

The Pooled Fund for Localisation:
**A BRAC Approach
Towards Achieving
Grand Bargain Promise**



Background

BRAC in Humanitarian Response

BRAC, founded in Bangladesh in 1972, initially emerged as a humanitarian agency to assist millions of Bangladeshi refugees who had sought refuge in India during the war of liberation. In 2002, BRAC expanded its reach internationally, starting with a humanitarian mission in post-crisis Afghanistan.

Today, with a workforce of over 100,000 staff and volunteers, BRAC's impact extends to more than 100 million people, primarily women, in Asia and Africa. The organisation's primary focus is on human development, employing a unique community-based approach, though most countries where BRAC operates can be categorised as post-crisis nations.

In Cox's Bazar, when the latest phase of the Rohingya Refugee influx started in 2017, BRAC was already present for more than 35 years. Initially starting small, BRAC's Humanitarian Crisis Management Programme (HCMP) has grown to become the most substantial responder to the crisis, providing support to over 1.37 million people from both refugee and host communities.

The localisation agenda

The localisation agenda in humanitarian response is about a global effort to change how humanitarian assistance is designed, funded and implemented. Instead of big international NGOs and multilaterals making all the decisions, the idea is to give more power and control to Local and National Actors (LNAs) like local governments, non-profit organisations, and the affected communities.

This idea of localisation became an essential agenda item during a meeting called the 2016 World Humanitarian Summit in Istanbul that approved the Grand Bargain commitment. The commitment suggested that humanitarian response should be "as local as possible, as international as necessary." The changes connected to localisation usually involve giving more money directly to local groups, making partnerships fairer, and ensuring that the affected communities can be part of the decision-making. This way, it is argued that humanitarian aid would work better, be more effective, and be more sensitive to the local culture and needs because the locals know their situation best.

Progress, or lack thereof, toward localisation

A report titled "Localization: A 'Landscape' Report" by USAID and Tufts University, released in December 2021, points out that, despite the promises made in the Grand Bargain, there has not been much improvement. Local organisations still get a small portion of the international humanitarian funds directly. According to the report, it's only about 3% of the money that's closely tracked, and this doesn't even include sub-grants and sub-contracts. The "Grand Bargain Annual Independent Report 2022" by ODI reports an even lower percentage for 2021, just 2%. Both these reports show that there's still a long way to go in meeting the goals of the Grand Bargain to increase funding to local actors.

During 2018-19, BRAC conducted several focus group discussions and meetings with local and national NGOs active in Cox's Bazar to understand the critical obstacles behind the lack of progress in this context. We have also met senior managers from UN agencies and donors to understand their perspectives.

These consultations revealed that while donors and UN agencies support the idea of localising aid, they require a certain level of capability from the implementing NGOs before providing funding. Since many national NGOs lack this capability, they depend on international NGOs to handle the associated risks. However, to minimise risks, international NGOs often establish vendor agreements with national NGOs that offer minimal financial support for overhead and exclude them from decision-making.

These fixed-term vendor agreements prevent national NGOs from making long-term investments to strengthen organisational capacity. This situation means that national NGOs, with limited resources for capacity strengthening and no decision-making roles, struggle to build the expertise needed to manage humanitarian projects effectively and independently. While their staff may receive training from international organisations, the lack of organisational capacity and job insecurity, along with unstable

funding, leads many staff members to seek jobs with more stable international NGOs. This high staff turnover further weakens the capacity of national NGOs.

In simpler terms, it's a bit of a "catch-22" situation for national NGOs. They're stuck in a dilemma: they need funding to build capacity, but they also need capacity to qualify for funding and make meaningful progress towards localisation.



Promoting Localisation: A Pragmatic Approach

An early attempt by BRAC

In 2018, BRAC initiated a project funded by the Semnani Family Foundation. The project was later extended in 2020 with funding from the Australian Department of Foreign Affairs and Trade (DFAT) to address this challenge. Six local NGOs were chosen as BRAC's partners, and they worked to improve their organisational capabilities based on assessing their capacity gaps. Although there were some obstacles along the way, the project successfully enhanced

the capacity of at least four of these local NGOs, enabling them to collaborate with more prominent NGOs as partners.

However, the project had limited success in making these NGOs partners with donor agencies. An internal evaluation revealed that the ability to design projects independently was a crucial requirement for achieving this goal, an aspect which was not adequately addressed.

The design principles of the localisation initiative

In collaboration with Global Affairs Canada, a significant donor for the Rohingya Crisis, BRAC developed a “pooled fund” initiative to tackle the localisation challenge. Stakeholder consultations and early design experiences were valuable in shaping this new initiative. Several consultations with national and local NGOs were conducted during the design process for further refinement. The fundamental design principles of the project are:

1. Targeted Approach

The intervention aims to promote localisation and create a mechanism for supporting the Grand Bargain commitment. Unlike other country-based pooled funds, this project focuses exclusively on Local and National Actors (LNAs) in a humanitarian response.

2. Comprehensive Capacity Strengthening

Unlike the traditional approach of focusing solely on individual or staff capacity, the fund adopted a holistic strategy to strengthen capacity at the individual, organisational, and ecosystem levels.

3. Risk Management

BRAC, as the primary recipient of the fund, will be managing all risks on behalf of the donor.

4. Diversity in Response

To address the limited diversity in the response, the fund will actively seek out and support

1) Women-led organisations,
2) Organisations with very specific programmatic expertise in Gender-Based Violence, and
3) Organisations working for and with Persons with Disabilities (PWDs).
Affirmative action measures will be taken to involve these organisations in the response efforts.

5. Alignment with JRP

To prevent fragmentation and ensure alignment with the UN Joint Response Plan (JRP), the fund will exclusively support project interventions listed in the JRP.



The Initiative: Pooled Fund for Localisation

The “Pooled Fund for Localisation (PFL)” was formally launched in March 2022 in partnership with Global Affairs Canada (GAC) with an initial contribution of 10.5 million Canadian dollars for 30 months. Later, the Australian DFAT joined the initiative in June 2023, contributing 3 million Australian dollars. The below section describes the design of the final PFL interventions.

1. Targeting

The PFL is open to local and national NGOs by design. Recent NGO Affairs Bureau (NGOAB) regulations limit international funding to only NGOs registered with them. Consequently, the eligible participants are now limited to NGOAB-registered NGOs. To prevent potential conflicts of interest, BRAC and its affiliated entities are not eligible for funding.

While the PFL design does not favour NGOs from Cox’s Bazar over those from other parts of Bangladesh, the PFL’s Advisory Committee (see below) has directed that Cox’s Bazar NGOs receive priority. These NGOs receive an additional 4% marks during the selection process.

2. Selection of participants and alignment with JRP

Participants in the PFL are chosen by responding to a public advertisement with an Expression of Interest (EOI) and providing necessary documents like registration papers. They must score at least 35% to proceed, which helps manage risk. All organisations must also have documented experience of implementing development or humanitarian activities in Bangladesh and have a demonstrable commitment to organisational gender equality, commitment to gender-responsive programming and Prevention of Sexual Exploitation and Abuse (PSEA).

After the EOI review, organisations are categorised as A, B, or C based on capacity. Category A organisations require less capacity strengthening and can access higher funding for programme implementation than Category B or Category C NGOs.

Shortlisted NGOs submit project proposals in approved sectors. Proposals undergo quality and need responsiveness reviews by Proposal Review Committees. The Steering Committee, with input from the fund Secretariat, selects recipients. Selected organisations receive support and guidance to align their proposals with JRP needs

before receiving project funding at the following levels:

A. Category A

Maximum
\$ 500,000 CAD

B. Category B

Maximum
\$ 250,000 CAD

C. Category C1

Maximum
\$ 50,000 CAD

- a. These NGOs will require extensive organisational capacity development guidance and support. However, they feature the following:
 - i. Women-led organisations
 - ii. Organisations with particular programmatic expertise in Gender-Based Violence (GBV)
 - iii. Organisations working for and with Persons with Disabilities (PWDs)

D. Category C2 - N/A

- a. These NGOs do not have registration with the NGOAB, one of the qualifying criteria. Although these organisations are not eligible to receive any sub-grants from the PFL, under government laws, they may receive some special capacity development support and training, which will help them build their capacity and enable them to apply at a future date.

3. Risk Management

The project design includes a comprehensive risk assessment and management system to aid BRAC in its role as the risk management organisation for the donors.

In addition to document reviews during the initial EOI and short-listing stages, independent consultants conduct in-person due diligence to assess the capacity gaps of shortlisted NGOs before final approval by the Steering Committee. This assessment aims to uncover any previously unidentified risks that desk reviews may miss and identify areas where additional support is needed during project implementation.

Furthermore, BRAC's Finance, Audit, and Monitoring and Evaluation departments work closely with selected organisations until they attain sufficient capacity, offering ongoing support after that.

4. Governance

The project governance structure ensures transparency and alignment with the UN JRP and ISCG sector priorities.

- A. The Advisory Committee plays a critical role in providing a strategic vision for fund and sector allocation, ensuring transparency in decision-making processes, and coordinating the overall

humanitarian response. BRAC's Executive Director leads the Advisory Committee, which consists of a group of high-level stakeholders, including the UN Resident Coordinator, UNHCR and IOM Country Representatives, ISCG Head, and donor representatives.

- B. The Steering Committee includes senior officials and stakeholders, including BRAC, contributing donors, ISCG, a representative of the NGO Platform (a platform of all NGOs operating in the Rohingya response), and local experts. BRAC leads this committee, offering strategic guidance, approving fund allocations to NGOs, and overseeing capacity-strengthening initiatives.

- C. Proposal Review Committees (PRCs) consist of technical sectoral experts and are led by the respective ISCG Sector Lead for proposal evaluation. They also provide suggestions to enhance proposals. This committee's recommendations are the primary basis for the Steering Committee's final funding decisions.

- D. Embedded within BRAC, the Secretariat oversees the operational management of the Pooled Fund. The Secretariat comprises a team based across Dhaka, Cox's Bazar and Bhasan Char, directly supporting, coordinating, and capacitating PFL partners. The Secretariat supports all committees, manages fund activities, and reports on them, with assistance from various BRAC departments and external and internal stakeholders. By design, a third of the funds are allocated to run the Secretariat to develop the capacity of the participating NGOs.

5. Comprehensive Capacity Strengthening in Practice

Following the design principles, the PFL provides capacity-strengthening support at three levels:

A. Individual Level:

The fund offers day-long workshop-seminar sessions covering 11 topics, and all NGOs that submitted EOIs are eligible to participate. All these sessions are conducted in vernacular language and are supported by a detailed step-by-step manual for future reference. Topics include:

- a. Safeguarding
- b. Monitoring and Evaluation
- c. Laws Regarding NGOs
- d. Project Management
- e. Human Resource Policy
- f. Gender Sensitivity Analysis
- g. Financial Management
- h. Climate Resilience Planning
- i. Proposal Writing and Grants Management
- j. Fraud and Risk Management
- k. Humanitarian Principles, Standards and Policies

B. Organisational Level:

NGOs that qualify for project funding receive support based on a consultative capacity-gap assessment. Experts develop strategies to address gaps in senior management, and the Secretariat collaborates with the organisation to create a timed work plan. The PFL supports and monitors the plan's implementation. Additionally, the PFL guarantees at least two consecutive years of funding for all NGOs who have adhered to their capacity development plan implementation, as well as achieved the minimum fiduciary standard.

C. Ecosystem Level: The PFL aids NGOs that receive project funds by organising sector-level meetings in vernacular languages to facilitate participation. It also helps address regulatory issues, especially inside the camps, which can be challenging for NGOs to manage.

Additionally, projects carried out by NGOs under the fund are strategically co-located with BRAC projects in camps. This arrangement enables NGOs to seek support and guidance from BRAC to address the day-to-day challenges effectively.

This approach ensures comprehensive capacity support at all levels to enhance the effectiveness of NGOs.

"Pooled Fund for Localisation" showing promising results

Operationalisation of the Fund with a Pilot Phase

The PFL received approval from Global Affairs Canada in March 2022. However, given that the 2022 JRP had already been finalised and approved, the fund needed to wait until the end of 2022 to align with the stipulated selection process. In response, the fund's Advisory Committee authorised an exceptional "Pilot Phase" with a fast-tracked selection process. This phase was limited to NGOs already part of the 2022 JRP based on funding gaps.

Through this Pilot Phase, the first official PFL EOI was published in November 2022, attracting 34 NGOs as participants. Only four NGOs were selected for project

funding to manage exposure while learning. Capacity development sessions for these 34 NGOs began in December 2022 and continued into 2023, making them part of the PFL for nearly a year. The PFL start-up, which involved securing government approval, establishing the Secretariat, and forming committee memberships, took

approximately six months. Since the Pilot Phase selected NGOs were already chosen through a rigorous process for the JRP, there was no need to constitute Proposal Review Committees (PRCs). All BNGOs in the Pilot Phase successfully reached or exceeded their project participant targets, with over 50% female participants.



Cox's Bazar
9,511

Bhasan Char
8,650



Cox's Bazar
925



Total
19,086

For the Second Phase of the PFL, a second EOI was released in January 2023, with 80 NGOs participating. Due to the involvement of PRCs and the ongoing focus on implementing the 2023 JRP, the Steering

Committee only finalised the selection of 25 NGOs for project funding in August 2023. Capacity-strengthening sessions for 43 NGOs among the 80 NGOs not part of the first EOI started in June 2023 and

concluded in November 2023. Project implementation started in September 2023. Estimated project participant targets are provided below.



Cox's Bazar
98,845

Bhasan Char
3,888

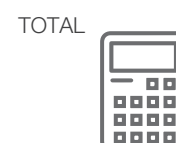


Cox's Bazar
4,922

Bhasan Char
1,902



Cox's Bazar
18,999



Total
1,28,556

Impact of Capacity Strengthening Efforts

During the Pilot Phase, 720 staff members from 34 NGOs participated in workshops and seminars on various topics organised by the PFL. Nearly 1,000 staff members from 43 NGOs have participated in the Second Phase.

A survey was conducted to assess the impact of the capacity-strengthening initiatives on the 34 NGOs that participated in the Pilot Phase. Overall, 93% of the participants expressed satisfaction with the sessions. Of these, 34% of staff members were either promoted or found better internal opportunities after training.

At the organisational level, 76% of organisations, including all 4 BNGOs selected for project financing, had reviewed,

strengthened, or developed corporate policies (e.g., Gender Equity, Human Resources, Environment) or formed designated teams (e.g., Monitoring and Evaluation) based on the sessions and resource materials.

Furthermore, 38% of participating organisations reported that the training and its application helped them secure new donor funding. 20 BNGOs have reported mobilisation new funding from donors among all 27 BNGOs who received programme implementation funding through PFL.

The capacity development sessions for the PFL Third Phase are ongoing and are expected to continue until June 2025. A similar survey is planned for the participants after completion of the training.

All 27 NGOs have an agreed road map for improving their organisational capacity and implementing their programming since June 2023. A preliminary assessment by the PFL Secretariat of the implementation capacity of these organisations shows significant improvement in managing Procurement and Human Resources, including Safeguarding issues. The absorption capacity of these organisations quarter to quarter has improved notably. The results of the quality assessment of these NGOs by BRAC's Monitoring and Evaluation department have been impressive. A formal review of these NGOs' work and a full audit of their financial performance are being undertaken periodically.



Lessons learned and need for finetuning.

The Second Phase of project fund allocation, which followed the complete selection process, took approximately eight months from the Expression of Interest (EOI) to the final funding and camp allocation. A review of this process revealed several shortcomings, including the time-consuming multi-phase EOI submission, complexities in mobilising PRC members, and the need to adjust selected project proposals to align with evolving sector priorities.

Additionally, coordination issues emerged between the two sets of sectors, one in Cox's Bazaar and the other in Bhasan Char. To address these challenges, refinements are underway, focusing on streamlining and better sequencing process steps and involving sector leadership earlier in the process than in the previous phase.

Another key insight is that the organisational capacity assessment takes longer than initially expected, as it requires multi-layered interviews to identify gaps and develop action plans for each organisation.

Also, an annual outcome assessment revealed that the on-the-job training is more effective than classroom-based training but is more resource-intensive. Besides, Training on GBV, safeguarding, PSEA, CFM, reporting, referral systems, environmental sustainability, and child protection increased awareness and responsible practices among the community.

The programme team also revealed that piggy-backing on a larger programme is essential- It would not have been viable for the PFL without support from a large Humanitarian Programme.



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