

**Guidance note on
arrangements between
donors and
intermediaries**

Issued May 2020

Guidance note on ways that the arrangements between donors and international intermediaries can promote Grand Bargain localisation goals

This guidance note is intended to provide guidance as to how arrangements¹ between donors, and UN agencies, INGOs and other international humanitarian organisations (referred to here as “international intermediaries”), can further the Grand Bargain’s localisation goals in cases where direct arrangements between donors and local actors² are not practicable.

It arises from the awareness that, even upon success with the Grand Bargain’s goal to significantly increase direct funding to local actors, much of the international funding available to them in the medium term will still be channelled through at least one intermediary. It collates ideas and best practice that have arisen from the Grand Bargain Localisation Workstream’s “demonstrator country missions” in 2018-19, regional conferences in Africa, the Middle East and Asia Pacific held in 2019, and recent localisation research projects.

This guidance note is a product of the Grand Bargain Localisation Workstream but does not necessarily represent the official position of individual Workstream members or co-conveners.

1. What is the role of local actors in the arrangement?

1.1. Have consortia proposals been considered?

- Where direct funding to local actors only (or to consortia entirely made up of local actors) is not practicable, donors should promote, and intermediary agencies should present, consortium proposals involving both international and local actors as full parties to a funding agreement.

1.2. Are the mutual expectations of the international intermediary’s role consistent with localisation goals?

- To the degree practicable, arrangements should be structured so that the international intermediary’s role is mutually understood to be one of supporting, nurturing and overseeing local partners, so the latter can deliver the most effective results.
- The intermediary may also be asked to identify and report on learning it plans to gain from the local partner to encourage a “capacity sharing” approach.

1.3. Has communication between intermediaries’ local partners and donors been promoted?

- Even where local actors are not parties to an agreement between a donor and international intermediary, the intermediary should be asked to organise periodic opportunities for its local partners to communicate with its donors about project progress and challenges.
- This might alternatively be accomplished through larger-group discussions involving networks of local actors, donors and intermediaries.

¹ For purposes of this note, the term “arrangements”, refers to the entirety of the understandings between donors and intermediaries. These will include their contractual agreements but also the less formal engagements and expectations on both sides. It is acknowledged that, particularly for UN agencies and other multilateral intermediaries, some aspects of these arrangements may be determined, or strongly influenced, by formal oversight or advisory committees.

² This guidance note uses the term “local actors” to refer both to local responders with a national or sub-national scope. The term “local partners” is used to refer to local actors that receive funding from an international intermediary.

2. Do the arrangements ensure effective and sufficient financing for local actors?

2.1. Does the arrangement promote coverage of the reasonable costs of local partners?

- Donors and international intermediaries should agree to cover reasonable costs (both direct and indirect) of the intermediary's local partners engaged in delivery of humanitarian services.
- Where indirect (or "overhead") coverage is provided in the arrangement by way of a percentage of direct costs, the rate passed on to local actors by the international intermediary should ideally be no less than the rate it receives for the same funds.

2.2. Are multi-year and flexible funding approaches passed on to local partners?

- Donors and international intermediaries should articulate and track how they can transfer the benefits of multi-year and flexible funding to local partners.

2.3. Is there adequate funding for the security needs of local partners?

- Specific budget line items should be included for local partners' security-related needs (with flexibility to consider needs as identified by the local partner).

2.4. Is adequate funding included for mutually-agreed capacity strengthening?

- Arrangements should provide for funding for strengthening the capacities of local actors, with the types of capacity to be strengthened, and the ways in which it is to be accomplished, to be mutually agreed between the intermediary and its local partner, within budgetary limits.

3. What is the impact of the arrangement on local actors?

3.1. Is an inclusive approach to partnering with local actors promoted?

- Arrangements should consider an inclusive approach to partnering with local actors, including partnerships with organisations which represent vulnerable groups, in particular women's rights organisations, women-led organisations, as well those related to disabled persons, displaced persons elderly and youth (with exceptions, as appropriate, for membership-based international networks whose local partners are pre-determined).

3.2. Are opportunities to reduce duplicative aspects of capacity assessment seized?

- Arrangements should allow for the international intermediary to accept relevant factual findings from capacity assessment processes of local actors carried out by other international actors, as agreed with the donor and with the consent of the local actor. This may be easiest to develop through a country-specific arrangement.

3.3. Is adequate visibility ensured for the work of local partners?

- Arrangements should include commitments to ensure the visibility for the work of local partners in project outcomes, both in reporting to the donor, in communications materials, and in discussions about the projects within the sector.

3.4. Is any potential harm to local actors from the arrangement mitigated?

- Arrangements should include an understanding that international intermediaries will take appropriate actions to mitigate harm to local civil society organisations and governmental bodies whose staff they recruit.
- They should also articulate expectations as to the international intermediary's role in promoting the security of the staff and volunteers for local partners.