Catalysing locally-led development in the UK aid system

About this report

This report summarises work carried out between August 2020 and April 2021 to create a more equitable and sustainable development system through locally-led development. It shares key insights, lessons and strategies and aims to contribute to the other initiatives that are pushing for change. It also aims to galvanise engagement and action from the wider international development community, with a focus on international non-governmental organisations in the UK.

Acknowledgements

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Introduction

A pivotal moment for collective action

The need to adopt new behaviours and mindsets that ensure power and resources drive more equitable, community-led development has become a priority for many in UK-based international non-governmental organisations (INGOs).

This report outlines the journey that we have taken, aimed at supporting UK INGOs to mainstream locally-led approaches. It is based on a six-month 'lab style' project, which took an intensive look at the system change that is needed to move from words to action on a more significant scale. It shares what we have learnt through the process so far and what we think needs to happen next.

We hope it will act as a call to action for the wider sector to embrace the change that is needed.

The context

"Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next. - author Arundhati Roy[1]

We are at a pivotal moment

The need for change is driven by a variety of factors – not least the need to decolonise and decentralise the aid system. The Covid-19 pandemic, as a major disruptor, has further exposed the power inequalities in the system. Young people, communities, local organisations and national actors, both formal and informal, have been best placed to respond to the pandemic due to their knowledge, networks and local expertise.[2]

Digital transformation has also allowed for emergent actors and unlikely coalitions, partnerships and new ways of working to gain prominence. We need to capitalise on these moments for positive change. If communities had the direct financial support to mobilise, the shift in power could be accelerated. Communities need to be able to determine their own futures.

[1]Financial Times (3 April, 2020) 'Arundhati Roy: 'The pandemic is a portal'' (accessed May 2021). [2]Bond (2020) **Four transitions reshaping the UK's international development system.**

This is not only the right thing to do but, done well, it will lead to more effective and sustainable development outcomes.

This idea is not new. The 2016 World Humanitarian Summit resulted in the Grand Bargain – 51 commitments to encourage international humanitarian actors and donors to work more effectively and transparently and place more power and direct funding in the hands of national and local responders in the countries where development work happens.[3] In the same year, actors from grassroots grantmakers, women's funds, environmental funds, national networks and civil society organisations (CSOs) coalesced at the Global Summit on Community Philanthropy. This summit explored how to move away from hierarchical systems of international development and philanthropy towards more equitable people-based development, and was where the hashtag #ShiftthePower was first used[4].
Covid-19, the Black Lives Matter movement, and changes to aid budgets have disrupted business as usual. This pivotal moment is our opportunity to present and imagine new ways forward – harnessing the power of collective action in the UK INGO sector – and to listen and respond to ideas in the places where INGOs work.

The growing demands to reform the aid sector's structure, culture and practices is being driven by INGOs themselves, alongside CSOs and communities where development projects take place, feminist groups, human rights groups and community foundations.

Challenging power dynamics lies at the heart of this issue, as we collectively recognise the colonial history on which the development sector has been designed and the power dynamics, structures, narratives – and indeed structural racism – that uphold the status quo.

[3] IASC 'About the Grand Bargain' (accessed May 2021).
[4] Rethinking Poverty (10 October, 2018) '#ShiftThePower: how are we doing two years on?' (accessed May 2021).

In the UK, many organisations are already questioning and creatively adapting the way they work with their country partners and the communities they support. From trialling new partnerships to reinventing business models, UK INGOs are taking innovative approaches to shifting power to locally-led development. But there is still so much to learn, un-pick and do to change who makes decisions, whose voices are heard and who holds financial power. This change cannot happen one organisation at a time – for it to be truly effective the whole system needs to shift.

Our initiative provides a space to learn together to identify collective action that will move the UK development sector beyond rhetoric to address the systemic change needed for a more equitable development system.

> Collective power right now also means taking a look at who did we leave out before?... So that as we renew, we also think about how we elevate our voices and our collective power to ensure no one is left behind.
> - activist Phumi Mtetwa[5]

What are we trying to achieve?

This initiative aims to catalyse action among UK INGOs to shift power and resources to communities in the countries where development happens (referred to as 'local communities' – for more on definitions see p.7) It starts with our assumption that the whole system needs to change, and so we need to take a systemic approach. To change the system we need to understand it better and find the most effective ways to create the biggest impact.

[5]In Oxfam (2020) **Narrative Power and Collective Action.**

We have used Frank Geels' multi-level perspective[6], which suggests that disruptions to our context accelerate and frustrate mainstream ways of doing things, and this provides an opportunity for new ideas and approaches located on the periphery to be taken up.

Our initiative's focus is on the contribution that UK INGOs can play to shift and disrupt how power operates in the UK international development sector. We have identified barriers for change and key areas for action where working collectively would drive real progress towards locally-owned development.

The project is underpinned by the following principles and assumptions:

- ## Locally-led development is the sustainable approach

  Sustainable development requires a range of approaches and will only happen if local solutions work in tandem with changes at national and global level.

- ## Power dynamics must be recognised

  To be more effective, we need a UK international development system that recognises the power imbalances that shape it – imbalances that have resulted in communities and CSOs being left out of decision-making, having their knowledge undervalued and being outcompeted for funds. As Oxfam's Duncan Green argues, 'once you start to make power visible, see how power flows between groups, between individuals, see what triggers this redistribution of power, you start to think about change'.[7] We have to recognise the individual role we play within this system in order to bring about change through our own behaviours, language and mindsets.

- ## We can make a contribution and learn from others

  A rich and creative landscape is emerging to address the power imbalances within the international development system. We want to make a contribution to the work that is already happening, to support and accelerate what is working, and help to address what is not. We recognise that our perspective is always limited and partial, and we will work with others to expand it. Our approach is

[6]Geels, F. (2002) 'Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study', Research Policy, Volume 31, Issues 8–9, p.1257-1274.

[7] RSA 'Duncan Green on how change happens' (accessed May 2021).

also based on learning from our previous work on transforming safeguarding within the sector and acts in tandem with the anti-racism work being spearheaded by people of colour in international development.

- ## Diversity and plurality are key

  Diversity in age, race, gender, class, nationality, life perspectives, skills and resources contribute to more meaningful and effective collective action and guard against reproducing the very structures and power imbalances we are trying to change.

- ## UK INGOs have a key role to play, but it involves change

  UK INGOs can be a driving force for locally-led development, but to play this role they need to change how they operate.

- ## Focused action can drive larger change

  By bringing together a small, committed group of organisations that are already actively working towards a locally-led agenda[8], this initiative intends to catalyse wider change in the sector. By harnessing the power of the individual changes being made, and bringing together organisations to instigate collective action, we can contribute to a tipping point that will usher in a reshaping of the international development ecosystem.[9]

What do we mean by locally-led?

Peace Direct provides a useful definition:

Locally-led development refers to initiatives owned and led by people in their own context.

Peace Direct expands on this to explain the complexities of 'locally-led':

The concept of 'locally-led' cannot be reduced to nationality or geographical location. Local (actors) peacebuilders operate on a range of levels – community, sub-national and national... Supporting locally-led approaches means acknowledging that local communities are never homogenous, often espouse divergent views and are centrally involved in local politics. But while local approaches may have their limitations, they are often dismissed or sidelined in favour

[8]For the list of organisations involved in this initiative so far, see the participant list in Annex 1.

[9]ALNAP **'How can we change humanitarian action?'** (accessed May 2021).

of international (and predominantly white responses due to factors such as risk aversion, concerns about scale and capacity, along with power structures based on neo-colonialism, prejudice and racism.[10]

The Movement for Community-led Development defines community-led development as:

The process of working together to create and achieve locally-owned visions and goals. It is a planning and development approach that's based on a set of core principles that (at a minimum set vision and priorities by the people who live in that geographic community, put local voices in the lead, build on local strengths (rather than focus on problems, collaborate across sectors, is intentional and adaptable, and works to achieve systemic change rather than short-term projects.[11]

Community-led development prioritises the participation of communities in their own change processes by encouraging participatory local governance and citizen engagement.

Throughout this report we will be using the terms 'locally-led development', 'community-led development' and 'people-led development' to refer to the approach that prioritises the participation of people and their communities in their own development decisions, underpinned by the belief that each person has a right to a voice in decisions that affect their life through the creation and realisation of local goals.[12]

Systems change

Systems change is an intentional, collaborative process, which unearths the root causes of the problems a system is facing and acts to address them. It is essential that this process is collaborative – recognising that no single individual or actor can resolve a systems challenge alone. Systems change requires a set of different interventions, including reforming policies and services, altering the distribution of resources and changing the nature of power.[13]
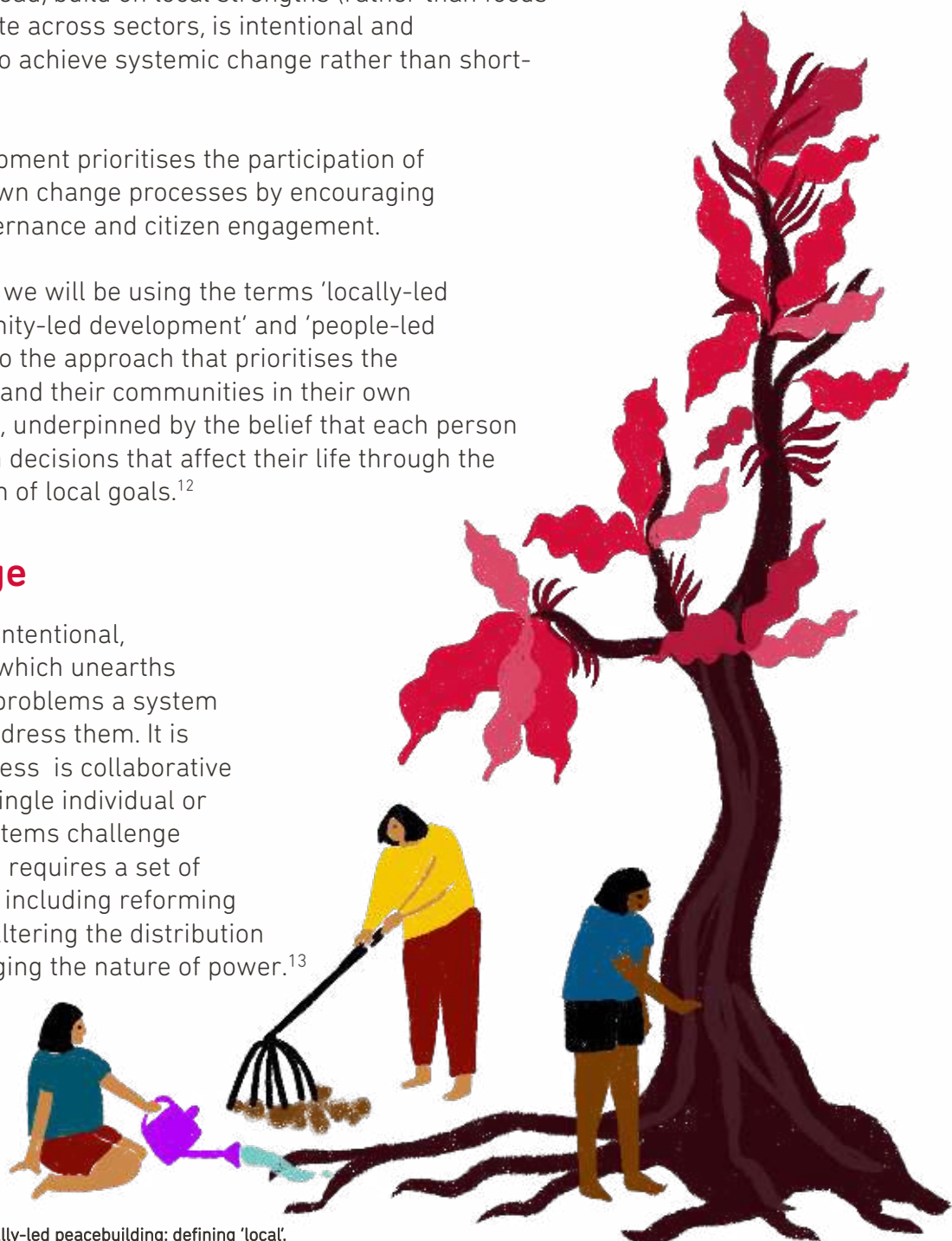
[10]Peace Direct (2020) **Towards locally-led peacebuilding: defining 'local'.**
[11]**The Movement for Community-led Development 'Defining community-led development'** (accessed May 2021).
[12]The Movement for Community-led Development (2021) **Unpacking community led development.**

Systems-change thinking has been used in a variety of areas and disciplines, and it has been effective at contributing to transformational change in other sectors.

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Useful definitions

Local NGO, CSO (civil society organisation), CBO (community-based organisation): organisations or groups owned and led by people working in their own context.[14]

A system is 'anything organised for a particular purpose'.[15] It can be comprised of people, resources, services and policies, and includes relationships, values, perceptions and mindsets.

Leverage points: the concept that a few coordinated actions can result in change that sustainably improves the condition of the wider system (towards our goals).

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One of the strengths of this approach lies in its collective nature. Through a process of collective understanding, and by mapping the system to unearth the root causes of problems, collective action can be agreed upon that people will be committed to.

Helpfully, this approach explicitly outlines the most effective ways to intervene in a system. In her work on 'leverage points', the late Donella Meadows, an influential environmental thinker, argues that not all interventions will have the same level of impact – changing the goals of a system will be more significant than creating new measures or standards.[16] Social-change consultants FSG outline six conditions of systems change. They argue that structural change can only take you so far – to get to transformative change, you need to influence the mental models that shape policies, practices and how resources flow. And to do that, you need to change relationships and connections and tackle unequal power dynamics.

[13]LankellyChase Foundation (2015) **Systems change: a guide to what it is and how to do it.**

[14]**Phil Vernon, 'Local Peacebuilding: What Works and Why'**, Peace Direct, 6 June 2019 www.peacedirect.org/us/wp-content/uploads/sites/2/2019/07/PDLocal-Peacebuilding-Report-v2.pdf

[15]Rockefeller Foundation (20 May, 2015) **'How to Explain Systems Change to a 13-Year-Old'** (accessed May 2021).

[16]Meadows, Donella (1999) **Leverage Points: Places to Intervene in a System**. (accessed May 2021).
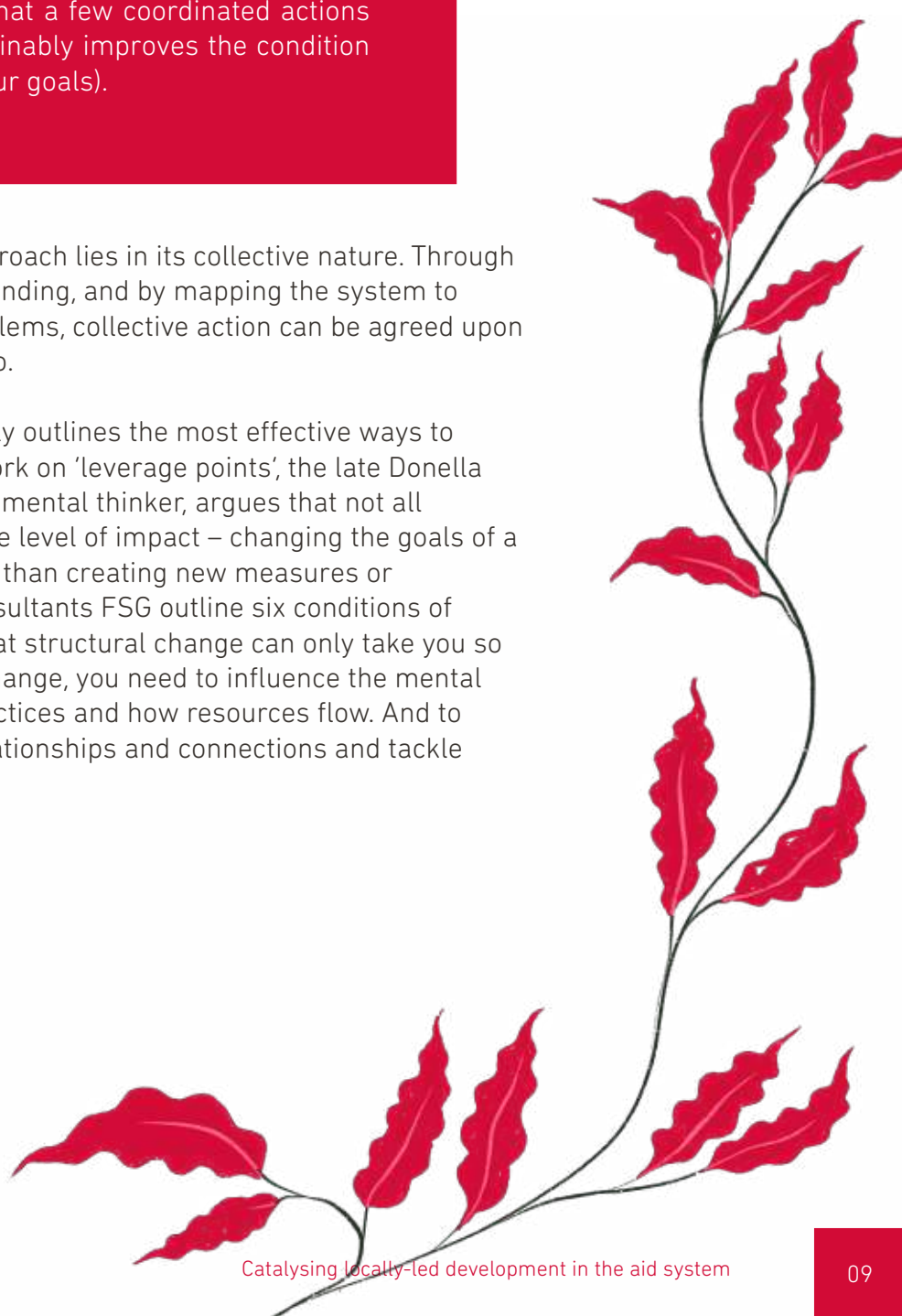
Six conditions of system change[17]

Structural change (explicit)

Policies

Resource flows

Practices

Relational change (semi explicit)

Relationships and connections

Power dynamics

Transformative Change (implicit)

Mental models
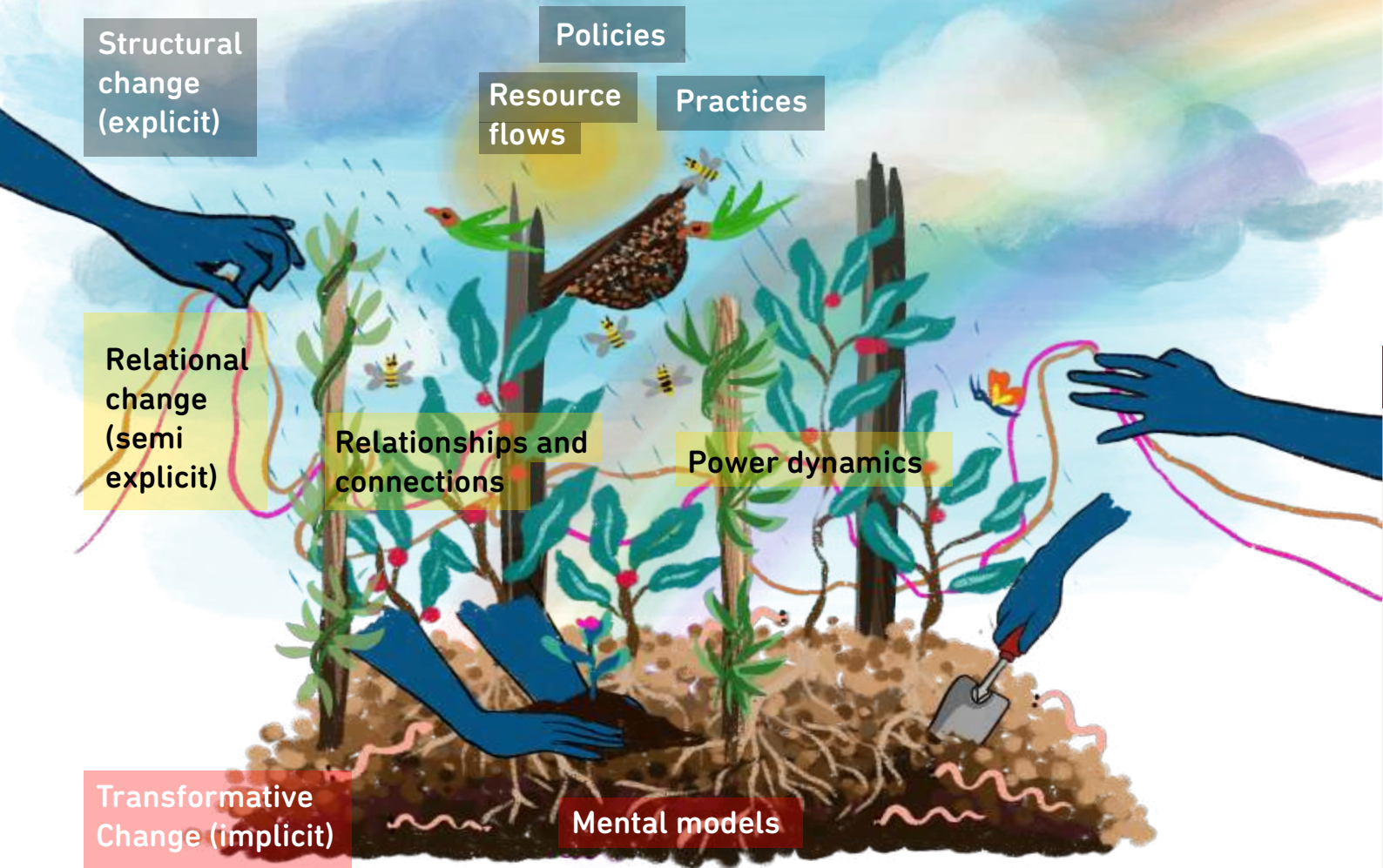
The following documents how we have used a systems approach to help UK INGOs make progress towards locally-led development. It translates the theory of systems change into a practical process with clear actions.

We worked on the basis that if you want to bring about a significant shift in how the international development sector works, you need to:

- Understand the sector as a system
- Learn how the system behaves
- Design effective interventions that address the root causes of problems within this system and connect and support other activities.

[17]FSG (16 July, 2019) **'Systems Change Is a Noun and a Verb'** (accessed May 2021).

Understanding the current situation

A pivotal moment for collective action

A central part of changing a complex system is to build collective understanding of the system you are working in. We used a system map to start to do that.

Map of the UK international development system

Key areas identified

UK INGOs' accountabilities

Use of knowledge and narrative

Stuck organisational structures

Funding Flows

Strategic decisions made centrally

Political and regulatory pressures on CSOs

Lack of understanding of local capacity

Power imbalances between INGOs and partners
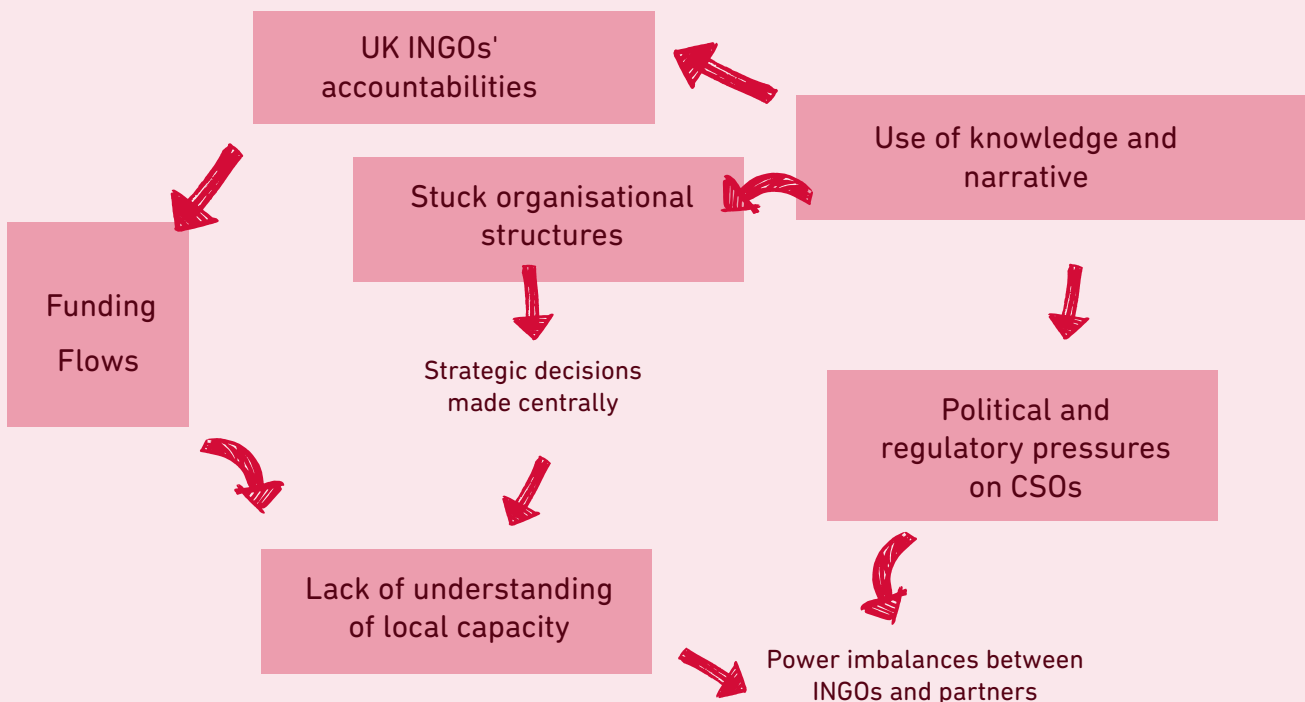
The systems map below is a representation; a 'best guess' of how the system works with a focus on the transition to locally-led development. It aims to capture the core components, actors and connections that have relevance for this transitioning. We began by conducting interviews and desk research to identify the core issues, then as a group we asked what has caused those issues and what has resulted from them (using a causal loop approach[18]). The resulting map is informed by desk-based research, consultation with international development staff and various workshops discussions.

[18]See Warren Lynch (February 2020) **System Thinking with Casual Loop Diagram - Learn by Examples** (accessed in June 2020)

View our map of the UK development sector

It is a tool in the process of change and so is always partial and should never be viewed as the definitive truth. Whilst we consulted with people and organisations in the countries where INGOs work, it is biased towards our own perspective. It is a resource to deepen understanding of the key components and causal relationships within the current mainstream system that UK INGOs are part of, recognising the importance of interactions and patterns between the parts. We used the map to identify the key barriers that are preventing UK INGOs in the sector from addressing power imbalances and the underlying causes that prevent change.

In developing the map, we identified six heavily connected areas that describe the relationship between international and local CSOs. These are:

1. UK accountabilities

Increasingly, UK INGOs must demonstrate in-depth accountability to donors for a number of reasons, including declining support for UK aid amongst the general public and NGO scandals, such as those relating to safeguarding and CEO salaries. As a result, UK INGOs are perceived to be 'better equipped' than local CSOs to deliver programmes on scale and report back to donors. Through the map we identified the pattern in which INGOs and their partners can be hyper accountable to donors, and the limited structural incentives for direct accountability to local communities.

2. Governance and organisational structures

UK INGOs are predominantly staffed by white people, and their headquarters are overwhelmingly based in the UK. Headquarter staff make

strategic decisions, secure funding and are the main contact for donors. Headquarters often absorb a percentage of funding and staff there earn more than staff elsewhere. Crucially, decision-making is the responsibility of people who too often have limited knowledge of local contexts. This model results in accountability flowing upwards rather than downwards.

3. Funding flows

Donors are risk adverse. Their preferred method for funding civil society is a system that uses policies and regulations that are based on UK laws. Their expectations and approach to risk, compliance and value for money are developed in the UK. Many funding mechanisms require the UK office to be the lead organisation. This reinforces a top-down relationship, where UK INGOs are in a position of power because they have the relationship with the donor and are responsible for completing due diligence on local organisations. This results in UK INGOs developing expertise in working with donors, including an ability to speak a donor's 'language'. All this prevents local CSOs from developing their own capacity to fundraise, meet donor requirements and carry out due diligence. This creates a system that favours UK INGOs, enabling them to invest in fundraising and quality programme design. In turn, local CSOs are perceived as lacking in capacity and accountability to deliver projects.

4. Understanding local capacity

If local CSOs and national staff are excluded from strategic and programmatic decision-making, inefficient development interventions are likely. Voices of those most affected by the issues being addressed tend not to be heard and they lack decision-making power and resourcing. Communities and project participants can be perceived as passive 'beneficiaries' who need to have their skills built, rather than whole, active, and resourceful actors with the solutions to their own problems. INGO communications often perpetuate this stereotype and embed this damaging image into fundraising proposals and programme design.

5. Use of knowledge and narrative

Certain types of knowledge and expertise are more valued than others. Analysis, findings and knowledge pieces authored and developed in Western European countries like the UK or in the United States are often more valued than other insight. Expertise is often equated with academic credentials, and research, monitoring, evaluation and learning processes are often designed by those deemed to have the 'right' expert credentials. Entering the UK international development sector is competitive, and a requirement is for academic qualifications from elite universities, which means that lived experience tends not to count. Imagery and narratives often perpetuate negative stereotypes amongst donors and INGOs, which

feed into the ideas of 'developed versus developing', beneficiaries rather than co-creators. The dominance of the English language also means that knowledge and learning products are developed by, and cater for, native English speakers.

6. Political and regulatory pressures on CSOs

Increased political restrictions and regulations for CSOs can often mean that accessing funds from overseas is challenging. Some governments that are hostile to CSOs impose restrictions on them, suppressing networks and political activity.

Barriers to change

Once we had tested the map, and agreed as a group that it was 'good enough', we started to explore and prioritise what the main barriers to change are for UK INGOs.

We identified a long list:

- The role of donors as rule setters; donor requirements and attitudes, including 'managerialism' and risk aversion
- Local staff being excluded from local decision-making
- Trustee targets and imbalanced accountabilities
- Local communities not being allowed to decide how resources are used
- Funding not going to local resources
- Reliance on INGOs for funding
- The negative and problematic narrative of local (in)capacity
- The culture of self-preservation in the UK INGO sector
- Organisational policies that reward and value UK staff over staff elsewhere
- Fear of losing control
- Lack of trust in alternative approaches
- Colonial mindsets and paternalism
- Racism in the sector
- Organisational structures and models, including risk culture, high compliance and addressing what success looks like

Institutional racism

A root cause identified throughout the map is institutionalised racism, which cuts across each of the six barriers to change that we identified. Racism in the sector cannot be separated from conversations around decolonisation and asymmetrical power structures. As Robtel Neajai Pailey puts it, development has a 'white gaze problem':

> The white gaze of development is measuring black, brown and non-white people against the standard of northern whiteness, and taking their political, economic and social processes as a norm [...] Development uses that standard of northern whiteness to measure economic, political and social processes of people in the so-called 'global south
> - academic and activist, Robtel Naejai Pailey[19]

Putting power analysis at the heart of everything we do – understanding, in other words, who holds power, who is listened to, who is excluded, and what perpetuates power imbalances – is essential.

Priorities

The participants came together to prioritise areas for action for the group and the wider UK INGO sector. These areas were decided upon based on the following:

- Addressing significant barriers with an opportunity for bigger change
- Where UK INGOs have the power or resources to take or support action
- Where there is energy for change, and preferably existing innovation happening

'Root cause' challenge/barrier

Power/ resources

Energy/Innovation (often time-specific)
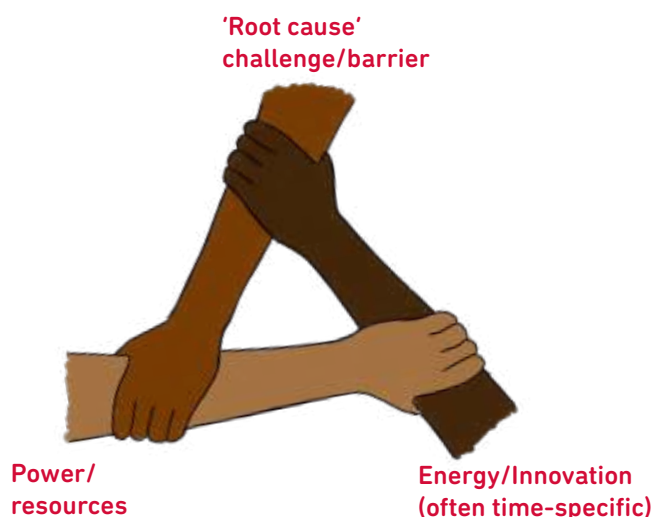
[19]Power in the Pandemic podcast (June 2020 'Featured voice: Robtel Neajai Pailey on racism in development' (accessed May 2021).

The following three areas for action were identified as providing the greatest chance of change:

1. UK donors' policies and practices

Systems and processes can often be barriers for people-led development, as requirements for funding and application processes are strict, complex and costly, and the system prioritises northern-led INGOs. There is a disconnect between the communities being served by development initiatives and those setting the funding models and strategies. Restrictive, short-term funding does not give INGOs the flexibility they need to truly put the voices of communities at the centre of programmes.

2. Governance structures and organisational models

Governance structures establish lines and directions for decision-making and accountability and de ine e icacy. These structures have been shaped by institutionalised racism and colonial mindsets, which prioritises accountability to trustees, funders and governments over accountability to the communities INGOs serve. The legal and regulatory requirements placed on INGOs have entrenched this focus. Typically, these structures and requirements can exacerbate power imbalances, evidenced in unequal pay structures, restrictive organisational culture (including fear of change), narrow definitions of 'success' and whose voice counts.

3. Lack of trust in alternative or emerging approaches to development

Emerging development approaches and actors are often sidelined and marginalised in mainstream international development. Too often, these locally-led approaches are dismissed as not rigorous enough for INGOs and donors, and these actors are not seen as trustworthy. This can result in INGOs imposing their Western-centric project management, culture and norms onto people and communities, dismissing different and more effective locally-led approaches to development.

These areas for action will work in tandem with the existing work happening on anti-racism in the sector, occurring through Bond and in collaboration with other sector bodies. We recently published our report on people of colour's experiences working in development: **Racism, power and truth.**

For each area for action we considered the problem, and the questions that could spark innovation and possible solutions. We also looked

at the initiatives that were already happening in each area so we could build on and collaborate with existing movements and avoid duplicating effort. The outputs from these discussions are captured in Appendix 2. We have also brought together these existing initiatives and where change is happening into an online innovation map (see Appendix 3 for a snapshot). This is a working resource, which has begun to map the organisations and initatives that are disrupting power in the development space and are finding different ways of working and organising. They are focused on the following three main barriers to change we identified:

1. Donor policy and practice
2. Governance structures and accountabilities
3. Lack of trust in emerging development approaches

The purpose is to share what is going on so we can learn from each other and make connections. This map is by no means complete, we hope that it becomes a dynamic tool that we continue to populate collectively. Please provide us with your recommendations so the map can evolve.

Lack of trust in emerging development approaches
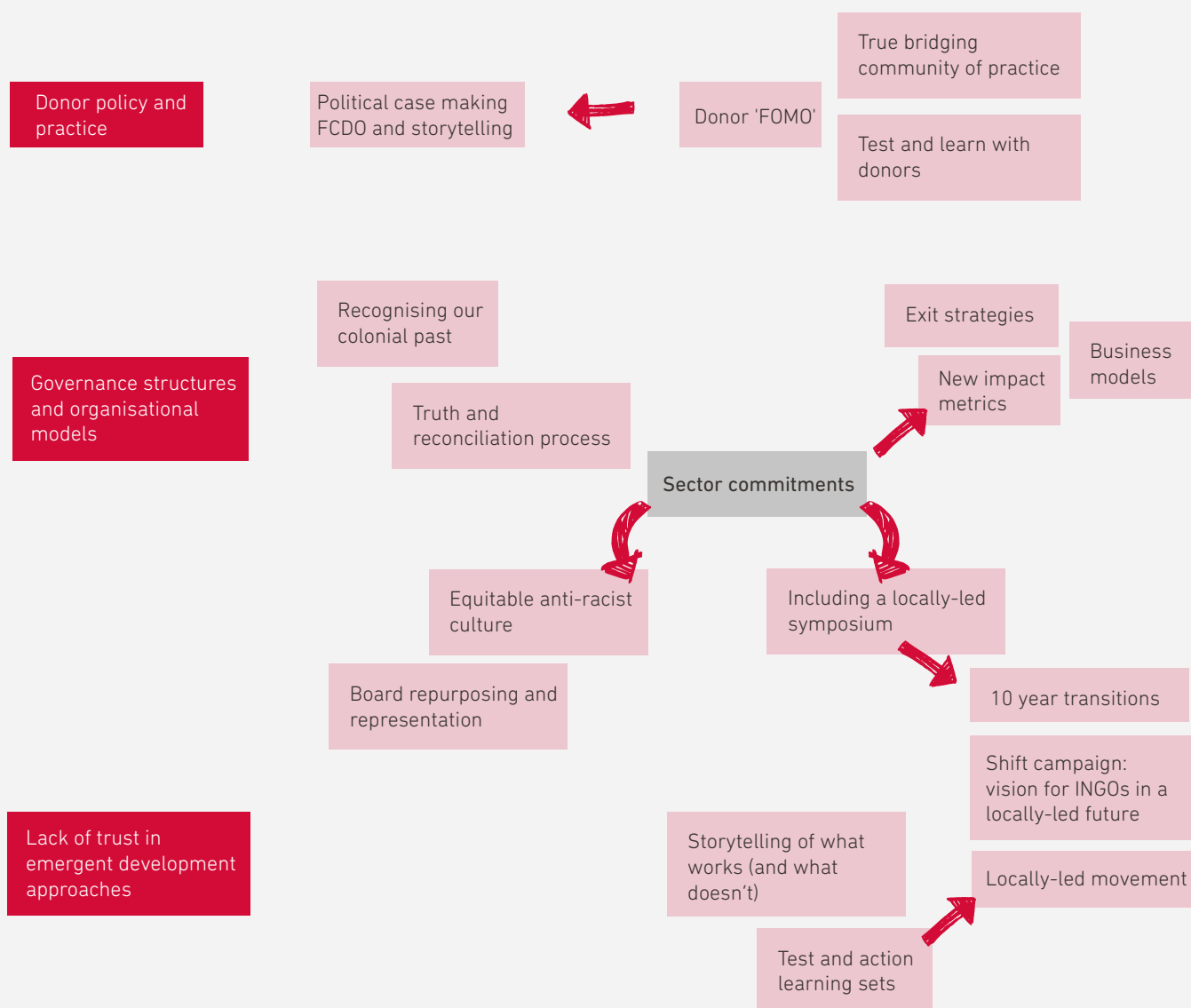
Donor policy and practice

Governance structures and accountabilities

> " Nothing needs 'localising'. It already exists.
> – researcher and analyst Themrise Khan[20]

Taking action

Under each barrier we identified a range of possible solutions that can help shift the system. We wanted to ensure that we were taking forward a set of interventions, as this increases the chances of system change. We reviewed how the actions fit together and what the group, and the wider Bond membership, is best placed to take forward.

This diagram shows how the proposed interventions came together:

Donor policy and practice

Political case making FCDO and storytelling

Donor 'FOMO'

True bridging community of practice

Test and learn with donors

Governance structures and organisational models

Recognising our colonial past

Truth and reconciliation process

Exit strategies

New impact metrics

Business models

Sector commitments

Equitable anti-racist culture

Including a locally-led symposium

Board repurposing and representation

10 year transitions

Shift campaign: vision for INGOs in a locally-led future

Lack of trust in emergent development approaches

Storytelling of what works (and what doesn't)

Locally-led movement

Test and action learning sets

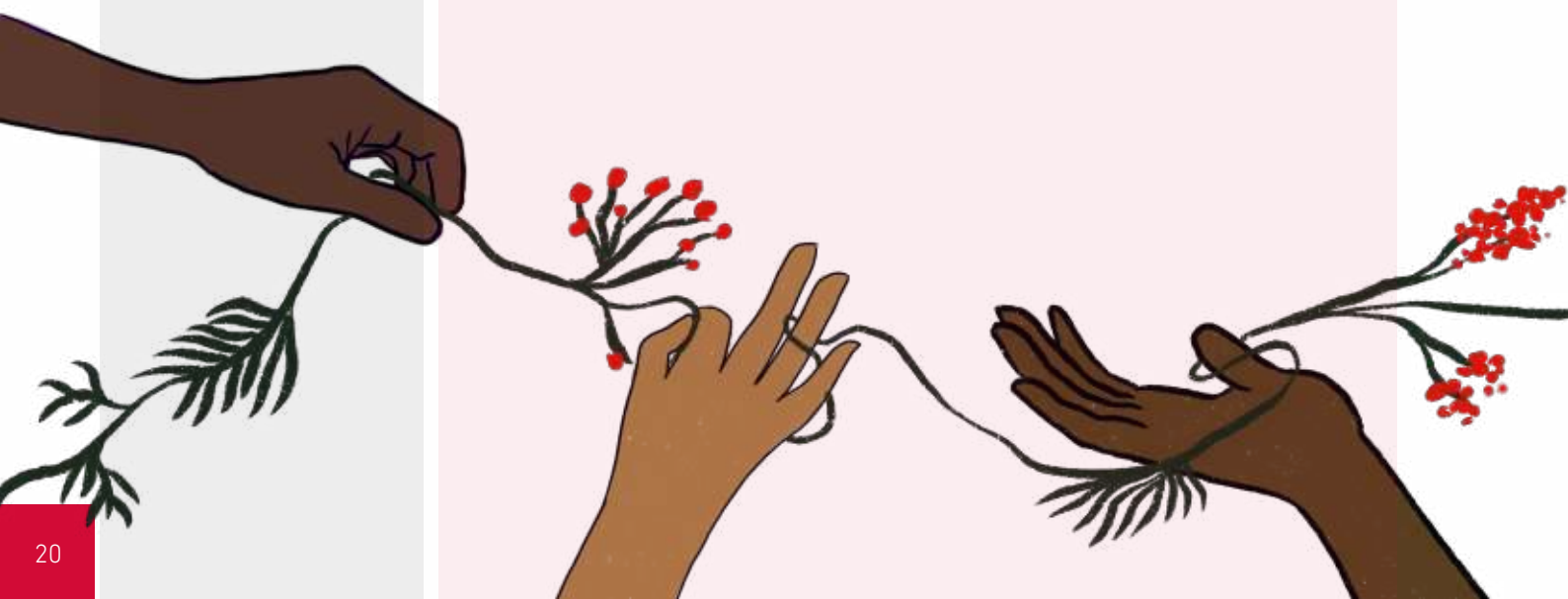[20]See The New Humanitarian 'The future of aid' (accessed May 2021).

We then formed the following workstreams based on the activities that were thought to add most value:

1. Sector commitments and roadmap for locally led-development

Description	This group will unite the sector to make a commitment to change power dynamics and become locally led. Central to this is the open acknowledgement of colonial history and power asymmetries in the system. These commitments are about openly and publicly prioritising the transition to a more equitable development system and encouraging a shift in practice and narrative. This work will craft that vision and combine it with the idea of transition strategies so that there is a clear end goal, with INGOs being clear about what contribution they can make and have a roadmap to get there.
What are we trying to achieve?	• Understand why previous commitments have or haven't worked, learning from previous experiences to take steps forwards • Enabling an open, diverse, inclusive space to consult with relevant stakeholders • UK INGOs develop and publicly commit to a set of commitments in line with – and building upon – commitments that have already been made, including the Grand Bargain agreements for locally-led development, outlining actions to take as a sector and as individual organisations
How?	• A working group will coordinate the consultation process for the sector commitments. • The work will build on learning and experience from previous commitments and will be done in collaboration with other networks and actors working in this space.
What gap is it filling?	We will focus on creating a clear, practical roadmap to a different approach that is predominantly locally led. The commitments will provide a shared understanding of the importance of moving the sector forward, outlining a common approach and vision for what locally-led development looks like. It will also set new goals for INGOs to be working towards. Finally, it is an opportunity to jointly acknowledging the colonial history and mindsets that need to be left behind to progress.

2. Changing donor policy and practice
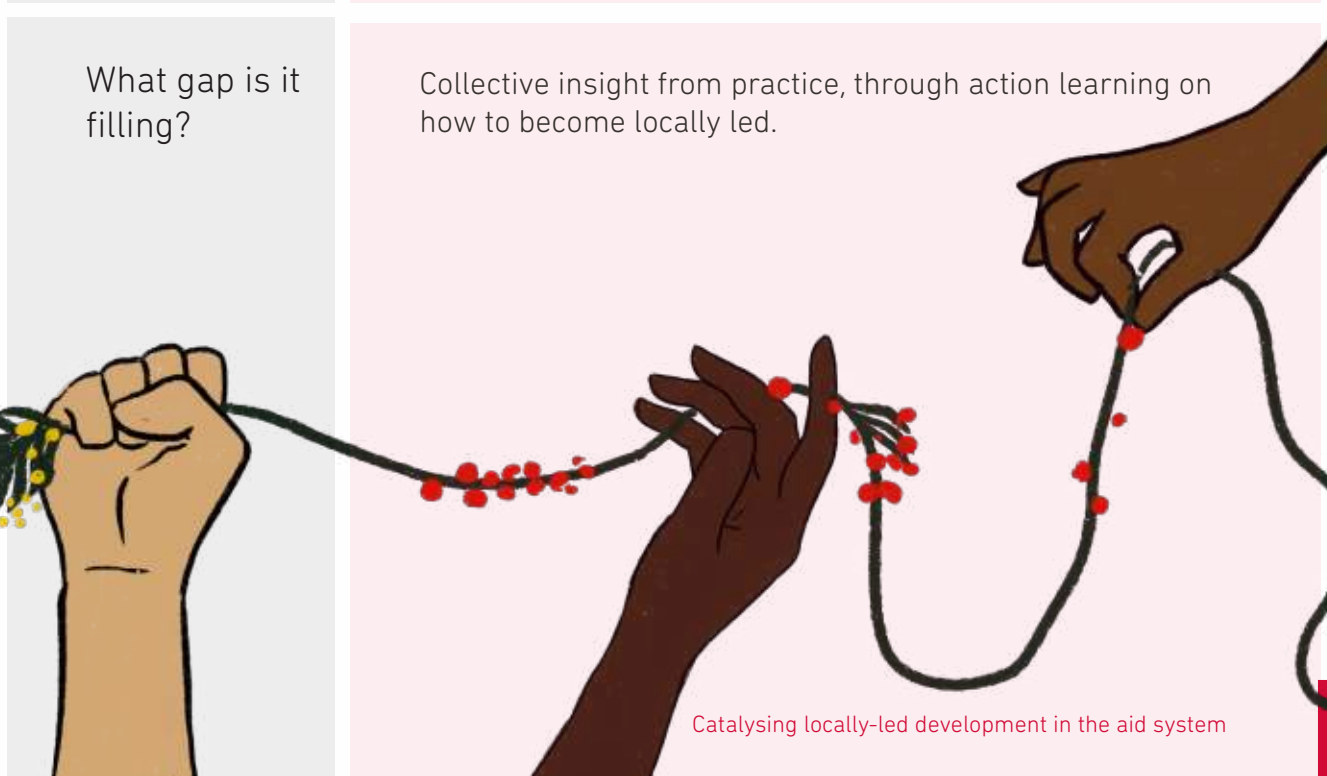
Description	Working with donors to adapt funding and partnership practices. Systems and processes can often be barriers for people-led development, as requirements for funding and application processes are strict, complex and costly. This area of work looks at working with progressive donors and influencing FCDO´s policies and practices through political case-making and storytelling.
What are we trying to achieve?	• Influence donors to change their funding mechanisms to promote locally-led development. • Strengthen donors' partnership practices. • Improve the quality of funding provided by institutional donors.
How?	• Create a case for change for funders (based on case studies of what works and what other funders are doing) • Convene funders and INGOs on funder practices for better funding • Work with FCDO on how it can change its practice
What gap is it filling?	A coordinated and creative approach with INGOs to influence donors to change the rules of 'the game' and metrics for success.

3. Supporting communities of practice for locally-led development

Description	Many organisations are experimenting with different approaches. We need to learn together as a sector and adapt, based on each other's learning. This will be focused on general practices, or more targeted test-and-learn in specific places and on specific issues, based on proposals from members.
What are we trying to achieve?	• To define as a sector what it means to be locally led and characteristics of success (and support the sector to get there). This links with the first workstream on sector commitments. • To strengthen sector-wide learning around specific areas that will support organisations to improve their approach to locally-led development. • To collectively seek answers on how to implement locally-led development approaches and build evidence on the effectiveness of these approaches.
How?	• Working group and sub-groups on locally-led practices. • Capturing and disseminating good practice: finding out what organisations and initiatives are already doing. • Supporting and working together with organisations as they try to become locally led: piloting particular changes to organisations, finding solutions together through action learning, fostering trust for live discussions. • Sharing learning and best practice through communications outputs.
What gap is it filling?	Collective insight from practice, through action learning on how to become locally led.

Get involved

Join us to change the sector as we seek to collectively mainstream locally-led development approaches in the UK.

Are you committed to accelerating locally-led development? Do you recognise that the role of UK INGOs need to change and new behaviours and mindsets are needed to ensure power and resources drive more equitable, community-led development?

If so, you can join one of these three new working groups that will collaborate to support the sector to mainstream locally-led development:

1. Sector commitments and roadmap of UK INGOs
2. Changing donor policy and practice
3. Supporting practice for locally-led development

To join the discussion and find out more, please email Lucy McCall at **lmccall@bond.org.uk** stating your name, role and organisation, and which of the three strands you are interested in getting involved with.

Annex 1: Participant list

- Accountable Now
- ACE Africa
- ActionAid
- All We Can
- Amref
- BRAC UK
- ChildHope
- DAM UK
- Integrity Action
- Motivation
- Oxfam
- Peace Direct
- Practical Action
- Saferworld
- Scotland Alliance
- Send a Cow
- WaterAid

Appendix 2: Outputs from our innovation process

1. Donor practices and policies

Problem Statement A	**Principles of equity in donor practices and policies** Funding practices in international development do not support locally-led development and often work against it. There is systemic racism inherent in the history and approach to funding, and often a need to demonstrate short-term 'national interest'. This results in a disconnect between the communities served by development initiatives and those setting the funding models and strategies. There is limited decision-making power for local CSOs and communities to lead their own development, which ultimately leads to ineffective development projects and undesired outcomes.
Innovation questions	• How might we influence donors to include communities in funding strategy, design and implementation? • How might we make localisation a priority for donors?
Some ideas that emerged	• 'FOMO' – fear of missing out – amongst donors: leveraging and influencing donors through peer pressure • Southern leadership fund to create a pipeline of leaders • Sector wide commitment to action to hold ourselves to account • Collecting positive stories of impact to make the case for locally-led development
Existing initiatives	Trust-based philanthropy is about redistributing power – systemically, organisationally and interpersonally – in favour of a more equitable system.[21] This can be practically translated as multi-year unrestricted grants, simplified applications and reporting, and a long-term commitment to partnerships and learning. Examples of trust-based philanthropy include participatory grantmaking organisations. Examples of donors: **With and For Girls Fund, MamaCash, Global Green Grants**
Stakeholders working in this area	Shift the Power UK donor network, UK-based donors, the Dutch Ministry for Foreign Affairs

[21]Trust-Based Philanthropy **'It's time to address power and build equity in philanthropy'** (accessed May 2021.

Problem Statement B	**Addressing value for money and managing risk** Donors often use the concept of value for money in a way that limits opportunity for impact and innovation. This approach prioritises large, complex grants and contracts, granted to a handful of private contractors and/or UK INGOs, rather than providing smaller, flexible and core funding to a variety of CSOs. This makes it challenging for local national CSOs and other non-traditional organisations to gain access to funding directly, and results in them having limited say on how resources are used within their communities. Institutional donors tend to be risk adverse. They have complex and costly due diligence requirements for funding due to a lack of trust in local civil society to manage funds. They prefer to fund local CSOs through larger INGOs because they believe this is a less risky approach. This risk aversion is also informed by the dominance of global south corruption narratives, strong accountabilities to the public and a politicised development agenda.
Innovation questions	• How might we rethink value for money? • How might we work with donors to put in the various principles and mechanisms that embrace risk and the positive narratives of funding directly to local CSOs?
Some ideas that emerged	• Joint event with the Foreign, Commonwealth & Development Office (FCDO) on participatory • value-for-money approaches • Systems strengthening to build confidence in capacity of local organisations • Develop alternative risk models that prioritise community capacity and expertise • Build the evidence-base on how participatory budgeting is efficient, and drives effectiveness, equity and fraud prevention • Develop a more nuanced conceptual framework for value for money, which looks at longer-term change • Change narratives around value for money, moving away from ones that promote a race to the bottom • Redefining value for money from a community perspective, asking the underlying question: 'value for who?' • Partner with The New Humanitarian and link with a storytelling approach

Existing initiatives	Trust-based philanthropy, mentioned in the example above, helps move the narrative of risk and value for money in a different direction. The Start Network's **Start Fund** is one example of how risk can be managed differently. **NEAR Network** incubates innovative financing models driven by local leadership, which shift the balance of power from Northern donors to Southern actors and the communities they represent, and establishes a different level of ambition for local and national actors in preparing for and responding to crises.
Stakeholders working in this area	**Humentum,** Bond´s funding work, **Start Network**, NEAR Network, **Global Fund for Community Foundations,** Shift the Power movement

2. Governance structures and organisational models

Problem Statement A	**Governance structures** Governance structures establish lines and directions for decision-making and accountability, and define efficacy. Historically, there has been a prevalent focus on accountability to boards of trustees, funders and to government, rather than accountability to the communities they serve, perpetuated by legal or regulatory requirements placed on INGOs. Typically, this can further power imbalances, evidenced in HR policies, unequal pay structures, organisational culture (including fear of change and letting go), institutionalised racism, narrow definitions of what success means and whose voice counts. The communities that organisations serve are often excluded from these processes and so are unable to hold INGOs to account.
Innovation questions	• How might we create governance structures that create a locally-led approach? • How might we create cultures and structures that share and shift power?

Some ideas that emerged	• Equitable culture
	  Culture change work that starts with us (UK INGOs) and looks at power dynamics and how to decolonise culture
	• Board repurposing
	  1. Refocusing on the organisation's charitable objectives and overarching purpose with the Board
	  2. Testing traditional delivery assumptions and reframing as appropriate.
	  3. Ensuring boards are diverse and include lived experience, different approaches to risk and humility.
	  4. Partner surveys and more nuanced questions around what partners would like to see
	• Value networks
	  1. Mapping a few different value chains to see where the different sorts of value lie
	  2. Do this mapping in a way that reframes what we mean by value (not just financial)
	  3. Examine which value networks work best – understanding and learning about what works
	• Truth and reconciliation process in the sector
	  1. A fuller process that acknowledges and addresses the colonial past and sets an actively anti-racist way forward

Existing initiatives	Charity Governance Code has updated its principles of equality, diversity, inclusion and integrity and explicitly calls for boards to understand and address power dynamics. Also worth looking at are NCVO's Charity Ethical Principles, policies on diversity, equity and inclusion, power analysis as a tool for reviewing organisational culture, and the campaign group Charity So White.
Stakeholders working in this area	Charity So White, Bond's People of Colour in Development Group

Problem Statement B	**INGO business models** Current INGO business models use an outmoded delivery model. Fundraising practices, activities, and global and local structures support these models and are difficult to change. Funding and financial flows tend to favour northern INGOs, often at the expense of building sustainable and resilient CSOs in the countries in which northern INGOs work. Current business models focus on the need to maintain current levels of income and expenditure and can foster self-preservation at the cost of an organisation's mission. This results in competition with local INGOs and actors, head office absorbing funding and narrow project-focused delivery models and partnerships. Risks aversion, lack of innovation, a desire to protect jobs, and the need for overhead to cover core global functions, such as policy and research, make changes even more difficult.
Innovation questions	• How might we redesign INGO business models so they accelerate locally-led development? • How might we overcome the national and international competition for funds?

Some ideas that emerged	• Ten-year transition/exit strategies
	   1. Alternative roadmap and vision for northern-based organisations with a reconceptualised role and business model
	   2. A mechanism to plan the project-funding transition to local organisations
	   3. Moving to fundraising and policy support
	   4. Having clear exit strategies that support sustainable outcomes
	   5. Relinquish control (as per the BRAC model[22])
	• **Business model transformation project**
	• **Role modelling changes and amplifying learning with the wider sector**
	• **The shrink and shift campaign: vision for the future of the INGO**
	   1. Looking at the role and purpose of the INGO in the future, including targets for spend on the ground and reframing the notion of competition
	• **New impact metrics**
	   1. Incorporate locally-led funding as a key metric
	   2. Examine new ways to measure success that reflect the change we want to see
	   3. Capture value for money savings

[22]BRAC (2015) **An Implementation Guide to the Ultra- Poor Graduation Approach** (accessed June 2021).

Existing initiatives and stakeholders working in this area	• The RINGO Project: reimagining INGOs • INTRAC's research on exit strategies • CAF Global Alliance's work on business models

3. Lack of trust in emerging and alternative development approaches

Problem Statement A	Emerging development approaches and actors are often sidelined by traditional development actors such as INGOs. These locally-led approaches and actors are dismissed as not 'rigorous' enough for INGOs and donors, and actors are not seen as trustworthy. This can result in INGOs imposing their Western-centric project management, culture and norms onto people and communities, dismissing different and more effective locally-led approaches to development.
Innovation questions	• How might we challenge underlying factors that drive a lack of trust in emerging development approaches? • How might we collectively experiment and learn in ways that are supportive of each other and embrace risk as learning? • How might we amplify and mainstream innovative and disruptive methods?

Some ideas that emerged	• Acknowledging the challenges
	  1. Providing a safe space and/or process to have the difficult conversations, share the horror stories and show what is not working
	  2. Take an approach that is part listening project and part truth and reconciliation
	  3. Humanising the challenges and recognising where people are
	
	• Progressive donors (action research)
	  1. Work with progressive donors to test and learn different approaches

	- Testing and learning 　1. Piloting small changes with shorter project cycles, which can then be learnt from Focus on action learning, with a clear process to extract and share what works - The locally-led movement 　1. Doing a range of things to amplify the approach and inspire the wider system 　2. Doing practical things together, for example, small scale place-based experiments across a few different agencies 　3. Agree a shared commitment of taking locally-led approaches in at least 10% of projects/work - A true 'bridging' community–of-practice 　1. Learning experiments with INGOs acting as a bridge to funding and engagement with FCDO, which promote new pathways and facilitate dialogues at a national level 　2. Learning together with partners about what works and the different roles
Existing initiatives	This area is purposefully wide-ranging, as it consists of looking beyond formal development actors and CSOs to a wider spectrum of grassroots action, by both individuals and informal groups.[23] Initiatives that are bridging emerging development approaches and building trust include: Peace Direct's **What Transformation Takes: Evidence of Responsible INGO Transitions to Locally Led Development Around the World**[24] takes readers on a journey to examine responsible transitions from INGOs to locally-led entities **Power shifts** (Oxfam) Feminist organisations, such as **AWID** and **FRIDA** Solidarity Action Network
Stakeholders working in this area	Shift the Power Movement, Adeso Global Fund for Community Foundations

[23]Oxfam 'More Questions than Answers: Emergent Agency in a Time of Covid' (accessed May 2021).

[24]CDA Collaborative/Peace Direct (2020) What Transformation Takes.