



Supporting Local Organizations: Challenges and Opportunities for U.S. Foundations



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Cover images

Top: Syria Direct training class graduates, March 2016. With the support of the Global Peace and Development (GPD) Charitable Trust, Syria Direct has graduated seven classes of Syrian journalists from its Fundamentals of Journalism program.

Bottom: Fondation Chirezi works in the Democratic Republic of the Congo to support a network of local peace courts that help resolve local and inter-communal conflicts. The work is funded by the PRBB Foundation, in partnership with Peace Direct.

Executive Summary

This report summarizes the findings of a research collaboration between Peace Direct (PD) and the Peace and Security Funders Group (PSFG). The research was initiated in order to understand the extent to which PSFG members fund local organizations; highlight the achievements of such funding; identify best practices; and articulate limitations and challenges. PSFG and PD have observed a positive shift over the last several years in which more funders, of all types, are attentive to the value of local peacebuilding. We wanted to understand and further encourage this trend.

The most encouraging and surprising research finding was that 80% of survey respondents confirmed that there is a culture and practice of funding locally within their organizations. In this regard, PSFG members deserve recognition for leading in an area where many government and institutional donors still lag behind.

Other interesting research findings include:

- Respondents recognize the value of funding local organizations, seeing it as one of many options.
- Funding local organizations requires flexibility, time, and commitment to understanding context and building relationships.
- A number of respondents felt that funding local organizations has its own limitations and may not always be the best route.
- Those respondents who do not support local organizations, or who articulated the challenges associated with such support, pointed to the difficulty of identifying groups on the ground, lack of financial management capacity, and insufficient bandwidth of grant officers to provide needed support as major challenges to funding local organizations.

Finally, respondents repeatedly observed that communication and collaboration amongst funders is a critical element to successfully funding local organizations. The candor of respondents in addressing our research questions is a step in this direction.

Introduction

Since the end of the Second World War, the global magnitude of armed conflict has been on the decline, shifting from conflict between states to conflict within states. However, in recent years these trends appear to be reversing, and while violent conflict often plays out on the world stage, the effects of violence are often felt in the local context.

The overwhelming number of casualties of violent conflict are civilians caught in the crossfire between warring parties, often deliberately targeted by one or more sides. In this context, local organizations and other non-state actors on the front lines of conflict have become increasingly recognized for their contribution to preventing and resolving violent conflict, as well as sustaining peace once an agreement is made.

Despite growing evidence of the critical role that local actors play in tackling violence and building sustainable peace, only a small fraction of total funding for peacebuilding supports local organizations.

A report released by the International Federation of Red Cross and Red Crescent Societies estimates that just 1.6% of total global humanitarian funding was channeled directly to national and local non-governmental organizations (NGOs). There is no reason to suspect that funding for peacebuilding fares any better. As the co-Chair of PSFG's Locally-Led Peacebuilding Working Group, PD is eager to tackle this problem by exploring ways to facilitate greater levels of funding to local organizations



Aware Girls is an award winning Pakistani organization that works to empower women and tackle the root causes of radicalization in Khyber Pakhtunkhwa Province, Pakistan. Their work is funded by the Ploughshares Fund, in partnership with Peace Direct

Photo: Angela Catlin

“Local is a shifting concept, which is highly contextual and dependent on one’s point of view.”

and increase the sharing of best practices within the PSFG community.

The following report synthesizes research we conducted between January and March 2017. The research consisted of a survey to PSFG and Human Rights Funders Network (HRFN) members, followed by telephone interviews with approximately a dozen funders. In total, we received 38 responses from PSFG members, ranging from small family foundations to large private foundations. Finally, we hosted a feedback session at the PSFG Annual Meeting in May 2017.

Research limitations

While the survey was circulated to all PSFG members and relevant members of HRFN, the survey results may not necessarily reflect the diversity of views held by PSFG members. One can assume that some survey respondents may already have an interest in funding local organizations. The survey was intentionally designed to gather in-depth information and analysis of the U.S.-specific challenges. While this could be seen as a limitation, it allowed for more extensive information gathering and analysis into the U.S. context. Additional interviews would have provided greater richness.

What is “local?”

For the purposes of this research, we defined “local organizations” as **organizations owned and led by local staff, who set their own strategy and are not overseas offices of international non-governmental organizations (INGOs)**. We accept

that there is no single definition of what a local grantee is, as the excerpt from the 2015 World Disasters Report points out:

What is meant by “local actors?” There is no single definition. Local is a shifting concept, which is highly contextual and dependent on one’s point of view. National authorities and NGOs may be considered local in comparison to international responders in a crisis. National affiliates of INGO networks are locally staffed and generally enjoy significant autonomy. Subnational authorities (such as provincial governors, mayors and neighborhood officials) and community-level civil society organizations (CSOs) see themselves as local as compared to both national and international entities. Community-level branches and volunteers of national organizations, such as National Red Cross and Red Crescent Societies, are more local than their own national hierarchies. The domestically contracted personnel of international organizations are “local” in important ways.

The comparative advantages of local, as opposed to external or foreign, actors are increasingly recognized. Local actors often have access to population groups that foreign or external actors struggle to reach. Local actors are often much better connected to the populations they serve linguistically and culturally and can exercise a special kind of moral authority. Moreover, as partners for international responders, local actors may offer, politically, an indispensable shortcut to local rapport and cooperation.

– *World Disasters Report 2015: Focus on Local Actors, the Key to Humanitarian Effectiveness*

While recognizing that multiple definitions exist, our goal was to understand the extent to which funding local organizations on the frontlines of conflict is a challenge for funders.

Section 1

Institutional Support for Funding Locally

In this section, we explore the extent to which there is organizational buy-in for funding local organizations. “Buy-in” included issues of governance, mandate, systems, and structures that support disbursing funds to local organizations.

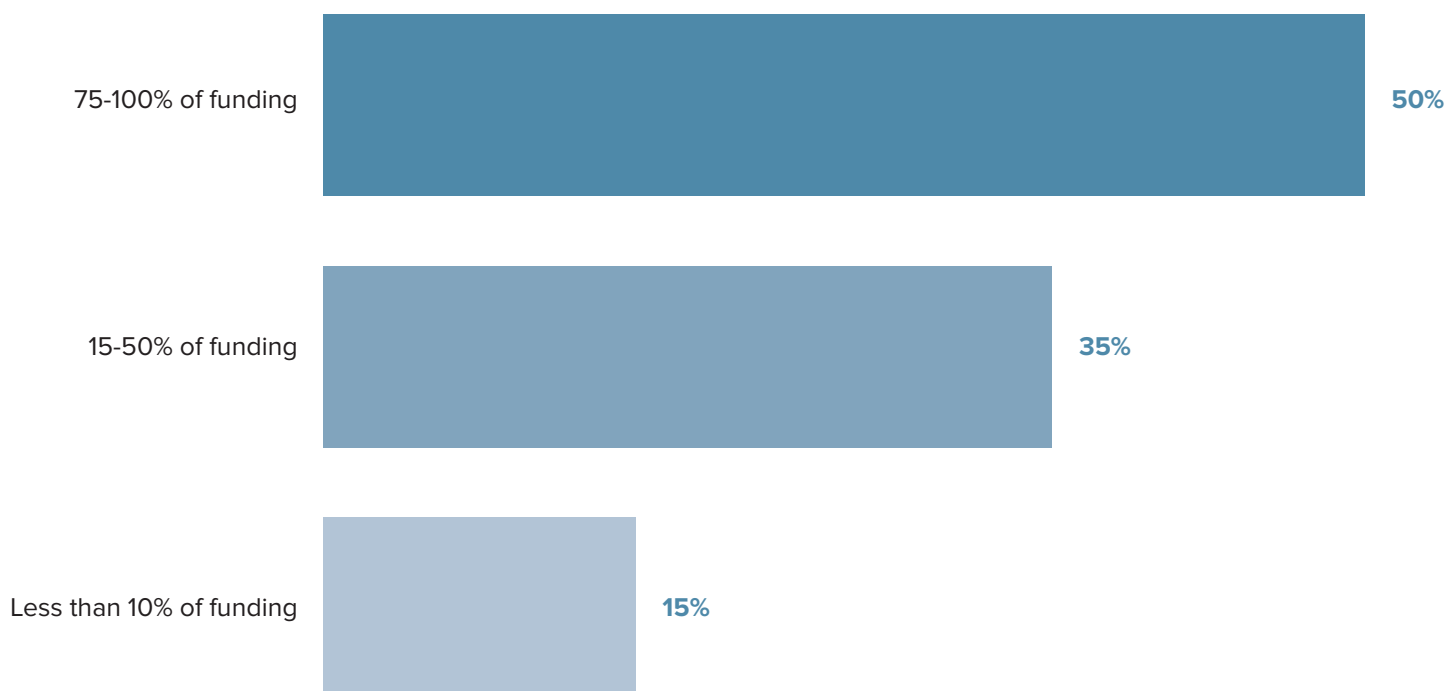
The findings surprised and encouraged us. Seventy-two percent of respondents have a stated aim to provide funding to local organizations. For funders without a stated aim, 80% confirmed that there is a culture and practice of funding locally within their organization.

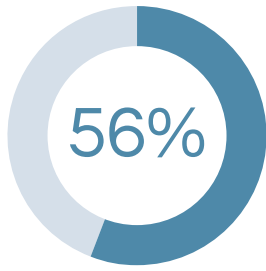
Just over 50% of respondents give between 75% and 100% of their funding to local organizations, a far higher proportion than expected. Thirty five percent of respondents gave between 15% and 50% of their total grantmaking to local organizations,

while the remaining 15% gave less than 10%. This is a very positive picture and one that PSFG members should be proud of. It contrasts sharply with the global picture, with estimates ranging from 0.9% to 1.6% of total funding going to local organizations. How can the PSFG community engage with the humanitarian community to share best practices?

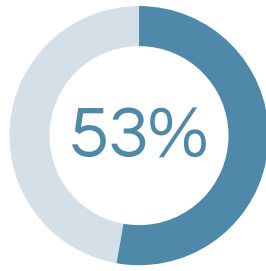
When asked, “In five years’ time, do you envisage providing more, less, or about the same level of funding to local organizations?,” the majority (56%) noted they intended to keep the proportion “about the same.” What would it take to convince those funders who do not fund locally – or those who do so only at a very low rate – to do more? This also raises questions about the capacities of grantmakers to directly fund locally, a topic explored later in this report.

Percentage of funding given to local organizations
(Percentage of all respondents)

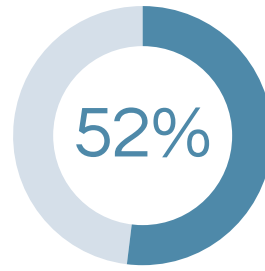




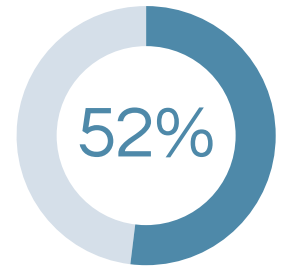
of respondents were concerned about **lack of capacities of local organizations to ensure financial oversight** and proper accounting of funding



of respondents were concerned about administering smaller grants to local organizations being **too costly and time consuming**



of respondents were concerned about **lack of our own staff resources to ensure good oversight** and accounting



of respondents were concerned about **difficulty obtaining documentation and required paperwork** from local organizations

Why funding local may not always be the best route

While the research uses the value of local funding as a starting point, it must be recognized that there are circumstances in which funding local organizations can be challenging or problematic and may not be the best choice.

The drawbacks may include:

- Local organizations may be more vulnerable to manipulation and pressure from national governments than more distant funders.
- Local grantees receiving foreign funding can suffer intimidation, confiscation of assets, detention, or prosecution.
- Local grantees can suffer reputational damage in their societies if they receive foreign funding.

Obstacles to funding local organizations

The above drawbacks to funding locally notwithstanding, in many instances support for local organizations is mutually beneficial to the funder and recipient, making a positive impact on peace and stability. To explore the factors that

impact the ability of PSFG members to fund local organizations, we listed 10 factors that may inhibit funding and asked PSFG members to rate whether these factors were of low, medium, or high concern. The responses were very revealing: over 50% of respondents felt that the following factors were either of medium or high concern to them:

1. Lack of capacities of local organizations to ensure financial oversight and proper accounting of funding (56%).
2. Administering smaller grants to local organizations is too costly and time consuming (53%).
3. Lack of foundation staff resources to ensure good oversight and accounting (52%).
4. Difficulty obtaining documentation and required paperwork from local organizations (52%).

Participants at the 2017 PSFG Annual Meeting also mentioned financial limitations that impact their ability to fund local organizations. At a very basic level, for instance, getting funds into countries that do not have banks (e.g., Central African Republic) can be challenging, as can currency fluctuations. Funders also identified that U.S. regulations can make it difficult for funds to leave the U.S. These funders work with the U.S. Treasury Department

to allow repositories for equivalency, which has made funding easier. Funders can now purchase certificates from other funders who have already gone through the process of acquiring certificates for a particular grantee. However, the challenge remains that most grassroots organizations are not yet in the reciprocity process.

Some countries also have strict regulations on foreign funding to support local organizations, so U.S. funders need to be aware of these regulations. Funders pointed to the U.S. Financial Action Task Force as a resource for tracking relevant legislation. Overcoming these obstacles will be critical to facilitating a greater flow of funding to local organizations. As one respondent noted:

“We don’t have field based staff outside of the U.S. and a very small staff size – this is the major barrier for us doing local grant making. We rely on intermediaries but there is not always an option for this.”

How do we overcome some of these problems? A number of strategies are highlighted below:

- Some funders, including Peace Direct and Urgent Action Fund (UAF), have established a network of consultants around the world who provide advice and guidance on potential grantees, contextual issues, and other considerations relating to finding and funding local organizations. UAF also has a network of 2,000 in-country unpaid advisors who help with endorsements on groups being considered for funding. For PD, the use of “local peacebuilding experts” in each country is invaluable. They



act as PD’s “eyes and ears” – helping identify local organizations who are credible and dedicated to their communities. Having trusted colleagues in-country also helps funders reach local groups who do not have a web presence. The cost of employing these consultants on a retainer basis per year varies, but can be as low as \$2,000 per year.

“We try to be very understanding of the challenges of navigating language, jargon, grammar, and other challenges that we can’t fairly expect local organizations to do as flawlessly as an INGO.”



Fondation Chirezi works in the Democratic Republic of the Congo to support a network of local peace courts which help resolve local and inter-communal conflicts. The work is funded by the PRBB Foundation, in partnership with Peace Direct.

- The value of intermediary organizations or re-granters was mentioned by a number of respondents. Intermediary organizations and regranters can build capacity for local organizations and help connect them to each other and other opportunities. Re-granters can also establish donor advised funds or small grants programs, enabling funds to reach smaller organizations that would not be reached by most funders otherwise.
- One respondent emphasized that time and patience is key. ***“If you work with local organizations, if you work in difficult places, you have to recognize that organizations don’t necessarily have the experience or the***

technologies to get things done on time... but you can work with it and make it work. In multiple instances we’ve been able to work with local groups to develop their capacities. And it’s less expensive in the end.”

- ***“Funders need to understand if this is an area they want to focus on (funding local organizations) they have to be flexible. In terms of the grantees, they may not have established systems in place. To improve the process, people need to look at what are necessary requirements and what can be put aside. Our measures of success are flexible.”***

- ***“I think donors who fear the administrative or capacity building burden of working with community-based organizations might find it useful to work in a donor collaborative framework.”***

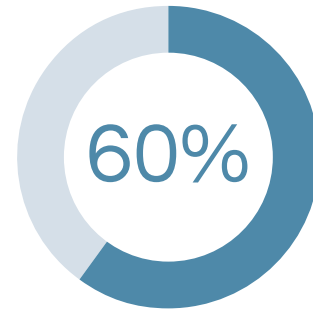
While there are obvious obstacles to overcome, almost 60% of respondents already make specific provisions for local organizations when applying for funding. Most of this came in the form of assistance in completing application forms (80%) and allowing grantees to apply in their native language (65%). Both are critical to ensuring that funding opportunities do not inadvertently exclude applications from local organizations, but are rarely offered as options by government donors.

Staff capacity

With regard to funder staff capacity to manage grants, almost 50% of respondents stated that the average grant portfolio for a grants officer was between 10 and 30 grants per year; 30% managed 30-50 grants per year; 10% managed 50-100 grants per year; and 10% managed over 100 grants per year.

While agreeing on an optimum portfolio size for grants officers would be difficult, the authors of this report consider that a portfolio of more than 30-50 grants per officer per year would indicate that not enough time could be invested in quality grant and partnership management.

Given that local organizations typically require more investment in grant management, support, and accompaniment, one recommendation would be to have a lower ratio of grants per grants officer for those areas of grantmaking that are focused exclusively on local organizations. Though unavoidable, when there is staff turnover within donor organizations, relationships with local organizations and knowledge of people on the ground are often lost.



of respondents **already make specific provisions** for local organizations when applying for funding

Key Takeaways

- The already high levels of funding that are channeled directly or indirectly to local organizations is a positive trend. This is far higher than the average for humanitarian funding.
- There are barriers and challenges to increasing funding to local organizations. Grantmakers should collaborate to learn from each other regarding what strategies work best for funding local organizations. Collaboration and learning amongst grantmakers may be easier said than done, but the potential for exchanging strategies, best practices, and solutions should not be overlooked.
- Utilizing intermediaries and recruiting in-country advisors can help tackle some of the challenges in finding local groups and completing due diligence processes.
- Grantmakers should be flexible and inclusive in their application processes. Though it appears that most grantmakers provide advice and guidance to local groups, more could be done.
- Assign a higher risk profile to parts of your grant portfolio and allow grants officers the autonomy to approve riskier grants, thereby increasing the pool of grantees and opening up the possibility for innovation and experimentation.

Section 2

Applications and Reporting from Local Organizations

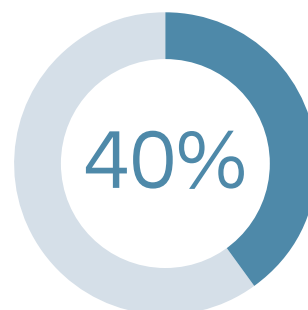
Did donors' prior experience of providing grants to local organizations impact their willingness to provide grants to local organizations in the future? How flexible are funders with their grantees once the grant is active?

Quality of applications

When asked what percentage of applications received from local organizations met or exceeded respondents' expectations, the results were positive. Sixty percent of respondents felt that over half of all applications received by local organizations met or exceeded their expectations. This does not mean that the quality of applications from local organizations is the same as from U.S.-based or international organizations. In fact, 74% of respondents indicated that applications from local organizations were of a lower quality than from U.S.-based or international organizations. However, because 60% of respondents indicated that the quality of applications from local organizations met their expectations, we can infer that donors may be applying differential assessment criteria, which is a positive sign.

It is important to note that exceeding, or even meeting expectations, might not mean the difference between a successful or unsuccessful application as the number of quality applications still outweighs the funds available for the majority of grantmakers. However, our interest is ensuring that local organizations are not disadvantaged by language, technology, or application processes, and have a chance to pass the first hurdle. It seems that for 40% of respondents, the quality of applications from local organizations fall below expectations for the majority of applications.

We can speculate some of the reasons for this. For example, in Section 1, we heard that the



of respondents said that the quality of applications from local organizations is **below expectations** for the majority of applications

majority of respondents felt that difficulty obtaining documentation and required paperwork from local organizations was of high concern, so this may be one reason why application materials do not meet expectations. However, the quality of the written application also appears to be an issue, which raises the question relevant to all grantmaking: are donors funding the best projects ideas or the best written applications? A grants assessor for a major institutional donor once remarked (off the record) that he and his colleagues were aware that they often gave the highest score to the best written applications, not necessarily the applications with best ideas or the strongest concepts. Add this to the pressure of managing a large grant portfolio and there is a risk that donors favor well written applications from known organizations, thereby missing out on potentially exciting and innovative programs and grantees.

Reports from grantees

Similar to applications, a majority of our respondents receive reports from local

“I find proposals and reports less useful than extended site visits and discussions. Again, the quality of the reports totally depends on the time that I and the partner on the ground can spend on helping them fill it out.”

organizations that met or exceeded their expectations at least 50% of the time. This is a positive trend; however, there is room for improvement. There were a number of comments from our interviews that helped us understand how some donors regard reports.

“The reporting that we were talking about that has not met expectations has been financial reporting. So the written reports and applications are about the same in terms of meeting expectations. It’s been an ongoing challenge to have financial reporting that meets international standards – and part of what we consider to be the critical organizational development work we have been committed to.”

The quality of financial reporting is a concern for many donors. It is not obvious from the survey results or the interviews what best practices exist to improve financial reporting, but a few strategies are outlined below:

- Provide financial management training opportunities for grantees. Peace Direct commissions financial audit and consultancy firms to provide in-country support to grantees to strengthen their financial systems and reporting capabilities. This work runs in parallel to the main grant and is not seen as a precondition to project funding. There are also dedicated financial capacity building organizations, such as Mango (www.mango.org.uk), that provide training on financial management.

- Provide small grants. There is a growing trend within institutional donors to disburse larger grants that cover a large geographical area and reach many thousands or hundreds of thousands of people. Economies of scale is an argument that supports awarding large grants. However, giving small grants provides opportunities for local organizations to develop and strengthen their financial management capabilities. The grantmaker can assess the financial systems in place and provide support from early on, with smaller amounts of funds.

Key Takeaways

- Differentiate standards between applications from local organizations and those from larger INGOs or U.S.-based organizations.
- Understand the capacity of local organizations, recognize their challenges (lack of time, funds, personnel), and accommodate them if they are doing quality work.
- Open the lines of communication with grantees to help them feel comfortable. Informal communication channels allow the funder to know what is going on, and allows the local organization to dedicate time and money to the work they are doing, rather than preparing reports.
- Consider alternate forms of reporting that accommodate the barriers listed above.
- Focus on developing frameworks and ideas for best practices to improve financial reporting.

Section 3

Tax implications: Equivalency Determination (ED) / Expenditure Responsibility (ER) Barriers

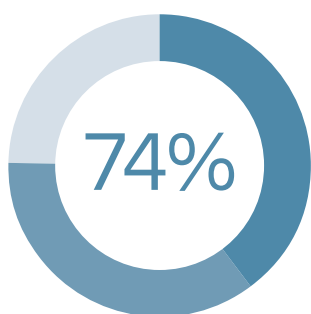
According to NGO Source, U.S. grantmakers generally use one of two legally permitted methods when making grants to charitable organizations outside of the U.S.: Equivalency Determination (ED) or Expenditure Responsibility (ER). ED is a process by which a U.S. grantmaker evaluates whether an intended foreign grantee is the equivalent of a U.S. public charity. The grantmaker must collect a set of detailed information, outlined in Internal Revenue Service's (IRS) Revenue Procedure 92-94, about the grantee's operations and finances, and make a reasonable determination of its equivalency. ER is a set of grantmaking and monitoring procedures and requirements, designed to ensure that grant funds are used for charitable purposes. These procedures and requirements enable U.S. grantmakers to make grants to foreign organizations that are neither recognized as 501(c)(3) public charities by the IRS nor as the equivalents of U.S. public charities.

Both ED and ER are extremely onerous processes, requiring significant investment of time and

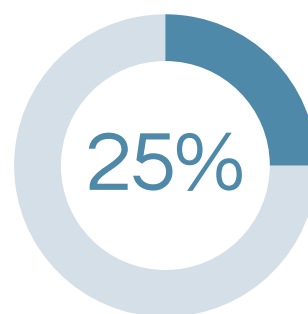
resources. As a result, they can prove to be a major disincentive for funders considering support to overseas organizations. Despite the onerous burden on grantmakers to comply with IRS regulations, 74% of respondents said that ED/ER was either not an issue (39%) or only a small concern (35%). This is extremely encouraging and reflects very positively on PSFG members and their willingness to overcome bureaucratic hurdles in order to fund local organizations.

For approximately one quarter of respondents, ED/ER was a barrier to funding international organizations. For those individuals, the most common strategies that would mitigate difficulties surrounding ED/ER were:

- Grants going to intermediary organizations
- Larger staff or greater staff capacity
- Changes to the local context
- International financial reporting standards
- A simplified process
- Earlier delivery of grants in the fiscal year



of respondents said that ED/ER was either **not an issue (39%)** or only a **small concern (35%)**



of respondents said that ED/ER was a **barrier to funding international organizations**

For those that do see ED/ER as a barrier, the greatest limitation is foundation staff size or capacity. We also asked survey participants to finish the following question: “We would be better equipped to manage tax and fiduciary risks associated with funding local organizations if..”

“... we were able to have more staff contact with the organization, to understand better the constraints and realities of the organization.”

“... we had additional staff.”

“... our staff had better local connections.”

“... we had more staff capacity.”

“... we could easily address the ED/ER considerations in house or had a partner that could help us in all situations needed.”

“... we had more funding allocations for overseas grants which means more specialized staffers working closely with grantees in the field.”

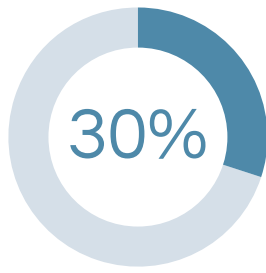
The comments above suggest that donors need to carefully consider internal staff resources if they wish to provide greater levels of funding to local organizations. A trend among donors worldwide is the drive for greater efficiency and cost savings through outsourcing grant administration tasks, providing online grants application and management platforms, and reducing the staff headcount. While efficiency is an important consideration for many funders, there is a “triple burden” of factors that require peace and security funders to consider allocating more staff to the grant administration process: 1) the inherently increased risk of working in conflict affected countries; 2) the lack of capacity of local organizations, which often require more of an “accompaniment” approach from grantmakers, rather than the traditional donor-grantee

relationship; and 3) ED/ER considerations, as well as issues around “material support” to terrorists, under the Patriot Act.

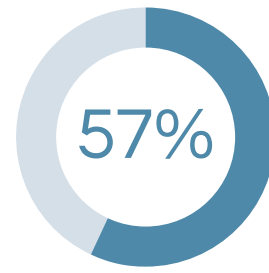
Fiduciary risk

Fiduciary risk is the risk that funds entrusted to third parties for program delivery are not used for their intended purposes or that the funds cannot be properly accounted for.

When developing the survey, we expected that fiduciary risk would be a significant factor, particularly given the volatile contexts that make project implementation and monitoring more challenging. However, almost 30% of respondents said that fiduciary risk was not an issue, reflecting perhaps the positive relationships that grantmakers



of respondents felt that fiduciary risk considerations were a **medium** or **high** barrier to their organization providing funding to local organizations based overseas



of respondents noted that the average grant size to local organizations was **less than \$25,000**

enjoy with their grantees, as well as the strong systems that grantees have for managing expenditures. We also wondered whether this finding reflected the assumption that most of the respondents' grantees were large, well established organizations. However, 57% of respondents noted that the average grant size to local organizations was less than \$25,000, suggesting that the grantees were not so large that a \$25,000 grant would be an insignificant sum.

Less surprising was that 30% of respondents felt that fiduciary risk considerations were of medium or high concern to their organization providing funding to organizations based overseas. The remaining 40% felt that it was a small concern to funding local organizations.

We believe there are two central factors preventing funders from better managing fiduciary risk. First, almost 40% of respondents agreed that the capacity of local organizations affected their ability to award grants. Second, almost 43% of respondents agreed that they did not have the capacity to administer grants of less than \$10,000. Only 11% agreed that corruption is a major factor limiting foundations' willingness to fund local organizations.

Key Takeaways

- Both factors above are consistent with the findings elsewhere in the report; that the lack of capacity (or perceived lack of capacity) of most local organizations, and inadequate staffing at

the grantmaker, limits the ability to provide grants. One grantmaker remarked: ***“Generally, we spread ourselves way too thin. We try to do too much in too many places both thematically and geographically. If we did less we could engage more deeply with local partners; the ones that they want to work with generally require more hands-on attention it’s a labor-intensive process that we don’t have the capacity for. The expertise is there but the time isn’t.”***

- As many grantmakers may be unwilling to take on additional staff, utilizing resources outside of the organization may be a viable option. This includes, but is not limited to, collaborating with existing grantmakers working in the same geographic or thematic area (who may have conducted the necessary due diligence on grantees), and using re-granters or other third parties who can manage that process. There should be further exploration on the extent to which existing grantmakers actively collaborate with each other in areas where there is a geographic or thematic overlap.
- There seems to be a lack of understanding about what ED/ER entails.

“We try to do too much in too many places, both thematically and geographically.”

Section 4

Contextual Issues

When we embarked on this research, we were interested to know what changes donors are making to their strategy and approach as a result of the shrinking civil society space in many fragile countries. This is what we learned, all direct quotes:

- Grantmaking via third parties, increased use of subgranting, encouraging groups to develop their own income generating activities.
- Increasing money raised and awarded. Focusing on funding movements and movement building. Elevating the voices of marginalized women and girls. Building strong relationships with women's funds in the Global South.
- Finding and channeling greater funding to well positioned partners or grantees committed to building the capacity and agency of local civil society.
- Funding more collaboration among grantees and legal experts to look at shrinking space and opportunities to keep that space open.
- Funding more media legal funds and other efforts to push back against shrinking space.
- Working more through intermediaries who do not face the same restrictions, despite the challenges associated with this method.
- We established a Human Rights Defenders at Risk internal working group which has established grantmaking and crisis response and prevention guidelines to support program officers to better support our partners/activists.



Democracy for Ethnic Minorities Organization, conducting civic education training for youth in Shan State, Burma, funded by American Jewish World Service (AJWS).

Photo: Jonathan Torgovnik/AJWS

“Learn from others who have been doing international funding to local organizations over a period of time and have developed knowledge, experience and systems.”

- Funding initiatives aimed at countering the closing space for civil society and focusing more of our philanthropy/nonprofit sector infrastructure funding on this issue.
- Funding more coordination among civil society actors; trying to convene unlikely allies.
- Our grants (small, flexible, rapid) are particularly useful to CSOs working at the local level in more restricted spaces. The majority of our grants actually go to countries that could be deemed “authoritarian”, “conflict-impacted” or where there is otherwise a very narrow space for civil society. The kind of funding we provide is especially well suited to on the ground movement building, rather than to the kind of institution building that a funder can do in a society with an open civil society space.

These strategies reveal the extent to which PSFG members are adapting their grantmaking to take into consideration the clampdown on civil society activity across the world. This is to be applauded and shared with other funders in the field in order to share best practices.

Best practices

When we asked survey participants and PSFG Annual Meeting attendees if there were best practices they would like to share about funding local organizations directly, they contributed the following, all direct quotes:

- Fund the organization (not just programs or projects); give core funding, trusting

that the local organization knows what it is doing; fund for longer than a year, i.e., three-year grants. Provide parallel funding to the organization to strengthen their capacities in the areas they want to strengthen.

- Provide general support. Learn from others who have been doing international funding to local organizations over a period of time as they have greater knowledge and experience, and more refined systems. Provide funding over several years. Provide clear guidelines for reporting on results that are realistic and feasible for the local organization.
- Do not expect perfection from a first-time grantee. Medium- to long-term general support is the best way for organizations to be able to get out of crisis mode and to have the time to think strategically about long-term objectives and trajectories for work, especially rights-based campaigns and advocacy.
- Meeting the folks is critical!
- You have to be willing to accept a certain level of failure but always make sure that mechanisms are built in so you can learn from and adapt from that failure. Boards need to be ready to accept those risks.
- Working with larger funding organizations to team up for local grantmaking.
- Having one major partner has enabled many practices that would be impossible if we were



Students supported by the Coast Interfaith Council of Clerics, funded by the GHR Foundation, gather for a Peace Club meeting in eastern Kenya.

funding many organizations. We have been able to build a strong, long-term partnership that is flexible and responsive, and we offer our skills and experience to our partner on a regular basis without directing or dictating what they should do. We have worked to help them build their fiscal capacity for many years and have seen results; not quick results but significant results over time.

- On-the-ground interaction, preferably in the native language of the grantee.
- Spend time in the location! Listen!
- Try to meet or learn about the leaders of those local organizations and the work they have done—make a personal connection wherever possible.
- Be receptive, flexible, and adaptive. Ask “what kind of funding works best for local organizations?” when you set up your systems.
- It is important, even as we support local organizations, to support and encourage their efforts to develop local fundraising – both because it increases funding sustainability, but it also strengthens their connections to folks within the community they are serving.
- We have funded hundreds of local NGOs in conflict affected areas and will continue to do so as long as we have the ability to do so (continuation of funding, appropriate local staff in the field, and specialized grantmaking staff at headquarters). Our practice has been thus far to ensure inclusivity by diversifying our grantee-base and directly solicit to small, local NGOs that otherwise would not be able to respond to requests for proposals or compete in a public call.
- Drawing on the expertise of advisors can be helpful and many advisors can be on retainer and do not need to be full time staff.
- Assessing information from various sources is critical to information gathering and learning context.
- May be necessary to go deeper than you originally planned to make sure that the most vulnerable communities are serviced.
- Listen for ideas people have in the moment and the challenges they are facing.
- Develop contingency plans and funds to be used in times of potential crises and provide “rainy day funds” for local actors.

Conclusion

The survey results point to significant best practices among PSFG members and an impressive commitment to supporting local organizations. A number of survey respondents made the point that funding local organizations is part of a broader effort to effect systemic change as the following quotes demonstrate:

“Our focus is not just on ‘supporting local organizations’ per se, but on identifying/building/strengthening the system as a whole that supports local agency. Doing this means not only directing funding and programming locally, but directing resources to building the organizational infrastructure that supports and sustains it, including the relationships between each level in the system – from local, to regional, to national, to international.”

“A major impediment to effective funding of local organizations is the paradigm that assumes funders/funding are “outside” and somehow separate from the system itself – this can be present even within a focus on supporting local organizations, as if the problem is simply where funding resources are directed (local vs. national) – but which still perpetuates an imagined flow of resources as solely (or primarily) from the outside in. These impediments will continue, until local communities are seen as at the center of a whole system, with distinctive roles for every level of the system, with healthy and connected relationships/linkages between those levels, and with a flow (of resources, knowledge, learning, expertise, etc.) that also goes from the inside-out instead of just the outside-in. This system necessitates a way of learning and a larger conversation as much about and for the non-locals/funders, as it is for the locals.”



Syria Direct trainees attend a guest lecture. The Syria Direct training program, supported by the GPD Charitable Trust provides trainees with networking opportunities through guest lectures and opportunities to work with professional journalists.

One barrier to improved practice that funders often face is the lack of transparency and communication between funders. PSFG serves a critical role facilitating communication and collaboration so that funders can learn from one another and share best practices. The funders’ candor and willingness to share successes and limitations of their funding for local peacebuilding organizations reflects the strength of the PSFG network and a growing funder commitment to local peacebuilding.

We express our deep appreciation for everyone who participated in this research project. This community of funders should celebrate the diversity of support in place for local organizations and continue to learn from each other in order to address the challenges raised in this report.

