

Out of the ordinary: New approaches to financing NGO-led crisis response mechanisms



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Acronyms

Acronym	Definition
ACF	Action Against Hunger
B4P	Building for Peace
BMZ	German Federal Ministry for Economic Cooperation and Development
BRCiS	Building Resilient Communities in Somalia
CBPF	Country-based pooled fund
CDCS	French Crisis and Support Centre
CMU	Consortium management unit
DRC	Danish Refugee Council
ECHO	European Civil Protection and Humanitarian Aid Operations
EUR	Euros
FCDO	UK Foreign, Commonwealth & Development Office
GAC	Global Affairs Canada
GBP	British pounds
GPC	Gaza Protection Consortium
GFFO	German Federal Foreign Office
ICVA	International Council for Voluntary Agencies
IDP	Internally displaced person
IOM	International Organization for Migration
KII	Key informant interview

LNAs	Local and national actors
L/NNGOs	Local and national NGOs
M&E	Monitoring and evaluation
NMFA	Norwegian Ministry of Foreign Affairs
US PRM	US State Department Bureau of Population, Refugees and Migration
QFFD	Qatar Fund for Development
SDC	Swiss Agency for Development and Cooperation
SOPs	Standard operating procedures
SRF	Sahel Regional Fund
STC	Save the Children
UNDSS	United Nations Department for Safety and Security
UNHCR	United Nations High Commissioner for Refugees
UN OCHA FTS	UN Office for the Coordination of Humanitarian Affairs' Financial Tracking Service
UNRWA	United Nations Relief and Works Agency
USAID	United States Agency for International Development
USD	United States dollars
WASH	Water, sanitation and hygiene
WBPC	West Bank Protection Consortium

1 Executive summary

There is a growing humanitarian financing gap, and more than half of humanitarian funding is being channelled through UN agencies. Against this backdrop, the Norwegian Refugee Council (NRC) and other frontline responders are trialling, with their donors' support, new approaches to humanitarian financing that enable new approaches to crisis responses.

This report takes stock of some of the new approaches that NGOs and donors are implementing. It seeks to inform NRC's thinking on how to best apply lessons from the eight reviewed mechanisms and in what contexts. The findings will also feed into NRC's advocacy with donors to leverage more quality funding to NGOs across the system and thereby enable more effective crisis responses.

We investigated eight NGO-led crisis response mechanisms, covering a range of institutional arrangements (see Table 1 for an overview). The mechanisms include three grant facilities managed by NGOs, one regional, bilateral NGO funding envelope and one internal NGO fund. The study additionally reviewed three consortia¹ that operate in a specific crisis context. Most of the reviewed mechanisms either already receive, or seek to receive, funding from multiple institutional donors, and range widely in scale, from budgets of USD 3.5 million to over USD 100 million annually.

1.1 Key findings

NGO-led mechanisms are established to fill a wide range of gaps

- Most of the NGO-led mechanisms reviewed in this study, and the financing approaches that enable them, were established to fill an identified gap in crisis responses or to support neglected crises. For example, three of the NGO-led grant mechanisms were launched to advance the localisation of crisis responses, while the establishment of grant facility mechanisms was driven by the need for more and better-quality funding for a more efficient and effective response.
- Some of the NGO-led mechanisms are funded in ways that create longer timeframes, enabling them to respond more holistically to the needs of affected communities with a nexus approach to their crisis response.

Governance models are often separate from the hosting NGO and vary in their involvement of donors and local actors

- The set up of bespoke, NGO-led fund management systems can take up to a year, depending on scale and how much it differs from usual donor and NGO

response practices. The management units for all the reviewed mechanisms are hosted within a single NGO, although the governance and decision-making are often separate from that NGO's other day-to-day processes. This is to avoid potential conflicts of interest and ensure an independent operation, especially in complex, conflict-affected environments.

- The degree of donor involvement varies across mechanisms. Greater involvement is perceived to bring a mix of benefits (greater donor understanding of operational challenges and thus more equitable risk sharing) and challenges (donors influencing allocation and programming decisions).
- Institutional donor engagement to fund differently is a necessary condition across all the reviewed mechanisms, some of which even initiated inception discussions on some of the mechanisms.
- The inclusion and equitable engagement of local and national NGOs (L/NNGOs) in the governance of NGO-led response mechanisms is improving, but most mechanisms are still governed by international actors.

Funding is generally flexible and predictable, but consortia miss out

- The funding to NGO-led response mechanisms we reviewed is more predictable and flexible than traditional, projectized humanitarian funding. However, funds received by the consortia-led responses are less flexible and predictable, and in one instance worsened through the introduction of additional reporting requirements as the crisis the consortium was responding to intensified.
- NGO-led response mechanisms pass on, wherever possible, the quality funding they receive on to frontline responders, including local and national actors, with some seeking to provide flexibility through co-design of activities. Our research showed that only funding from private donors allows the full benefits of quality funding to be passed on to frontline responders.
- We see an even split between mechanisms that benefit from lighter or harmonised donor reporting, and those burdened by heavy reporting requirements, which can be at odds with the intended quality of received funding.

NGO-led mechanisms benefit from enhanced local access and relationships

- A perceived advantage of the NGO-led financing mechanisms we reviewed is their greater flexibility and agility, allowing them to better meet the changing needs of affected communities.
- Additionally, longer-term funding to NGO-led initiatives can facilitate greater relationship-building with local communities, creating incentives to enhance local participation. Key informants highlighted the greater access that NGOs, particularly L/NNGOs, have to hard-to-reach areas or people. NGO-led mechanisms can complement existing crisis responses by supporting populations or local actors outside the UN's reach or mandate.

Risk transfer to the host NGO is a common challenge

- A common challenge across NGO-led mechanisms is how to equitably manage risk transfers from donors to the NGO(s) in charge of transferring funds to frontline responders. Donors often transfer fiduciary risks to the host or lead NGO without consideration of how those could be shared more equitably. In one instance, due diligence processes for a mechanism were adapted following conversations with its donor to make allocations more accessible to local and national partners.
- Many of the reviewed mechanisms have developed a distinct identity or brand separate from the NGO(s) hosting them with designated capacity to identify and manage risks.
- This distinct identity can lead to competition for resources or tensions around visibility between the mechanism and the hosting NGO and/or member NGOs. Depending on how the mechanism is set up, there might be issues around incentives for NGOs to lead on its management if the lead NGO takes on most of the risk but is not able to receive funding from the mechanisms for its activities.

NGO-led mechanisms are supporting locally led responses and nexus approaches

- Two of the reviewed NGO-led mechanisms, the Nabni-B4P Facility and the Human Mobility Hub, focus on supporting locally led responses and reserve their allocations for local and national actors.
- Other NGO-led mechanisms are also progressing the localisation agenda, for instance by covering the overheads of L/NNGOs or by gradually increasing funding to them.
- NGO-led mechanisms with longer funding and implementation timeframes, such as the Nabni-B4P Facility or the Building Resilient Communities in Somalia (BRCiS), seek to respond more holistically across the humanitarian, development and peace pillars of the nexus approach (often with development donor support).

Preliminary evidence suggests greater efficiency and effectiveness of NGO-led mechanisms than traditional approaches

- Some of the NGO-led mechanisms that were part of this research were established only recently, and there are few evaluations of them available, presenting a potential evidence gap. This should be addressed by more targeted research on their relative efficiency and effectiveness.
- However, there is preliminary evidence of greater efficiency through the reviewed NGO-led response mechanisms, as NGOs arguably present lower transaction costs for channelling funding to frontline responders than the UN system. More predictable and flexible funding to some of the mechanisms also reduced the administrative burden on donors and NGOs, thereby improving efficiency.
- In terms of effectiveness, one BRCiS evaluation found that the programme increased the resilience of the food-insecure households. The mid-term evaluation of the Whole of Africa Programme found that it achieved its target

outputs and outcomes (and that these had been set too modestly). A survey of the Human Mobility Hub's partners showed that they believed that through partnership with NRC (which hosts the Hub) they could achieve better outcomes for people on the move.

1.2 Recommendations

This study suggests eleven recommendations based on our review of the NGO-led crisis response mechanisms:

- 1) NGOs should set up a community of practice, potentially within ICVA, of staff involved with or interested in the set up or management of NGO-led grant facilities to exchange newly developed operating procedures and for shared learning. This will likely improve existing grant facilities and enable quicker setting up of new ones.
- 2) NGOs should feed learning from NGO-led crisis response mechanisms on localisation, quality funding and nexus approaches into Grand Bargain discussions to highlight how NGO-led mechanisms are advancing system reform.
- 3) NGO consortia should establish independent consortium management units with dedicated technical experts tailored to the consortia's response focus as well as ensuring a shared consortium vision and fundraising strategy, and equal sharing of flexible funding to ensure buy-in from consortium members.
- 4) NGOs should continue to develop pre-agreed triggers within NGO-led mechanisms for early or anticipatory action, building on existing, coordinated anticipatory action frameworks and lessons from the use of crisis modifiers in BRCiS.
- 5) Donors should adapt their due diligence requirements and provide additional funding for capacity sharing to NGO-led financing mechanisms with a localisation focus to enable them to better strengthen locally led responses.
- 6) Donors to NGO-led mechanisms should harmonise their reporting requirements and increase the flexibility of their funding to support the mechanisms' response objectives – if those are clearly defined – as opposed to earmarking funds to specific projects. Our research findings on the Gaza Protection Consortium and the West Bank Protection Consortium show that short-term funding and high reporting burdens divert resources from an effective delivery of assistance when needs are increasing. For the Sahel Regional Fund (SRF), FCDO should simplify its reporting requirements, which also apply to the SRF's partners, to better reflect the flexibility and agility that the SRF seeks to implement. Donors to the BRCiS, which currently only receives funding tightly earmarked to projects, should provide it with unearmarked funding to provide more stability for the consortium management unit's operations and allow BRCiS partners to implement more flexibly in line with the consortium's mandate.
- 7) Donors should more systematically assess and equitably share risks with NGOs that lead or host NGO-led financing mechanisms.

- 8) Donors to NGO-led financing mechanisms should also provide proactive advocacy and fundraising support; highlighting how these mechanisms complement other crisis responses and the role they play in progressing humanitarian system reform, including in Grand Bargain discussions.
- 9) NRC should advocate for the gradual scale-up of the Human Mobility Hub, so long as it can maintain its lean operating model and support a cohesive network of actors.
- 10) NRC should explore the replication of aspects of the Human Mobility Hub's partnership-based model in other displacement contexts with an active civil society. This would require NRC to revise its organisational approach to equitable partnerships to address power imbalances when partnering with local actors, especially small and/or informal ones.
- 11) NRC should formalise its guidance for setting up regional or global programmes such as the Whole of Africa Programme, as this same programming approach is already being replicated with the German Federal Foreign Office (GFFO) in the Middle East and could work with other donors.

2 Introduction

2.1 Background

The humanitarian system is facing a growing financing gap with humanitarian response plans receiving only 43% of their funding requirements in 2023, down from 59% in 2022. According to UN OCHA's Financial Tracking Service (FTS), overall global humanitarian funding fell by 19% between 2022 and 2023, despite the number of people in need of assistance increasing by 12%. In 2023, multilateral agencies received 58% of all humanitarian funding inside and outside coordinated appeals – consistent with their share of total funding over the previous decade² – compared to 24% received by NGOs. Against this backdrop, NRC and other frontline responders are trialling – with their donors' support – new approaches to humanitarian financing that enable different crisis responses to fulfil their mandate despite the challenging circumstances. We studied some of these new approaches employed by NGOs and donors to better understand their current and potential role in crisis responses. This report takes stock of our findings.

2.2 Study objective

This study sought to identify the financing conditions and approaches that support NGO-led crisis response mechanisms. Its findings will be used to inform NRC's advocacy work with government humanitarian donors and other providers of funding to crisis contexts. It will explain how to leverage new approaches to providing quality funding to NGOs for a more effective crisis response and inform internal considerations on how and where to apply the lessons learnt from the reviewed mechanisms. This report highlights emerging good practice, potential areas of improvement, and considerations for scale-up and replication of eight different NGO-led crisis response mechanisms. The aim of the study was to compile a comparative analysis of the quality of funding provided to those mechanisms and the ways in which the responses they funded or implemented differed from traditional NGO crisis responses, including an assessment of the benefits and challenges of responding differently.

2.3 Methodology

We investigated seven NGO-led crisis response mechanisms with NRC involvement (see [Table 1](#) in the Overview) as well as Save the Children's Humanitarian Fund. This was done by identifying and synthesising key features and performance across the

eight mechanisms based on the available evidence from a literature review and key informant interviews.

For the purposes of this study, we define NGO-led crisis response mechanisms as institutional arrangements where one or several NGOs oversee the management, direction, and use of funding received by one or multiple donors for crisis response delivery by that NGO and/or its NGO partners. This definition excludes tightly earmarked bilateral funding relationships between individual donors and NGOs. The study focused on a select number of NGO-led crisis response mechanisms with NRC involvement which – aside from the included consortia – emerged over the last four years. This is therefore not an exhaustive list. Established quality funding approaches that have already been extensively studied (such as the programme-based approach) were also intentionally omitted.

We carried out a total of 14 key informant interviews: eight with NGO staff in operational leadership positions at each of the mechanisms; four with donors to four different mechanisms; and two with NGO partners (one international, one national) in receipt of funding from those mechanisms. The questions posed to key informants are included in the [Annex](#).

The interviews were complemented by a literature review on emerging models of NGO-led funds and the financing arrangements that enable response mechanisms in humanitarian crises. This review also considered research and policy papers on mechanisms beyond the eight that were covered in the interviews, such as the START Fund. Ahead of and during the interviews, we requested project documentation on or evaluations of the reviewed mechanisms to complement the limited publicly available literature on them. The synthesis findings from the literature review are referenced throughout the report and are therefore not captured in a separate report section.

3 Findings

3.1 Overview

The NGO-led crisis response mechanisms investigated cover a range of institutional arrangements and, consortia aside, have emerged over the last four years. Of these eight mechanisms ([Table 1](#)), three are multi-donor NGO consortia; three are grant facilities that channel funding from one or multiple donors to multiple NGO partners; one is a regional bilateral funding relationship between the German Federal Foreign Office (GFFO) and NRC; and the last is an internal fund disbursing private donations only to Save the Children's (STC) country offices. The longest-running reviewed mechanism is the Building Resilient Communities in Somalia (BRCiS) Consortium, established in 2010. This is followed by the West Bank Protection Consortium (WBPC) in 2015 and the Gaza Protection Consortium (GPC) in 2020. The remaining mechanisms were established from 2021 onwards. The Nabni-Building for Peace (B4P) Facility is the newest mechanism, established in 2023 and with its first round of allocations in 2024.

While the reviewed consortia operate in specific country contexts, the other mechanisms have a regional or even global geographic focus. Their geographic focus often follows from the quality of funding in terms of whether funding is earmarked for use within a specific country, or whether it can be allocated more flexibly to frontline responders within a region or globally (see [corresponding section](#) below).

Most of the reviewed mechanisms already – or are seeking to – receive funding from multiple institutional donors. The funding currently received ranges widely: from USD 3.5 million to over USD 100 million annually. The Nabni-B4P Facility has only one funder, the German Federal Ministry for Economic Cooperation and Development (BMZ) through the KfW Development Bank. The Whole of Africa Programme is also a bilateral funding relationship between the German Federal Foreign Office (GFFO) and NRC. The Sahel Regional Fund (SRF) is currently only funded by the UK's Foreign, Commonwealth & Development Office (FCDO) but seeks to diversify its donor base to become a multi-donor pooled fund. The STC Humanitarian Fund is the only mechanism that is privately funded through donations from the public and corporations and is the largest of the reviewed mechanisms, receiving around USD 120 million in funding in 2023. The Human Mobility Hub is the smallest with around USD 3.5 million in 2024. This is due to its recent establishment, its focus on channelling funds to smaller local actors and to less available humanitarian funding for the contexts it supports.

NGO-led funding mechanisms allocate funding in different ways depending on the crisis context and their governance, either internally or to eligible NGOs.

Consortia allocate funding to their members. Others – like B4P – have a competitive bidding process, which is managed by the Facility Management Unit, open to all eligible civil society organisations. In terms of internal NGO mechanisms, NRC’s Whole of Africa Programme decides in its regional office – with input from a global project manager and GFFO’s approval – how much funding to allocate to eligible country offices. Allocations from Save the Children’s Humanitarian Fund to country offices are assessed and proposed by the fund management team and signed off at the global headquarters.

Table 1: Summary of the NGO-led mechanisms reviewed

Name	Type	Year established	Geographic coverage	Structure	Donor(s)	Purpose	Size (approx.)
Sahel Regional Fund	NGO-managed grant facility	2022	Regional – Sahel (Niger, Mali, Burkina Faso and Chad)	NGO Secretariat hosted by DRC. The fund management unit includes DRC and FCDO advisors. The SRF board has equal representation from international and national NGOs and donor representation (FCDO).	FCDO, aims to become a multi-donor pooled fund	Provide predictable, flexible and long-term funding for cross-border activities	USD 41 million 2023–2026
Nabni-Building for Peace (B4P) Facility	NGO-managed grant facility	2023	Regional – currently Iraq and Yemen	Grant Facility managed by NRC. Technical committee includes KfW and peace experts. ³	BMZ (through KfW)	Funds local civil society for projects that combine infrastructure and service provision with peacebuilding/social cohesion components.	USD 16 million 2023–2027
Building Resilient Communities in Somalia (BRCiS)	NGO consortium	2013	Somalia	Consortium Management Unit hosted by NRC with eight NGO consortium members. Fund managed by a Programme Steering Committee along with a Programme Management Group and technical workstreams.	FCDO, USAID, World Bank, EU, QFFD	Funds both early responses to short-term humanitarian needs and support to build longer-term resilience to shocks	USD 70 million over six years

Name	Type	Year established	Geographic coverage	Structure	Donor(s)	Purpose	Size (approx.)
Whole of Africa Programme	Regional, bilateral funding to NGOs	2021	Regional	Project Steering Committee consists of NRC regional office representatives, finance and M&E staff, and the global project manager based in NRC Germany	GFFO	To simplify funding for and reporting against NRC's activities in Africa from previously country-specific grants and to allow for budget flexibility between countries.	USD 32 million 2021–2024
Gaza Protection Consortium	NGO consortium	2020	Gaza, Palestine	Consortium managed by NRC with four NGO partners. Governance consists of a Consortium Management Unit and several technical working groups which feed into a Steering Committee, as well as a Secretariat.	ECHO, CDCS, GAC, FCDO	The consortium initially focused on assisting people with protection risks to meet their basic needs through cash plus interventions. Following the escalating needs from October 2023, its scope has broadened to encompass more needs and types of interventions.	USD 51 million 2023–2024
West Bank Protection Consortium	NGO consortium	2015	West Bank, Palestine	Five NGOs with a Consortium Secretariat that is led by NRC staff and with other secretariat staff hosted by consortium members	ECHO, FCDO and 10 EU member states	Prevent and respond to forced transfers in the West Bank	USD 25 million 2023–2024

Name	Type	Year established	Geographic coverage	Structure	Donor(s)	Purpose	Size (approx.)
Human Mobility Hub	NGO-managed grant facility and partner networking hub	2023	Tunisia, Egypt	Management unit hosted by the NRC regional office in North Africa, and staff in Tunis, Amman and Egypt; advisory committee consisting of the head of the regional office and NRC country-office representatives	ECHO, US PRM, SDC, NMFA flexible funds, private funding	Work with and through local partners to improve the protection of people on the move (refugees, IDPs, migrants) in North Africa and to provide them with basic assistance	USD 3.5 million for 2024
Save the Children Humanitarian Fund	NGO internal grant facility	2021	Global	Humanitarian Fund management team internal to Save the Children International under the Global Humanitarian Directorate	Private donations and corporate funding	Provide timely and flexible funding to assist children in forgotten humanitarian crises	USD 120 million in 2023

3.2 Key features

3.2.1 Why are NGO-led crisis response mechanisms established?

Most of the NGO-led mechanisms reviewed in this study were established to leverage new financing approaches to fill an identified gap in crisis responses or to support forgotten crises. The Sahel Regional Fund (SRF) was developed to provide funding that could address the regional crisis through cross-border activities in a context where OCHA's Country-Based Pooled Funds (CBPFs) and the Regional Humanitarian Fund for West and Central Africa largely operate around country-specific funding envelopes. This meant countries traditionally deprioritised by donors were more easily overlooked. The Human Mobility Hub was also established in North Africa to respond to shared protection needs across a broader category of vulnerable people on the move beyond refugees, including other migrants and internally displaced people (IDPs). STC's Humanitarian Fund provides flexible funding for its response to neglected crises. The West Bank Protection Consortium (WBPC) aims to address the gap in protecting the rights of Palestinians in the West Bank by preventing or responding to their forced relocation or settler violence, including the provision of emergency relief to affected populations.

A key driver of the establishment of grant facility mechanisms was the provision of more and better quality of funding to enable a more efficient and effective response. While all of the reviewed mechanisms seek to leverage the quality of funding they receive or are able to provide in some respect (see [this section](#) below), this has been the starting point of discussions for some, including the SRF and the STC's Humanitarian Fund. One key informant highlighted the need for funding mechanisms that could realistically respond to humanitarian crises more effectively through better quality funding, given the shrinking of humanitarian aid budgets globally⁴. The SRF provides flexible funding so that recipients can flexibly address cross-border needs and move funds between countries if needed. Flexible funds from STC's Humanitarian Fund to neglected crisis contexts allow STC's country teams to decide on where the funding has the greatest impact, be that leveraging other resources, responding early, or frontloading the implementation of other activities that will retrospectively receive funding from other sources. The Whole of Africa Programme is the only other non-grant facility mechanism whose launch was primarily due to the benefits associated with multi-year and more flexible funding. The GFFO recognised potential efficiency gains from combining multiple, country-specific responses for similar activities into a single, regional funding envelope and suggested the creation of the mechanism accordingly.

New funding approaches with longer timeframe were required to enable some of the reviewed NGO-led mechanisms that were set up to respond more holistically to the needs of affected communities and to bridge the humanitarian, development and peace pillars of the nexus approach. BRCiS

focuses on building the resilience of communities, allowing partners to flex between life-saving interventions alongside more long-term development activities. B4P was established to focus on longer-term rehabilitation of physical or social infrastructure in complex environments with development funding, drawing on technical support from Interpeace as advisory peacebuilding organisation. The Gaza Protection Consortium was also developed to provide a more holistic package of emergency interventions centred around protection but not otherwise limited to specific sectors. The Human Mobility Hub recognises that refugees, IDPs and migrants have shared protection needs in complex legal environments in North Africa, justifying a broader targeting approach than usual for NRC's forced displacement responses.

Another reason for launching three of the reviewed NGO-led grant mechanisms was the advancement of crisis response localisation, which required new financing instruments that are more accessible for L/NNGOs. The other

mechanisms reviewed also try to do this to a varying extent, though they were not necessarily set up with that in mind (see [this section](#) below). The Human Mobility Hub provides around three-quarters of its funding to local and national partners, including migrant- and refugee-led organisations, some of which are informal and supported through a range of partnership modalities (such as microgrants or capacity sharing). The Hub's smaller partners would otherwise not be able to access international funding for their activities. The Nabni-B4P Facility allows a development bank, the KfW – that otherwise would not be able to work through local and national civil society – to channel funding to those organisations with the long-term goal of addressing root causes of conflict. The SRF also seeks to advance the localisation of the regional crisis response in the Sahel. This is complementary to international funding channelled to local and national actors (LNAs) through CBPFs and recognises the critical importance of LNAs in accessing affected populations in hard-to-reach areas.

Donor engagement to fund differently was a necessary condition across all the reviewed mechanisms with institutional donors, with the latter even initiating inception discussions on some of them. The EU used to fund multiple organisations in the West Bank separately and pushed for the creation of a consortium to enhance complementarity and to simplify grant management in 2015. GFFO similarly sought to consolidate separate, country-specific grants for NRC's activities in Africa. FCDO changed the focus for its humanitarian funding in Somalia to resilience against shocks following the large number of excess deaths during the 2011 famine, leading to the creation of BRCiS. For the SRF, joint advocacy by NRC, the Danish Refugee Council (DRC) and Action Against Hunger (ACF) found an engaged partner in FCDO to trial a regional pooled fund that is managed by an NGO. FCDO sees itself as a constructive disruptor in the Sahel region by testing an alternative to the UN-managed pooled funds (see [this section](#) below). The KfW was able to adapt its processes for the Nabni-B4P Facility to channel funding to civil society because of engaged KfW portfolio managers and buy-in from the senior regional management. NRC convinced ECHO in North Africa to support people on the move that are vulnerable and in need of assistance, beyond the usual scope of ECHO's responses to forced displacement.

The setup of bespoke, NGO-led fund management systems can take up to a year, depending on scale and how much they differ from usual donor and NGO response practices. The unique configurations of these mechanisms often means that standard donor contracts and funding arrangements need to be customised. This is negotiated directly with donors and can be a heavy lift in the initial setup. For example, it has taken approximately a year to set up the Nabni-B4P Facility, with the KfW's existing grant management processes and compliance requirements adapted to channel funding to local civil society. The SRF also took a year to establish as it needed to develop its governance guidelines, charter of ethics, organisational assessment tools and participatory project design process from scratch. The Human Mobility Hub started in January 2023 and established its first partnerships the same year, though with a much smaller funding envelope (USD 3.5 million) compared to the SRF and the Nabni-B4P Facility. However, it also had to develop and trial bespoke partnership arrangements such as the microgrants that were initially developed for NRC's Ukraine response. NGO consortia are relatively faster to set up, as participating NGOs are generally already responding in the given context and can join forces for greater complementarity. However, the launch of BRCiS shows that it is time-consuming to set up an independent consortium management unit that effectively steers the consortium towards achieving its shared objectives, uninhibited by individual organisations' interests. Similarly, it takes time for a consortium to clearly define its vision and differentiate itself from consortium members' other activities in the context.

3.2.2 How are NGO-led mechanisms governed?

All the mechanisms reviewed host their management units within a single NGO, though governance and decision-making processes are often separate to those of the hosting or member NGO. Consortia secretariats or management units are run separately from their host and member NGO's normal business practices and governance structures. They have designated staff that can more objectively steer the consortia towards the common objectives of all members and avoid conflicts of interest that might rise, such as those related to fundraising. Funding received by both the Gaza and West Bank Protection consortia is allocated equally between consortium members. The BRCiS' Consortium Management Unit (CMU) arbitrates on which consortium members should receive funding for specific activities, depending on their technical expertise and level of access according to the consortium's own standard operating procedures (SOPs). The SRF is hosted by DRC, which is therefore not eligible to receive funding from it, allowing for an independently led project review and co-design process. The Human Mobility Hub and the Nabni-B4P Facility are both hosted by NRC to provide funding and other forms of support to local responders. They follow their own SOPs to allocate funding. NRC's regional Whole of Africa Programme and STC's global Humanitarian Fund allocate funding internally within the respective NGO. Both ensure that the management of funds takes place at the regional or global level to independently assess and decide on allocations by country.

The degree of donor involvement varies across mechanisms, with greater involvement perceived to bring a mix of benefits and challenges. Donors that are the single source of funding for a mechanism tend to be more involved with its governance and decision-making, such as BMZ and the KfW for the Nabni-B4P Facility or FCDO for the SRF. The Whole of Africa Programme is an exception to the rule: even though GFFO is the only donor, it is hands-off due to trust in its partnership with NRC and limited staff time for more directive grant management. The proactive support extended by FCDO to the SRF is intrinsic to the mechanism's existence, providing as it does both funding and technical expertise to develop the required tools and processes. However, FCDO's priorities in the Sahel region also influenced the focus of the SRF's first call for proposals, limiting the flexibility of DRC and other NGOs involved to set the response priorities. FCDO also sits on the project selection committee of the SRF with veto rights.

In the Nabni-B4P Facility, the KfW/BMZ selects which partners and activities to fund together with the management unit.⁵ Existing research from the literature review – which is referenced throughout this report and not in a separate section – argues that donors' involvement in project selection could lead to media headlines or donor politics unduly influencing allocations. Their influence could also be perceived as superfluous given that ultimate power to halt funding to these mechanisms already rests with them.⁶ However, key informants in this study noted that greater involvement from donors can also build the donors' understanding of operational challenges and thereby improve risk sharing. For example, the Nabni-B4P Facility negotiated collaboratively with the KfW to manage risks at the facility level per the donor's requirements, so that the same risk management system is not fully and unreasonably imposed on partners. Donors also play a role in leveraging further funding. For example, FCDO were able to support BRCiS to bring in additional funding from Qatar Fund for Development and USAID. Donors on the WBPC's advisory board are also supposed to lead on strategic diplomacy and advocacy relating to the West Bank. However, this doesn't happen to the desired extent in practice as the consortium's donor focal points are based in Ramallah and therefore disconnected from the embassies in Tel Aviv at times.

The inclusion and equity of local and national NGOs (L/NNGOs) in NGO-led response mechanisms' governance is improving, though most are governed entirely by – or with a majority of – international actors. Across the funds studied, key informants reported that improvements have been made within fund governance and management approaches to ensure L/NNGOs are on an equal footing. Initially, the SRF did not have equal participation from L/NNGOs on the fund board (in part due to member organisations having to operate regionally, which ruled out many L/NNGOs). Considering the SRF's ambition to support localised responses in the region, its governance body decided to rotate its board membership in February 2024 so that L/NNGOs would have equal representation on the board as well as the commensurate voting rights. In BRCiS, the two NNGOs (out of the total eight consortium members) are equal members of the project selection committee. Even though they were initially provided with smaller funding allocations than INGO members, they do now receive the same share of funding. A key informant from one

of the two BRCiS NNGO members reflected on the progress of localising the consortium, recognising the equal sharing of resources and open-mindedness towards local perspectives. The same NNGOs' recognition by and exposure to donors through being a BRCiS consortium member also paved the way for bilateral exchanges with donors. This represents significant progress from being a downstream partner within another consortium with no direct contact with donors. The same key informant saw room for further progress, potentially by growing the consortium's L/NNGO membership or through a national actor assuming the consortium's leadership in future. The Human Mobility Hub does not currently involve L/NNGOs in its governance – though its 2024 strategy is being co-designed with local partners – but is exploring possibilities to do so based on partner feedback. Similarly, while all grantees for B4P will be local civil society, local actors do not have equal decision-making power around allocations, which remains a top-down decision with subsequent co-design. Several key informants spoke of the need to make incremental changes and improvements in this regard to demonstrate proof of concept, ensure processes are robust, and that donors have confidence. The West Bank and Gaza Protection consortia consist only of INGOs, some of which implement alongside local and national partners in more traditional downstream implementing partnerships.

3.2.3 How good is the quality of the funding received and provided?

Funds received by the consortia reviewed were less flexible and predictable than those received by other mechanisms, and in one instance worsened in quality as the crisis intensified. The flexibility of funding to consortia was limited and in turn determined how flexibly consortia members could use received funds (Table 2). Even though the West Bank and Gaza Protection consortia primarily receive funding for a predetermined set of activities, they can adapt depending on changes in the context. For example, this was necessary following the escalation of the humanitarian crisis and needs in Gaza post-October 2023, as the GPC expanded its activities in response to greater and more complex needs beyond cash plus interventions that had focused on protection to shelter, WASH and health interventions. Each of BRCiS' funding agreements is earmarked from a specific donor for a specific project. Depending on the donor, the agreement may offer some degree of flexibility within certain parameters (for example, FCDO agreements include crisis modifiers), whereas others are tightly earmarked to specific, pre-defined activities within Somalia.

The predictability of funding to the West Bank and Gaza Protection consortia – which mostly receive short-term grants – is limited. The timeliness of donor payments can also be challenging at times. For example, one of the donors' payments to the WBPC is long overdue, meaning consortium members have had to borrow funds from their headquarters for pre-approved and ongoing activities. A few of the WBPC's donors also rescinded written funding agreements due to pushback in their parliaments. Three donors also demanded special audits following 7 October, diverting staff attention from the response when needs were rising. Given BRCiS' focus on longer-

term activities – and as much of its resourcing is provided by development donors – the funding timeframes are usually two to five years, providing greater predictability for its resilience-building activities.

Consortia aside, the funding to NGO-led response mechanisms is more predictable and flexible than traditional, projectized humanitarian funding. For example, the SRF has funding committed from FCDO until March 2026, allowing the three implementing consortia to move funding between countries based on needs and plan for longer-term responses. FCDO funding to the SRF spans almost three years and is fully flexible within the fund’s regional mandate. The Whole of Africa Programme receives multi-year funding for up to three years. However, the annual top-ups for years two and three are significant due to conservative financial commitments by GFFO for those years in the initial agreement. This makes multi-year planning more difficult, especially given the annual top-ups are often received in the last quarter and must be spent by the end of the calendar year in line with GFFO’s regulations. The GFFO funding is allocated to country offices but can and has been moved between countries, sectors and modalities when needed.

Only funding from private donors allowed for full flexibility in response (Table 2). The internal STC Humanitarian Fund receives fully flexible contributions from private donors. These are not time-bound, though predictability is somewhat limited due to the fluctuation in received donations (ranging between GBP 52 million and 210 million annually between 2021 and 2023). The Fund has two funding windows: one for humanitarian response – either sudden-onset or protracted crises – and one for anticipatory action and preparedness. The Fund aims to disburse funding within 48 hours to country teams responding to forgotten crises that otherwise receive little donor support. The country offices can use the funds completely flexibly, though exceptionally the Fund launches specific calls for proposals, such as to support local or national actors. The funding duration for allocations has no end date, though the Fund seeks to at least align it with the organisational strategy, which has a timeframe of four years.

The full flexibility and predictability of some private donors is recognised in other research on different potential approaches to funding humanitarian action. Examples include the multi-year core funding provided by the Oak Foundation to its partners or famously, MacKenzie Scott’s Giving Pledge which has provided unrestricted grants to at least 1,621 charities since 2020 and only requires an annual three-page letter over three years as means of reporting.⁷ However, full flexibility requires the NGO to have robust, internal accountability mechanisms in place for the use of funds. STC’s Humanitarian Fund is still finding the optimal balance between robust monitoring and accountability for country offices’ impactful use of scarce, high-quality funds, and ensuring as much flexibility for them as possible.

There is an even split between the mechanisms reviewed that benefit from lighter or harmonised donor reporting and those with heavy reporting burdens that impact the quality of funding received and passed on. As the sole donor to the SRF, the FCDO’s standard reporting procedure was quite burdensome at the time of writing this report, though due to be renegotiated. The frequency and granularity of the reporting required is at odds with the flexibility and agility that the SRF seeks

to implement, especially given that the same heavy reporting requirements apply to its partners. The hope is that if other donors came on board, the SRF would operate more like a pooled fund with simplified, annual reporting procedures back to donors.

The Gaza Protection Consortium is required to report bilaterally to its donors, each of which has its own timelines and information requirements. It seeks to move towards a more harmonised model following the example of the WBPC, which managed to convince most of its donors to accept reporting through the ECHO single form. Despite this, the WBPC frequently faces several additional, ad hoc donor demands in terms of field visits and operational updates. BRCiS has managed to streamline donor reporting templates for one project funded by three donors but must otherwise adhere to donor- and project-specific requirements.

Table 2: Flexibility and predictability of funding from or to reviewed NGO-led mechanisms

Incoming funds →		NGO-led crisis response mechanism	→ Outgoing funds/response	
Predictability	Flexibility		Predictability	Flexibility
✓	✓	Sahel Regional Fund	✓ Multi-year allocations and activities	(✓) Earmarked for cross-border projects with flexibility across countries or activities
✓	✓	Nabni-B4P Facility	✓ Multi-year allocations and activities	(✓) Earmarked for projects but long co-creation phase and degree of flexibility to adapt over implementation period
✓	✗ For multi-donor projects, streamlined reporting to all donors of that project.	BRCiS	✓ Multi-year allocations and activities	✗

Incoming funds ➡		NGO-led crisis response mechanism	➡ Outgoing funds/response	
Predictability	Flexibility		Predictability	Flexibility
x	(✓) Funding earmarked for a set of pre-approved consortia activities but flexibility from donors since escalation of war in Gaza. Each donor has different reporting requirements and cycles.	Gaza Protection Consortium	x	(✓) Consortium members can adapt activities within a predetermined sectoral focus depending on the context
x	(✓) Funding softly earmarked for a set of consortia activities. Multiple donors agreed to report through ECHO's single form, though still varying audit demands and reporting timelines.	West Bank Protection Consortium	x	(✓) Consortium members can adapt activities within a predetermined sectoral focus depending on the context

Incoming funds →		NGO-led crisis response mechanism	→ Outgoing funds/response	
Predictability	Flexibility		Predictability	Flexibility
(✓) Mix of grant timeframes	(✓) Small degree of earmarking, e.g. for the Sudan response in Egypt	Human Mobility Hub	(✓) Timeframes match those of incoming grants	(✓) Earmarked for partners' activities but these are determined through project co-design with partners
(✓) Multi-year budget but large annual top-ups limit predictability	(✓) Degree of flexibility to move funding between pre-determined countries, sectors and modalities. Simplified reporting and M&E for country offices.	Whole of Africa Programme	(✓) (internal allocation) Multi-year funding but large annual top-ups limit ability to plan	(✓) (internal allocation) Country offices can flexibly use funds for predetermined sectoral activities and modalities by country and shift to other countries if needed
✓	✓	STC Humanitarian Fund	✓ (internal allocation)	✓ (internal allocation)

All the NGO-led response mechanisms reviewed are able to pass on quality funding received to frontline responders – including local and national actors – with some seeking to promote more equitable partnerships through activity co-design. The constraints on the funding received by a consortium, in terms of the timeframe, reporting burden and degree of flexibility, are directly passed onto consortia members. The SRF earmarks its funding to projects but implementing consortia are to retain some flexibility, including shifting funds between countries and changing modalities in evolving contexts. It also seeks to pass on the same level of funding predictability that it has from FCDO. Furthermore, it encourages the reallocation of funds based on pre-agreed triggers, providing an additional level of flexibility.

The Nabni-B4P Facility primarily seeks to provide grants to local actors over a two-year period but can extend the timeframe to up to four years. It aims to promote more equity in partnerships through a six-to-nine-month project co-design period based on partner’s ideas and concept notes, and it offers support other than funding to its partners such as secondments. The Human Mobility Hub passes on the same timeframe of funding it receives to its partners – two years where ECHO is the primary donor. It also carries out a co-design phase with partners so they can together carry out needs assessments, consider their specific expertise, and provide funding or tailored forms of capacity-sharing to meet said local partners’ response priorities.

A critical mass of quality funding is required to unlock the full benefits of that funding for the response mechanisms’ operations. The funding received for the Whole of Africa Programme provides NRC country offices with an income stream that has a much lower fundraising and monitoring burden. However, given the large number of countries and core competencies that are funded from this regional envelope, its relative share of each country’s response funding is small. It also does not present a large enough volume of flexible funding to fundamentally change the planning and implementation of activities. Still, there are ongoing efforts to foster learning across countries and to quality-assure each of the country-specific logframes within the regional programme. This includes encouraging a more integrated response across multiple sectoral needs.

3.2.4 What are the comparative advantages of NGO-led crisis response mechanisms?

This study finds that NGO-led mechanisms can operate with greater agility when supported with quality funding than with tightly earmarked, short-term funding, enabling them to meet the changing needs of affected communities.

When receiving flexible multiannual funding, NGO mechanisms and their partners can pivot to other activities and modalities as the response demands. There are several examples of this, such as the Human Mobility Hub adapting to an influx of Sudanese refugees in Egypt, or the Gaza and West Bank consortia adapting to the changing context following the escalating conflict after 7 October 2023. Key informants in this study also spoke of the greater efficiency and timeliness of

disbursements when compared to OCHA's pooled funds. For example, the SRF was able to free up and allocate funding to local partners for the Sudanese refugee crisis within a few weeks. As a donor to BRCiS, FCDO trusts the consortium's ability to adapt to communities' needs without needing to check every change with the donor. The Whole of Africa Programme was able to shift funds from Ethiopia to Somalia in response to intensifying drought.

Mechanisms that involve multiple frontline responders also have improved collaboration across NGOs. In consortia, consortium members implement activities in their specific areas of expertise and have better access to donors with thanks to the consortia's streamlined funding processes. They also have stronger voice on advocacy with donors or local authorities as they can speak collectively. National and international NGOs involved with the SRF use it as platform to advocate for more quality funding and to raise awareness around operational constraints in the region.

Longer-term funding to NGO-led initiatives can also facilitate greater relationship-building with local communities and incentivises local participation. By funding projects over multiple years, partners can build relationships and improve direct communication with affected populations in the long term. BRCiS key informants identified the extended timeline as a key difference between the consortium's activities and those of other crisis responses in Somalia. They explained that it helps to engender greater trust with communities when you say you will be working with them for five years, rather than six months. BRCiS ensures that its activities are informed by the communities it works with via its Community Resilience Committees which co-manage project implementation and outline how the consortium's activities complement the communities' own resilience initiatives.⁸ The Whole of Africa Programme also works with village selection committees responsible for identifying and verifying aid recipients across all the countries where it operates.

Key informants also highlighted that NGOs – particularly L/NNGOs – have greater access to hard-to-reach areas or people. For example, UN agencies' access in the Sahel region is restricted due to more risk-averse and bureaucratic UNDS processes. Donors face similar access restrictions and must therefore rely on NGOs that can adapt to the changing security context and are more present on the ground to assess the needs of populations and recommend where to allocate funds. The Human Mobility Hub leverages the relationships between migrant- and refugee-led organisations with the populations they represent to reach vulnerable people on the move that would otherwise fall through the cracks in the international displacement response.

Donors perceive NGO-led mechanisms to be open to forming bespoke arrangements – often distinct from the participating NGOs' brands – and to be able to transparently channel funding to frontline responders. Several donor key informants could not envisage UN agencies agreeing to set up distinct internal entities to manage funds, a key enabling feature of the NGO mechanisms reviewed in this study. One donor was frustrated with UN agencies' lack of transparency over who they would pass on donor funding to and for what reasons. Donors are also unable to exert the level of influence they would like in terms of prioritising the

onward allocation of funding to frontline responders. The technical capacity that could be leveraged by setting up bespoke and specialised NGO-led crisis response mechanisms to achieve specific objectives – such as promoting community resilience or local support for people on the move – is also highly valued by their donors.

NGO-led mechanisms complement existing crisis responses by supporting populations or local actors outside the UN’s reach or mandate. For example, WBPC was able to step up to support the coordination of the response in the West Bank following the escalating conflict in Gaza and the resulting refocusing of UN resources in the area. It did so by providing information and mapping services alongside updates to donors on the changing context. Given that UNRWA only targets Palestinian refugees, the consortium has also supported other vulnerable people in the West Bank. The Human Mobility Hub supports local organisations that are too small to be eligible for UN funding. However, some actors in specific contexts (for example, UN OCHA or FCDO in the Sahel region) perceive various mechanisms to be more competitive than complementary. Competition with UN-led funds was most pronounced in the case of the SRF. FCDO sees itself as a constructive disruptor in the region, trying to carve out space for NGOs to influence financing decisions based on their on-the-ground knowledge and enable more robust monitoring and evaluation (M&E) processes to ensure value for money. The SRF was perceived as competition to pooled funds in the region managed by UN OCHA, which therefore rejected the offer to be on the board of the SRF. Key informants were hopeful that the complementary role of the SRF in the regional crisis response will become clearer as it integrates more into the broader funding environment and showcases its added value in implementing regional approaches.

3.2.5 What are the operational risks and challenges?

A common challenge across multiple NGO-led mechanisms was how to equitably manage risk transfer across the full delivery chain; from donors and through the NGO(s) in charge of transferring funds to frontline responders. In the case of the SRF, FCDO relies on DRC to conduct due diligence for funding recipients and to manage all associated risks, including taking on financial liability for losses. For example, in the case of aid diversion or ineligible costs, the expectation would be for the implementing organisation to pay back the corresponding amount to the SRF, which would reimburse FCDO. However, some L/NGO partners may not have the reserves for that, meaning that the liability and obligation would fall to DRC. How to best manage such situations is an ongoing conversation.

The Nabni-B4P Facility had prolonged discussions with the KfW to adapt its risk management system so that risks are managed more equitably between the Facility and local actors in receipt of funding. The aim is also to ensure that the burden is not placed solely on local actors. For the Gaza Protection Consortium (GPC), the escalating needs and conflict in Gaza since 7 October come with new implementation risks; for example, setting up an effective supply chain for the assistance provided. The GPC has made progress in openly discussing some of the risks with donors, some of which are happy to fund procurement without any certainty on how the supply

chain will work. However, NRC still carries a significant residual risk per its contractual obligations. There are also additional risks to the NRC as consortium lead that are outside its control, such as the quality of information provided by consortium members to meet audit requirements.

The Human Mobility Hub made the conscious decision to use more flexible funding from internally held Norwegian flexible funds and private funding to fund higher-risk organisations and activities (such as assistance to vulnerable LGBTQIA+ populations) and to primarily use bilateral donor funding for partnerships with larger, more established national NGOs.

Some of the mechanisms reviewed have developed a distinct identity or brand separate from the NGO(s) hosting them which can lead to competition for resources or tensions around visibility. This separate identity is partly achieved through independent mechanism management units and in some cases through distinct logos and communication channels such as separate e-mail domains for staff affiliated with that mechanism. This helps mechanisms improve their recognisability and legitimacy as a representative with and for other partners and ensures they are seen as operating separately from their host and member NGOs. This is particularly important when operating in complex, conflict-affected environments, such as Gaza, West Bank or Yemen. One consortium key informant highlighted challenges around its members prioritising recruitment for roles other than those advertised for the consortium's activities and potential conflicts of interest on fundraising for non-consortium projects.

Depending on how a mechanism is set up, there can also be issues around the incentives for NGOs to lead on its management. For example, DRC is not eligible for SRF funding which might lock it out of a large pot of quality funding in the region should it attract more donors in future. The Nabni-B4P Facility also had to find the right compromise from NRC's perspective between not taking on too much fiduciary risk – given the limited funds it receives as intermediary – and adding value to the crisis response.

3.3 Policy implications and new ways of working

3.3.1 How does financing NGO-led mechanisms progress localisation?

Two of the NGO-led mechanisms we reviewed, the Nabni-B4P Facility and the Human Mobility Hub, were set up primarily to support locally led responses. The Nabni-B4P Facility is the first dedicated intermediary funding structure channelling KfW funding to L/NNGOs. It presents a radical culture shift for the development bank, which traditionally has a very low appetite for risk. The back donor, BMZ, is committed to investing in local actors and is driving forward this

initiative with buy-in from senior regional KfW management. The objective is to invest through local civil society to improve infrastructure, service provision, peacebuilding and social cohesion. A key consideration during the setup process was how to adapt due diligence processes to make funding accessible to a range of L/NNGOs beyond just the largest national actors. KfW and the Facility simplified donor requirements and instigated risk-sharing practices (see [What are the operational risks and challenges?](#) above). They also included designated budget lines for institutional strengthening based on the recipient's organisational priorities, as well as capacity sharing from the Facility as needed.

The Human Mobility Hub seeks to provide around three-quarters of its funding to local and national actors that address the needs of people on the move in North Africa. Some of those local and national actors do not usually have access to funding from international actors. The Hub similarly adapted its partnership modalities, as some perceived standard NRC due-diligence procedures and partnership contracts to be worded to reflect a stronger hierarchy and are therefore not suitable for the equitable partnership models the Hub seeks to establish. To be able to reach small and informal local actors – including refugee- and migrant-led organisations – the Human Mobility Hub trialled microgrants of up to USD 10,000 (which have been newly developed by NRC's Central and Eastern Europe Regional Office for the Ukraine response). The maximum amount was subsequently increased to USD 25,000 based on feedback from partners, paving the way for graduation through different forms of partnership towards larger volumes of funding.

The Human Mobility Hub also supports its partners by co-designing their activities, by simplifying their reporting requirements and by linking them up through referrals and shared learning. Reporting processes are simplified. For example, the Hub considers what indicators its partners already monitor in their M&E systems to align with the reporting framework. The Hub staff also offer capacity sharing to assist partners with financial reporting and has seen this pay off through reduced requests for that type of support. The indirect cost recovery by the Hub's partners is up to 7.5% of direct costs under one donor's funding, otherwise it is 4% in line with NRC's policy. DG ECHO, the primary donor to the Human Mobility Hub, was initially sceptical of what could be achieved with its small scale but is now convinced of the Hub's added value given that it strengthens the responses of actors that will remain there.

Other NGO-led mechanisms are also taking steps to progress the localisation agenda. The SRF seeks to channel funding to L/NNGOs and all SRF-funded consortia must have at least one L/NNGO member – although the share they received under the first call for proposals was small. There is the ambition to increase this for future rounds of funding, potentially with designated funding windows for L/NNGOs. All consortium members – including L/NNGOs – receive 7% indirect cost recovery from the SRF. BRCiS also provides predictable funding to L/NNGOs in Somalia, complementing the large number of short-term grants provided by the Somalia CBPF to L/NNGOs. There is an emphasis on equitable partnerships in terms of the equal share of funding provided to L/NNGOs that are full consortium members and the covering of indirect costs and capacity-sharing with other local and national

partners. The national NGO and BRCiS member interviewed for this study reported significant investments in HR capacity and upskilling of technical staff covered through the overhead contribution, which they do not usually receive as a downstream implementing partner for other actors in Somalia.

3.3.2 Do NGO-led mechanisms support triple nexus approaches?

NGO-led mechanisms with longer funding and implementation timeframes, often with development-donor support, seek to respond more holistically across the humanitarian, development and peace pillars of the nexus approach. The Nabni-B4P Facility does not see itself as a humanitarian mechanism, but as a development actor trying to engage in crisis contexts to address the root causes of conflict, rehabilitate infrastructure, and provide basic services. The Facility's advisory group includes InterPeace which ensures programming is peace-sensitive and the NRC as facility manager due to its experience navigating crisis contexts. BRCiS supports nexus approaches by emphasising longer-term, participatory development approaches that can pivot towards emergency responses in the event of shocks. The consortium's current donor base is predominantly made up of development donors (World Bank, European Commission Directorate-General for International Partnerships, Qatar Fund for Development and USAID) alongside resilience-focused humanitarian funding from FCDO. The Human Mobility Hub also supports nexus approaches; given the shared protection challenges of vulnerable people on the move, it has broadened its support beyond forcibly displaced people, such as refugees and IDPs, to also include migrants. Looking at migration more broadly is a new approach for NRC and brings with it challenges on how to meaningfully engage with the UN system around activities that span both UNHCR's and IOM's mandates. It may also enable the Human Mobility Hub to fundraise with development donors, which might be necessary given the relatively small volume of humanitarian funding targeting North Africa.

3.3.3 What evidence is there on NGO-led mechanisms' efficiency and effectiveness?

Only a few evaluations exist for the NGO-led mechanisms that were part of this research, partly because some of them were recently established, presenting a potential evidence gap. The Human Mobility Hub has formulated a research agenda to take forwards with local research partners for more targeted learning. The Nabni-B4P Facility launched its first call for proposals in the first quarter of 2024, so has not even started implementation yet. This section summarises evidence from key informant interviews, an evaluation of the BRCiS,⁹ a mid-term evaluation of the Whole of Africa Programme¹⁰ and an internal learning exercise from the Human Mobility Hub.¹¹

Preliminary findings suggest the NGO-led response mechanisms are more efficient than traditional crisis responses, but this should be confirmed with more targeted research. The case for greater cost efficiency seems clear-cut for the

Whole of Africa Programme, given that it combines 12 separate grant agreements into a single regional one. This requires much less administrative effort in terms of fundraising and monitoring from NRC staff, and in terms of grant management from the GFFO. On the SRF, the working hypothesis from a key informant is that better-quality funding will translate into better value for money through more long-term, cross-border and flexible assistance, which will achieve greater impact for crisis-affected communities. In the Sahel, flexible multi-year funding is required, given the protracted and changing needs and the varying levels of access. FCDO, the SRF's donor, believes flexible funding is of utmost importance in difficult operational environments. Given the regional dimension of the crisis, the multi-year timeframe is required to develop response networks and ensure affected communities' acceptance of operational presence in hard-to-reach areas. The first mid-term evaluation for the SRF is due in the second quarter of 2024 and is expected to build the evidence base around its efficiency and effectiveness. Key informants also indicated that the fund management and technical excellence provided by BRCiS's Consortium Management Unit is much more cost efficient than comparable UN arrangements.

Compared to the UN system, NGOs arguably present lower transaction costs for channelling funding to frontline responders. This was another consideration for establishing the SRF in the Sahel region: its ability to fund cross-border activities with longer timeframes complements the regional OCHA-managed pooled fund and CBPFs. The Human Mobility Hub can give around three-quarters of its funding to local partners. It does this by leveraging operational and technical staff from NRC's country and regional offices, meaning the Hub's full-time staff can focus on capacity-sharing and legal assistance without the need for a heavy support structure. ECHO recognises the surprising reach that the Hub has through its partners who despite limited funding effectively support people on the move.

The BRCiS evaluation found that the programme increased the resilience of food insecure households, and the mid-term evaluation of the Whole of Africa Programme found that it achieved its target outputs and outcomes, and that these were set too modestly. The timing of the BRCiS evaluation coincided with a severe drought in Somalia. It found some evidence that the consortium's activities reduced the negative impact of drought on the food security of participating households.¹² A mid-term review found that the Whole of Africa Programme's participatory and community-based approach for targeting assistance was essential to aligning the NRC's response to the needs and priorities of affected populations.¹³ The programme's overall funding agreement spans four years, however, the large scale of annual top-ups limits its ability to implement interventions with longer timeframes. This, combined with a short, at most annual, timeframe for spending those funds, means they frequently must be used for short-term interventions such as Multi-Purpose Cash Assistance, rather than Information, Counselling and Legal assistance or Water, Sanitation and Hygiene, limiting the achievement of outcomes in the latter programmatic areas.

The survey of the Human Mobility Hub's partners showed that they believed that through partnership with NRC they could achieve better outcomes for

people on the move. They also agreed that partnering with NRC enabled better coordination and networking with other actors.¹⁴ They valued the Hub's flexibility in interacting with its partners, but at times this more agile and organic approach reduced clarity during early engagement on NRC's expectations, processes and timeframes. Partners further requested in their feedback to work in less projectized ways in the longer term and to graduate from microgrants. One donor key informant noted that, ideally, they would like to see the impact that Hub-enabled activities have on both vulnerable people on the move and on the response capacity of local civil society. Although the KII was aware that a rigorous impact evaluation might be too costly at this stage, given the small scale of the initiative.

3.3.4 Recommendations and considerations for scale-up or replication

Recommendations for NGOs:

NGOs should set up a community of practice, potentially within ICVA, of staff involved with or interested in the set up or management of NGO-led grant facilities to exchange newly developed operating procedures and for shared learning. This will likely improve existing grant facilities by building on lessons learned elsewhere from mechanisms with similar objectives such as the replication of regional, NGO-led funds like the SRF or of mechanisms supporting locally led responses, like the Human Mobility Hub or the Nabni-B4P Facility. It could also speed up the setup of new NGO-led grant facilities by building on tried and tested governance and partnership models and operational processes.

NGOs should feed learnings from NGO-led mechanisms on the nexus approach, localisation and quality funding into Grand Bargain discussions to highlight the mechanisms' role in supporting system reform. This may also lead to greater learning across the sector as well as more donor engagement with those mechanisms, if they can evidence progress in these policy agendas. Suitable entry points might be through the communities of practice once those are formed, or through linking to the initiative of one of the Grand Bargain Ambassadors. On quality funding, there should also be an advocacy push from supportive donors and other NGOs to qualify NGO-led funds as softly earmarked or unearmarked, depending on their geographic focus (whether regional, country-specific or global). This would put them on equal footing with UN-led pooled funds according to the Grand Bargain's earmarking definitions.¹⁵

NGO consortia should establish independent consortium management units with dedicated technical experts tailored to the consortia's response focus; ensure a shared consortium vision and fundraising strategy; and guarantee equal sharing of flexible funding to ensure buy-in from consortium members. A rotating consortium lead can reduce the risk of the host organisation being stuck with keeping members aligned with consortium mission and processes and managing collective risks alone. One key informant suggested prospective consortia should carry out a thorough, independent evaluation of the context, needs and other

current responders before deciding on whether to establish a consortium and with whom based on their specific expertise. This could form the basis of the consortium's strategic and fundraising strategy.

NGOs should continue to develop pre-agreed triggers within NGO-led mechanisms for early or anticipatory action so they can respond more quickly to changing needs with pre-positioned funds. Evidence-based triggers would help to convince donors to provide additional contingency funding in case shocks occur or needs escalate. The development of triggers can build on coordinated anticipatory frameworks in contexts where those exist,¹⁶ and on experiences from the crisis modifiers in FCDO-funded BRCiS activities or other NGO-led initiatives, like Start Ready.¹⁷

Recommendations for donors:

Donors should adapt their due diligence requirements and provide additional funding for capacity-sharing to NGO-led financing mechanisms with a localisation focus to enable them to better strengthen locally led responses. The example of the Nabni-B4P Facility shows the benefit in donors improving their understanding of the feasibility of their requirements for local and national actors, which led to changes in those requirements tailored to context and the mechanism's objectives. Capacity-sharing practices – alongside co-design with local partners – by the Human Mobility Hub and the Nabni-B4P Facility also show that supporting locally-led responses goes beyond simply channelling funding to local actors and that donors must make additional funds available for those practices.

Donors to NGO-led financing mechanisms should harmonise their reporting requirements and increase the flexibility of their funding to support the mechanisms' response objectives, provided that those are clearly defined, as opposed to earmarking funds to specific projects. This would strengthen mechanisms' ability to flexibly meet to their respective response objectives based on community feedback, such as in the BRCiS, or in reaction to changes in the context, such as the war in Gaza. Our research findings on the GPC and the WBPC show that short-term funding and high reporting burdens divert resources from an effective delivery of assistance when needs are increasing. Donors to the BRCiS, which currently only receives funding tightly earmarked to projects, should provide it with unearmarked funding to provide more stability for the consortium management unit's operations and allow BRCiS partners to implement more flexibly in line with the consortium's mandate. Greater quality of funding and a lower reporting burden for NGO consortia would also provide a greater incentive for consortium members to fundraise for the consortium as opposed to their own, separate operations, and thereby strengthen NGO response coordination. For the SRF, FCDO should simplify its reporting requirements, which also apply to the SRF's partners, to better reflect the flexibility and agility that the SRF seeks to implement.

Donors should more systematically assess and equitably share risks with NGOs that lead or host NGO-led financing mechanisms. Our study showed that NGO-led mechanisms can at times the transfer of funding from donors to them can

automatically imply a full transfer of fiduciary and operational risks of funding crisis responses to those mechanisms. This issue applies to NGO-led mechanisms as much as to most funding agreements between all actors in the humanitarian system. There needs to be at least a joint assessment of those risks and a shared acceptance of how to manage them. The Inter-Agency Standing Committee's risk-sharing framework can prove a useful tool for this.¹⁸ If localisation is part of the NGO-led mechanism's objectives then conversations around risk appetite and management are particularly important to avoid unreasonable due diligence processes for – or risks borne by – local and national actors.

Donors to NGO-led financing mechanisms should also provide proactive advocacy and fundraising support, highlighting how these mechanisms complement other crisis responses and the role they play in progressing humanitarian system reform, including in Grand Bargain discussions. Donors that are proactively supporting new financing and NGO-led approaches to crises, like ECHO, FCDO or Germany, should share their motivations and learnings with other donors to hopefully generate a better understanding of those mechanisms' role to meet the needs of affected populations and advance system reform.

Recommendations for NRC:

NRC should advocate for the scale-up the Human Mobility Hub, so long as it can maintain its lean operating model and support a cohesive network of actors.

There is already a roster of consultants focused on capacity-sharing and legal assistance that could be drawn on for the mechanism's scale-up, but the lean management structure must be maintained to continue transferring the bulk of funding to local actors who flexibly support their response in the region. Too rapid growth may lead to a proliferation of partners and potentially a less cohesive network of local actors. One logical starting point for scale-up could be the countries of origin for the largest groups of people on the move. The Hub could link up with local actors in those contexts to facilitate family reunions, procure learning materials from school curricula to allow children on the move to continue their education or to obtain required documentation. ECHO also sees scope for the project to grow its focus beyond protection services (which do not on their own meet basic needs), expanding to referrals or even to addressing other needs.

NRC should explore the replication of aspects of the Human Mobility Hub's partnership-based model in other displacement contexts with an active civil society. This would require NRC to revise its organisational approach to equitable partnerships. Replicating this new way of working with partners in a sustainable and complementary manner, and not treating them as implementing entities, would build on tools and processes already developed by the Human Mobility Hub (such as how to pay out funds to informal networks) and the Nabni-B4P Facility. The review of NRC's approach to equitable partnerships should also revisit its provision of overheads to local and national actors, which is currently capped at 4% (unless donors make additional funds available). NRC should also explore how to involve L/NNGOs more systematically in the governance bodies of NGO-led

mechanisms, aiming for at least equal representation. The challenge will be for project selection to remain a rigorous and independent process. This means avoiding allocations being co-opted by a small group of local or national actors and acknowledging the diversity of local actors, both in terms of their organisational sizes and expertise areas. There is potential to learn from other initiatives in the sector, such as the Start Network's Localisation Pilot¹⁹ and National Start Funds.²⁰ Replicating the approach of the Hub might be feasible in the Middle East or the Ukraine crisis where community initiatives are actively involved in the crisis response, meaning that greater support to those initiatives is valuable and replicable. Given the challenging funding landscape, leveraging local crisis responses might also provide a cost-efficient way to boost existing responses without high staff costs and large overheads. ECHO sees value in potentially replicating this model but should do so based on a thorough analysis of the intended context and the local actors supporting people on the move within it; wherever migrant routes and forced displacement overlap; and where the national authorities would tolerate it.

NRC should formalise its guidance for setting up regional or global programmes, such as the Whole of Africa Programme, as this same programming approach is already being replicated with the German Federal Foreign Office (GFFO) in the Middle East and could also work with other donors. There may even be scope to elevate the framework grant agreement between GFFO and NRC to a global level, given regional agreements in place or emerging for Africa, Eastern Europe and the Middle East. NRC has a strategic advantage over federated NGOs in replicating this approach with other donors and in other regions due to more standardised implementation across NRC's core competencies, M&E and finance systems across countries.

4 Conclusion

The newly emerging NGO-led response mechanisms reviewed in this report provide promising new approaches to crisis responses in a constrained funding environment. They thus represent distinct and complementary benefits to the traditional, UN-coordinated humanitarian response. Furthermore, they provide a possible avenue for donors to follow through on their commitments within the Grand Bargain on harmonised reporting, providing more quality funding, progressing localisation, and supporting nexus approaches. However, the evidence on the extent to which these mechanisms lead to a more cost-efficient or effective crisis response is thin, partly due to their recent emergence. More learning is needed across the sector and a coordinated, collaborative approach to the topic would provide the most added value to the sector.

Future evidence generation by and on novel NGO-led crisis response mechanisms should focus on aspects that set them apart from traditional response models. This should include the flexibility and predictability of the funding, the support of nexus approaches and localisation. As outlined above, those policy areas are among the main reasons why donors and NGO partners are trialling new mechanisms aiming to respond differently to crises. This means that evaluations of those mechanisms or internal M&E processes also need to adapt how success is defined and measured. The effectiveness of crisis responses is often measured with a focus on short-term improvements in narrowly defined, cluster-specific outcome indicators. However, this will likely miss the longer-term and cross-sectoral benefits achieved when NGOs are enabled to respond to crises more flexibly, holistically and locally.

Annex 1. Key informant interview questions

Questions for NGO staff involved with the mechanism:

1. How long have you been involved in [insert funding mechanism] and what is your role?
2. What is the overall aim of the funding mechanism? *[Probe] Why and when was it established? Was there a specific gap it sought to fill/challenge to address? What were the general conditions (including political) which allowed the fund to be conceived/materialised?*
3. How does the funding mechanism operate?
 - a. Donors – who funds it?
 - b. Consortium/members/lead – who is involved in implementation?
 - c. Governance – how is the mechanism managed? How is funding disbursed?
 - d. Inclusion of local and national actors (LNAs) and communities – does the mechanism provide funding to LNAs, and if so, what are the features of that funding (timeframe, level of flexibility/earmarking, inclusion of overheads)? Are LNAs and/or local communities involved in the mechanism’s governance? Are programme design and/or implementation participatory?
 - e. What else is useful to know or distinct about how the fund operates?
4. What is working well about the funding mechanism in terms of contributing to a more effective and efficient response? Do you have any specific examples?
 - a. Money in *[Probe:] Money incoming: how do the conditions on the funding from donors enable the mechanism to operate in a certain way? Ease of reporting/grant management? Relationship to back donors? Sustainability of financing? Predictability? Approach to risk sharing?*
 - b. Money out? *[Probe:] Money outgoing: Timeliness? Flexibility? Quality of outcomes? Channelling (more) funding to L/NNGOs? Empowering local leadership? Ways of working? Do you have any feedback from funding recipients, donors or affected communities?*
5. What are the key differences and comparative advantages of this funding mechanism compared to other, traditional ways of funding humanitarian

responses with similar aims in your context (e.g., UN-managed pooled funds, bilateral and earmarked donor support to UN or NGO responses)? *[Probe:] How does this mechanism add to/complement the existing response and how that is financed? How is it working better than other funding mechanisms that work towards similar objectives available in that context? How receptive of the mechanism have other actors in the response been (including hosting governments)?*

6. What are the main challenges encountered so far? *[Probe:] Has it been challenging to implement the recommendations of any evaluations?*
7. How could the mechanism be improved? Do you have any specific examples?
8. How do you think [insert mechanism] could be scaled up or replicated in other contexts? *Thinking globally – not just scaling up the [funding mechanism] you work on.*
9. What are the key successful elements of [insert mechanism] which you think could be replicated elsewhere? *[Probe:] What are necessary requirements for other contexts/stakeholders to successfully replicate it? What do donors get out of it that we could ‘sell’ them elsewhere? Given your experience and learning, what would you set up differently if starting over elsewhere?*

Questions for donors to the mechanism:

1. How long has your institution been funding [insert mechanism] and what is your degree of involvement with it?
2. Why does your institution fund this mechanism? *[Probe] Fills a specific need/gap? Channels funding to a specific recipient or community group? What were the general conditions (including political) which allowed the fund to be conceived/materialised?*
3. What is working well about the funding mechanism in terms of contributing to a more effective and efficient response? Do you have any specific examples?
 - a. Money in *[Probe:] Money incoming: how do the conditions on the funding from donors enable the mechanism to operate in a certain way? Ease of reporting/grant management? Relationship to back donors? Sustainability of financing? Predictability? Approach to risk sharing?*
 - b. Money out? *[Probe:] Money outgoing: Timeliness? Flexibility? Quality of outcomes? Channelling (more) funding to L/NNGOs? Empowering local leadership? Ways of working? Do have you have any feedback from funding recipients, donors or affected communities?*
4. What are the key differences and comparative advantages of this funding mechanism compared to other ways that your institution funds humanitarian responses with similar aims in this context (e.g., UN-managed

pooled funds, bilateral and earmarked donor support to UN or NGO responses)? *[Probe:] How does this mechanism add to/complement the existing response and how that is financed? How is it working better than other funding mechanisms that work towards similar objectives available in that context?*

5. What are the main challenges encountered so far?
6. How could the mechanism be improved? Do you have any specific examples?
7. How do you think [insert mechanism] could be scaled up or replicated in other contexts? What are the key successful elements? *[Probe:] What are necessary requirements for other contexts/stakeholders/donors to successfully replicate it? Given your experience and learning, what would you set up differently if starting over elsewhere?*
8. Why/how do you think this type of mechanism could be attractive to other donors?

Endnotes

¹ The consortia reviewed as part of this study were the West Bank Protection Consortium, the Gaza Protection Consortium, and the Building Resilient Communities in Somalia Consortium.

² Development Initiatives, 2023. Global Humanitarian Assistance Report 2023. Analysis available at: <https://devinit.org/b4ce0b#4f84a1a5>

³ Nabni-B4P Facility, 2024. Nabni Governance ToR. Available at: <https://nabni-facility.org/FacilityDocuments>

⁴ At the time of writing in early May 2024, humanitarian response plans tracked by UN OCHA's Financial Tracking Service in 2023 only received 43% of their funding requirements, down from 59% in the previous year and a drop by over US\$6 billion in terms of funding volumes.

⁵ Nabni-B4P Facility, 2024. Nabni Governance ToR. Available at: <https://nabni-facility.org/FacilityDocuments>

⁶ ICVA, 2023. Pooled Funding Models: Governance Systems. A comparative study. Available at: <https://www.icvanetwork.org/resource/pooled-funding-models-governance-systems-a-comparative-study/>

⁷ CHS Alliance and ICVA, 2024. Funding Well. Available at: <https://www.icvanetwork.org/resource/funding-well-a-path-towards-values-aligned-trust-based-solidarity/>

⁸ NRC, 2023. Building Resilient Communities in Somalia, Phase 2, Final Report. Available at: <https://www.nrc.no/resources/reports/building-resilient-communities-in-somalia-phase-2/>

⁹ MESH, 2022. MESH SHARP Programme Evaluation, Final Report – BRCiS. Available at: https://iati.fcdo.gov.uk/iati_documents/D0002591.pdf

¹⁰ The mid-term evaluation of the Whole of Africa Programme is not publicly available but was shared for the study authors' review.

¹¹ The internal learning exercise, including the survey with partners, carried out by the Human Mobility Hub is not publicly available but was shared for the study authors' review.

¹² MESH, 2022. MESH SHARP Programme Evaluation, Final Report – BRCiS. Available at: https://iati.fcdo.gov.uk/iati_documents/D0002591.pdf

¹³ The mid-term evaluation of the Whole of Africa Programme is not publicly available but was shared for the study authors' review.

¹⁴ The internal learning exercise, including the survey with partners, carried out by the Human Mobility Hub is not publicly available but was shared for the study authors' review.

¹⁵ The Grand Bargain earmarking definitions can be found in the annex of the original set of Grand Bargain commitments, available at: <https://interagencystandingcommittee.org/grand-bargain/grand-bargain-shared-commitment-better-serve-people-need-2016>

¹⁶ A global map of anticipatory action initiatives by country is available at: <https://www.anticipation-hub.org/experience/global-map>

¹⁷ More information available at: <https://startnetwork.org/funds/start-ready>

¹⁸ Available at: <https://interagencystandingcommittee.org/grand-bargain-official-website/risk-sharing-framework>

¹⁹ Global Mentoring Initiative, 2022. Start Fund Localisation Pilot. External Evaluation. Available at: <https://startnetwork.org/learn-change/resources/library/start-fund-localisation-pilot-external-evaluation>

²⁰ More information available at: <https://startnetwork.org/funds/national-start-funds>