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BEYOND BARRIERS

SOMALIA CASE STUDY :
THE NEXUS CONSORTIUM

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FORMATION AND FUNDING EVOLUTION

The genesis of Nexus traces back to the realization amongst L/NGOs in Somalia that they were acting as subcontractors to international partners and had limited access to direct funding. A decision was made to collectively challenge the status quo and create a consortium that would reconfigure the dynamics of aid delivery in Somalia. Initial challenges arose as members faced difficulties in securing direct recognition from donors due to their subcontractor roles. The consortium, therefore, sought support from INGOs to act as fund managers. Oxfam took on the role of the fund manager, fostering a consortium that sought to consolidate resources and enhance capacities.

The consortium was named Nexus, symbolizing the interconnectedness of local entities in responding to humanitarian needs. The initial steps involved convening a donor meeting in Nairobi to introduce Nexus to potential funders. The candid admission that Nexus was relatively unknown and had functioned as subcontractors set the tone for the consortium's commitment to transparency. Donors emphasized the need for Nexus to distinguish itself from previous subcontractor roles and to demonstrate its capability to manage funds directly.

It was agreed that Nexus could manage funds of around 400,000 to 500,000 dollars through its member organizations until the consortium was formally registered. This allowed Nexus to navigate the complex terrain of donor requirements and gradually develop its capacity to receive direct funding. The consortium's foresight extended to envisioning a multi-year strategy for 2021-2023, with the goal of each member having a capacity equivalent to international organizations. This strategic vision emphasized the absorption capacity required to receive significant funding directly, bypassing the need for intermediaries.

THE NEXUS MEMBER ORGANIZATIONS

- Centre for Peace and Democracy (CPD),
- Gargaar Relief and Development Organization (GREDO)
- Horn of Africa Voluntary Youth Committee (HAVOYOCO)
- KAALO, Save Somali Women and Children (SSWC)
- Social-Life and Agriculture Development Organisation (SADO)
- Taakulo Somaliland Community (TASCO)
- WASDA

Two INGO members – Oxfam and Save the Children International

STRUCTURE AND ORGANIZATION

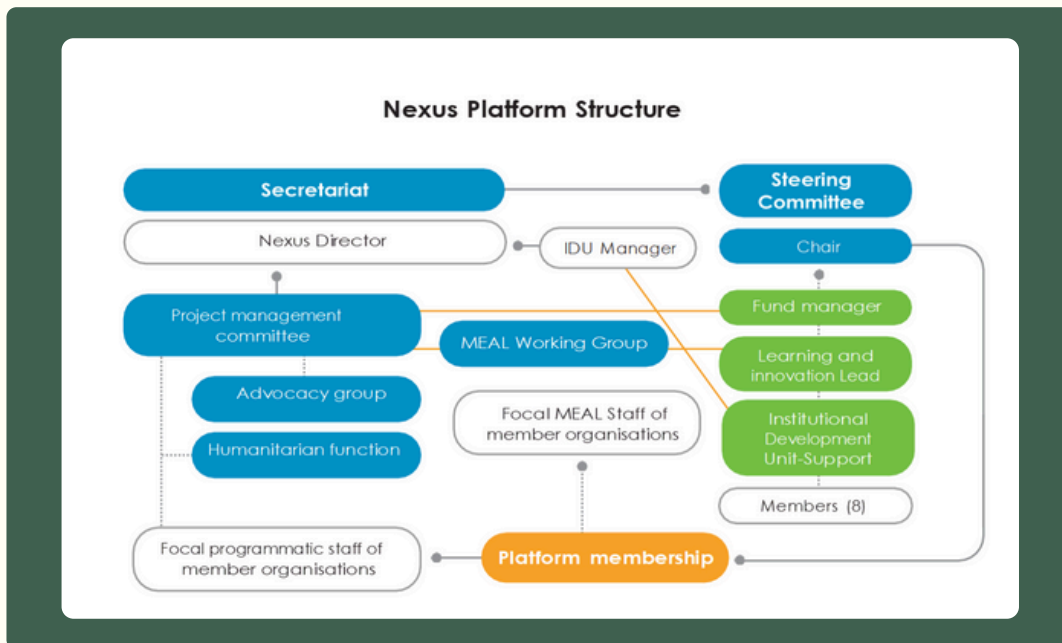


Figure 1 Nexus Steering Committee Structure

The Nexus Consortium's steering committee is a central and influential entity, playing a crucial role in shaping the organization's trajectory, strategies, and decision-making processes. Comprising representatives from member organizations and key stakeholders, the committee focuses on effective governance and coordination, with a specific emphasis on advancing localization efforts in the humanitarian sector, particularly in Somalia. Key components of the steering committee include the Nexus Director, who serves as chair and provides strategic leadership, and the Project Management Committee (PMC), responsible for overseeing project implementations and resource allocation. The committee also integrates specialized units like the Advocacy Group, which addresses challenges and influences policy changes to foster inclusivity. Humanitarian Function Representatives offer insights into the specific needs of affected communities.

The Institutional Development Unit (IDU) Manager oversees institutional development strategies, contributing to the sustainability of the consortium. The Monitoring, Evaluation, Accountability, and Learning (MEAL) Working Group ensures evidence-based interventions, and a Learning and Innovation Lead fosters a culture of continuous improvement. The Institutional Development Unit-Support provides essential support for institutional development. Focal MEAL Staff and Focal Programmatic Staff from member organizations contribute their expertise to the steering committee, aligning MEAL processes with organizational goals. The collaborative decision-making approach ensures that diverse perspectives inform decisions, enhancing the committee's effectiveness.

INNOVATIVE FINANCIAL PRACTICES

The Nexus Consortium strategically navigated its path from being subcontractors to acquiring the capacity for direct funding. In the early stages, the consortium sought assistance from INGOs, with Oxfam agreeing to act as the fund manager for larger amounts. However, Nexus was deliberate in its approach to gradually develop capacity and gain financial independence. Recognizing the need for a shift in the financial paradigm, Nexus devised a plan to manage smaller amounts independently through member organizations. This transitional approach allowed Nexus to demonstrate its ability to handle funds, build trust with donors, and showcase its commitment to financial responsibility. It was a pragmatic step towards financial autonomy, challenging the notion that local NGOs are solely dependent on international intermediaries.

Over time, Nexus underwent structural evolution managed by the International Organization for Migration (IOM). The consortium transitioned from a model where funds were initially channeled through INGOs to one where direct funding was allocated to local partners like GREDO. This shift aimed to foster closer engagement, enhance program governance, and align with localization goals. The financial practices adopted by Nexus go beyond mere transactions; they embody a profound shift in power dynamics and a commitment to local leadership. By challenging traditional financial models, negotiating equitable terms, and progressively gaining financial independence, Nexus exemplifies innovative financial practices that contribute to the broader agenda of localization in Somalia.

NEGOTIATING INDIRECT COST RECOVERY (ICR)

One of the significant financial milestones for Nexus was the negotiation of indirect cost recovery (ICR) with Oxfam HQ. The conventional practice in the humanitarian sector often saw INGOs retaining the majority of indirect costs, leaving local partners with limited compensation. Nexus, however, sought to challenge this norm, advocating for a fair and transparent distribution of ICR. Engaging directly with the Oxfam board in The Hague, Nexus negotiated terms that were more favorable to local NGOs. The consortium proposed a nuanced approach, suggesting that a portion of ICR (in this case, 4%) be retained by Oxfam to address potential risks, while the rest (4%) would flow directly to Nexus. This negotiation was not merely about financial distribution but aimed at addressing challenges faced during project implementation. The successful negotiation marked a departure from the traditional model where local NGOs often received insufficient compensation for the risks and challenges, they encountered. It showcased Nexus's commitment to financial transparency, challenging the established practices within the humanitarian sector. This approach not only secured a more equitable share of ICR for local NGOs but also set a precedent for future financial negotiations.

LOCALIZATION IMPROVEMENT STRATEGIES

LONG-TERM FRAMEWORKS WITH DEDICATED FUNDING

A pivotal element of Nexus's localization strategy involves advocating for changes in the humanitarian system, particularly in the duration and nature of funding frameworks. Nexus recognizes that sustained funding through long-term consortium projects is paramount for achieving meaningful localization. The emphasis here extends beyond short-term, project-specific funding towards multi-year commitments that provide stability and continuity. By pushing for long-term frameworks, Nexus aims to facilitate better planning, foster deeper engagement with local partners, and allow for comprehensive capacity-building initiatives. This approach aligns with the understanding that protracted crises require sustained efforts, and short-term funding models often hinder the development of local capacities. The consortium envisions a shift in the mindset of donors towards multi-year commitments, providing local partners the necessary resources and time to enhance their capabilities.

ENSURING CONTINUITY AND QUALITY OF OPERATIONS

Nexus's localization improvement strategies are fundamentally rooted in the goal of ensuring the continuity and quality of local partners' operations. This strategic objective recognizes that a successful localization process goes beyond mere inclusion in funding structures. It entails building resilient, self-sufficient local entities capable of delivering effective humanitarian assistance independently. The consortium acknowledges the need for sustained support to local partners, both financially and institutionally, to weather the challenges inherent in humanitarian work. By focusing on the quality of operations, Nexus strives to create a conducive environment for local partners to thrive, innovate, and respond effectively to the dynamic needs of the communities they serve.

KEY CHALLENGES

Despite these strides, the Nexus Consortium encountered challenges inherent in the localization process. The readiness of larger Somali NGOs to actively strengthen the capacities of smaller entities remained uncertain, with political issues and the complexity of coalition building hindering progress. Efforts to ensure fair representation faced obstacles, including difficulties in representing women and marginalized groups and navigating clan-based dynamics. As well as the key issue of individual vs. collective identity.

POLITICAL CHALLENGES AND COALITION BUILDING

One of the key challenges faced by the Nexus Consortium pertains to the political intricacies within the Somali context. The readiness of larger Somali NGOs to actively engage in capacity-strengthening initiatives for smaller entities has been met with uncertainty. Political considerations, often intertwined with clan dynamics, have posed obstacles to the seamless strengthening of capacities. The diverse political landscape, coupled with historical tensions, has at times impeded the smooth collaboration needed to advance localization objectives. Efforts to forge partnerships and establish a coalition that genuinely promotes localization have been complex. Navigating through the intricacies of Somali politics requires a delicate balance, and the Nexus Consortium has grappled with finding common ground among diverse stakeholders. The challenge lies not only in overcoming historical differences but also in fostering a collective vision that prioritizes the development and empowerment of all members within the consortium.

THE NUMBER OF MEMBERS

The composition of the Nexus Consortium, with its eight member organizations, introduces a unique challenge that warrants attention. Notably, these member organizations comprise some of the most significant and longstanding entities in Somalia, boasting a collective experience spanning over 25 years. This wealth of experience is undoubtedly an asset, bringing a depth of knowledge and insights to the consortium. However, the challenge arises from the absence of clear thematic or regional criteria guiding their inclusion. Unlike traditional consortiums that may align around specific thematic areas or regional focuses, the Nexus Consortium's membership lacks such delineation.

Moreover, the size and stature of these key eight members, while bringing valuable experience, also present a distinct challenge. The debate around membership expansion stems from the consortium's perceived risk aversion, mirroring the cautious approach often observed by international actors. This risk aversion could potentially limit the diversity of perspectives, approaches, and local contextual knowledge that a more expansive membership might offer. The ongoing debate surrounding membership expansion underscores the importance of addressing risk perception within the Nexus Consortium. While the inclusion of well-established organizations adds credibility and experience, a more diverse and inclusive membership may enhance the consortium's resilience, innovation, and adaptability to the dynamic humanitarian landscape in Somalia.

IDENTITY CRISIS: BALANCING COLLECTIVE IDENTITY AND MEMBER AUTONOMY

The challenge here centers around the consortium's autonomy and its struggle to secure funding collectively under the Nexus brand rather than individually as distinct entities. From the perspective of international partners like Oxfam and STC within the Nexus Consortium, a key aspiration was to secure significant funding collectively as the "Nexus." However, this ambition has not materialized, with Nexus primarily relying on the funding acquired by its international partners or, at times, through individual local members. The core issue arises from the struggle to centralize funding under the Nexus brand, a challenge linked to the level of autonomy required to sustain the consortium.

The concern within the Nexus Consortium reflects a broader struggle for autonomy. Despite a steering committee and established structures, centralizing through these structures raises fears of rendering member organizations obsolete. The fear is that by pursuing a unified identity as the Nexus, member organizations might lose their distinct roles and engagements. While pursuing a unified identity, it is crucial to preserve the autonomy and roles of member organizations. The challenge lies in finding a balance between collective action and maintaining the diversity and independence of local entities.

BY FOCUSING ON THE QUALITY OF OPERATIONS, NEXUS STRIVES TO CREATE A CONDUCIVE ENVIRONMENT FOR LOCAL PARTNERS TO THRIVE, INNOVATE, AND RESPOND EFFECTIVELY TO THE DYNAMIC NEEDS OF THE COMMUNITIES THEY SERVE.

KEY TAKEAWAYS

The Nexus Consortium's experience offers valuable insights and recommendations for advancing localization in humanitarian efforts:

- **Community-Driven Development:** Emphasize community-driven development as a foundation for interventions, ensuring that local communities prioritize and lead initiatives.
- **Anticipatory Financing:** Advocate for anticipatory financing models to expedite emergency responses, giving local partners more autonomy and reducing fund transfer delays.
- **Long-term Commitments:** Encourage sustained, long-term funding commitments to empower local partners, build their capacity, and ensure the continuity of operations.
- **Transparency in Consortia:** Promote transparent consortium structures that prioritize the capacity building of local partners and offer equal opportunities for international and local NGOs.
- **Addressing Power Dynamics:** Actively address power imbalances, including clan-based dynamics, and ensure fair representation of women and marginalized groups in humanitarian and development initiatives.
- **Thought Leadership and Advocacy:** Continue to play a leading role in thought leadership and advocacy, participating in national and international platforms to champion localization in humanitarian action.

