13% in 2016 to 8% in 2017.

**Figure 2: Direct and indirect funding to LNHAs in Uganda, 2016 and 2017**



2017



Source: Development Initiatives based on survey primary data, OECD CRS, UN OCHA FTS, IFRC FDRS and UN Exchange Rates.

Notes: Direct funding refers to funding which originates from primary donors – often governments and private entities – or publicly raised funds in the case of UN agencies and INGOs which are then given to local and national organizations, i.e. funding that does not pass through an intermediary. Indirect funding is that which is channelled through at least one intermediary to local and national responders. DI's survey collected data from international agencies and local and national NGOs working in the Uganda context. Where primary data were not available, UN OCHA FTS, OECD CRS and IFRC data were used. Data in current prices.

## Who received direct funds?

For both years, the Uganda Red Cross Society (URCS) was the main recipient of the very minimal volumes of direct funding, with national private organizations also receiving \$0.01m in 2016.

As was reported in qualitative interviews, no LNHA indicated that it had received any international humanitarian funds directly. The data above were obtained from UN OCHA FTS, supplemented by OECD DAC CRS and IFRC data for 2016 and 2017.

## Who received indirect funds?

The GoU was the single largest recipient of indirect funding for both years of the study, though the proportion of indirect funds received by the government fell from 62% of total indirect funding in 2016 to 56% in 2017. In 2016 the government received 8.3% of total IHA; in 2017 it received 4.7% of the total.

URCS received double the volume of indirect funds in 2016 that it received in 2017, showing the greatest increase in percentage points of indirect funding, from 19% of total indirect funding in 2016 to 24% in 2017. From receiving 2.5% of total IHA in 2016, it received 2% in 2017.

National NGOs received an additional \$1.9m in 2017, although this resulted in only a marginal increase in the proportion of indirect funding, from 19% in 2016 to 20% in 2017. However, this resulted in a fall in indirect funding received as a proportion of total IHA, from 2.6% in 2016 to 1.7% in 2017.

In 2016, of the \$20.6m sent indirectly to LNHA's, 62%, or \$12.8m, went to the GoU. National NGOs (19%, \$4.0m) and URCS (19%, \$3.8m) received similar amounts, though much less than the national government.



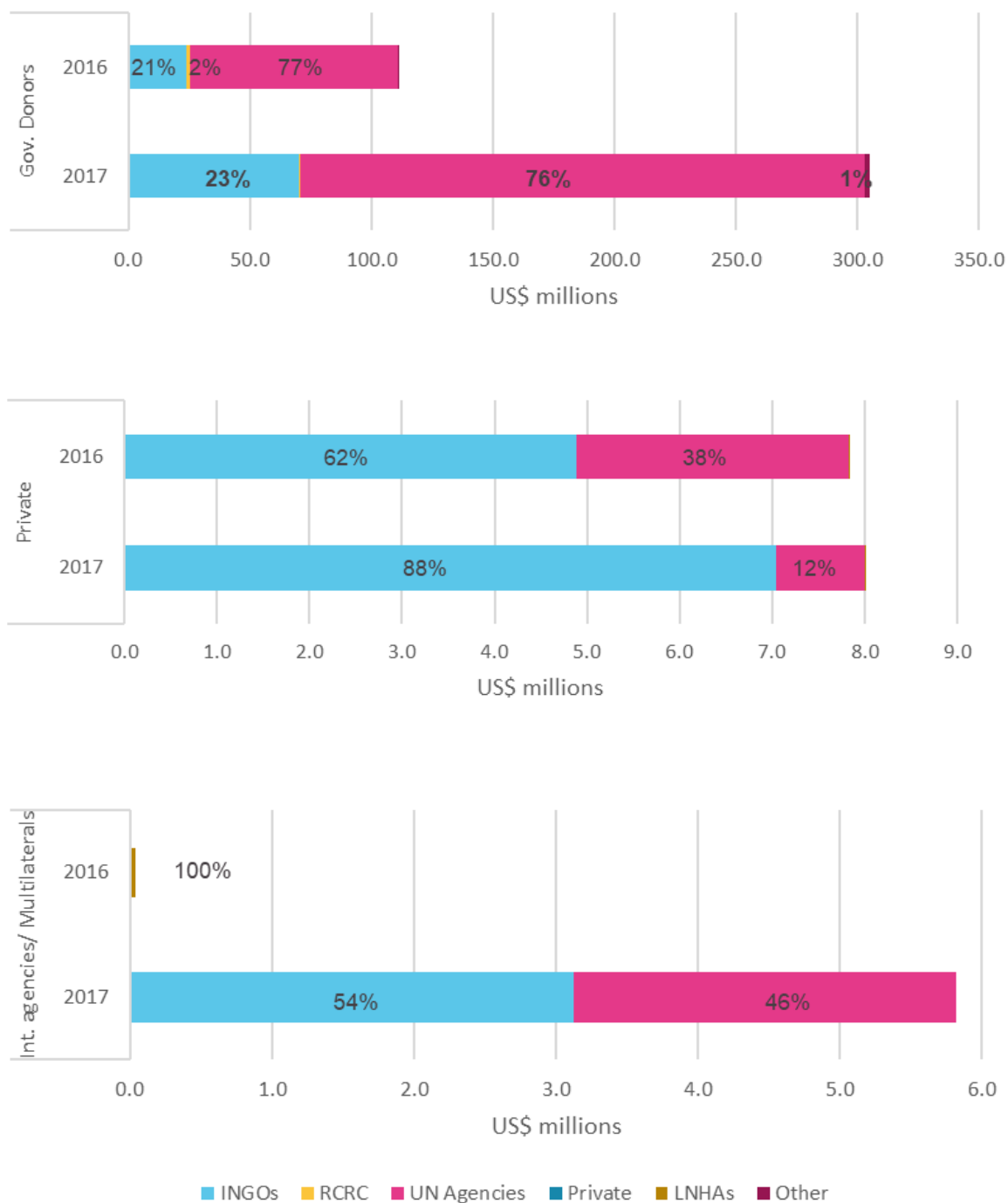
In 2017, \$29.3m was reportedly channelled to LNHAAs indirectly. The national government continued to be the single largest recipient of indirect funds, receiving \$16.3m (56%). URCS received \$7.0m (24%), and the remaining \$5.9m (20%) was received by national NGOs.

## **Who gave funding to whom?**

Donor governments were consistently the largest contributors of IHA to Uganda, and consistently gave most of their funds to UN agencies over both years of this study. Volumes of funds to INGOs grew significantly from 2016 to 2017, but this resulted in only marginal changes as a proportion of total annual IHA, given the overall growth in total assistance from one year to the next.

Private donors' contributions grew marginally from 2016 to 2017, with INGOs receiving more funds by volume and as a proportion of total private donors' contributions. Contributions from UN agencies and other multilateral agencies saw significant growth over the period of study, from very minimal levels in 2016 to \$5.8m in 2017; funds were provided to INGOs and UN agencies.

**Figure 3: First-level recipients of IHA to Uganda by donor, 2016 and 2017**



Source: Development Initiatives based on survey primary data, OECD CRS, UN OCHA FTS, IFRC FDRS and UN Exchange Rates.

Notes: RCRC: IFRC, ICRC and National Societies outside of Uganda. LNHA: national government, national NGOs, Bangladesh Red Cross, local NGOs and national private sector corporations. Other: donor not specified on FTS. First-level recipients received 'new money' as reported on the FTS, with the volumes these same organizations then passed on down the transaction chain (and are therefore recorded as 'donors' of funds that do not constitute 'new money') discounted. The amount of funding provided as intermediary donors is subtracted from the amount of funding received as first-level recipients. DI's survey collected data from international agencies and local and national NGOs working in Uganda. Where primary data were not available, UN OCHA FTS, CRS OECD and IFRC data were used. Data in current prices.

Donor governments disbursed the greatest volume of IHA in both years: \$111.0m in 2016 and \$305.1m in 2017. In both years, over three-quarters (77% in 2016 and 76% in 2017) went to UN agencies and other multilaterals, over a fifth (21% in 2016 and 23% in 2017) went to INGOs, and the remainder went to RCRC and other organizations.

Private donors contributed \$7.8m in 2016 and \$8.0m in 2017, the majority of which went to INGOs in both years. In 2016, 62% (\$7.0m) was directed towards INGOs, increasing to 88% (\$11.9m) in 2017. Less than 1% of the IHA disbursed by private donors was received directly by LNHA in 2016 and in 2017.

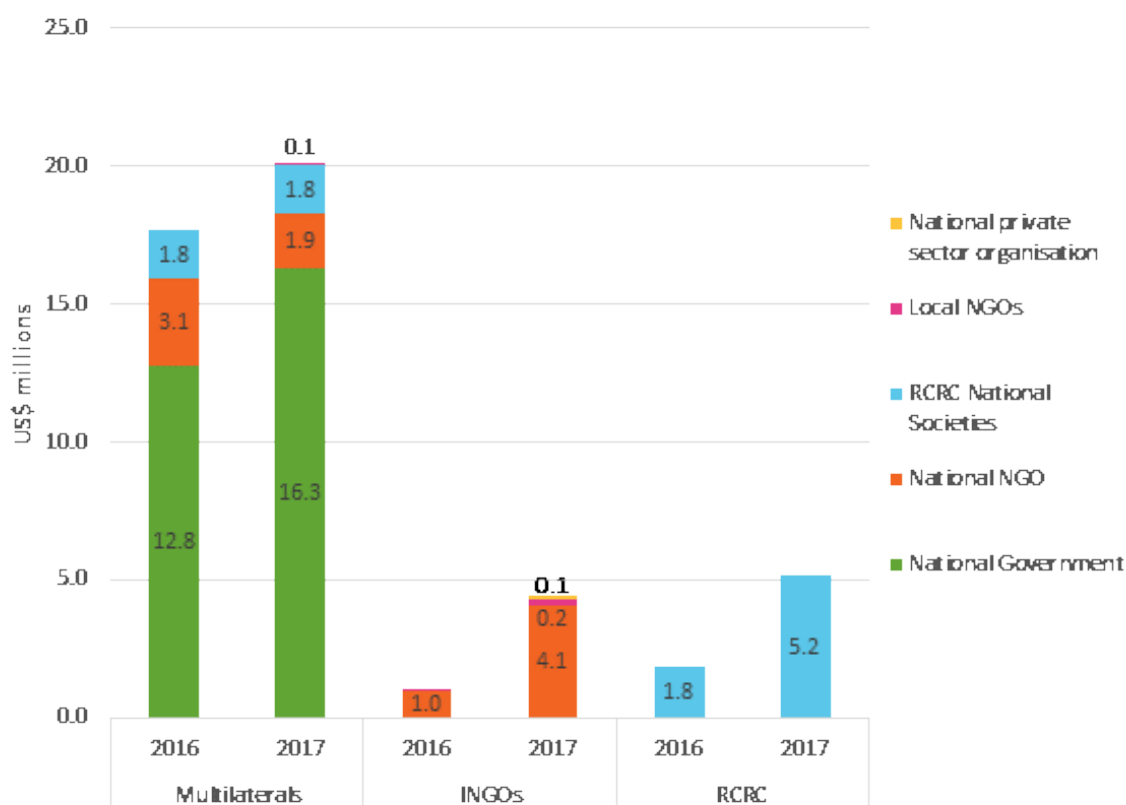
UN agencies and other multilaterals donated \$0.03m in 2016 and \$5.8m in 2017. In 2017, this money was split between INGOs (54%) and UN agencies and other multilaterals (46%).

## Who received funds indirectly from which intermediary?

UN agencies and other multilaterals passed increasing volumes of funding to national government (up from \$12.8m in 2016 to \$16.3m in 2017). UN agencies' funding levels to URCS stayed the same from one year to the next, at \$1.8m, despite a doubling of IHA over the period. Funding of national NGOs by UN agencies fell from \$3.1m in 2016 to \$1.9m in 2017.

International NGOs showed greater willingness to pass funds down to national NGOs (up from \$1m in 2016 to \$4.1m in 2017) but provided minimal levels of funding to local NGOs, of \$0.2m in 2017 only.

**Figure 4: International humanitarian funding to Uganda passing through intermediaries, 2016 and 2017**



Source: Development Initiatives based on UN OCHA FTS, OECD DAC CRS, ICRC data and primary data.

Notes: Development Initiatives based on survey primary data, OECD (CRS), UN OCHA FTS, IFRC FDRS and UN Exchange Rates.

Notes: RCRC: IFRC, ICRC and National Societies outside of Uganda. INGOs: international NGOs, internationally affiliated NGOs and Southern international NGOs. DI's survey collected data from intermediary humanitarian agencies

and local and national NGOs in Uganda. Where primary data were not available, UN OCHA FTS, CRS OECD and IFRC data were used. Data in current prices.

### **Flows from UN agencies and other multilateral organizations as first-level recipients**

From 2016 to 2017, IHA passed down by UN agencies and other multilaterals increased from \$17.7m to \$20.2m. This was driven by an increase in funding from these agencies to the national government, up from \$12.8m in 2016 to \$16.3m in 2017. Despite the overall increase in IHA, there was a fall in funding from UN and multilateral agencies to national NGOs, from \$3.1m in 2016 to \$1.9m in 2017.

### **Flows from INGOs as first-level recipients**

IHA passed down the transaction chain by INGOs increased from \$1.0m in 2016 to \$4.1m in 2017. The most significant increase was in funding provided to national NGOs, which grew by \$3.1m over the two years.

### **Flows from Red Cross/Red Crescent as first-level recipients**

The amount of IHA channelled through the International Red Cross and Red Crescent movement more than doubled, from \$1.8m to \$5.2m. In both years, all funds were directed to URCS, in line with ICRC procedures.

## **2.2 PERCEPTIONS OF THE LOCAL FUNDING LANDSCAPE**

### **Information on and access to international humanitarian funding by local and national humanitarian agencies, as shared by key informant interviews and reflections from surveys.**

**LNHAs in Uganda still rely overwhelmingly on international agencies for information related to international funding opportunities, introductions to international donors and support with developing funding proposals.** As part of the Grand Bargain process, the formal humanitarian sector committed itself to enabling greater levels of international humanitarian funding to go more directly to local organizations. This would assume that avenues for accessing international funding would be increasingly familiar and utilized directly by national agencies; however, this study finds little alignment with that assumption thus far.

*'We are left behind as the INGO talks directly to the donor.'*

KII#5; LNNGO

**Respondents from LNHAs indicated that their main source of information on international funding opportunities was through an international agency that they had previously partnered with or were currently partnering with.** While a few noted some capability to carry out independent searches for solicitation opportunities through newspaper reviews, website searches, etc., this was largely ad hoc and there were no dedicated personnel to do it, in contrast with international agencies, many of whom have specific staff or departments, largely situated at headquarters level, to monitor emerging solicitation requests from donor agencies.

**Clear information asymmetries exist between international and national agencies on international funding opportunities.** International agencies forward ad hoc opportunities that they feel would suit a national agency, meaning that opportunities are effectively 'filtered' before they reach a local partner. The knowledge of LNHAs of the full range of global funding opportunities is limited; this leads to them receiving information about potential funding

opportunities by chance or close to submission deadlines. This has negative consequences on the predictability of such opportunities, or the possibility to prepare well for a submission.

**There are signs of emerging functional networking between local responders that promote peer-to-peer sharing of funding opportunities, such as through a sub-group of the Uganda National NGO Forum that is chaired by a national agency involved in the refugee response.** In addition, there is growing recognition that the CRRF is playing a strengthened role in disseminating information and ensuring that local and national agencies are part of coordination forums and are accessing major information-sharing events such as the Solidarity Summit on Refugees held in Kampala in June 2017. Some international agencies have developed area-specific forums to communicate new opportunities to local agencies, as well as to promote joint working once a new opportunity has been secured. However, inter-agency meetings still tend to be dominated by INGOs or UN agencies both numerically and procedurally, ostensibly because they have the resources to allow staff to attend.

**Access to international donors by local or national agencies remains largely through an intermediary.**<sup>25</sup> Given the common challenge of restricted time availability to respond to a Request for Proposals (RFP), international agencies often reach out only to known and current local partners or refer to a list of pre-approved local agencies which have previously been vetted to some degree. This effectively creates 'consortium partners' before any bid is made; international agencies automatically turn to those they have worked with previously. Mapping of national agencies by international agencies is often a crucial element in the initial phases of setting up in a new geographic region, thereby developing a shortlist of potential partners, but this information is not shared comprehensively as an aid to knowledge sharing on new or emerging national or local agencies.

**Selection of local partners is often based initially on prior relationships or informal discussions between international agencies, leading to complaints by national agencies about a lack of transparency.** International agencies express a willingness to employ open and competitive procurement processes, but report that time constraints and occasional donor direction to use a specific national agency preclude this level of transparency in the selection of a local partner. The use of 'soft referencing' of national agencies' performance by international agencies is reportedly common but largely informal and undocumented, and leads to 'a subjective decision' on partner selection (KII#4; INGO). Open and competitive tendering, while common for vendor/supplier contracting, is perceived by national agencies to be more perfunctory for technical implementation. They feel that the decision has already been made as to the selection of the local partner, and this contributes to a lack of trust in solicitation processes.

**Some international agencies select partners by default, through working with the GoU as the key partner and implementing in line with national and district development plans.** This removes issues of selection and ensures that the international agency must provide capacity strengthening as a core element of the project, whatever the pre-existing capacity of the local government partner. It also compels the agency to work on an exit strategy from the onset of its engagement. This working model is part of the move towards strengthening district-level coordination systems – a key outcome under the agreed strategy of the CRRF.

**National agencies must strike a balance between retaining their own strategic focus or responding to any and all opportunities that are offered.**

This has reportedly resulted in 'mission creep' on occasions, whereby a local agency has engaged in a funding opportunity irrespective of its strategic fit, and it reflects some of the pressures facing agencies, particularly smaller ones, if they are to survive. Few national agencies have unrestricted funding – or funding that is not committed to specific project costs – that can be used for business development costs. While the international partner may support the direct costs of attending proposal development workshops (travel, accommodation, etc.), national agencies note that they often have no budget line for billable hours spent on developing proposals.

*'Saying no is next to impossible.'*

KII#4; LNNGO

**No international agency reported having financial targets, either hard or soft, related to the allocation of funds to national or local agencies.** Many note a stated donor preference to include national agencies, as defined in the solicitation document, but this does not include a financial target such as a set percentage of the overall award to be allocated to national agencies. Thus, international agencies work to adhere to the spirit of the target of 25% of humanitarian aid directly funding Southern-based NGOs,<sup>26</sup> but do not have tight action plans to achieve that goal.

**In a global environment of reduced or unpredictable overall funding, international agencies in Uganda report pressure to ‘hold on’ to funding rather than contract out.**

Examples of international agencies intending to reduce their local footprint rather than expand are rare. Although the point was not raised by any respondent, either from an international or a national agency, some donors have explicit constraints on passing funds directly to local and national agencies, such as European Civil Protection and Humanitarian Aid Operations (ECHO), which can only fund agencies that have offices in an EU Member State and have signed a Framework Partnership Agreement (FPA).

**No respondent from an international agency noted any specific earmarking for agencies promoting women’s rights beyond the considerations contained within the funding solicitation and corresponding proposal.** All international agencies reported that gender was usually a core element to most solicitations, and was therefore mainstreamed in any corresponding proposals within the context of typical humanitarian programming in the areas of Protection, Water, Sanitation and Hygiene (WASH), Shelter, Health and Food Assistance. Six of the 13 national agencies that have a specific remit on women’s rights (as listed by Oxfam) and were targeted for the quantitative survey on international humanitarian funding provided responses: one indicated that it received no international humanitarian funding for 2016 or 2017, while the aggregate volumes received by the other five were approximately \$7,320 for 2016 and approximately \$605,500 for 2017 for all humanitarian activities, not necessarily activities earmarked for promoting or ensuring women’s rights in humanitarian action. While the volume of funding increased significantly for these women’s rights organizations, the figures cannot be seen as representative of any wider trends given the limited number of women’s rights organizations surveyed, and can only be illustrative of the likely minimal level of IHA that is allocated to agencies promoting women’s rights specifically. However, the figures are positive, and Oxfam has articulated a clear rationale for the necessary inclusion of women’s rights agencies in the humanitarian response; this argues that exclusion of agencies working on women’s rights from the localization debate risks entrenching existing inequalities in society, excluding women from leadership and decision-making humanitarian platforms and missing opportunities to link humanitarian responses with development programming focused on women’s equal participation in society.<sup>27</sup>

**Nascent attempts by national agencies to diversify their funding bases have been largely unsuccessful.** Some agencies report submitting applications directly to international funding sources (usually trusts, foundations or small grant pots from government donors), with limited success and scant feedback on reasons for the failure of an application. Local funding sources seem not to be foremost in national agencies’ minds when seeking funds, nor are other innovative income-generating or local philanthropic initiatives. National agencies see some opportunities emerging for engaging directly with international donors, but feel an accepted pressure of needing to demonstrate performance and building donors’ confidence on a case-by-case basis.

## Perceptions of funding processes

**National agencies report a good level of inclusion in project development processes, including at the design phase, although some see a level of ‘tokenism’ from international agencies, which they perceive to have made core design decisions in-house.** International agencies provided examples of partnership documents that define the importance of inclusion

from the start of any project, and many include national and local partners centrally in design workshops and start-up workshops.

**Less common are tangible examples of equal participation and responsibility for final proposals for submission to the donor agency.** National agencies may be asked to provide input on a relevant technical section and to develop a budget for that section, but rarely take lead writer roles. This is the 'prime's' role and is taken by the international agency. This leads to a feeling of being a less than equal partner and a sense that the international partner has already agreed the major decisions with the donor, with whom most national agencies report having minimal direct contact. This breeds a sense of distrust on the part of LNHA's of 'hidden' solicitation processes undertaken between international agencies and donors.

**National agencies state a preference for open and competitive contracting as a way for new and quality providers to enter the market, but once selected by an international agency, these preferences change dramatically.** Thereafter self-preservation drives a preference to be retained as a favoured national partner 'as long as we perform' (KII#5; LNNGO). The inherently competitive nature of the funding system, experienced by international and national agencies alike, inhibits effective collaboration.

**National agencies report reasonable comprehension of funding application processes and the documentation required for a submission,** but readily accept that they need support from an international agency in working on budgets and aspects of the compliance requirements. International agencies recognize the complexity of donor policies, and country offices regularly draw on home office support to navigate solicitation documents in detail, a resource that is not available to national agencies. Specific challenges related to the demonstration of audit history, indirect cost recovery policies and active internal control systems were commonly identified.

*'All we do is scale up and then scale down, but the refugees are not going home anytime soon.'*

KII#7; INGO

*'The system is a "Control-Alt-Delete" resetting of everything.'*

KII#8; UN agency

**International agencies report that time is the main constraint to more meaningful and earlier inclusion of national partners in proposal development activities.** Examples reported included a turnaround time of two weeks for a proposal with no national partner pre-identified.

## Perceptions of funding quality

**The quality of international humanitarian funding matters as much as the quantity that reaches national and local agencies.** As well as a quantitative commitment to 'achieve by 2020 a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible',<sup>28</sup> the Grand Bargain included additional commitments related to the quality of funding to be passed on to national and local agencies. These include: 'Increase and support multi-year investment in the institutional capacities of local and national responders' (Workstream (WS) 2: localization), 'Ensuring that recipients apply the same funding arrangements with their implementing partners' (WS7: multi-year planning and funding) and 'Reduce the degree of earmarking of funds contributed by governments and regional groups who currently provide low levels of flexible finance. Aid organisations in turn commit to do the same with their funding' (WS8: reducing earmarking).<sup>29</sup> Donors should ensure that the same costs are eligible for local humanitarian responders as for international organizations or NGOs, including operational costs for administration, rent, travel, vehicles and staff, as well as capacity strengthening costs such as training.

*'Is the INGO using the excuse of the donor or is the donor truly demanding changes to our proposal and budgets?'*

KII#5; LNNGO

**The quality of international humanitarian funding received by national and local agencies through intermediary agencies is perceived to be poor.** National agencies report receiving short-term funds (for less than 12 months and sometimes no more than three months) in the

main, with minimal if any unrestricted funding and tight limits placed on overhead costs. Short-term funding places huge pressures on the start-up and implementation phases. These pressures are faced by international agencies equally but are felt differently, as such agencies have greater unrestricted funding to manage the gaps.

**Short-term funding can place national agencies in a position of ‘double jeopardy’.** Some local agencies report having to ‘borrow’ funds from one project to cover initial start-up costs that come late from the intermediary or to cover activities until funders release payments; for example, there is a common practice of withholding the final 10% of payment until the final report is approved. Even if the intention behind the practice of juggling funds across projects is legitimate, it can place agencies in a situation of ‘double jeopardy’. If they cannot show some management of cash-flow, they miss a funding opportunity; if they juggle funds, they risk falling foul of compliance requirements or, worse, facing accusations of financial malpractice, something that all respondents noted as a legitimate though sensitive concern given recent corruption scandals. This potentially limits the number of projects that a national agency can take on; as one interviewee said: ‘We cannot pre-finance more than two or three projects at any one time’ (KII#1; LNNGO).

**Short-term funding brings additional inefficiencies into the system.** Among a range of stated impacts of short-term funding, local agencies report having to ask staff to work voluntarily during gaps in funding, or face having to lay off and then rehire staff at additional organizational cost, or procuring equipment that is then returned at the end of the project only to be required for activities in later projects. These concerns are echoed by many international agencies, many of which nevertheless have capacity to respond to crisis surges through access to unrestricted funding, agency reserves or other sources of contingency funding. National agencies struggle to include contingency funding in any specific proposal or to build any reserve funds organizationally.

**There is a strong desire by both international and national responders to move to more strategic funding systems and structures.** In recognition of the efficiency gains to be made in avoiding the ‘system reset’ scenarios of short-term funding, international agencies are keen to develop, or have already developed, more strategic partnership arrangements with national agencies but are grappling with a more common reality of working within donors’ annual funding envelopes and allocation processes. Few cite offering multi-year awards to national agencies; no national agency acknowledged receiving a multi-year award. International agencies were able to identify specific donors that are demonstrating their commitments to longer-term funding streams, particularly those working with both development and humanitarian funds, and who appear to have appetite to then pass on the same predictability of funding to national partners.

**There is a perception that the conditionalities associated with funding are increasing, while flexibility is decreasing.** International agencies report that they are grappling with a mixed message from donors of wanting local agencies to be more included in humanitarian action through the receipt of international funding on the one hand, but to exercise greater diligence in ensuring compliance throughout the entire transaction chain. This is a huge challenge for all intermediary agencies, made all the greater when an agency does not do grant-specific reporting; the entire delivery chain must then be described in detail, yet the agency may have limited visibility beyond the direct recipient.

*‘NGOs would not say we are very understanding... we probably drive NGOs crazy.’*

KII#8; UN agency

**International agencies are required to pass on compliance requirements to national agencies as a risk-sharing measure.** National agencies naturally have greater difficulties in meeting the growing burden of compliance requirements, but feel that they do not have the ability to challenge or negotiate these terms and therefore accept ‘what they are given’. An isolated example was given of a national partner negotiating reduced reporting from monthly narrative and financial to quarterly narrative and six-monthly financial reports, through demonstrated evidence of ability to deliver to agreed standards.



**A sense of increased risk aversion is tangible under such conditions; international agencies note their own challenges in meeting donor compliance requirements and undertake extensive capacity assessments before including a national partner in a response.** All agencies alike note that accepting international funding can put national agencies in a precarious position; a single unallowable cost that they must then repay can threaten their very existence. Not all national agencies are fully aware of indirect cost recovery rates, and almost universally raise financial management as a key development need. Some but not all international agencies appear to have been successful in advocating for additional dedicated staff to undertake regular compliance checks of all national partners.

**National agencies reported a perception among international colleagues that they cannot manage (or perhaps be trusted with) procurement.** This is reflected in the fact that some international agencies retain the procurement of items for the national partner within their own budgets, or nominally allocate a procurement budget line within the national partner's budget but conduct the procurement themselves. While economies of scale may be achieved by a single international agency procuring items in bulk for a portfolio of local partners, this sends a mixed message to local partners. National agencies accept the need to develop more robust policies and practices in such areas.

*“[National agencies] showing a trail of positive experiences with mediated funding, transparent management with statutory audits and capacity to achieve may be a better passport to obtain direct funding as donors have no appetite to take direct risk.”*

*KII#9; UN agency*

**There is a lack of consistency on budgeting for and management of overhead costs, which creates confusion for national agencies.**

Funding of overheads at 7–10% of the total budget was commonly cited by respondents, but national agencies do not all have clarity on what ‘overheads’ can and cannot cover and lack their own policies to explain internal calculations of them. Some have experienced pressures to set overhead rates at the lower end of this scale, but are developing better negotiation skills. International agencies have been proactive in providing specific workshop events to help national agencies, usually at project-specific level. Fluctuating operational or programmatic costs also place pressures on national agencies which have limited budgetary flexibility.

**In an environment of extreme pressure on global humanitarian funding levels, there is little agency-level evidence on the cost-effectiveness of engaging with national agencies.**

Responses were mixed as to whether using a national responder was cheaper (staff rates are lower, there is no ‘home office tax’ for international agencies and it is already embedded in the community) or more expensive, at least initially (it introduces another level of management and administration, and requires considerable funds for capacity strengthening to be able to respond as fast and as comprehensively as an international agency). More detailed analysis is lacking at agency level.

## Perceptions of capacity strengthening

**Localizing humanitarian aid is about more than just allocating more money to local humanitarian responders.** Strengthening local responders will lead to changes in the way that crises are managed, increasing national capacity and responsibility through greater recognition of and respect for local leadership and decision making.

**There are many definitions of ‘capacity’ available, mostly within discussions of capacity building or capacity strengthening that usually carry inferences of a ‘weaker’ and a ‘stronger’ partner, rather than a mutual endeavour.** The OECD defines capacity development as ‘the process by which individuals, groups and organisations, institutions and countries develop, enhance and organise their systems, resources and knowledge; all reflected in their abilities, individually and collectively, to perform functions, solve problems and achieve objectives’.<sup>30</sup> In discussion of humanitarian action, capacity should be measured by an individual’s or agency’s ability to contribute to the relief of suffering and should be understood

within the context that such suffering is experienced. Capacity should also be measured across individuals and agencies rather than in siloed elements (financial reporting, technical knowledge, etc., or for individual agencies) towards the overall goal of relieving suffering. Given the variable success of siloed capacity strengthening initiatives, some humanitarian actors, including Oxfam, are investing in approaches that strengthen the collective capacity within a network of local and national actors – or ‘local humanitarian systems’ strengthening.

**Capacity strengthening is widely perceived by national and local agencies as something ‘done to’ national agencies by international agencies rather than a joint mutual endeavour, and is largely project-specific.**

Review of international agency documents on partnership invariably identifies references to support for capacity strengthening of the national or local partner agency, starting with an organizational capacity assessment (OCA) of the national agency. Such commitments translate variably to project-specific or intermediary agency-specific requirements around compliance, reporting and financial management, with occasional specific technical support activities. These range through embedding national staff within international offices, support to attend national and international conferences, workshops to support budget development at the project development stage and ongoing support through monitoring visits to sites. Some international agencies have developed plans akin to mentoring approaches to national agencies. Grant management training is commonly mandatory for national agencies, as a compliance measure by the international agency. National agencies have a sense of frustration that wider institutional strengthening is not common, and yet they are assessed on the existence of key institutional policies and practices.

*‘You say that you want to build capacity but there are no funds for governance strengthening e.g. Board training, and yet this is a key concern of INGOs.’*

KII#5; NGO

**Support for institutional strengthening is less visible as a partnership commitment to national agencies and is challenged by the short-term nature of most of international humanitarian funding.**

Most international agencies are sympathetic to requests from national agencies to move beyond siloed, project-specific capacity-strengthening activities, and some have supported infrastructure development and asset acquisition by national partners but, at project end, disposition plans rarely permit those assets to remain with the local partner. National agencies tailor requests less according to need and more to what they feel the funder will support; this sometimes creates inefficiencies whereby, for example, new computers may be purchased when less expensive software upgrades would have been enough.

**Rare examples of projects that are dedicated solely to strengthening the capacity of national agencies<sup>31</sup> to respond to humanitarian crises are recognized and welcomed by national agencies,**

for clarity of purpose and focused activity rather than more typical ad hoc capacity-strengthening activities that can easily be deprioritized. Some agencies have developed, more recently, new initiatives attempting to respond to this challenge. The Partner Equip and Coach Approach (PECA), begun by UNCHR in 2018, aims to increase and strengthen the capacity of selected local or national NGOs in Uganda in a consistent, phased and measurable way, in order to provide national partners with opportunities to enhance their management systems and skills, efficiency, credibility and ability to function, within the goals and mandate of the partners and with a focus on the persons of concern to UNHCR. Approaches for partnership through PECA include secondment, twinning and response grant facilities, among others.<sup>32</sup>

**National agencies identify gaps in leadership skills that are not often met** by training or other support provided by international agencies. The international agency staff leading such leadership skills training and support may be limited in their own experience of the ‘soft’ management or leaderships skills needed.

**For some international agencies, an organizational commitment to positive partnering practices is undermined by the realities of heavy workloads and a lack of time.** Some respondents from international agencies saw their prime role as delivering quality humanitarian

assistance to scale within communities, with capacity strengthening appropriate only for government and not for national NGOs, who should compete on their own strengths in a 'marketplace' of humanitarian assistance providers.

**Compliance requirements drive capacity assessment processes and outputs, which risk becoming mechanistic, with a sense of 'pass or fail', rather than being a genuine participatory exercise that contributes to the growth of sustainable national responders.**

International agencies have various organizational capacity assessment processes and tools to engage with national agencies, initially to test their capacity to absorb the required level of programming and to meet compliance requirements. A core complaint is that OCAs are repeated by the same international partner for every new project; this is burdensome and does not aid the development of mutual trust and respect. There are some indications that international agencies are willing to use a single consolidated OCA tool, but this is a work in progress. National agencies can perceive the OCA process as a 'tick-box' exercise that is largely extractive and one that has limited utility beyond meeting compliance requirements.

*'[The OCA] can feel like an 'examination' and is lengthy but not in-depth though. The Executive Director [of the local or national agency] may be able to respond positively [to the OCA questions] but it doesn't mean that any practice or policy is institutionalized through the organization – but funders don't care about this.'*

KII# 3; LNNGO

**Capacity-strengthening activities are deprioritized when pressures to implement increase in response to a surge in humanitarian crisis; this is considered necessary in the face of acute need.**

International agencies will budget for specific project-related aspects of capacity strengthening, but rarely include funds for activities beyond the immediate need to strengthen national agencies' abilities to deliver a defined activity for a defined project. This is despite a willingness to even up evident differences between international and national agencies in their respective surge capacities. Rationally, intermediaries must prioritize life-saving implementation even when a project has a specific capacity-strengthening element included.

**The rhetoric of equal partnership is belied by limited examples of any national agency providing capacity-strengthening support to an international agency.** The normative direction of travel in capacity strengthening is that of an international agency supporting a national agency. While partnership documents emphasize an equal relationship between these parties, only a limited number of examples of a national agency providing targeted support to an international agency were identified.

*'We have talked about capacity building but just haven't done anything [but] keep our heads afloat. Ideally, we should be working with higher capacity and lower capacity partners... the spirit is there.'*

KII#8; UN agency

National agencies then feel that the added value of a national partner agency is viewed by the international agency in terms more related to the provision of knowledge of the local context, cultural acceptance and historical relationship with the community rather than technical knowledge, though with notable exceptions identified. National agencies readily accept that they have much to learn, organizationally, technically and operationally, from their larger and more experienced international counterparts, but feel that they too have an active role to play in capacity strengthening.

**National agencies see the purpose of capacity-strengthening activities as ensuring that they complement rather than replace international agencies in the humanitarian response in Uganda.** A commonly articulated vision of the division of labour between international and national agencies is for international agencies to be technical advisors to national agencies, which will lead implementation, and the government, which will coordinate and monitor implementation. Not all national agencies wish to scale up significantly and see the

added value of larger international agencies as being their ability to respond at scale and at very short notice. Capacity strengthening should therefore be an inclusive part of wider sustainability/transition planning than it is currently perceived to be by national agencies. While national agencies differ in their assessment of their respective absorptive capacities, all national-level respondents acknowledged the need for wider institutional capacity strengthening.

**An emphasis on reporting only successes to donors does not encourage the development of a wider learning culture between partners broadly.** National agencies report that they do not always see final reports submitted to donors, and feel that they must be descriptively positive and keep capacity gaps or limitations less visible.

**Six international agencies provided documents on partnership that express it in terms of complementarity and equality. Partnership is more commonly experienced in the transactional terms of a funder and a recipient** (as the 'sub'-partner, with its connotations). Many international agencies have detailed partnership policies that acknowledge the need to level up traditional relationship dynamics and hierarchies and to develop longer-term partnerships based on core principles of mutual trust, mutual accountability, complementarity and respect.<sup>33</sup> Progress has been made by international agencies in institutionalizing partnership principles and processes, but they face challenges in implementing partnerships in a manner that is always true to these principles.

**The short-term nature of funding provided to national agencies works against the spirit and practice of such policies.** Partnerships are invariably reduced to terms and conditions within a contract for a short-term project, with an emphasis on compliance and delivery against defined targets. Funding breaks bring challenges for the development of less transactional relationships. National agencies recognize that generally relationships with intermediary funders have improved qualitatively, and that partnerships extend beyond a specific project. They largely see funding breaks as an inevitable result of the current humanitarian architecture rather than being due to the specific funding intermediary.

**Projects that are explicitly aimed at strengthening the voice of a national partner have been successful in altering traditional partnership dynamics.** National agencies note that the implementation of non-project-specific activities helps to build a sense of mutual endeavour towards a larger goal of building civil society in Uganda. Collective activities by a range of agencies, such as workshops where national agencies take lead facilitation roles, the development of joint action plans within geographic regions or advocacy activities, strengthen this feeling. Such projects also build a sense of protection in the relationship; no matter what other project-specific funding each participating agency obtains, it remains a part of a wider network of like-minded agencies.

## **Reflections since the Grand Bargain and Charter for Change commitments**

This section makes summary comment on issues that are either implicit or explicit in the commitments on localization contained in these global reform agendas.

**Multi-year investments in national institutional capacities:** There is limited evidence that international humanitarian agencies are currently providing multi-year investments to local actors, whether targeted for institutional capacity strengthening or otherwise. Existing efforts on capacity strengthening are primarily focused on financial management related to donor compliance within projects, and are often duplicated. Further, respondents indicated that where capacity-strengthening initiatives exist, they do not respond to important leadership or management gaps. Although some donors working across humanitarian and development contexts in Uganda are offering longer-term funding, these opportunities are yet to reach national agencies.

**Reducing barriers to partnership:** Respondents identified various barriers to increasing the number of partnerships for humanitarian action in Uganda, beginning with national agencies' limited access to upcoming funding opportunities and including short lead-in timelines for submitting funding proposals, which reduce opportunities for new partnerships. The limited visibility of new or more community-based organizations was also noted as a barrier to building partnerships.

**Supporting national coordination:** There is evidence of investments made in Uganda in emerging networks and forums, which have strengthened complementarity and national coordination. The multi-stakeholder nature of the CRRF and specific objectives within its work plan were noted as ensuring better direct representation of national and local actors (both state and non-state) in coordination mechanisms. New networks of national agencies at district and national levels have had similar positive impacts.

**Rates of funding, as directly as possible, to local actors in Uganda and measuring direct and indirect funding to local actors:** The majority of this study is dedicated to analysing these two Grand Bargain commitments in detail. In the global context, 2.9% of total IHA went directly to local and national responders in 2017, up from 2% in 2016, but international actors in Uganda have made no progress in improving direct access to funding: in both years, less than 1% of IHA was assessed to have been provided directly to LNHAs. However, indirect funding to Ugandan national and local actors (8% in 2017, 13% in 2016) does contribute to strengthening the global aggregated target set by donors. Considering that no national targets have been set, as well as the significant gaps in collecting data on national-level funding flows in other countries,<sup>34</sup> it is not possible to reflect on the extent to which IHA in Uganda received indirectly by LNHAs strengthens the Grand Bargain target. This study reflects investments made in tracking funding, building on further plans set within the CRRF workplan for 2018 to 2020.<sup>35</sup>

**Making greater use of funding tools:** No pooled fund was reported to be accessible for LNHAs in Uganda in 2016 or 2017, whether targeted for capacity strengthening like the EU's Enhanced Response Capacity (ERC) and the UK's Disaster and Emergency Preparedness Programme (DEPP) or unearmarked pooled funds like the UN-led Country-Based Pooled Funds (CBPF).

**Recruitment:** Hiring of national staff by international agencies is common and is seen by all as fair practice in an open and competitive labour market, but it weakens the capacity of national agencies nonetheless. Respondents see personal career ambitions as a legitimate motivation in prompting individuals to seek positions within better-paying international agencies that can offer more diverse and clearer career progression opportunities. National agencies feel the pinch of this, having invested in those staff, but feel that it is inevitable given the pay differentials between national and international agencies. Direct poaching of national agency staff was also deemed by some international agencies to be legitimate. Less common but notable was the reverse movement whereby national staff of an international agency move to a more senior position within a national agency.

**Advocacy:** Beyond the inclusion of national agencies in specific project proposals, few respondents gave examples of an international agency making specific advocacy efforts to promote the importance of national responders to donors. It will require some candid discussions to convince donors to increase their risk appetite and to 'learn by failing'. Cases of corruption over recent years have brought a degree of nervousness into partnering with national agencies, some argue unfairly. One example whereby advocacy for an enhanced role by LNHAs in the humanitarian response was central to the aims and objectives of the project was noted and recognized by respondents from national agencies.

**Equality:** Current partnership dynamics and project-specific compliance requirements offset perceived positive movements towards a sense of equality and mutual accountability. Respondents note that the past two years have seen significant efforts in partnership processes, resulting in a qualitative and positive difference in the respective perceptions of

partners. Pressure to implement within very short timeframes and risk management procedures are balanced against these positives, however. Subcontracting remains the most common, if not preferred, method of partnering with a national agency. Accountability still feels one-directional, from national to international agency. This was reflected in comments by interviewees:

*'It's like a master–servant relationship.'*

KII#5; LNNGO

*'It feels like we are not being questioned... [National partners] fear if they ask us, or raise a query [they will be seen as not knowing something].'*

KII#11; INGO

**Communications:** A review of international agency country websites reveals variable levels of visibility given to national agencies. Some agencies refer only to donors as partners, and do not include local or national agencies in these listings at all or refer to them only as categories of national NGOs or civil society organizations (CSOs), not individually by name. Despite working with national agencies, their case studies refer commonly to 'we' in singular terms (i.e. 'we the international agency') without specific reference to the national partner agency's contribution to the work. Preferred practice examples are less common, whereby national agencies are listed and the international agency provides links to each national agency's website.

**Not all respondents from international agencies were aware of the Grand Bargain or Charter for Change commitments, either generally or in relation to particular agency policy and practices:** This includes respondents from agencies who are current signatories to the Grand Bargain or Charter for Change,<sup>3637</sup> and it perhaps raises a query on the internal communication of key agency policy agendas.

*'The "big fish" feature in the reports; we have no visibility in the results of what we do.'*

KII#5; LNNGO

# 3 RECOMMENDATIONS

## FOR THE GOVERNMENT OF UGANDA

- **Strengthen the Ministry of Finance’s capacity and commitment to the provisions of the Public Finance Management Act (PFMA) and progressively use the Contingencies Fund to support local actors to respond.** Together with the Office of the Prime Minister, the Ministry of Finance should develop clear guidelines that allow for local actors, both state and non-state, to access Contingencies Funds for emergency responses; these should include dissemination campaigns to raise awareness of the Contingencies Fund.
- **Engage in coordinated dialogue with donors collectively on the Grand Bargain commitments for multi-year funding for all humanitarian responders,** drawing on lessons learned from the localization experiences of national agencies accessing development aid funds. Some donors are moving towards greater use of multi-year funds (another commitment within the Grand Bargain), but this is not necessarily linked explicitly to the localization agenda. The government can also lobby donors to recognize the real costs of programming and overheads from the perspective of national and local agencies. Lessons of national agencies working in development (or which are multi-mandate) can add value to how donors can successfully manage risk in this respect.
- **Progress efforts on financial tracking and publish data on aid flows in a standardized, open source format, such as to the Aid Management Platform.**<sup>38</sup> More detailed, standardized, timely and accurate, publicly available information on a broader range of resources contributing to crisis response at country (or crisis) level would help address systemic gaps in the development of Uganda’s disaster management structures. Data should integrate commitments and disbursements by donor, sector and public funding recipient, and should enable funds to be traced from donor source to the ultimate recipient/provider of assistance in order to assess the overall volume of funds reaching LNHA’s. The GoU should ensure that this information includes national funding, is publicly available and is regularly updated.
- **Harmonize relevant laws to strengthen the role of local actors in humanitarian preparedness and response work,** including the NGO Act, the Local Governments Act and the Refugees Act, and ensure that all harmonization protects the humanitarian and civic space. National policy and practice currently place all emergency response activities at national level with the OPM, yet challenge other laws which recognize the critical role of local governments and NGOs to coordinate and deliver humanitarian preparedness and response actions. Harmonizing existing laws will work to concretize the leadership of LGs in future responses.
- **Move beyond rhetorical support to local and national NGOs and ensure their participation and consultation in coordination and decision-making spaces.** While the GoU has made some progress on better including LGs in humanitarian action, support for local NGOs has been more limited. This may be attributed to perceptions of the political independence and capacity of local and national NGOs. Greater coordination and communication between state and non-state actors in Uganda can build trust, as well as highlight areas where the government can strengthen its civil society capacity to respond.
- **Publish and disseminate regular updates on the mapping of national agencies that deliver humanitarian action.** A lack of visibility of nascent and emerging national and local agencies means that most international intermediary agencies tend to ‘go with who they know’. Planned annual updates to the full portfolio of humanitarian actors will encourage more transparent selection of national and local partners by international intermediaries.

## FOR DONOR GOVERNMENTS

- **Encourage information-sharing channels, either existing or new, that are fully inclusive of national and international responders and can be used to promote transparency of humanitarian funding flows.** To support coordination,<sup>39</sup> donor governments should promote the inclusion of national and local agencies in all key decision-making forums throughout the humanitarian project planning, management and delivery cycle in Uganda and promote a centralized portal for all international funding opportunities.
- **Insist that UN- and INGO-funded partners transparently state and deliver against concrete milestones to deliver on Grand Bargain localization commitments,** including a greater number of partnerships and sharing of multi-year funding.
- **Ring-fence funds with lower caps which are protected for local actors and have a strong institutional capacity-strengthening component that includes overhead costs.** This can involve basket/pooled fund approaches that bring international funding to national agencies and can include non-project institutional learning. Such a mechanism could deliver on other commitments by targeting district-level actors and offer grantees flexible funding that could support local actor consortiums and local-to-local partnerships. There are a growing number of studies and experiences to inform the effective set-up of a pooled fund for local actors. While not all national and local agencies have a goal of scaling up, an explicit and well resourced pooled fund for local actors could identify the key characteristics of agencies that do this successfully and the inputs that are required over time to enable an agency to scale up its response and become a larger contributor to local refugee response.
- **Harmonize and simplify financial reporting requirements,** in line with Grand Bargain commitment nine. This study found that parameters on compliance, due diligence and risk management have acted as barriers to ensuring greater access to funding. Several donors acknowledged that their legal frameworks and reporting requirements obstruct localization. All signatories to the Grand Bargain – donors, UN agencies and NGOs – should harmonize and simplify compliance and due diligence approaches, with a tiered approach recognizing that over time NGOs can build up their capacity to meet requirements to access larger amounts of funding. Suggested actions include: 1) increase awareness, at the national level, of Grand Bargain signatories on the commitment; 2) develop a tiered compliance framework according to volumes of funding or levels of risk, where different volumes or levels require different compliance requirements; 3) promote the value of trust; and 4) establish standardized accountability frameworks between different INGOs.

## FOR NATIONAL AND LOCAL AGENCIES

- **Use a collective voice to define, with international agencies, standard policies on pay scales, organizational capacity assessments, reporting requirements, unrestricted funds and overheads.** National agencies should recognize the value of a collective contribution to the refugee response in Uganda, and resist focusing on individual progress towards a transitioned response. Standardized policies on key aspects of programming and administration would strengthen the national voice and support collective action towards that transition.
- **Continue and expand upon diversification of the funding base, including local resource mobilization, and consortium bids by established and new national agencies working together.** A long-term goal of strengthening local resourcing for local response, supported by international resourcing, should be a government-driven agenda, but meanwhile national agencies should continue to innovate in income generation, and include the local private sector in discussions on innovation.
- **Establish local actor compliance mechanisms and a common sanctions framework to demonstrate leadership.** This could involve NGO networks setting up internal checks and



standards to regulate their members. This can be done under an umbrella organization that governs the affairs of local NGOs participating in humanitarian work. Specific mechanisms could include sharing positive experiences in transparent management, which includes statutory audits and other compliance criteria.

- **Invest in learning activities that strengthen the case for the effectiveness of local and national agencies.** Let the data speak for performance; this means advocating for adequate monitoring and evaluation budget lines in proposals, bringing rigour to data collection, analysis and reporting and investing in communication skills that enable an agency to represent its effectiveness to wider audiences.
- **Promote the work of local and national agencies, publicly and in coordination forums,** highlighting their added value and successful approaches to working with local responders. Even as international actors strengthen their communication on the role of local partners, local and national agencies must invest time and resources in communicating their work. Such investments will support greater visibility and, as a result, more opportunities for partnership and funding.

## FOR INTERNATIONAL AGENCIES

- **Under the leadership of UNHCR, work with the OPM and donors to strengthen a strategic vision and mapping of the division of labour between international and national agencies towards the refugee response.** The current situation of ad hoc and individualized partnerships between international and national agencies places limitations on the formulation of a holistic and planned transition plan, whereas a fully analysed division of labour would ensure the maximum complementarity of all actors in the refugee response. This would also include a long-term view on domestic resource mobilization for humanitarian response, which is currently opaque, as well as including development actors in that plan.
- **Consistently track and publish to the AMP how much humanitarian assistance international agencies allocate to national agencies – including volumes, types, sources and quality of funding.** Data gaps at the global level are repeated at the country level; this inhibits gaining a full picture of progress on the localization agenda.
- **Strengthen equitable partnership approaches – for example, in and through greater consortium-led programming;** include national partners in direct discussions and negotiations with donors at key decision points in bid development, submission, negotiation, implementation and monitoring. Few national or local agencies currently have opportunities to speak or work directly with donors. As an explicit element of transition planning, international agencies should identify the national and local partners who have the best potential to absorb direct funding in the near to medium future and bring them, as equal partners, into appropriate conversations with donors.
- **Encourage dialogue with donors on risk appetite and on increasingly complex reporting requirements as a barrier to the inclusion of emerging national or local partners.** A single threshold for compliance requirements does not allow nascent national or local agencies to engage. Donors are producing tiered compliance thresholds against tiers of funding by volume for subcontractors of the 'prime' award holder, but this does not seem to be translating into actions that encourage national and local agencies to 'graduate' to higher levels of international funding.<sup>40</sup>
- **Adopt a consistent cross-agency approach to organizational capacity assessments and agree models for sharing OCA findings across projects and agencies.** UNHCR stipulates that its (mainly INGO) implementing partners must use the PECA guidelines to strengthen local capacity. However, there is a need to take this further: given that most OCA toolkits contain more similarities than differences, agencies can adopt a common OCA toolkit and approach that would prevent repetition of effort and duplication of outputs. This could include a common standard for how frequently the results of OCAs require updating. This is

an emerging practice observed in Uganda by one intermediary agency and its recipient international agencies and can be adopted more widely.

- **Ensure that publicity or promotional materials recognize the contribution of named national agencies in the response.** Communications departments should liaise with programme teams to ensure that the full contribution of named national and local agencies is recognized in external publicity and promotional materials on all occasions. Good practice examples observed in Uganda include URL links to all partners (as available) being disseminated to enable audiences to access national and local agency materials directly.
- **Promote localization and lobby as a collective for projects that enhance local capacity to contribute to humanitarian action as a specific objective,** as well as projects that offer institutional capacity-strengthening measures. Central to the success of a transition plan for the humanitarian response in Uganda, explicit, dedicated and funded programmes on capacity strengthening are bringing results and are important in changing the dynamic from project-based capacity-strengthening activities to more equal institutional agreements. International agencies can collectively lobby for dedicated projects as being central to the delivery of any successful institutional transition of humanitarian action to local responders.
- **Commit to practical methods for building mutual accountability mechanisms.** Examples include developing a wider and local actor-inclusive learning culture; performance reviews and other core monitoring tools that require 180-degree reflections of each other (international agency view of national agency, and vice versa); and sharing final reports submitted to donors, as well as feedback by the national partner on the performance of the award holder. Third party monitoring can also provide feedback on both parties as key outputs.
- **Develop a charter that will harmonize practices at local, national and international levels,** including the adoption of multi-year funding and planning, the promotion of suitable consortiums and ensuring effective coordination.

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This research report was written to share research results, to contribute to public debate and to invite feedback on development and humanitarian policy and practice. It does not necessarily reflect the policy positions of the publishing organizations. The views expressed are those of the author and not necessarily those of the publishers.

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