

# Beyond Barriers

## BANGLADESH CONTEXT REPORT



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# Acronyms



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<b>AL</b>	Awami League
<b>BRAC</b>	Bangladesh Rural Advancement Committee
<b>CBO</b>	Community Based Organization
<b>CSO</b>	Civil Society Organizations
<b>DRC</b>	Democratic Republic of Congo
<b>ELNHA</b>	Empowering Local and National Humanitarian Actors
<b>FCDO</b>	Foreign Commonwealth and Development Office
<b>FIDH</b>	International Federation for Human Rights
<b>GAC</b>	Global Affairs Canada
<b>GBV</b>	Gender Based Violence
<b>GSK</b>	Gono Shasthaya Kendra
<b>HCTT</b>	Humanitarian Coordination Task Team
<b>HRGF</b>	Humanitarian Response Grant Facilities
<b>ICR</b>	Indirect Cost Recovery
<b>IOM</b>	International Organization for Migration
<b>KII</b>	Key Informant Interview
<b>LNGO</b>	Local Non-Governmental Organization
<b>L/NNGO</b>	Local and National Non-Governmental Organization
<b>LTWG</b>	Localization Technical Working Group
<b>M&amp;E</b>	Monitoring & Evaluation
<b>MoDMR</b>	Ministry of Disaster Management and Relief
<b>NAHAB</b>	National Alliance for Humanitarian Actors Bangladesh
<b>NGO</b>	Non-Governmental Organization
<b>NGOAB</b>	Non-Governmental Organization Affairs Bureau
<b>NIRAPAD</b>	Network for Information, Response and Preparedness Activities on Disaster
<b>NNGO</b>	National Non-Governmental Organization

# Acronyms



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<b>NPDMs</b>	National Plans for Disaster Management
<b>NWS</b>	Northwest Syria
<b>ODA</b>	Official Development Assistance
<b>RCRC</b>	Red Cross Red Crescent
<b>SOD</b>	Standing Orders on Disaster
<b>SPEED</b>	Strategic Preparedness for Response and Resilience to Disaster
<b>SRHR</b>	Sexual and Reproductive Health Rights
<b>UN</b>	United Nations
<b>UNFPA</b>	United Nations Populations Fund
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNMPTF</b>	United Nations Multi-Partner Trust Fund
<b>UNRC</b>	United Nations Resident Coordinator
<b>USAID</b>	United States Agency for International Development
<b>WASH</b>	Water Sanitation and Hygiene



# EXECUTIVE SUMMARY

Photo: Gavin Douglas/Concern Worldwide

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The conversation on localization of humanitarian aid, accelerated by the World Humanitarian Summit and Grand Bargain in 2016, has been widespread and championed, yet systemic shift toward a more locally led response has been minimal. The Beyond Barriers project, led by Concern Worldwide in partnership with local researchers and with funding from USAID’s Bureau for Humanitarian Assistance (BHA), was undertaken with the intent to diagnose the enduring barriers to localization and propose actionable and operational solutions. The Beyond Barriers project covered five country case studies (Malawi, Bangladesh, Northwest Syria (NWS), Democratic Republic of the Congo (DRC), and Somalia) and consisted of a mixed methods approach to data collection, including stakeholder workshops, key informant interviews (KII), and focus group discussions. This report covers the results of the study in Bangladesh.

## Country Context

Bangladesh is widely regarded as one of the most vulnerable countries to climate change due to its geographic location, low-lying terrain, and dense population. Bangladesh stands third among the countries most hit by natural disasters. In addition to climate shocks, Bangladesh has had periods of civil unrest, and refugees/migration which have created humanitarian situations. This report will focus on the response to natural disasters and climate emergencies, rather than on the Rohingya refugee response. Bangladeshi society has a robust tradition of civil philanthropy and humanitarian action. Bangladesh maintains strong government oversight of the humanitarian and NGO sectors, including strict requirement for NGO registration, restrictions on membership numbers depending on organization type, the age and employment status of members, permanent formal residence, and varying levels of registration fees. Bangladesh has approximately 26,000 L/NNGOs (of which around 2,600 are officially registered), 265 registered INGOs, and 17 UN entities according to 2019 numbers.

## Power in Partnership

Bangladeshi governmental policies and structures have created power dynamics that are quite unlike the other four contexts under study. In Bangladesh, the national government and UN agencies are seen as having the greatest power in the system, more even than international donors who are seen to be the most powerful actors in other humanitarian contexts. Due to the prevalence of intermediary funding relationships, international actors have maintained power over L/NNGOs, hindering open conversations and limiting the opportunity for negotiations that could support local actors' ability to deliver quality programming and maintain organizational stability. Somewhat unique to the Bangladesh context is an added layer of power in the local sphere: "mega NGOs" who have become so large and so powerful that they behave more like INGOs than L/NNGOs. L/NNGOs are calling for a true shift in power from the international level to the local level that allows international actors to focus on capacity strengthening, compliance, and advocacy.

Implicit in the above discussions on funding, capacity, staffing, trust, and transparency is the thread that there are clear and unbalanced power dynamics at work. There's a notable absence of equitable partnerships between international and local actors. Local organizations frequently serve more as subcontractors than as equal partners, limiting their potential for impact and growth. Decision-making is largely in the hands of international actors, leading to a further lack of autonomy for local organizations. This dynamic ultimately affects the relevance and effectiveness of humanitarian interventions, as they may not always align with the actual needs of local populations.

Lack of trust was seen as a critical issue hindering the possibility of a more locally led response. This breakdown of trust was visible not only between international and local actors, but also between affected communities, the government, and the system itself. Transparency must be built to be more inclusive of L/NNGOs in decision-making and create more equitable partnerships. Communities in Bangladesh, unfortunately accustomed to crisis and aid delivery, also are seeking transparency and greater inclusion.

Delivery of humanitarian aid is inherently risky, and L/NNGOs absorb a lot of this risk in their partnerships. In particular, L/NNGOs face frequent challenges related to negotiation with

government agencies that put them at risk of compliance issues. International risk appetites remain low, perhaps to the point that they are not reflective of the lived realities of these actors and the necessities of delivering aid in Bangladesh.

## Funding

Despite Grand Bargain commitments, very few local and national actors are receiving direct funding from donors. Most donors are unwilling or unable to provide smaller grants, preventing smaller L/NNGOs from being able to land grants of such a size. As a result, L/NNGOs rely on receiving funding through international intermediaries, often INGOs or UN agencies. Despite efforts in the sector to codify the principles of partnership in 2007, most intermediary funding is top-down in both financing and decision-making, making L/NNGOs more subcontractors than partners.

These intermediary funding relationships are not only top-down in nature but encourage L/NNGOs to minimize their operating costs and demands to compete. ICR, a critical factor in an organization's financial stability and continuity, is inconsistently shared in these intermediary relationships. International actors have not categorically determined clear policies for ICR sharing, nor have donors enforced these policies, meaning that L/NNGOs must take the risk of negotiating within the relationship. Further, compliance and due diligence requirements placed on L/NNGOs in partnership, costly in both funding and time, continue to place undue burden on local actors, particularly those which are smaller in size.

The funding landscape in Bangladesh is diverse and complex. There are a few shining examples of pooled fund mechanisms that work to get funding to the L/NNGO level. Donors have voiced that a funding alternative to the traditional intermediary model is for actors to work in consortia together to increase funding to local actors, as well as to expand capacities and share risk. While private donations and crowdfunding are prevalent forms of financial support for L/NNGOs, microfinance has emerged for many NGOs working in both development and humanitarian action to raise funds for organizational stability.

## Human Resources

Bangladesh has been commonly referred to as “The Country of NGOs” and is known to have some of the most established NGOs in the world. L/NNGOs are seen to have significant capacity, particularly in their abilities to negotiate with government stakeholders, gain access to communities, and be accountable to community needs. International actors say that they need L/NNGOs to raise their capacities related to organizational policies and financial management in order to be more prepared to receive direct funding and additional responsibility.

Countless trainings available to humanitarian actors in Bangladesh have yet to fully address existing capacity gaps and are not delivered in the manner sought by L/NNGOs themselves. L/NNGOs are seeking to learn by doing and gain more experience in partnership. These learning experiences could be offered by international actors, or larger and deeply experienced NNGOs present in Bangladesh. Overall, capacity strengthening, if seen as a necessary prerequisite to direct funding to local actors, should be a prioritized component of all budgets, and have its own dedicated funding streams.



The staffing cycle in Bangladesh's humanitarian sector is marked by a series of inequalities that disadvantage L/NNGOs. Capacity strengthening, ICR, funding instability, donor willingness to support competitive salaries and benefits, poaching – these things are all interconnected. Without stable funding and equitable salaries, efforts towards capacity strengthening in the end will continue to benefit INGOs and the UN the most, as the more capacity gained at L/NNGO level, the more likely L/NNGO staff are to filter up and out. Addressing these disparities is critical to strengthening the overall effectiveness and sustainability of humanitarian response in the region. Creating fair compensation standards, avoiding poaching in the middle of program cycles, and reducing the operational space taken up by INGOs and the UN are all areas for dialogue in the complex localization negotiations in Bangladesh.



Photo: Gavin Douglas/ Concern Worldwide

# Introduction

Affected communities have always been the first to respond to the crises they face. Despite this truth, resources and decision-making are funneled through international bureaucracies and systems. While communities and activists have long pushed for a shift in the humanitarian aid system towards a more locally led response, the World Humanitarian Summit and Grand Bargain in 2016 brought localization to the global policy stage, with a push for a humanitarian response that is “*as local as possible, as international as necessary*.” Since this commitment, the global system has continued to voice support for a move to a more locally led humanitarian response, but policy, funding, and behavior change remain minimal.

The Beyond Barriers project, led by Concern Worldwide in partnership with local researchers and with funding from USAID’s Bureau of Humanitarian Assistance (BHA), was undertaken with the intent to diagnose the enduring barriers to localization and propose actionable and operational solutions. The study focused on three core areas: funding, human resources, and power dynamics in partnership. The study was conducted in five country contexts (Malawi, Bangladesh, Northwest Syria (NWS), Somalia, and Democratic Republic of Congo (DRC)) and comprises qualitative and quantitative methods.

The conversation on localization has been robust, and many researchers have worked to define what localization is, which actors can be defined as “local,” and how localization can be practically implemented. What has emerged from the literature is a clear distinction between localization – shifting power and resources to local and national actors – and locally led responses – shifting power and resources to affected communities. This report will attempt to speak to both sides of the local coin, with a focus on amplifying the role of local and national actors in humanitarian response, while also ensuring the accountability to affected communities in the program design and implementation process.

The findings presented in this report come directly from aggregate analysis of data collected by Concern Worldwide and Mahfuza Mala and team. While the study sought a diversity of voices from actors across the sector (see Methodology), the largest stakeholder group involved in the study were members of Local and National NGOs (L/NNGOs). As a result, this report may best represent their opinions, though attempting to share the experiences and standpoints of other stakeholders within the humanitarian system. Identities of all stakeholders will remain anonymous in the report to limit unforeseen repercussions of participation in the study and honor the stakeholders’ candor.

Localization is a profoundly contextual issue, and thus requires a focused geographic lens. The following report outlines the findings from the research conducted in Bangladesh and will provide the reader with contextually specific information on the push toward localization in that country. The study presents the key research findings for the three core pillars – Power in Partnership, Funding, and Human Resource, highlighting major areas of consensus and divergence among stakeholder groups that participated in the research. Finally, each section will conclude with operational recommendations for a range of stakeholders to take meaningful steps toward a more locally led response.

# Methodology

To collect data informed by a diverse range of challenges and contexts, the Beyond Barriers project focused its research activities on five countries, characterized by a variety of crisis drivers, and perceived progress on localization. Bangladesh was selected among the cases, as it is one of the most disaster-prone countries in the world. Furthermore, issues of localization have been prominent for decades in Bangladesh. To some extent, there has been significant progress by local actors. However, there are several disablers, which inhibit progress including the lack of independence of local governments, the lack of capacity of local actors to operate at a larger scale and absorb risks.

The research was divided into three key phases. In Phase I, research was conducted in each of the five study countries in partnership with Local Research Partners. In Bangladesh, Concern Worldwide partnered with independent researcher Mahfuza Mala, joined by researcher Farah Anzum. Mala and team co-designed the research activities in country, led community FGDs, and recruited participants for all program activities. These activities included a one-day stakeholder workshop, key informant interviews, and focus group discussions. Interviews and focus group discussions were undertaken not only in the capital or central hub of humanitarian response in the country (Dhaka), but also in smaller regions with affected community members and community-based organizations in the Sunamganj district.

## ***Stakeholder Workshop***

The stakeholder workshop in Dhaka brought together practitioners from local and national NGOs (L/NNGOs), international NGOs (INGOs), and UN agencies. During these workshops, participants discussed key issues related to localization of humanitarian response in the context, the power dynamics in the sector, and proposed operational solutions to these barriers. Data was collected via a survey tool and written worksheets.

## ***Key Informant Interviews***

The research carried out key informant interviews (KIIs) with targeted personnel from donor organizations, UN Agencies, international non-governmental organizations; national non-governmental organizations; local non-governmental organizations, community-based organizations; local government and national government. There was a total of 62 key informant interviews conducted in Dhaka, Sunamganj, and remotely, which were semi-structured and qualitative in nature. The majority of these interviews were conducted in person, with some over Zoom or telephone. Interviews were conducted in English and Bangla, with those in Bangla translated into English. These conversations lasted an average of one hour and were recorded and transcribed (using Sonix.ai) with respondent permission.

The key informants were purposefully selected to represent a wide variety of stakeholder groups. A particular focus was made on stakeholders who had experience of responding to humanitarian crises in Bangladesh. The informants chosen for this study are not necessarily representative of the population of Bangladesh but are representative of the community of respondents to humanitarian crises.

## ***Focus Group Discussions***

A total of five Focus Group Discussions (FGDs) were conducted with diverse participants in three Upazilas (Shantiganj, Derai, and Bishwamvarpur) of the Sunamganj District by following pre-designed semi-structured FGD Guides in Sunamganj where the total number of respondents for each FGD was limited to 10–12 persons.

During Phase II of the project, an extensive data analysis process was conducted. The data analysis was carried out using the Dedoose platform. Qualitative data was analyzed by the research team by categorizing the data using both deductive and emergent codes. Quotes from the key informant interviews were closely reviewed and assigned a code related to a specific sub-theme. These quotes were then further organized into stakeholder type, allowing for stakeholder perspectives on each sub-theme to be compared.

Additionally, during Phase II, a global online survey was conducted to gather additional perspectives about barriers to the localization of humanitarian action and test some of the hypotheses generated during the qualitative stage of the study. This survey was provided in 12 languages to increase accessibility to humanitarian workers in different contexts.

Phase III focused on the development of operational tools to support humanitarian organizations in overcoming some of the most common funding and HR-related barriers to localization. These tools were co-created with the program’s local research partners and revised with the guidance of Concern Worldwide’s country teams.

Across all five study countries, the Beyond Barriers project engaged 172 individuals in workshops, conducted 293 key informant interviews, and conducted 34 focus groups with crisis-affected communities. The key informant interviews alone engaged 110 L/NNGOs, 55 INGOs, 33 in-country donors, 28 UN agencies, 15 government entities, 55 community members or CBOs, and 19 other experts.

The findings presented in this report come directly from aggregate analysis of data collected by Concern Worldwide and Mahfuza Mala and team. All interviews were conducted with the assurance of anonymity, and the report ensures that this anonymity is respected. The report reflects the views and perspectives of the research participants, not of Concern Worldwide and Mahfuza Mala’s team.

While the study sought to seek a diversity of voices from actors across the sector, the largest stakeholder group involved in the study are members of Local and National NGOs (L/NNGOs). As a result, this report may best represent their opinions through attempting to share the experiences and standpoints of other stakeholders within the humanitarian system.

L/NNGOs are not a monolith, and the research project met with organizations that range in size, budget, mandate, and geography. This diversity of organizations was reflected in their different needs and challenges. Throughout this report and other research projects, the term L/NNGO captures organizations founded and active in Bangladesh. Where it is necessary to distinguish, the type of L/NNGO is identified, such as ‘National NGO (NNGO)’ or ‘Local NGO (LNGO)’.

The international stakeholders involved in the research were in-country donors, UN Agencies and INGOs. The term ‘international actors’ is used throughout the report as a catch all term for these stakeholders, where appropriate.

# Beyond Barriers Country Contexts



- **Workshops**
  - 172 participants across 5 stakeholder workshops
- **Global Localization Survey**
  - 811 respondents
  - Translated into 12 languages
  - Respondents from 60 different countries + 655 different orgs
- **Interviews**
  - 293 KIIs total
  - 34 FGDs total
    - 23 FGDs with community members and community based orgs
  - 110 L/NNGOs
  - 55 INGOs
  - 33 In-country donors
  - 28 UN agencies
  - 15 government entities
  - 55 community members
  - 19 other experts

## Bangladesh

### Interviews

- **1** Nationalized/Affiliate
- **2** Community KII
- **5** Community FGD
- **6** Donor
- **13** INGO
- **4** Local Government- KII
- **2** Other
- **20** L/NNGO
- **6** UN Agency





Photo: Saikat Mojumder/Concern Worldwide

# Section 1 - Power in Partnership

The subject of power dynamics inherent in the humanitarian system is of critical importance to the topic of localization and highlights the relational and behavioral components of a shift to a more localized response. Power dynamics underpin all operational challenges, meaning that one cannot examine funding or human resource challenges without considering the impact of power dynamics. The subject of power is immense, and highly contextual in nature. This section of the report aims to discuss the ways in which power manifests in the operational setting, with a particular focus on the roles of international and local actors, trust between these actors, the qualities of equitable partnership, and the management of risk in partnership.

To better understand the priorities of the actors in Bangladesh, workshop participants were asked what the greatest barriers related to power in partnership were in a locally led humanitarian response. The following were the highest ranked barriers in this category in the pre-workshop survey:

1. Program planning/design/implementation are not inclusive or participatory (top-down)
2. Current partnerships between international and local actors are not equitable or complementary - including international NGOs and donor agencies
3. Significant risk is transferred to local actors when partnering with international actors

The top-down nature of the system and challenges with equitable partnerships were the top two ranked barriers. This was followed by the issue of risk perceived to be transferred to local actors and an unwillingness to share risk. At the root of all these barriers is lack of trust between stakeholders, including the community.

## 1.1 Power Dynamics - A Bird's Eye View

### KEY POINTS:

- In Bangladesh, the National government and UN agencies are seen as having the most power in the system.
- Existing power dynamics between international actors and L/NNGOs are hindering open conversations and limiting the ability of L/NNGOs to negotiate preferable working conditions and payment

In Bangladesh, the perceptions of who holds power was unique in the contexts of this research project. The legacy humanitarian power structure in Bangladesh is characterized by the concentration of power with the central government and international actors to the detriment of local and community actors. In fact, during our workshop, participants ranked the current power structure versus the ideal power structure as such:

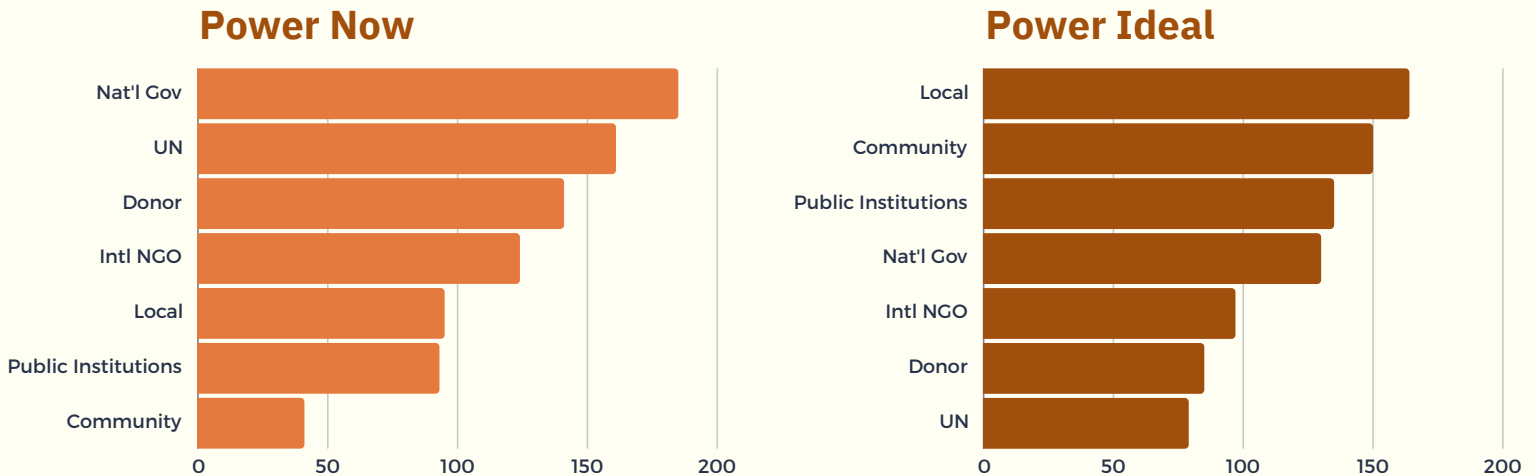


Figure 1: Power Structure as viewed by research participants

Recognizing this inverse power structure, research participants identified several key areas of focus in the discussion on power dynamics in Bangladesh. Mainly focusing on the role of UN agencies, donors, and large NGOs. Notably, this discussion on large NGOs was not limited to INGOs but included mega national NGOs which have taken on much importance in Bangladesh.

Bangladesh was the only context in this research project where the Government was ranked to hold the most power. The UN was ranked second, with donors third. In all of the other contexts, donors were ranked to hold the most power, as they control the resources. However, in Bangladesh, it was felt that the Government was the most powerful, as no other stakeholder could operate without their approval. Research participants explained that they view the UN Agencies to have a close relationship with the Government, thereby explaining why they perceive them to be ranked second in terms of power. This sentiment was echoed by different donors in the following example:

***There was a big structural effort last year before I arrived [to change the coordination structure]. Then the UN just unilaterally changed it. They reduced the number of donor seats on the executive committee that oversees the whole response [from the requested four seats down to one] ... And I'm sitting there being like, 'okay, all their money comes from us. I don't understand how we can be so disempowered.'***



Despite the above where donors experience a relative lack of authority, there were other instances where donors still command a lot of power. One NNGO highlighted a “*bad practice*” of Bangladeshi NNGOs, namely that they “*never argue with donors. You know, argue in a positive way, like never negotiate.*”

The implications of these power dynamics are significant on localization. Many donor agencies are seen to be pushing the localization agenda in Bangladesh. However, if they are not perceived as having the most power in the system, their influence will be limited. This is exploited further in the below Box Quote:

*“The U.N. agencies have come under increasing criticism here in Bangladesh for monopolizing the work, especially in the humanitarian assistance context. In complicated scenarios like the Rohingya or like the flood response, the UN here in Bangladesh is often seen as taking on overall responsibility. They should take over responsibility of coordination, but they're often seen as the gatekeeper of the funding and there's a perception that UN agencies hold the purse strings. They tend to work with the partners that they want to work with. They tend to want to keep control over the various sectors that need to be worked on. And they don't work well with local organizations or other kind of nontraditional entities. Donors also feel the same way about the UN here.*”

*When [a UN Agency] comes to us and talks to us about their concerns [with] their budget for the next year, we go back to them and say, we have consistently been telling you localize, localize, localize. Work with local partners, cut costs, be more efficient. We don't want to see you replicate the big superstructures you have in Cox's Bazar. Be more efficient, be more streamlined, leverage local organizations a lot more. And so, we try to use that as a leverage point. And then we raise it in all of our stakeholders' meetings with them directly.*

*One of the problems I see, though, is that on our side, we're overly reliant on the UN organizations. When you're dealing with a complex response, you automatically go to [a UN Agency]. In an emergency, it's just automatic. It's the easiest thing to do. It's the way to get money out the door more quickly. You know that it's a partner that's reliable and you're going to be able to work with them.*

*UN organizations are the ones that do have the capability to organize, coordinate work of government. So, we recognize they play a fundamental role in facilitating all this. But there needs to be a different approach. We can't just keep shoveling money into the UN system and then hope that they change themselves. They won't. There's no incentive structure there.”*

# UN Agencies – Intermediary or Donor?

The role of the UN as an intermediary was frequently discussed. Different stakeholders viewed UN Agencies differently, with many believing they acted more as a donor, rather than an intermediary or partner. However, this was not universal and indeed some UN Agencies (typically smaller UN agencies) were cited as playing a positive role as an intermediary. One donor mentioned UN Women as one such agency.

***“[UN Women] is really working with women-led organizations or groups and enabling them to secure funding and work. And that is part of their strategy to basically [put] themselves out of a job ... this is their mandate: building and ensuring women's empowerment and gender equality. And it has to be done locally.”***

Donor, Bangladesh

UN Women, for their part, explained that they are developing a system to fast-track partners, so that partners could be taken on in a matter of weeks instead of the usual two to three months within the UN system.

However, several stakeholders believed that the UN Agencies movement towards localization was primarily in response to declining funding and not with any real intent to shift power. One donor believed they were doing so on the basis that L/NNGOs ***“are going to be the ones that are remaining, and they are also less costly.”***

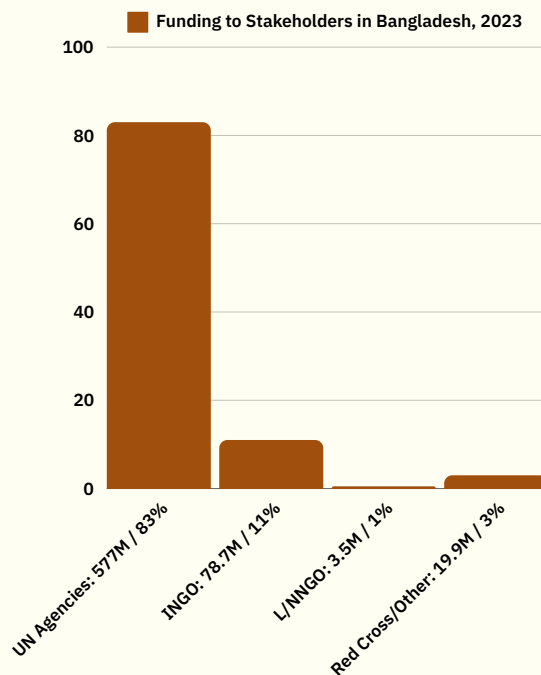
For their part, UN agencies outlined their approach which involves choosing partners through an online system used by the whole UN, using a criterion for identifying the best partner. They admitted that they still have a very top-down approach; while they do ***“hear the needs from [their] local partners,”*** program design is ***“very much influenced by our global practices, our global setup, and what donor requirements are... we don't necessarily have that bottom-up process by which a program can be supported.”***

While there is a clear tendency to increase funding to L/NNGOs (60% of UNHCR funding goes through L/NNGOs), there are doubts whether this would bring any material progress on localization. One INGO mentioned that while the UN ***“may be increasing the volume going to national partners... this is not going to increase the trust from donors in these actors and shift the power dynamics”*** and added that they did not believe that ***“the national actors really have agency to push back on what UN agencies are pushing on them.”***

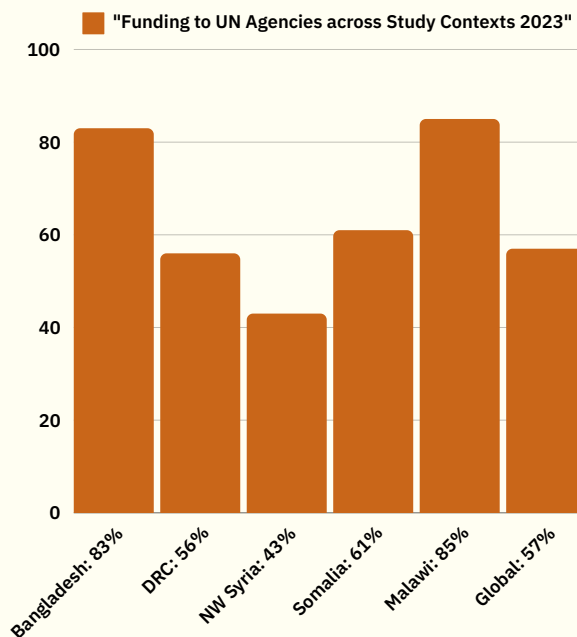
An INGO reflected that UN agencies in Bangladesh do not have a strong affinity for localization, instead that they ***“Work more with an approach of cost effectiveness... they choose local organizations to deliver in cases for cost effective delivery, but the true conversation that should happen between equal partners is missing.”***

From the L/NNGO point of view, a requirement from UNICEF to contribute 7% of the costs was seen as a major barrier. Requirements such as these contribute to sentiments of UN Agencies acting more as a donor, than a partner.

The below chart shows the amount of humanitarian funding going to different stakeholder groups in Bangladesh in 2023 according to UNOCHA:



When compared to the other contexts of this research that had humanitarian response plans of comparable size, the proportion of funding going to UN Agencies in Bangladesh is far greater:



This level of funding for UN Agencies in Bangladesh has created a situation where they are perceived to have excessive power, which weakens the positions of other stakeholder groups to negotiate.

# Recommendation:

- The importance of a well-functioning L/NNGO forum representing their views has been established from other contexts. All stakeholders can play a role in ensuring this is established in Bangladesh. While there are forums such as NAHAB and NIRAPAD, a unified forum representing the views of Bangladeshi NGOs could be more impactful.



Photo: Ukhiya, Cox's bazar.  
Saikat Mojumder/Concern Worldwide

## 1.2 'Oligopoly' of Large NNGOs

### KEY POINT:

- Some national NGOs in Bangladesh have become so large in size, scope, and power that they have started to resemble international NGOs. There is a question of how 'local' these actors are and how they represent a barrier for the majority of L/NNGOs to access funding.

***“It’s like a big tree. And because the tree is so leafy, you have no other smaller trees growing underneath it.”***

UN, Bangladesh

In Bangladesh, it is important to recognize the power dynamics at play at the local and national levels to understand the complexities of the barriers to localization. The diversity in the size and scale of what can be called local or national organizations in Bangladesh is massive and makes this context quite unique. International actors must be aware of these when attempting to advance localization in Bangladesh.

The dominance of international actors has been referred to as an “oligopoly,” whereby a small group of powerful actors control the majority of resources (Parker 2016). The sector’s top-down approach to localization risks creating a new layer of power below the traditional international intermediaries, with a select group of large NNGOs becoming an oligopoly of their own.

In Bangladesh, there is a group of large National NGOs that have a significant amount of power, especially compared to their smaller, local counterparts. That is before considering where CBOs are in relation to the formalized, registered L/NNGOs. These are very important considerations, when approaching the subject of localization in Bangladesh.

It is not sufficient for international actors to transfer resources to a small group of large NNGOs and call it localization. In fact, certain stakeholders were of the view that larger NNGOs should not be the priority in localization efforts. One INGO mentioned that large NNGOs are not the true targets of localization, but that localization was meant to target small CBOs and CSOs which are not yet registered.

One donor echoed this opinion while highlighting an additional issue related to competition between L/NNGOs. They explained that funding large NNGOs does not:

***“Serve the cause of localization because at the end of the day, they sometimes have a budget which is even bigger than international NGOs. So, the role that they play and the space that they take is to the detriment of the small NNGO, [who] should be the focus of work on localization... so the more funding [that] goes to these big NNGOs, the less we support the real localization.”***

They went on to underline that donors have a role to play in addressing this issue,

***“to make sure that not only there is a better sharing of the cake, but [to] make sure that ... we help these small NGOs to increase their level in terms of quality, in terms of accountability, to make sure that they can have access to other funding as the big NGOs... we have a clear role to play [to] avoid the situation where all the money always goes to... the usual suspects.”***

These sentiments were shared by certain L/NNGOs. One L/NNGO believes that the large NNGOs “Can operate as internationals, but then also appear as local NGOs when it suits them – this makes competition for funding very unfair.” Indeed, one INGO felt that NNGOs posed more of an issue to them than INGOs in terms of competition for resources, in that NNGOs are their competition for partnership with INGOs and work in many different regions.

This has become a particular issue in Bangladesh where bigger L/NNGOs become established in their area, but then seek to expand into other parts of the country, where they have no connection. This creates frustration among the L/NNGOs in that area and is antithetical to the principles of localization. As explained by one L/NNGO with experience of this:

***“It is not localization when an organization from a different part of the country is given funding to go do work in another part of the country. Once the project is over, they will leave and there will be no sustainability.”***

It is incumbent on all stakeholders working to advance localization that they do not contribute further to the oligopoly of large NNGOs. This is not to say that these organizations should not be funded, but rather treated as intermediaries, in the same way that INGOs are. They should be expected to contribute to the growth of smaller L/NNGOs and be ready to shift and share power with them. As mentioned by one UN agency who raised concerns with funding an NNGO to be an intermediary for groups of CBOs, specifically regarding how much space this NGO gives the CBOs to raise their voices. They explained, *“It’s like a big tree. And because the tree is so leafy, you have no other smaller trees growing underneath it.”*

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## Recommendations:

- International actors should not default to partnering with only the largest L/NNGOs, but rather should seek out a variety of partners of different sizes, specialties, and geographies.
- The largest and most powerful L/NNGOs should target their smaller counterparts with capacity sharing initiatives and partnership on program implementation to help them become more effective in their work and response.



Photo: Saikat Mojumder/Concern Worldwide

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**“I think the question is where are the decisions made? [Localization] does not mean having five or ten big NGOs in Bangladesh and all the international NGOs disappear. It’s not localization until it goes to the really local level, at the village level of social development work, but also village level businesses.”**

## 1.3 Role of International Actors

### KEY POINT:

- L/NNGOs are calling on a shift of role and mentality among international actors that puts decision-making and financing in local hands. International actors could find a new role in the system by focusing their efforts on capacity strengthening, advocacy, compliance, and learning and innovation.

In addition to the findings on large NNGOs and their role in localization, INGOs and power were also discussed at length, specifically about the most effective roles INGOs can play to best support the localization of aid efforts. The role of INGOs in supporting localization efforts is critical. However, there will need to be a shift from the role that INGOs have traditionally played, and they must adapt their approach to better support local actors.

The majority of the respondents (80% of the research respondents) shared that in Bangladesh, INGOs are still relevant and can support local organizations by bringing in new learning, technologies, and conducting advocacy at the global level. An NNGO mentioned that there is a way to leverage the fact that INGOs hold more power in the international system by having them focus on research and advocacy.

To make progress in localization, it is important to build the collective voice and network of local organizations, which can be achieved through capacity development, strengthening networks, and addressing inclusivity. While some respondents suggested that INGOs should adopt a more facilitative role, supporting L/NNGOs through capacity strengthening, networking, and knowledge sharing.

Others suggest that INGOs should adopt a more transformative role, challenging power imbalances and working to shift decision-making power to local actors.

For their part, INGOs shared different perspectives on their current role in Bangladesh and how it can and should evolve. One INGO mentioned the importance of having clarity on what their main value-adds are as an INGO and focusing on these functions. This organization pointed out that *“this essentially means that over a period of time my portfolio will reduce and I have to get ready [for] that.”* Another INGO echoed this, stressing the importance of focusing on what they are good at (for example, gender transformative approaches). They asserted that roles should be divided *“in a way that would make more sense”* aligned to the respective expertise of different organizations.

An INGO mentioned the need to *“shift to adapt to changes in the system”* and believes that it is important that INGOs be the driver of their own change rather than change being forced upon them. An INGO mentioned that *“when the capacity of [their local partners] gets to the point that there is not so much added value, they encourage them to apply directly [for funding].”*

This organization acknowledged that the role of INGOs moving forward will be quite different in the future. Another organization believed that an important role for INGOs to continue to play is holding the government and UN accountable, particularly as it related to the Rohingya crisis.

Overall, the relevance of INGOs in areas such as new learning and innovation, technology, practice from other contexts, compliance, advocacy, and the development of new systems and processes was acknowledged. However, there was consensus that the role of INGOs needs to evolve to focus on these valuable areas and leave most other activities to local organizations, even if some doubt whether the willingness for real change exists. One L/NNGO stated that they believe that INGO headquarters have policies that “constrain” their ability to advance localization on the country level; therefore, a “change in mentality” from their headquarters is critical to progress.

A donor expressed some hesitation at the idea of INGOs being less present, specifically stating that they do not believe they could be sure of humanitarian principles being upheld without an international guarantor. Another donor felt that INGOs had a particular role to play in localization in Bangladesh:

***“The power dynamics between bigger local organizations and the system of patronage in the country can also be a challenge for localization. Hence, INGOs can facilitate the operations as an independent watchman arbiter between the UN and local NGOs and function as an independent body to provide technical support to local NGOs.”***

Some felt that more attention should be paid to the merits of projects and approaches rather than the nationality of the organization implementing them, saying, “creating complementarity and synergy between different actors in the humanitarian ecosystem is important, rather than focusing on who is local and who is not.”

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## Recommendations:

- INGOs should analyze their role on an ongoing basis in terms of both power dynamics and the value-add they bring both to the context and to their partners. When partners reach a level where they can access funding directly, INGOs should plan to adjourn the partnership.
- INGOs should publish localization policies and strategies that detail how they plan to evolve in the next 5 to 10 years to advance localization and commit to exit plans where necessary.



## 1.4 Lack of Trust

### KEY POINTS:

- Lack of trust between stakeholders at all levels was a prominent theme in the research, especially between international and local actors in partnership.
- Lack of transparency and inclusion in decision-making are critical components of the breakdown of trust.
- Communities would like to see more funding at the local level to actors they feel they can trust.

Behind much of the discussion on power and funding/HR for that matter lays a discussion of trust. Lack of trust between stakeholders in Bangladesh's humanitarian system was a prominent theme during all areas of research. Given that trust is the baseline for coordination, cooperation, and partnership, the web of trust and mistrust impacts the efficacy of aid delivery and localization efforts. The system, a mosaic of local and international, community and governmental actors, is a balance of cooperation and competition. Trust acts as the cornerstone of collaboration and efficient resource distribution, while mistrust can lead to inefficiencies, poor coordination and planning, the marginalization of local actors, and the vilification of international actors. Delving into this reveals the nuanced interplay of power, resources, and politics that shapes the relationships between global donors, intermediary organizations, government, and grassroots entities.

During the workshop in Bangladesh, there were specific sessions aimed at analyzing the issue of trust in partnership. A study from organizational and business psychology was adapted and two exercises were conducted. First, the team followed the methodology of the [Breuer et al. \(2020\)](#) study by asking international, national, and local humanitarian actors to describe critical incidents in which trust was built or damaged in partnership.

Workshop participants were asked to provide specific details about the incident, as well as the repercussions of the incident on partnership and program performance. Then, the workshop participants were divided into small groups according to their affiliations (international or national in organization type) and asked to identify the top five categories of trust that were most important to successful humanitarian partnership from among the list of categories identified by Breuer et al. The results of these exercises can be found in the [Workshop Report](#) and have been used in the development of the [Trust in Partnership Tracker](#).

Local organizations regularly lamented not being meaningfully involved in project design and decision-making processes, especially around budgeting. As mentioned above, they are treated as subcontractors rather than equal partners, with INGOs positioned as “*supervisors of risk*” rather than partners in growth. To local partners this can seem that international organizations do not trust them around financing. This leads to perceptions of inequality and exploitation. Indeed, an NNGO expressed that there is a “*colonial mindset*” among international actors that prevents true mutual respect.

***“the UN [being entrusted with] localization or the Grand Bargain commitments [is like] bringing in oil companies to the COP in Dubai... it's like putting a fish in the hand of a cat and asking him to keep an eye on it.”***

**NNGO, Bangladesh**

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There were numerous examples of instances where trust had been damaged between partners. One INGO believed that their L/NNGO partners “keep their financial systems weak deliberately to allow for misappropriation of funds” because “if they are picked up, they can claim that they do not have the capacity.” A further anecdote was shared by an NNGO whereby they made an error in a procurement process, which caused the INGO partner’s finance team to lose trust in them for a time. The lack of transparency, and the adjoining unequal conditions accepted within the humanitarian system, are a barrier to trust building. Additionally, local entities do not see international actors as having a real incentive to progress localization.

Though the UN is increasing the volume of funding going to local actors, stakeholders did

not believe this was being done in such a way as to promote the growth of these organizations or increase trust in them. For their part, a UN agency expressed skepticism of some major NNGOs, stating that some L/NNGOs have “*problematic connections*” and that even larger L/NNGOs often have political agendas that create distrust. The agency also asserted that L/NNGOs do not have a vision about how to strengthen their organizations or a long-term strategy. Indeed, trust can also be seen as a driver of the tendency of donors to funnel funds through UN intermediaries; one donor stated, “*we just simply trust that [UN Agencies] know what they’re doing, and they know who they need to engage to implement these projects.*”

An L/NNGO offered some specifics in terms of what improvements could be made to enhance trust between actors. First, decisions coming from local organizations, or a bottom-up approach. Second, there needs to be more relationships between L/NNGOs and donors, which do not exist at present. Third, transparency between partners on matters such as budget allocation is crucial. L/NNGOs stressed the importance of mutual respect and accountability as well. As one organization stated, “*if there is no trust or respect, there is no partnership, [it] becomes slavery.*” An NNGO representative expressed that they had observed a culture change which has led to less trust between INGOs and NNGOs as opposed to decades ago when INGOs would provide funds without asking as many questions. This individual felt that the relationships had become “*overly corporate and professional.*”

From the point of view of the INGOs, they acknowledged the role that imbalanced power dynamics play in damaging trust between international and local partners:

***“Normally what happens is that our discussion is related to how much you have spent, why did you not follow these compliances? So, we are already creating an environment where there are power dynamics... they never had any say in the project design... the engagement is very project specific and very compliance heavy.”***

Another INGO mentioned the importance of working against this type of hierarchy, specifically saying, *“it is important if we want to establish localization that we understand our strengths and areas of improvement from our respective positions and act together.”* An NNGO echoed this opinion, stating that if one party is essentially the *“police”* and the other organization is the *“others”*, then it is very difficult to build trust. At the same time, an INGO emphasized that transparency is key: *“if the organization is not transparent, how can I rely on them to implement?”*

The importance of long-term partnership building emerged in relation to the topic of trust. An INGO mentioned that while there are attitudes about Bangladeshi organizations lacking credibility and honesty in the sector, they have many quality partners who they can

*“trust blindly”* who have been working with them for a long time and have strengthened their implementation capacity over that time to the point that the INGO *“[does not] have to worry about quality.”* An NNGO also stressed the importance of having clear contracts and an understanding of roles when entering into partnerships: *“automatically trust will build if you know what’s written in the contract and you know why you signed this contract.”*

The trust of the community members interviewed in the different stakeholders was very mixed. One community member commented that *“if the donors provide money directly to the local NGOs, it’s beneficial because the local people will get a higher portion of the support”* as opposed to when INGOs are involved because *“they are taking a big chunk of the money for their human resource and office maintenance.”* This respondent also expressed confidence that LNGOs can manage funding and conduct disaster response effectively.

In a differing view, another community representative expressed that INGOs are often seen as more trustworthy than LNGOs as they are more able to hold people accountable for fraud and corruption. Clearly, there are differing perspectives in communities when it comes to the merits of different types of NGOs.

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## Recommendations:

- Local and international actors alike need to see trust, and many other interpersonal skills, not as “soft skills” but as *fundamental* to humanitarian response, and a prerequisite to a true shifting of power. Increasingly, these metrics should be tracked and measured.
- Transparency in partnership, at all stages of the program cycle and specifically when issues arise in implementation, should be prioritized by local and international actors.



*“Mutual trust is an essential component of a partnership. Mutual respect, mutual understanding, recognition of each other, sharing of resources, sharing of real facts and findings, and joint action and collaboration are crucial factors in building trust.”*

LNGO, Bangladesh

Photo: Gavin Douglas/ Concern Worldwide

## 1.5 Equitable Partnerships

### KEY POINTS:

- There are few examples of truly equitable partnerships between international and local actors, with the majority of dynamics reflecting subcontractual relationships.
- Equitable partnerships should involve the full and easy sharing of information, decision-making, capacity and learning, and should ultimately aim to improve the sustainability of the local partner

The operational side of power dynamics can often be couched in equitable partnerships, and within the current humanitarian landscape in Bangladesh there's a notable absence of equitable partnerships between international and local actors. Local organizations frequently serve more as subcontractors than as equal partners, limiting their potential for impact and growth. A central aspect of this unequal dynamic pertains to the level of respect and inclusion afforded to L/NNGOs by international partners – INGOs, UN, and donors alike. Frequently L/NNGOs claimed to see themselves as marginalized, excluded from critical planning and decision-making processes. This dynamic ultimately affects the relevance and effectiveness of humanitarian interventions, as they may not always align with the actual needs of local populations.

Some donors accept that they have a role to play here. However, one donor admitted that there is an information gap when working through intermediaries, given that they receive proposals and reports from the intermediary. Therefore *“the question is how to ensure that the intermediary is including all the relevant information from [the] local/national partner.”* Additionally, donors are generally unaware of issues that sub-grantees may be experiencing in their partnerships, as *“there is no formal way for a sub-grantee to make a complaint about the grant holder to the donor... the grant holder is essentially their boss.”*

In addition, interviewees cited the lack of transparency with budgets as a lack of respect for L/NNGOs and their position in partnerships. This power differential results in reluctance to negotiate with international partners due to *“fear of losing opportunities.”* L/NNGOs cite concerns about falling into *“bad terms”* with their partners should they try to negotiate with some well-known INGOs. Overall, such exclusion from decisions, as well as essential operational information, contributes to a perception of devaluation and condescension. As one L/NNGO lamented, *“INGOs force their ideas on LNGOs.”*

There were some good examples of INGOs genuinely engaging in equitable partnerships. One INGO described how they do have some traditional subcontracting partners, but also have a different type of model where they *“at first see [if] our partner can directly apply or not...and provide support to development of the project.”* They also commit to act as advocates with the donor to convince them that their partner is best placed to receive the funding.

INGOs highlighted some of what they understand to be key components in establishing equitable partnerships. Organizations highlighted the selection process as a key step, citing the need to be deliberate about the types of partners selected, and mentioning that the selection process “needs to be transparent and have clear criteria.” Organizations mentioned the importance of selecting smaller organizations as partners, but noted the importance of considering the capacity of these organizations so as not to “bombard them with funding,” and also to consider their sustainability.

One organization mentioned that when they fund very small organizations, they “support them for their capacity development” in addition to providing funding. One INGO also noted that it was crucial that their own staff be well-versed in the principles of partnership, especially “mid-level staff who typically are the ones dealing on a daily basis with partners”.

While there is a long road ahead to ensuring equitable partnerships in Bangladesh, one NNGO did note that the situation had improved, stating that “collaboration has increased and the local organization[s], they have some good space [for] sharing their ideas, knowledge, and decision-making process.” Another cited a successful partnership example where they co-designed projects with their partner: “we assess the problem of the community together, and we make a plan to prepare the design of the project together... we always make decisions together.” An INGO echoed this sentiment regarding progress made, stating that while decisions were previously made unilaterally about the role of local organizations, these days local organizations are “really involved from the get-go on the design and what we’re going to submit to the donor... so that really has changed if I look at it over the past 10, 15 years.”

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## Recommendations:

- Donors should require or incentivize the co-design of projects alongside L/NNGOs and fund co-creation workshops for proposals.
- UN agencies and INGOs should invest in establishing relationships with potential partners and signing MOUs with them to establish strategic partnerships. This process should include a discussion of all compliance and reporting requirements and the methods and schedule of reporting should be agreed upon together to ensure transparency from the start.

## 1.6 Risk

### KEY POINTS:

- Risk Aversion of Bilateral Donors: The conflict donors have between their stated support of localization and strict risk mitigation strategies preclude them from partnering with L/NNGOs.
- Substantial risk, particularly physical and security risk, is being transferred to L/NNGOs in partnership.
- International actors see intermediaries as taking on significant financial and reputational risk when they are in partnership. Some local actors even prefer to be in more subcontractual relationships to defer this risk to the international partner.

Central to the continued flow of humanitarian funding and resources is the mitigation of risk. This comes in many forms: financial, reputational, political, physical, existential, and more. However, across the humanitarian ecosystem, risk is conceptualized and prioritized differently, and therefore not shared equally. This research suggests that local and national staff perceive themselves to bear the most physical risk as front-line responders in complex humanitarian crises. Heightening this is the fact that less than 15% of L/NNGO respondents reported that their partnership contracts provided a budget for risk management, including training and equipment. In the intermediary funding framework, substantial security risk is being transferred to L/NNGOs while funding allocations to them do not include essential security provisions. In addition, physical risk is amplified when overhead costs are not fully met (as discussed above), as administrative and operational capacity is limited, and organizational bandwidth is strained.

While exposed much less frequently to physical risk, international donors need to consider and mitigate financial, reputational, and political risks that could imperil the home constituency support and future humanitarian funding for country crises. This leads to compliance requirements or mitigation measures, which are often at odds with the localization agenda and commitments outlined in the Grand Bargain.

In the end, intermediary funding, pooled funding, and consortia all have the benefit of adding layers of monitoring, oversight, and mitigation of risk to donors and intermediaries, without strongly addressing the financial, design, and bandwidth constraints that expose L/NNGOs to higher physical risk in the field. Intermediary funding can also introduce different challenges; one donor pointed out the tension that exists between ensuring that project designs come from local organizations and the fact that *“the prime [grantee] is going to have to bear a burden of the kind of risk associated with that.”*

Parallel to financial management, L/NNGOs often struggle with risk management, leaving them vulnerable to financial instability, fraud, and other crises. One research participant representing an international donor explained,

***“It is also true for donors that processes such as financial audits, etc. are usually convenient with international partners as they have the capacity to do that. They have a channel, but there is not one for the local and national NGOs. Those mechanisms of oversight would feed into the capacity to absorb risk upwards. Whereas it is not possible to fund local or national NGOs directly sometimes as there are instances of corruption reported.”***

However, many L/NNGOs do not have the funding resources to support the staff needed to carry out this type of oversight, such as auditors in the case of one L/NGO who was interviewed for the project. An NNGO echoed this challenge, observing the difficulty for many organizations in retaining personnel to mitigate risk.

Given this reality, one donor said that they rely on INGOs to bear a lot of this type of risk: *“when something goes awry, our interaction on that issue is usually with them... they are held to account, they are asked to kind of use their own systems to investigate in some instances.”* Another donor has tried to implement new systems including a risk sharing clause in their projects.

A unique example of risk faced by L/NNGOs that was highlighted during the workshop was the de facto system of honorarium payments made to government actors. This is something mandated by the government, leaving L/NNGOs no choice but to pay.

L/NNGOs reported that they have highlighted this issue to international partners, but it has never been formally recognized. This leaves them in a situation where they must either pay from their own resources or risk not being able to conduct their work, without any support from international partners. This was accepted as an issue during interviews with international stakeholders, with one INGO stating:

***“This is a cultural reality at the moment and.... we as INGOs probably have to get better at amplifying those cultural realities up further through the financial chain.... I think donors, local partners and INGOs should come [together to develop] a legalized compliant solution acceptable to everyone.”***

Ironically, one donor commented that the emphasis on compliance and risk mitigation has backtracked progress on localization:

***“There are a lot of local NGOs that are now much more content or comfortable to go back into a subcontracting relationship, even when given the choice. Part of this reason is because of the inherent risks that come about in partnership... some of this is probably due to the increased amount of disallowed costs... the increased compliance measures over the last 20 years. That’s instilling a fear. So you’re backtracking on the confidence of local actors because of that.”***

This is perhaps unsurprising, as one L/NNGO expressed a concern that the manner in which compliance requirements are implemented in their partnerships can also feel like *“a control mechanism instead of a partnership mechanism.”*



There is a clear gap in the perspectives on risk between international and local actors. Until this gap is bridged, this problem is likely to persist. There have been calls on donor agencies to reduce their risk thresholds and become less risk averse. However, most donor agencies are answerable to their government's ministries, where the risk thresholds are set. However, one donor believes that it is within donors' remit to change their risk thresholds to respond to these concerns, *"as long as they have a sound business case for doing so."*

## Recommendations:

- All stakeholders should engage in advocacy with donor agencies, governments, and taxpayers to convey the benefits of locally led humanitarian response and encourage governments to release some risk aversion.
- International actors should build the capacity of their staff to manage and share risk, leveraging tools and frameworks such as the [IASC Risk Sharing Guidance](#).
- L/NNGOs should prioritize having systems in place to manage risk, and donors, INGOs, and UN agencies should invest in innovative technologies that can help to eliminate corrupt practices, such as the technology detailed in the case study from Emere in this project.



Photo: A submerged house in Noakhali district.  
Akram Hossain/Concern Worldwide

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# Gender

Gender disparities are exacerbated during disasters, making it essential to take a gender-sensitive approach to disaster management and response. This includes ensuring women's participation in decision-making, providing safe and gender-sensitive evacuation centers, and promoting women's access to resources and services in disaster recovery. Concerns were raised that the process of localization could hinder progress on addressing gender disparities unless concerted efforts were made to ensure that the L/NNGOs that are funded are representing women's rights.

One donor admitted that they had not considered restricting eligibility of certain grants to women-led organizations, but that they would be supportive of it in certain funding streams, while noting that this may be more conducive to development rather than humanitarian funding.

***“Women’s organizations are getting less than 1%. It is injustice... Gender is one of the main issues, not a cross-cutting issue. So this understanding of the feminist perspective is not there.”***

**NNGO, Bangladesh**

One LNGO highlighted that a barrier for women-led organizations is that donors tend to focus on organizations who can provide responses in a certain specified sector. An INGO also drew a distinction between women-led organizations and truly feminist organizations, and pointed out that in Bangladesh, the majority of the women-led organizations are focused on development rather than humanitarian work, making their inclusion in humanitarian funding more complex.

Another INGO highlighted that with so few women on staff, and particularly not on the programming side, it is difficult to create genuine accountability to program participants who are 50% women. In this vein, donors and INGO leadership are making efforts to improve female access and leadership in the humanitarian system. For example, one INGO told us that they channel 35% of their annual funding – with an emphasis on long-term funding – to local and national women's rights organizations.

One UN agency also mentioned that they train women-led organizations on how to collect post-disaster data and assess the needs of the specialized group; during the 2022 floods, WLOs were very much involved in collecting data and determining priorities for the response plan.

[This Case Study](#) provides a positive example of a Women-Led Emergency Team mobilized to respond to floods in Sylhet in 2022.



Photo: Gavin Douglas/ Concern Worldwide

## Section 2 - Funding

Directly funding local and national actors is seen as one of the key mechanisms through which to realize a more locally led response. In particular, the Grand Bargain target of 25% of humanitarian funding going as directly as possible to local actors was adopted to further the localization agenda. Despite this ambition, direct funding remains minimal.

Existing literature on localization already has outlined the many barriers within the funding space. A comprehensive list of barriers from the literature was drafted and reviewed by Mahfuza Mala and team to ensure completeness and relevance to context. Workshop participants (CBOs, L/NNGOs, INGOs, UN agencies) were asked to rank these funding barriers according to their role in limiting localization. The following were the highest ranked financial barriers:

1. Funding doesn't go directly to L/NNGOs but is passed through intermediaries.
2. Lack of organizational capacity of L/NNGOs to deliver large scale programming.
- 3=. Only short-term funding options available, limited quality of multi-year funding options
- +  
3=. Award management, compliance, and donor reporting requirements are overly burdensome and difficult.

When comparing the Bangladesh case to the other four country contexts, there were many more L/NNGOs who have decades of experience receiving donor funding. Despite this, the proportion of those that access funding directly from donors remains very low. Most L/NNGOs rely on funding through intermediaries, and while the experiences of this are mixed, there is a growing realization among L/NNGOs that they will need to find alternative sources to be sustainable.

The availability of several Pooled Fund mechanisms aimed at funding L/NNGOs is a huge positive for those who can access them. Funding via microfinance credit schemes is a unique case of successful alternative fundraising; however, the ethics of these schemes are questioned by some stakeholders.

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**“And another aspect is that the respect and relationship with the donor, because we never see the donors, we cannot talk to them. So definitely this should be changed. The local organization is implementing this project.”**

LNGO, Bangladesh

## 2.1 Direct Funding to Local and National Actors

### KEY POINTS:

- Very few L/NNGOs are receiving direct funding from donors, and therefore must rely on intermediary funding.
- Most L/NNGOs are too small in size and scope to receive many of the direct grants made available by donors. Donors are concerned about local and national actors' ability to manage large grants, and do not have the capacity themselves to make grants smaller and more manageable.

An analysis conducted by the Localisation Technical Working Group (LTWG) of Bangladesh analyzed the \$11.59M spent in Sunamganj district in 2022 to respond to catastrophic flooding. 18 entities played the role of lead agency (eight INGOs, five L/NNGOs, four UN agencies, and one RCRC movement), along with 19 implementing partners. This funding came from 42 sources. UN agencies received nearly half of all direct funding, 48.5%, reaching 554,000 affected people in partnership with national and local partners. Next, INGOs received 37.1% of funding and provided support to around 400,000 people. Only 12.7% was given directly to L/NNGOs, which reached 63,000 disaster-affected vulnerable people (the remaining 1.6% went to the Red Cross Red Crescent movement).

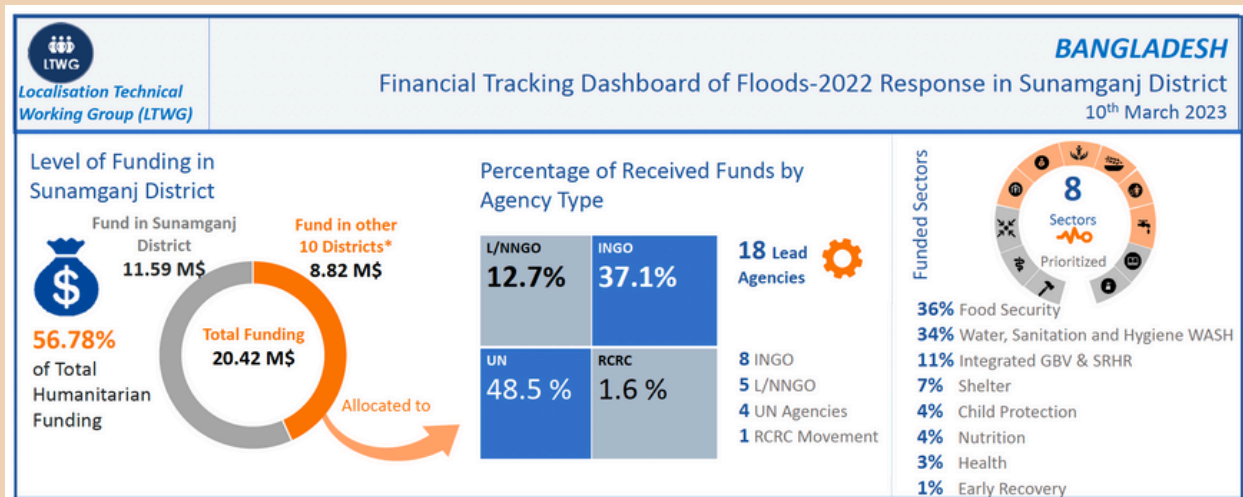


Photo 1: LTWG Financial Flow of Total Humanitarian Funding 2022 Flood response, Sunamganj District.

The challenge of L/NNGOs accessing funding directly was reflected in the research. During the stakeholder workshop, the number one ranked barrier was the lack of opportunities to access funding directly. The research project probed further into this issue during the KIIs. L/NNGOs made it clear that it is vitally important for them to get funding directly. The reasons include increased budget, more flexibility, and less compliance requirements when dealing directly with donors. While many L/NNGOs have challenges with donor requirements, study participants advised that it

becomes more complicated with intermediaries, as they each have their own bespoke system. L/NNGOs believe that they will have more opportunities to implement their own ideas with direct funding, as well as receive a fair share of indirect cost recovery (ICR). Others are of the view that funding L/NNGOs directly will lead to improved responses for communities, as they understand the needs better, and less money will be diverted to administration costs and salaries of intermediaries.

However, there are numerous challenges for L/NNGOs to receive direct funding from donors. Some L/NNGOs highlighted a challenge that their budgets are not high enough to receive grants, with donors preferring to give fewer large grants. This is difficult for L/NNGOs that do not have the experience of managing large grants. One L/NNGO gave an example of a flood response where they did not apply for funding directly, as they were too busy with the response. They recognize that they need to take responsibility to apply for funds to survive in the long term, but they have become habituated to applying via intermediaries. Additionally, the current funding structures and mechanisms often prioritize short-term and project-based funding – a situation that is often not unique to local NGOs but may have greater impact due to a lack of external support sources.

One key barrier for L/NNGOs' access to direct funding is simply the lack of access to donor agencies. Several L/NNGOs interviewed who have worked for decades in the sector had never met a donor. Only the large NNGOs interviewed reported to be able to meet donors. This required a certain level of proactivity on their part and often, being based in Dhaka.

Donor participants mostly agreed that to advance localization, providing direct funding to L/NNGOs is key. The desire to move away from funding through international intermediaries was evident. One donor explained that there is a need to directly manage funding by the local partners and reduce the amount of funding channeled through UN agencies, adding that this will allow them to directly manage the projects and evaluate themselves, as well as test out what partners can do in the country.

One donor shared their plan to make an “umbrella” grant to an L/NNGO who acts “*like a foundation*,” in that they are not carrying out any project activities but instead are primarily responsible for sub-granting their funds to other local organizations. The donor expanded on the benefits of this approach, mentioning that, “*what's nice about that is that they have the reach nationally... to know who's out there.*” From this donor's perspective, utilizing an L/NNGO as an intermediary is an important step towards localizing their funding. This method has been used in other country contexts and should be followed closely for possible expansion and replication.

Despite the desire, and in some cases real progress, providing direct funding to multiple L/NNGOs, especially smaller organizations, remains a challenge for donors. One donor explained that, despite being committed to localization, they face challenges in transferring large grants directly, “*We have a localization [project] of upwards of 40 million or so. With, [our funding] model, you need one implementing partner to be the lead manager on that.*” They admitted that this presents a challenge of operating in a manner that “*meets the goals of capacitating lots of different L/NNGOs, not just financing one large one.*”

Donors also shared their concerns over L/NNGOs' capacity to manage large grants. Donors have their own capacity limitations when it comes to funding L/NNGOs, as this would require the administration of numerous, small grants. As such, these donors depend on intermediaries for grant management, making it difficult to have a direct funding relationship with the L/NNGOs they desire to fund.

Several INGOs interviewed recognizing the role they can play in supporting L/NNGOs to access funds directly. INGOs interviewed gave examples of taking the initiative to step back from funding and step up to mentoring.

Several INGOs mentioned that they no longer apply for certain funding opportunities to allow L/NNGOs better opportunities to gain experience and visibility. Another INGO provided an example where they use their own funds for their partners to apply for short-term grants in cases of emergency. While this provides necessary funding to local responders, the limitations of this approach were recognized due to the short-term nature of the funding. For there to be more sustainability, this kind of support would need to be part of a longer-term strategic partnership.

## Recommendations:

- INGOs and UN agencies should consider transforming their missions to include promotion of localization, including specific goals related to the transfer of resources to L/NNGOs. This should include a role in fostering relationships and communication channels between donors and L/NNGOs.
- In-country donors can increase support of localization by making a concerted effort to visit L/NNGOs in their districts and invite them to their offices, as well as increasing their own staffing to support the management of numerous different grants.
- INGOs and UN agencies can relinquish power in the system by making commitments to not compete for funding opportunities where there are L/NNGOs capable of leading responses, as well as advocating for direct funding for such L/NNGOs.

**“We cannot directly fund local or national organizations. [We] try to promote localization through local implementing partners of our international partners. Our partners need to indicate who [are] their implementing partners and explain the added value for each implementing partner and how they will build the partnership with the local partner.”**

Donor, Bangladesh

## 2.2 Funding Through Intermediaries

- Due to the lack of direct funding, funding through intermediaries is the primary method to reach the local and national level.
- Intermediary funding is still largely a top-down model, isolating most of the funding and decision-making to the role of intermediary at the international level.
- Competition between L/NNGOs is exacerbated by intermediaries seeking to subcontract with those who have the lowest costs and fewest demands. This competition limits the ability of local and national actors to negotiate with international partners and advocate for better funding and conditions.
- Intermediary funding can have its benefits – among them, technical assistance, support with financial management and compliance, and more time and focus on program implementation.

Given the limitation mentioned above regarding direct funding in Bangladesh, the predominant funding model is for L/NNGOs to receive funding through an intermediary, most commonly an INGO or a UN agency. However, notably in Bangladesh, there is a growing tendency to seek out larger L/NNGOs to act as the intermediary in a position similar to that which the INGO or UN currently holds. The predominance of the intermediary funding model was reflected by all stakeholders, with certain donors only being able to fund through this model due to regulatory restrictions.

The funding through intermediaries comes in many forms and the **quality** of this funding is often as important as the **quantity** (an analysis of the factors contributing to quality funding through equitable partnerships is in Section 1). Evidence from the research project suggested that the traditional “top-down” approach to funding and decision-making that often accompanies intermediary funding is one of the

greatest localization and humanitarian challenges in Bangladesh. This results in a lack of proper funding for well positioned and capable local organizations, restricted access to resources and training, and diminished opportunities for local communities to participate in decision-making.

Many INGOs interviewed expressed dissatisfaction with the current funding models and are very aware of its limitations. It was felt that donors’ control how the intermediary funding models work and should take more responsibility for it. One INGO explained that while donors “*subcontract to smaller organizations*” (via intermediaries), they “*do nothing for their organizational development, so it achieves nothing in terms of localization.*” Another INGO pointed out that international actors tend to “*fund the [local] partner with the lowest costs and least demands*”; as such, the



**“Basically it's very difficult for the local organization to decide [not to work with INGO]. Like if I discontinue the partnership with [the INGO], in the future they will not provide us funds.... So basically, this decision is not easy for the for local organization in Bangladesh.”**

LNGO, Bangladesh

primary funding model prevents organizational development among NNGOs because they are forced to compete with one another on these terms. This INGO suggested that donors should play a bigger role in *“setting minimum standards for intermediary organizations.”*

Another INGO pointed out that the nature of short-term grants from donors inhibits the added value that an intermediary can bring. This INGO has previously engaged with L/NNGOs for partnerships over ten years. It was, therefore, possible to work with the L/NNGO on their growth as an organization and strive towards sustainability once the partnership ended. When there are grants of less than two years, it is not possible to have the same level of engagement.

From the L/NNGO perspective, they saw both positives and negatives to the intermediary funding model. From a financial perspective, it is preferable to receive directly as they get more overhead costs and more flexibility. With an intermediary, there are less costs, but there is the advantage for the technical assistance that an intermediary partner can provide. Another L/NNGO referred to certain projects funded through intermediaries as *“automatic”* projects. He further explained that this is not meant in an entirely negative sense. The benefits of these projects are that the L/NNGO can focus solely on the project implementation. On the other hand, direct funding provides more authority but comes with the extra *“headaches”* of financial management. This L/NNGO aims to keep a balance between the two modalities, with 50% of their projects through intermediaries.

For many L/NNGOs, the intermediary funding system suits their objectives, especially where they have good partnerships. However, there is a danger of becoming *“comfortable”* with this type of funding and a recognition that they will need to develop means of accessing funds directly to be sustainable. Some L/NNGOs also reported having little choice but to accept intermediary funding opportunities when they arise. Most are not able to be selective with their international partners and fear that they will lose future opportunities to receive funds, if they do not accept a project.

This dynamic affects their ability to try to negotiate or influence partnerships with intermediaries. One L/NNGO stated that they *“feel a fear that [the international partner] will choose another partner.”*

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**“I try to influence but there is not always much scope .... If we speak too much, we have the risk to get avoided. I feel that if any of word causes any lose, 100-150 staff of my organization will lose their income source, and thus I talk less.”**

LNGO, Bangladesh

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# Recommendations:

- Donors should address the domination of resources by international actors and incentivize localization by:
  - Earmarking a certain allocation of funds for L/NNGOs.
  - Requiring involvement of L/NNGOs in all funding opportunities and scoring proposals based on this metric.
  - Increasing funding to intermediaries with clear policies and systems in place to
  - measure progress on localization.
- Donors should make efforts to improve the quality of funding provided in Bangladesh by increasing the availability of different types of funding, including:
  - Multi-year funding contracts.
  - Flexible funding that can be reallocated to respond to emerging/urgent needs.
  - Transitional funding aimed at transitioning responsibility to an L/NNGO.
  - Pre-positioned funds for crisis response.
  - Funding of multiple L/NNGOs in consortium.
- UN agencies should review mandates and identify how they can be updated to include shifting power to local actors to address UN agencies' current role in the humanitarian system.



Photo: Saikat Mojumder/Concern Worldwide

## 2.3 Indirect Cost Recovery (ICR)

### KEY POINTS:

- ICR is inconsistently shared, despite advocacy for fair policies. International actors are calling on donors to push for top-down policies.
- INGOs may want to provide more ICR to local and national partners, but are unable to due to policies or practices at the head office level.
- ICR contributes greatly to staff retention and provides critical resources for L/NNGOs to build capacity and sustainability.

One critical element of funding that has a wider impact on institutional strengthening and capacity building is that of Indirect Cost Recovery (ICR). ICR is a top agenda item for L/NNGO advocates in Bangladesh, as one of the key inequities between INGOs and L/NNGOs. The inconsistent provision of ICR is perceived to be unjust and deprives organizations of much required flexible funds. The lack of policies on ICR of international partners makes it necessary for L/NNGOs to negotiate to get their fair share.

One INGO country office mentioned “*fighting*” with their headquarters on this issue but said the organization had not yet developed a clear policy. As mentioned by one INGO “*the ICR we get from the donor goes directly to headquarters, so there is no scope [for] us to share.*” There were numerous stakeholders who were of the view that the donors should

impose requirements on the international partners that they fund to share ICR on an equitable basis.

The Start Fund has been an advocate in encouraging INGO country offices to make the case to their Head Offices that they should not deduct overhead costs for funds raised at the country level. In some cases, INGO Head Offices have agreed to keep only a share of the total overhead costs received and allow the country office flexibility to use the rest. The Start Fund has also been pushing INGOs to receive donor funding into national bank accounts, rather than Head Office accounts, to strengthen their hand in negotiating a share of overhead costs, as well as encouraging L/NNGOs to negotiate aggressively for a share of overhead costs, instead of simply accepting the terms that they offer.

**“Local organizations should negotiate with international NGOs for a better share of the ICR, and advocate for internal proponents within NGOs who can support this process. Donors and NGOs also need to standardize their records to make it easier for local organizations to demand their fair share.”**

INGO, Bangladesh

There are several difficulties faced by L/NNGOs who do not receive a share of ICR. One L/NNGO reported that it is very difficult for them to retain core staff without receiving ICR. This was a major issue between the organizations in an otherwise strong partnership. Indeed, INGOs who partner with L/NNGOs also expressed concern over L/NNGOs who lack the necessary resources to retain staff year-round and between projects. *“If [L/NNGOs] do not have core funding, how can they retain staff after an emergency? It is a big concern.”* Another NNGO pointed out that project-funded staff alone cannot sustain projects because *“they need to use organizational support in terms of legal support, in terms of administrative support, in terms of communication support.”* In other words, the ICR funding is critical to sustaining basic organizational functions needed to carry out programs successfully.

A concern raised by the community participants and informants of the study was the rapid response limitations imposed by the “intermediary model” of funding. Intermediary funding in a country with frequent sudden onset catastrophes severely limits the possibility of timely responses. Local government, community-based organizations, and L/NNGOs are the first responders in any disaster, physically reaching the affected community first, evacuating people to safer places, and providing basic needs. While intermediary organizations may have contingency plans and funds for disaster response, research participants were of the view that they could not adequately respond in time.

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## Recommendations:

- Donors should require their prime organizations to share ICR with partners. Donors can refer to a best practice established by ECHO, whereby they require INGOs to explain why they are not sharing ICR, if this is the case.
- All international actors should produce policies on ICR sharing.
- ICR should be shared proportionally per partner, based on either the budget or deliverables per partner.



## 2.4 Compliance & Reporting

### KEY POINTS:

- Current compliance and reporting structures create a bias in favor of large NGOs who already have the systems and capacity to do necessary monitoring.
- Donors, international partners, and the national government all put pressures on local and national actors. Due diligence requirements have not been harmonized to minimize the impact of these pressures.

Donor compliance remains a challenge for L/NNGOs. One donor pointed out that current due diligence approaches, and risk-averse cultures in general, tend to create a bias towards bigger and more established organizations (as was discussed in the previous section of risk). This was recognized as a barrier to localization by INGOs and UN agencies as well. An INGO highlighted that different compliance guidelines from different donors are difficult for L/NNGOs to follow, therefore posing a barrier to these organizations. A UN agency also conceded that this is a huge barrier, saying, *“we have certain policies and procedures that need to be flexible so that we can reach local level organizations to promote localization. That’s a huge barrier for ourselves.”*

An L/NNGO validated this challenge, saying that some compliance rules are not too challenging to follow but that due diligence requirements cause them the most issues and seem to have been designed by people who do not understand the realities of L/NNGOs. An NNGO echoed this sentiment, stating that the

due diligence requirements of INGOs in particular are very hard. There were also assertions that there is a need to harmonize due diligence requirements to reduce the burden on L/NNGOs to comply with many different requirements among donors.

While compliance and reporting are often couched in the terms of donor restrictions, in Bangladesh there are also stringent government regulations, including the requirement for all international funds to be channeled through approved entities. This restricts funding opportunities and growth for local organizations, thereby further exacerbating power imbalances and limiting localization. A law passed in 2016 gave the NGOAB wide discretion to regulate the operational freedom of L/NNGOs. The tendency of the most local Community Based Organizations to not be registered with NGOAB presents as a major challenge to humanitarian responses being truly locally led, because international organizations must channel funds to registered organizations, who may not be the closest to the communities.

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# Recommendations:

- Donors, INGOs, and UN agencies can reduce burdens on L/NNGOs by harmonizing due diligence and compliance requirements or by introducing system of due diligence “passporting.”
- International actors should establish budgets to fund audits of L/NNGO partners when they are required for compliance.
- Donors, INGOs, and UN agencies should consider co-creating reporting formats with local partners in order to ensure the inclusion of information considered important by L/NNGOs, and should also consider alternative methods of reporting such as gathering photographs, videos, and audio testimonies.



## 2.5 Pooled Funds

### KEY POINT:

- Despite the lack of UNOCHA Pooled Fund Mechanism, Bangladesh has several robust pooled funds available to local actors, among them the Start Fund, the Rohingya Crisis Specific Pooled Fund and BRAC Climate Bridge Fund.

Unlike some of the other contexts in this research, Bangladesh does not have a UNOCHA Pooled Fund Mechanism in place. However, there are alternative mechanisms in Bangladesh that provide opportunities for L/NNGOs to access pooled funding. Indeed, the variety of options available in Bangladesh

are far more diverse than the other contexts of this research and should be reviewed for replication elsewhere. Two of the primary examples of positive movement for localized pooled funding is The START FUND and the BRAC-managed Rohingya Crisis Specific Pooled Fund.

The Start Fund Bangladesh, established in 2017, operates as a civil society-managed rapid emergency response mechanism. It is designed to deploy funding within 72 hours of a crisis alert, and specifically targets small to medium-sized crises that are often underreported and overlooked. This fund has reached over 913,137 people and allocated around £8.86 million GBP since its inception. Its membership comprises 21 INGOs and 26 L/NNGOs, and it is governed by a committee of those same organizations. It prioritizes local engagement, enhancing coordination mechanisms, and strengthening systems for local and national agencies to access and manage funds.

The Start Fund selected these 26 L/NNGOs through a multi-step process starting with more than 300 L/NNGOs providing basic information to the fund, then narrowing these organizations down to a list of 26 after reviewing their operations, policies, and visiting the organizations on the ground.

In general, the Start Fund was regarded positively by project participants. An NNGO commented that the Fund ensures local organizations are involved from the beginning of the project design phase through needs assessments and that organizations are always granted a share of ICR. They expanded, saying,

***“Local organization[s]... conduct the needs assessment at the field level, raise the alert, and finally activate the response within the 72 hours. That is one of the unique examples [due to] engagement of the local actors [in] planning, involvement of the local planning, and finally implementing by the local organization [has] significantly contributed [to better responses]”.***

However, some participants mentioned areas

that could be improved to enhance the efficacy of the Start Fund. One such example noted by an L/NNGO was that the timeframes for response are very short (seven days for beneficiary selection and 45 days for implementation) for Start Fund funding after a disaster. This organization found it difficult to manage in terms of collecting beneficiary data and implementing more complex response efforts (i.e. more complex than food distribution, for example). This particularly poses problems for smaller organizations that do not have other resources to rely on.

The Rohingya Crisis Specific Pooled Fund, managed by BRAC and funded by the Government of Canada (Global Affairs Canada - GAC), with IOM as an implementing partner, is tailored specifically to address the protracted Rohingya refugee crisis in Bangladesh. Entering its sixth year in 2023, the fund targets the needs of over 960,000 registered Rohingya refugees. Its primary objective is to enhance the capacity of L/NNGOs to deliver gender-responsive, socially inclusive, and environmentally sustainable programs for refugees in Cox’s Bazar and Bhasan Char. This approach aims to strengthen local civil society while also acting as an emergency and disaster response mechanism.

The fund contains \$10 million of which \$7 million is for service delivery and \$3 million for capacity building and intends to implement “108 small-scale infrastructure projects” according to GAC. GAC mentioned that they are cognizant of the power imbalance between BRAC and L/NNGOs. There is also the challenge of Rohingya NGOs not being eligible for funding due to government restrictions, which calls into question whether this funding can be really considered “locally led.”

The BRAC Climate Bridge Fund is a climate risk fund established by BRAC and with support from the government of Germany. The primary objective is to support LNGOs to implement some adaptation actions to reduce the climate risk vulnerability of climate migrants. The partner develops their proposal in a bottom-up approach. They must demonstrate that they have consulted with target communities, and they conduct random spot checks with communities once they receive the proposals to check whether this has happened.

The Technical Advisory Committee in consultation with the Trustee Board, the membership of whom are all Bangladeshi except for the donor representative, provide approval for projects. One limitation is that the proposals must be submitted in English. The Fund Manager pointed out difficulties that LNGOs are having with this process and explained they were in the process of developing video tutorials.

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## Recommendations:

- In-country donors should look to scale up initiatives such as START Fund, which provide opportunities for L/NNGOs to access funds directly.
- INGOs and large NNGOs should critically evaluate their participation in such mechanisms which should be aimed at the most local NGOs.



Photo: Saikat Mojumder/Concern Worldwide



## 2.6 Consortium

### KEY POINTS:

- Donors noted a preference for funding consortia, due to the opportunities for shared learning and responsibilities. There is a further recommendation for consortia to form between large L/NNGOs and smaller L/NNGOs to build capacity and experience.

Consortium funding models allow the opportunity for donors to have direct access to all the partners. One donor confirmed working through consortium was their preferred funding model. It allows them to have one contract with the partner who has signed the contract, minimizing their administrative burden. Consortia also can share responsibilities among the partners, providing partners with better access to donors and vice versa.

Consortium models are also effective in encouraging large NGOs in Bangladesh to support the development of smaller NGOs. One local actor pointed out that “[LNGOs] can learn from this implementation of the process, and they will continue in the future.” Donors that fund consortium models can ensure that the idea of shared responsibilities, democratic practices, transparency, and accountability among partners are promoted. They also allow for funding larger-scale programs by local and national organizations.

One large NNGO highlighted their work supporting smaller NGOs, underlining how fostering such collaborations can be beneficial to localization. Describing this aspect of their work, the NNGO explained that they work with local NGOs through “*joint program implementation*.” In general, there is support for increasing these types of supportive collaboration among L/NNGOs.

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## Recommendation:

- Local and international actors alike can seek to build more consortia including L/NNGOs that allow all actors to share responsibility, gain experience, and minimize risk. (See Case Study: Share Trust Local Coalition Accelerator)

## 2.7 Alternative Finance and Microfinance

### KEY POINTS:

- Private donations, particularly those from Bangladeshis in diaspora, play a key role in disaster response at the local level.
- Microfinance/credit is increasingly being used by both humanitarian and development actors to increase the financial sustainability of organizations.
- There is a clear tension between providing aid to a community, while gaining profit from microfinance from the same people.

Several research participants emphasized the need for L/NNGOs to explore alternative sources of funding with the aim to extricate the system from reliance on external funding from the Global North. Such alternative sources of funding included private-sector partnerships, research, and microfinance programs. All respondents from our research in Sunamganj, including local authorities and community members, acknowledged the contribution and impact of private assistance. They mentioned that there were large scale private donations for disaster response during the 2022 floods and that more resources came from private donations than traditional international aid.

Microfinance, a financial practice *pioneered by Bangladeshi economist Muhammad Yunus* plays a major role in the funding landscape of L/NNGOs in Bangladesh. Seen traditionally as tied to development funding, the reality is that many actors are dual mandate – working both on humanitarian and development projects. As one NNGO explained, of the income generated by microfinance, *“a large portion is invested for expansion of the microcredit... another portion is running costs of the organization.”* There are diverse opinions on the ethics of the microfinance system, however, there is no doubt that it has become an important source of income for certain L/NNGOs. Respondents discussed several perspectives on microfinance and how it relates to humanitarian funding.

One example was given of a foundation working on climate resilience that is planning to implement a cost-sharing model with program beneficiaries. They explained,

***“We will intervene at least for ten years... we’re giving them different types of smart and resilient training... then support them to construct their houses in a way that will be resilient. So, after two years, we will not give [this] money free... we’ll go for cost share. If you always give them money... independence will never come... if you take money from us... it’s not free. It’s not a grant.”***

In this model, cost-sharing via microfinance is tied to the program activities and is planned to be part of the actual funding of these activities. While this NNGO mentioned that there is not always immediate interest in microfinance in certain areas, changing lifestyles are expected to facilitate more microfinance programming in coming years and their intention is to connect these communities with national financial systems.

Other stakeholders had more negative views of the use of microfinance in the humanitarian sector. One LNGO said that NGOs that do not have adopted microcredit schemes are “very frustrated” with international actors who support those NGOs that do. They believe that those without microfinance operations should be prioritized. This organization believes the practice to be unethical due to concerns that the same organization is providing relief on the one hand but seeking to profit from the same people with the other. An L/NNGO spoke of the risks that can be associated with microcredit schemes for organizations themselves, citing an example of losing significant funds during the COVID-19 pandemic from a small microcredit program.

UN agencies also expressed significant concerns with the microfinance system. Firstly, there were questions over the accountability of organizations that generate revenue through microcredit. As funders, they are concerned whether money they give to local organizations is going into microcredit businesses or into development programs. Finally, there is a perceived inherent tension between “*managing microcredit, which is a business making profit, and at the same time working on humanitarian [issues].*” (UN)

***“Organizations which were created for humanitarian response are now a business whose focus is their micro-credit program. For them, when they will get money from [the] Start Fund, their micro-credit will start again”.***  
UN, Bangladesh

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## Recommendation:

- The role that microfinance/credit plays in sustaining organizations conducting both humanitarian and development activities should be more critically analyzed, and policies determined to ensure fairness and centrality of needs of affected populations.



Photo: Mumit M/Concern Worldwide

# Section 3 - Human Resources

The third category of barriers examined in this research were those related to Human Resources. This category was broadly split between two issues – capacity of L/NNGOs and staff cycle challenges from recruitment to retention. In Bangladesh, the issue of capacity generated more discussion than any other context in both the workshop and the key informant interviews. The following were the highest ranked barriers in this category in the pre-workshop survey:

1. Capacity strengthening is often programmatic in nature, not institutional.
2. Lack of pay parity and/or discrepancy between salaries and benefits of local and international staff.
3. Inadequate budgeting for the appropriate and full inclusion of female humanitarian staff (security, maternity packages, etc.)

The following section looks more deeply at this issue of perception of capacity, unpacking the capacities that local actors report to have and those that they are still seeking. Next, there will be a discussion of the existing attempts to strengthen local capacity, and their effectiveness in doing so. Finally, this section will cover the elements of human resource challenges related to recruitment and retention.

## 3.1 Local Capacities and Gaps

### KEY POINT:

- L/NNGOs are seen to have significant capacity in terms of their ability to negotiate with stakeholders such as government authorities, gain access to communities, and be accountable to community needs.
- L/NNGOs are seen to lack the necessary organizational policies and financial management capacities that international actors and donors are seeking.
- Despite a widespread claim that capacity is lacking at the local level, there is very little effort in developing systemic and holistic capacity assessments.
- Language is a critical capacity. Fewer English language requirements would result in a more inclusive system, particularly for smaller LNGOs.

Capacity is frequently seen as one of the major barriers to localization, typically cited by international and local actors alike as a reason for which L/NNGOs do not receive more direct funding or play a greater role in humanitarian activities. The research explored various understandings of capacity on the part of different stakeholders involved in Bangladesh's humanitarian sector. Despite the long experience of many L/NNGOs in the sector in Bangladesh, there remains a perception that there are capacity gaps. Participants agreed that there needs to be a systematic and holistic review of the definition of capacity, since there are often differences of opinion between stakeholders on what capacities are the most important and needed for effective humanitarian response.

While much of the focus of discussions in KIIs was on perceived capacity gaps among L/NNGOs, stakeholders also acknowledged many unique strengths that these organizations possess, compared to their international counterparts. An LNGO outlined certain strengths, such as implementation and accountability to partners and government. Additionally, an LNGO named access to communities and access to government as other major strengths of local organization that should be more widely recognized.

All stakeholder groups who participated in the research project in Bangladesh recognize that the capacity gaps of local actors are a central barrier to localization. Having basic resources to prepare project proposals was a challenge mentioned by one large NNGO Executive Director. A lack of formal organizational

policies was highlighted as a major capacity barrier, especially for smaller LNGOs and CBOs. International partners – donors, UN, and INGOs alike – tend to have strict due diligence and vetting standards when selecting local partners. However, depending on size, location, and experience, organizational policies can be light or lacking altogether among local entities. An INGO interviewee mentioned that key policies are often absent in L/NNGOs, including in the areas of HR, procurement, finance management, and compliance guidelines, with this organization noting that such policies take time to create.

However, an INGO also mentioned that it is not always a lack of policies but rather a lack of implementation of these policies that is a challenge with LNGOs; they mentioned that the policies *“are pieces of paper in an office... [that] are often 20-30 years old and have never been updated.”* Without these formalized and professionalized policies, L/NNGOs continue to be relied upon primarily for their on-the-ground, contextual strengths, while INGOs play the administrative and oversight role required by donors, perpetuating the intermediary model of funding. For smaller L/NNGOs, this is a trade-off. As one Executive Director put it, *“INGOs are necessary as they have the capacity to serve donor requirements.”* However, there is an opportunity for enhanced flexibility or increased support to allow more L/NNGOs to develop these policies and systems and enable greater support for these organizations with the end goal of progressing localization.

**“Local actors are quicker because they know everything. They know about the context of the people. They can easily move together... as early as possible. They know about the context of the situation and area... and communication with different stakeholders”.**

NNGO, Bangladesh

Financial management was another area in which most stakeholders agreed that L/NNGOs fell short of capacity expectations. Compliance with complex donor requirements and accurate financial reporting pose challenges, requiring sophisticated financial management training and systems that many local organizations do not have and likely cannot afford. Additionally, a lack of strong systems and policies (addressed above) in financial dealings could lead to mismanagement of funds, resulting in diminished donor trust and support. In the view of one INGO, “*local organizations need to build financial monitoring, financial management, and accountability first*” before they can receive more funding.

Ironically, a primary issue in financial management is the scarcity of financial resources, which hampers L/NNGOs in capacity development, retention of experienced staff, and maintenance of continuous operations. A smaller LNGO also pointed out that they typically do not have the budget to retain an internal auditor to support on policies, reporting, and monitoring. In other words, a lack of funds can perpetuate the conditions that preclude L/NNGOs from receiving more direct funding in the first place.

An additional frequently referenced capacity issue was related to language challenges, especially in proposals and reporting. International donors and most INGOs require that funding proposals as well as program reporting be submitted in English. This represents a significant barrier for certain L/NNGOs, mostly the smaller ones. They are required to have high-level fluency in spoken and written English despite the national and official language of Bangladesh being Bangla (also known as Bengali), and Bangla being the

seventh most spoken native language in the world. While many L/NNGOs have strong English language capacity, it is not true for all. One NNGO validated this concern, stating that they and their peers often lacked the capacity to “*present themselves*,” especially to donors. This further undermines their access to donors.

Another LNGO expanded on this, “*If project proposals could be written in Bangla, we would be able to express our opinions much more.*” Unpacking this further, this issue conflates the capacity to design well-thought-out proposals with the capacity to articulate them in a foreign language. The former is critical to good humanitarian programming, the latter is a consequence of global power differentials and bureaucratic policies. One INGO recognized this as an unrealistic barrier and meets CBOs and L/NNGOs where they are:

***“When a call for proposals comes in, [we] sit with the partners. We design the theory of change and log-frame together, write the proposal together, and do the budgeting together. We also co-design in terms of learning and other things.”***

This same INGO accepts proposals from CBOs in Bangla and translates them into English, shifting the burden from local organizations onto themselves. However, this type of support and initiative is a result of organizational decisions and policies versus a newly prescribed norm under the localization agenda. Overall, the risk of conflating communication barriers with organizational or individual capacity is that it overlooks or minimizes local actor knowledge and expertise.

“It is crucial to encourage local partners to think more broadly about the localization agenda, beyond just funding access. Focusing on capacity building, fiscal management, networking, and communication with donors are important for localization in Bangladesh. Supporting local partners by creating a window for them to access funding and sharing the indirect cost recovery to support their management costs will be vital.”

INGO, Bangladesh

## Recommendation:

- All international actors should reflect on the capacity gaps they perceive to exist among L/NNGOs, consider what evidence does or does not exist to drive these perceptions, and consider what capacity gaps of their own they may have when operating in Bangladesh.
- Time should be invested by international actors to understand what capacities matter most at the community level and what capacities exist locally already.
- International actors should be more open to accepting proposals and reports in Bangla.



Photo: Akram Hossain/Concern Worldwide



## 3.2 Capacity Strengthening

### KEY POINTS:

- L/NNGOs are seeking capacity strengthening tailored to their unique needs and in a format that allows them to learn by doing.
- In addition to international actors providing guidance and support, large L/NNGOs can play more of a role in building capacity among smaller NGOs and CBOs.
- There is a lack of dedicated funding for capacity strengthening for humanitarian actors, and programmatic funding rarely includes a budget line for such activities.

There has been no lack of capacity strengthening initiatives in Bangladesh over the past few decades, yet capacity gaps persist. The first issue with capacity strengthening in the humanitarian sector is the difficulty in justifying funds for this, as well as ensuring that it is prioritized, when there are so many other competing priorities. One INGO argued that the inherent nature of humanitarian work in Bangladesh can be a barrier to prioritizing capacity strengthening. One donor expressed a similar view, asserting that it is not possible to prioritize capacity strengthening in humanitarian funding, when the priority is to save lives. Nonetheless, there is significant appetite to overcome these challenges and find ways to increase capacity strengthening offerings for local and national humanitarian organizations in Bangladesh.

For capacity strengthening activities to exist,

they must first be funded. There were no reported funding streams targeted solely at capacity strengthening activities. One INGO noted that programmatic funding does not typically include a budget for capacity strengthening, meaning that organizations have to raise these funds themselves. An NNGO validated this concern, stating that not even large projects include this type of funding and that they have to negotiate this with the partner.

Several donors in Bangladesh are looking to the larger NGOs to take on the role of capacity strengthening for smaller LNGOs. One donor noted that larger NGOs are far more comfortable engaging in strategic conversations. They gave the example of a large NGO they fund, which in turn supports 15 or 16 smaller organizations,

**“90% of projects are implemented in catch-up mode... more than 50% of projects go for no cost extensions and... those who don't... barely utilize the resources. So, most of the projects are basically output oriented... and that's where you don't really have a lot of time to discuss about [capacity strengthening]”. INGO**



Photo: Mohammad Rakibul Hasan/Concern Worldwide

they explained that *“when you have dialogue with the... umbrella organization, it’s very strategic dialogue... and then when you come just one layer down, it’s very activity based.”* They went on to mention that the compliance challenges of L/NNGOs need to be better understood so that their management of funds can be improved.

It is seen as essential that capacity development programs are tailored to the specific needs of each L/NNGO. Levels of experience and expertise to provide targeted training on project management, proposal development, monitoring and evaluation, and fiscal management must be assessed, with trainings developed to address specific areas for improvement. It is also important to promote local ownership of all capacity strengthening initiatives. It is essential to include local communities in these processes where possible. Two NNGOs mentioned the importance of supporting L/NNGOs in

developing additional skills in communications and advocacy, particularly to present themselves to donors, write proposals, and do reporting.

Stakeholders also highlighted the importance of taking a holistic and integrated approach to capacity strengthening. A UN Agency highlighted that you cannot just do capacity strengthening in isolation, but that it is imperative for organizations to gain experience in the process. They explained, *“only capacity building to these small scale CSOs or NGOs doesn’t work. You have to create a space for them so that they can apply that improved knowledge or capacity.”* They also suggested that supporting organizations with planning processes and starting with small amounts of funding that can then be built upon. Developing methods of capacity sharing between L/NNGOs is seen as an effective way of promoting good practice and should be supported by international actors.

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## Recommendation:

- Capacity sharing approaches should be adopted by international actors in lieu of traditional capacity “building” approaches, taking into account unique capacities of local actors that international actors can learn from.
- International actors should promote the use of Organizational Capacity Self-Assessments by L/NNGOs as a starting point for capacity sharing and should co-design capacity strengthening initiatives with partners to ensure that they are relevant and demand-driven.
- International actors should improve the quality of capacity strengthening offerings by providing opportunities to apply skills and ensuring that activities address organizational capacity, not just individual.
- Donors should provide funding streams for the sole purpose of capacity strengthening.
- All actors should develop a centralized system to track training participants and topics to avoid duplication.

## 3.3 Staff Recruitment & Retention

### KEY POINTS:

- Disparities in salary, opportunities, and benefits all make it difficult for L/NNGOs to recruit and retain excellent staff. There is no existing regulation around these issues to protect local actors from unfair competition.
- The practice of international actors recruiting, or “poaching”, from L/NNGOs is quite prevalent and hampers continuity and stability of local organizations.

Local and National actors cannot respond to emergencies without adequate staffing. There are several barriers cited by local and national actors related to their ability to staff their organizations, including lack of qualified staff, short-term funding, and turnover. These barriers are cited and faced by local and international actors alike in the sector. However, unique challenges are faced by local and national actors in staff recruitment and retention related to salary discrepancies, poaching, and the nationalization of international NGOs.

### *Salary Disparities & Recruitment*

A UN representative expanded upon this, saying that while international actors can bring experience from different contexts, L/NNGOs have far better knowledge of the local context, providing strong rationale for capacity sharing instead of one-way training. L/NNGO networks can also be utilized to share certain capacities with each other. An OCHA representative stated that they are trying to encourage this with some success. Involving the local partner from the outset in discussions with donors on the type of projects they'd like to have financed is a starting point for effective capacity sharing, as it is at this point that gaps should be identified.

In addition, INGOs (and the UN) can be counted on for reliable salary payments—which is itself notable and a draw to those whose payments are irregular and unreliable, such as government workers. On top of bigger, more reliable salaries, meaningful benefits that international organizations often offer include medical insurance, paid leave, pension plans, and field per diem. Less tangible benefits can include more reliable security measures, more comfortable field accommodation, and better access to technology.

As a result, L/NNGOs struggle to compete, losing skilled and experienced staff to INGOs. Experienced mid-level staff – those typically relied upon for monitoring, reporting, procurement, and finance – are hard to hire and retain due to unequal pay and instability of funding. The combination of higher pay alongside the financial stability that comes with diverse funding sources is hard to compete with. Even if qualified staff are found and recruited by L/NNGOs, they move on for better pay and benefits once the opportunity arises or emergency funding dries up.

Based on the above challenges, L/NNGOs are frequently forced to rely on, train, and mentor less experienced staff. This also sometimes puts them at odds with their partner's expectations of their staff. One L/NNGO mentioned that partners sometimes ask for staff of a certain educational status, but their funding available is not commensurate with someone with that education level. An NNGO shared that competition between NGOs forces organizations to make their budgets even smaller, which does not allow for adequate staff salaries to retain the best talent. This pay inequality not only causes difficulties in staff retention for LNGOs but also creates a sense of inequity within the local NGO community. As one L/NNGO suggested, the salary differential amounts to "discrimination."

Some of this challenge stems from a lack of regulation as well. A UN representative explained, "*there's no national policy which... guides that this should be the minimum wage... or minimum salary scale.*" They also suggested that the government should guide whether the NGOAB can establish accountability for some sort of scale. Addressing salary disparities and ensuring that local staff are paid a fair wage can help to build trust and create a more effective localization strategy. An NNGO suggested that responsibility rests with donors to fix the salary disparities, as they have the power to approve increases.

### **Staff Retention**

The higher salaries and better working conditions offered by the UN and INGOs make for easy recruiting incentives and inevitably lead to a "brain drain" from L/NNGOs. Experienced and skilled staff members are often "poached" by INGOs, leaving LNGOs in a perpetual cycle of training new and less experienced personnel.

While salary discrepancies are often emphasized, one INGO suggested that secondary benefits may have a greater impact on "poaching": "*more training opportunities, the possibility of growth, the possibility of potentially becoming an international staff.*" A women-led organization mentioned difficulties with retaining staff and posed the question of how international organizations could be better allies to feminist organizations.

Overall, this turnover hampers the continuity and effectiveness of L/NNGO humanitarian efforts and disrupts organizational stability. As one L/NNGO respondent said, "*LNGOs need to have a pipeline plan. INGOs should stop recruiting during the project cycle. This is an avoidable barrier to localization.*"

Without a more level playing field, resulting from a systemic shift, localization efforts will be delayed. Even progressive INGO policies, like the nationalization of key staff positions to achieve a more locally led response, can have unintended negative consequences due to the impacts this has on poaching and retention in L/NNGOs.

All of the above results in L/NNGOs facing challenges in building their institutional capacity due to this ongoing loss of talent that results from lower and less stable funding opportunities and subsequent staff payment. The frequent turnover of staff means that L/NNGOs often must redirect their resources towards continuous recruitment and training, rather than focusing on developing their core humanitarian programs and policies, which donors and INGOs look for as proof-of-readiness as partners. In such situations, institutional memory is drained and can be left to the founding leadership to carry on individually.

# Recommendations:

- Best practices on ethical recruitment with accountability measures need to be published by international actors and reported against.
- Create standardized salary ranges in the sector.
- Develop HR policies to safeguard against nepotism when hiring staff.
- To address the supply issue for staff to work with L/NNGOs, partnerships between academic institutions, L/NNGOs and INGOs should be explored so that students can learn the skills necessary to work for a humanitarian NGO. INGOs could then offer paid internships to graduates to develop practical experience in the sector, who would then be ready to join L/NNGOs when gaps in their staffing arise.

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“Quality work depends on having skilled personnel, and there are stories of people who have grown within national organizations and achieved senior positions without moving to INGOs. There are cases of a deputy executive director who moved from an INGO to a national organization. These examples suggest that there is potential for localization to be strengthened by building up the capacities of local and national NGOs and promoting staff retention within them.”

INGO, Bangladesh



# Conclusions

At the beginning of the study, Bangladesh was seen as one of the contexts that had made the most progress towards a more locally led response. While there are clear examples of L/NNGOs having profound power, funding, and decision-making ability in the country, this reality is isolated to a small group of large NNGOs. Smaller actors who work only in one region, for example, are much further from realizing financial stability and autonomy in their work. As such, the perceived progress on localization is not the full picture.

One local actor in the stakeholder workshop said: *“International actors are only doing localization here because they are forced to.”* This comment highlights the lack of trust between international and local/national actors. The lack of progress on Grand Bargain commitments has contributed to a growing sense of frustration and disbelief among L/NNGOs that the system will ever change.

A change is required in the mindsets and perceptions of international actors, who largely continue to hold both the purse strings and the reins of humanitarian action. A true shift in power and process will only come with profound behavioral change, much of which cannot be enforced through policies or dictates, but must come from a deep sense of respect, humility, and dedication to improving the outcomes for affected communities.

This report has been presented in an effort to represent the opinions and needs of humanitarian actors and move the needle on localization. It is the sincere hope that this learning promotes not just discussion, but swift action towards putting local actors and communities at the center of humanitarian response.

This research could not have been possible without the tireless efforts of Mahfuza Mala and her teammate Farah Anzum, whose hard work and positive reputations opened the door for candid and productive conversations. Additional details, case studies and data on Bangladesh, and other contexts, can be found on the website.



