



Riva
& Kantowitz

Radical Flexibility: Strategic Funding for the Age of Local Activism

Contents

Executive Summary	4
Context	10
Definitions	10
Structure	11
Part I: Introduction, Problem Statement, and Research Process	12
Introduction	12
The problem	14
Three concerns	15
How did we get here?	16
Why is it important to solve the challenge of funding peacebuilding – and local peacebuilders – now?	18
Why local peacebuilders?	19
Who is working on new approaches to funding local actors and what tools and strategies have they developed?	20
Part II: Seven Strategies of Highly Effective Donors (for Supporting Local Actors)	22
STRATEGY ONE: Implement innovative and participatory approaches to funding, program design, and evaluation	23
STRATEGY TWO: Shift from transactional to relational partnerships	25
STRATEGY THREE: Focus on systems-level issues	26
STRATEGY FOUR: Prioritize local knowledge and expertise	27
STRATEGY FIVE: Shift the burden to funders	28
STRATEGY SIX: Provide support to movements and collective action	29
STRATEGY SEVEN: Emphasize longer-term and flexible funding	30
Implementing the seven strategies	33
Conclusions	34
Dynamics of power	35
How do we move forward?	36

Part III: A New Approach to Funding Local Peacebuilders	38
Community-driven philanthropy	38
Developing “innovative finance” tools for complex settings	39
Addressing complexity	40
Grant-giving based on radical flexibility and collective action	41
Summary	41
Conclusions	42
Part IV: Supporting Evidence – Challenges	43
CHALLENGE ONE: Assumptions and fallacies	43
CHALLENGE TWO: Accountability	47
CHALLENGE THREE: Silos, systems, and complexity	48
CHALLENGE FOUR: Collaboration, movements, and collective action	51
CHALLENGE FIVE: Evaluation/impact	53
Conclusions	55
Annex: List of Research Participants/Interviewees	57
About the Author	58

Executive Summary

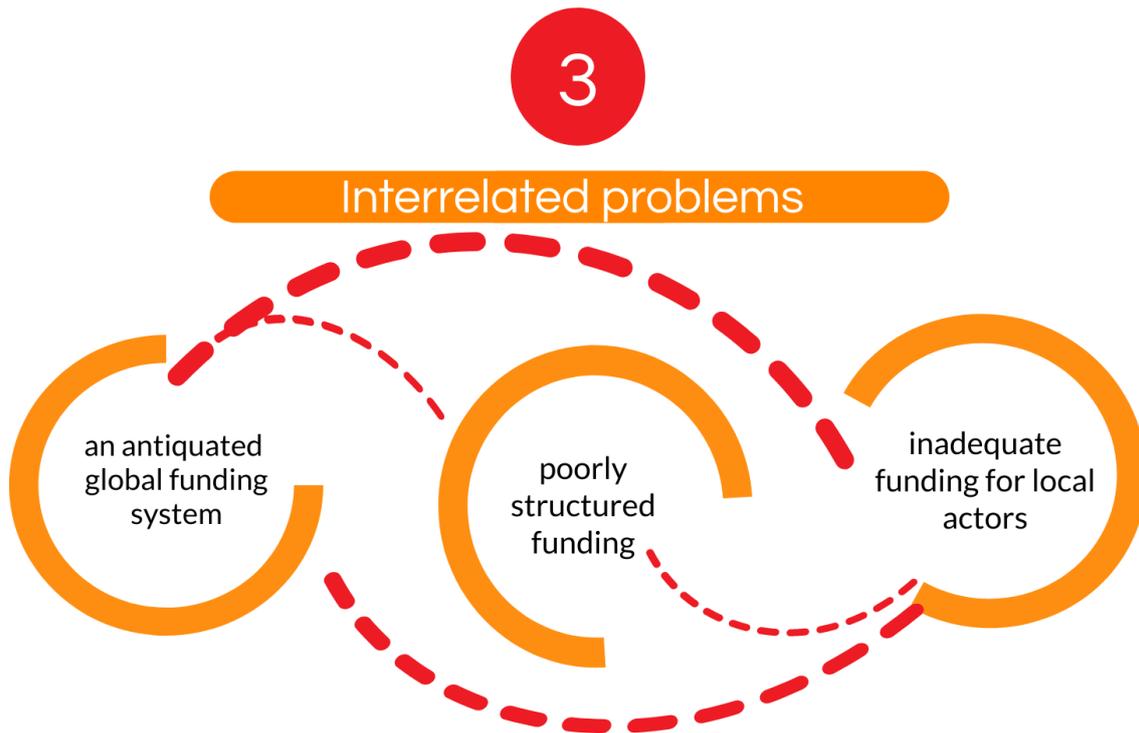
Violent conflict is at a 30-year high. Building peace in any country requires local leadership, broad participation, and unwavering effort. Yet, the people, communities, and organizations best equipped to prevent violence and sustain peace are not receiving the recognition, respect, or resources they need from the international community. This is a situation that funders – including traditional government and private funders as well as new donors interested in social impact and solving big global problems - can and should change. Doing so offers the potential of ushering in a new era of more effective, locally led peacebuilding and conflict transformation. To achieve this, a radical reevaluation of the current system of donor funding is needed, as well as meaningful investment in new approaches supporting locally led efforts.

Peacebuilding is dedicated to resolving conflict non-violently, rebuilding lives after violence and ensuring local communities have the skills and resources to make peace a reality. This may be realized through a wide range of efforts, including directly mediating local conflicts, helping gang members and child soldiers adapt to civilian life, and empowering women in all realms, including business and politics. Despite violence prevention and resilience-building being key to any effective intervention, current funding is largely directed at reacting to, rather than preventing, conflict. Prevention or transformation includes activities that address the potential root causes of violence, such as human rights abuses, the inequitable distribution of land and other resources, and the marginalization of communities from democratic processes.

Local organizations on the frontlines of conflict are often the actors best equipped for peacebuilding and conflict transformation. Yet, they are systematically neglected and marginalized from the international peace and security funding ecosystem. As the *Foundation Center's* – now *Candid* – State of Global Giving report reveals, of the \$4.1 billion that US

foundations gave overseas between 2011 and 2015, just 12% went directly to local organizations based in the country where programming occurred. Peacebuilding in general is already underfinanced, with private donors spending less than 1% of the almost \$26 billion in global giving on peace and security writ large, including peacebuilding and conflict prevention. Pathways for Peace states that targeting resources toward just four countries at high risk of conflict each year could save \$34 billion in foreign aid budgets. In comparison, spending on responses to violent conflict through peacekeeping and humanitarian crisis response operations in 2016 was \$8.2 billion and \$22.1 billion, respectively.

The United Nations, along with many others, has noted that successful strategies to address violence and conflict should place local actors at the forefront. Furthermore, research has demonstrated that in complex operating environments, supporting civil society to create their own solutions is often the most constructive path toward sustainable social change. A 2019 report examining more than 70 external evaluations found that local peacebuilders demonstrated significant impact in preventing, reducing or stopping violence;



improving relationships among citizens (i.e. horizontal relationships); and improving relationships between citizens and those who govern them (i.e. vertical relationships).

Grants are the backbone of donor support to civil society organizations, yet they are akin to using analog technology to support social change in a digital world. Grants are an outdated and ineffective tool if the funds they provide are not used with great flexibility. Indeed, this report argues that the prevailing foreign assistance paradigm has led to three interrelated problems: 1) an antiquated and calcified global funding system; 2) inadequate funding for local actors; and 3) funding that is poorly structured for the purposes of effective action and impact. In short, the current approach constitutes a bad business model. Lack of investment in local efforts undermines the billions of dollars spent on other types of intervention, creating competition instead of collaboration and forcing small organizations to waste valuable

resources on constant fundraising based on immediate-term success. Through applied experience, prior research on donor financing, 25 qualitative interviews and a three-day online consultation with local actors from all over the world, this project highlights the funding approaches that hold the most promise in assisting local actors to prevent violence.

Donors utilize a range of programmatic models to effectively support local organizations, from participatory grantmaking to seeding community foundations to funding thematic or geographic 'clusters' of organizations and they also rely on several key strategies. The seven strategies proposed here explore: 1) promoting more participatory approaches to funding; 2) cultivating authentic partnerships; 3) encouraging funders to support improvement of systems rather than provision of services; 4) letting local partners lead while donors facilitate their work; 5) shifting administrative

burdens to funders by eliminating open calls for funding, or by allowing local organizations to submit limited and/or existing organizational documents instead of creating new documents for each donor; 6) providing support to movements and collective action, including within the donor community; and 7) adopting longer-term and “radically flexible” funding approaches, such as creating flexible pots of money that can be allocated rapidly, enabling partners on the ground to change programming plans as circumstances change. Some of these approaches are relatively new (innovative finance tools, such as outcome funds and social impact bonds), others less so (participatory grantmaking, community-led financing). Irrespective of age, none of them have taken hold as standard practice. Moreover, local organizations are forced to waste resources on constant fundraising that is based on an ability to demonstrate immediate-term success. Donors must also use significant resources to monitor grants using traditional approaches and are often not reasonably able to keep up with vast piles of quarterly reports. In effect, we are using analog technology to support social change in a digital world.

This is an important set of practices; yet, it’s not enough to shift the power dynamic in the international funding industry. **This report is a call to action, also outlining how a groundbreaking new fund is needed to address the lack of funding for local actors.** This proposed new fund combines a number of promising approaches: community-led financing; amplifying the principals of donors that practice partnership and flexibility in grantmaking; and developing innovative finance tools to sustain peace. In doing so, it articulates which strategies are the most viable for supporting local organizations preventing violence. In practice, this means giving local organizations radically flexible tools which will enable local actors to better generate, implement, and scale their own solutions.

There is now a significant body of evidence demonstrating that community-led financing – which includes such methods as supporting community foundations – works. Community-based financing is more sustainable than traditional grant funding, as it allows communities to increase and transfer resources, or find new revenue streams. Local actors and donors who utilize what the author terms “*radical flexibility*” in grantmaking, including providing core support with limited administrative burdens, conclude that they get a higher return on investment. This is because organizations are neither locked into programs that are not working nor required to spend excessive time preparing supplications, fulfilling project requirements and raising money instead of implementing their to work to prevent violence and conflict. Innovative finance approaches present interesting models because they have the potential to attract new sources of funding not bound up by the old constraints. They also flip the current foreign assistance paradigm. For example, in outcome-based funding donors and investors are only concerned about whether the project achieved an agreed-upon set of objectives. In contrast, rather than depending on rigid monitoring and evaluation plans and intermediary outputs and outcomes, this model provides flexibility for local actors to shift programmatic activities as the original plans evolve and to report on them as they unfold.

In sum, this report argues for an approach to sustainable peace that inverts the current power dynamic between funders and local recipients. This will ensure greater agency and leadership at the community level, while allowing donors to play an effective and sustainable supporting role. A world with less violence is possible. The fundamental question arising, then, is how can the international community and specifically funders help? More resources for local actors is a requisite in an absolute sense; however, money is really a proxy for our values and priorities. What we really need is

a movement that amplifies effective donor assistance strategies to local organizations. This movement should ensure greater agency and leadership at the community level, allowing local actors to make decisions

about how to address the challenges they face in their own environments and donors to play a more impactful and sustainable supporting role. Money is one piece of that power dynamic.



Recommendations for governments and multilateral donors

- Invest in giving donors the capability to be more effective partners by:
 - Developing long-term (ten-year) strategies that can be implemented in donor-funded one-, two-, and five-year cycles.
 - Designing participatory processes that allow local stakeholders to create calls for funding, related programs and strategies for their evaluation.
 - Providing flexible funding for core support, including emergency funds, that can be used to assist organizations in bridging gaps created by project-restricted funds.
 - Exploring government capacity regarding the promotion of participatory grantmaking or providing seed funding for community foundations, as well as other efforts assisting communities generate their own assets.
- Fund the research and application of complex adaptive systems in order to help international, national, and local-level decision-makers identify intervention points to prevent violence.
- Support national conflict-resolution and violence-prevention capacities, which may require choosing long-term goals over short-term gains, and adjusting expectations of “impact” accordingly. These capacities include: collective actions, coalitions, and movements that aim to empower truly grassroots actors (which are not always the same as “civil society”); and linking communities to national systems.
- Generate realistic approaches to risk management that are both acceptable to donors and better suited to conflict-affected, fragile and emerging market environments.
- Work collectively with private funders to improve coordination and understanding of how donors can best fund different levels of change and types of activities. While private philanthropists may be able to choose more effective tools to support grassroots actors, donor coalitions and partnerships are essential to tackling peacebuilding and violence prevention in a systematic manner.

✓ Recommendations for private funders

- Prioritize funding methods that may be hard for public funders to develop, such as:
 - Community-led approaches that enable local organizations to generate their own assets, thereby freeing them from ongoing cycles of restrictive grant funding. Additionally, include evaluation data demonstrating why such approaches are effective.
 - Innovative finance mechanisms for peacebuilding and local organizations. Funds should be directed toward research and development examining whether the tools of a capitalist system are suitable for social change, as well as how innovative finance can be based on conflict-sensitivity analysis.
- Develop an investment matrix showing which funding tools are most appropriate to a particular operating environment.
- Explore how funders can adopt some or all of the seven strategies presented in this report for effectively funding local actors, such as participatory approaches to grantmaking, minimizing application and reporting bureaucracy, and providing only core support.
- In the case of funders already acting on the above recommendations, bring together other organizations to share experiences and promote a shifting of power from grant-givers to grantees.
- Fund people and ideas, not projects. In doing so, actively advocate for a “movement mindset” among donors in order to collectively combat global trends that run counter to human rights, peacebuilding and humanitarian work.
- Dedicate time and funds to breaking down silos, and to making clear the links between peacebuilding and human rights.

✓ Recommendations for local organizations

- Take the power — exercise agency and seek ways of disrupting the current power dynamic between funders and local organizations.
- Be honest with funders about the organization’s needs, the realities of implementing any required assessment frameworks, and the accomplishments their support can (and cannot) achieve. Learn to say no to funders and negotiate for better terms.
- Diversify funding — look where possible for community-led and other financing solutions, rather than relying on Western donor-funded grants as a first step.
- Seek out, learn from, and amplify the approaches of local organizations — some of which are highlighted in this report — that have managed to avoid restrictive grant funding while sustaining their work.
- Explore collaborations with other local actors aimed at designing and catalyzing new funding approaches — such as outcome funds to support an organization’s objectives or providing seed funding for a community foundation — and bring these ideas to funders.

✓ General Recommendations

Understanding and Measuring Impact

- Develop and incorporate evaluation indicators that capture:
 - The impact donors have on communities.
 - Whether a donor's funding has increased a community's capacity to articulate their own needs and achieve their own goals.
- Support the development of metrics that allow for the evaluation of community-led work, and the measurement of progress related to collaborative community action.
- Measure network-building and the development of horizontal and vertical social capital, dignity, and trust.
- Research whether the efficacy of peacebuilding and development projects changes when funded through locally led grantmaking or similar strategies involving community empowerment.

Assumptions and Power

- Analyze the assumptions underlying a donor's financing. Ask:
 - Who do these resources empower? Who do they disempower? How is this assessed?
 - Are the people directly affected by a particular issue regarded as experts in terms of resolving it? If a grassroots issue is being addressed by an actor outside the local community, what are the assumptions behind this? What is the role of outside experts and external actors?
 - How might external actors exacerbate the problem or inhibit success?
- Start a frank conversation about risk and capacity. Ask:
 - Who is assuming the risk in the interventions?
 - Which capacities require bolstering, and whom do they serve?

Context

Definitions

In this report, “donor support” refers to money and other assistance from actors external to a particular national context. As the analysis addresses challenges related to the entire ecosystem of funding, it includes “foreign assistance” or “foreign aid” (used interchangeably), which refers to funding from governments or multilateral donors (the World Bank, UN, and other international or regional organizations). Also referred to are “donor funding,” which is generally defined as private philanthropic assistance, often provided by foundations, and “investments,” which are funds invested by the public, philanthropic organizations, and private businesses, with the aim of generating profit.

The Alliance for Peacebuilding defines “peacebuilding” as tackling the root causes of violence, rebuilding lives after conflict, and ensuring communities have the appropriate tools to resolve conflict without resorting to violence. Peacebuilding activities utilize a broad range of approaches, from truth and reconciliation commissions to former fighters training others in non-violent political action, to local groups mobilizing to stop violence spreading. Peacebuilding can involve “primary” or “secondary” outcomes. In the former case, this means that funding supports “traditional” peacebuilding activities such as dialogue, reconciliation, truth-telling, and memorialization. In the latter case, humanitarian relief or

development activities are conducted based on rigorous conflict-sensitivity assessments that examine existing tensions (between social classes, identity or political groups, etc.). Programming approaches then seek at a minimum not to exacerbate such tensions and in some cases to build more cohesive relationships between groups. For example, UNICEF has developed an approach to programming that essentially means every intervention – from water and sanitation to reintegrating child soldiers – becomes a means of promoting peacebuilding and human rights as a primary and/or secondary outcome.¹ While humanitarian, development, and peacebuilding activities all share several core principles, such as participation and inclusivity, peacebuilding’s focus on root causes, relationships, and bottom-up efforts is unique.

This report is about “local” organizations, movements, and networks. Local is a hard concept to define as its meaning may shift depending on an individual’s perspective (for example, headquarters staff in New York or Geneva may consider country offices local, whereas country offices may consider subnational or regional staff local). In general, local is used here to denote organizations, networks, or entities (which may or may not be formally registered) led by in-country nationals responsible for determining priorities and strategy.²

¹ Metz, Z., Nilas-Tarp, K. and Sobhani, N., “Conflict Sensitivity and Peacebuilding Programming Guide,” UNICEF, New York: NY, 2016.

² For a fuller description of related definitions, see: Peace Direct and the Alliance for Peacebuilding, “Local Peacebuilding: What Works And Why,” 2019.

Structure

Different readers will use the information presented here in different ways. Potential funders new to these debates and interested in innovative approaches to big global problems may gain considerable insight from the context and analysis offered in Part I. Traditional and progressive funders familiar with the challenges of donor assistance

may find the greatest value in learning about new and/or effective strategies (Part II). Many may also be interested in ideas for new funding mechanisms (Part III). Local organizations whose concerns and experience are the heart of this effort may find the entire discussion useful, even cathartic.

To help facilitate these varied interests, the report is divided into the following sections:

- Part I: Introduction, Problem Statement, and Research Process
- Part II: Seven Strategies of Highly Effective Donors (For Supporting Local Actors)
- Part III: A New Approach to Funding Local Peacebuilders
- Part IV: Supporting evidence – Challenges

Readers should feel free to choose whichever sections speak most to their interests. The strategies referred to in Part II are those that emerged from the research. Part III, which outlines a new approach to how local peacebuilders might be funded, details original and promising means of supporting local organizations working in conflict and violence-affected settings. While not every reader may be interested specifically in innovative ways of funding peacebuilders, many of the concepts explored do have wider

applicability. Finally, Part IV organizes the project's qualitative evidence by theme, further elucidating the challenges presented by the current donor paradigm. Given the report's priority is to contribute to solutions and effective action, a decision was taken to present these challenges at the end. Even so, the direct quotes from interviewees – funders and consultation participants – included in this section are powerful, while the analysis aims to provide all interested readers with useful insights.

Part I: Introduction, Problem Statement, and Research Process

Introduction

Violent conflict is at a 30-year high.³ In order to address this, the international community must invest more effectively in a key and grossly underfunded lever of peace and stability – grassroots organizations and individuals working in their own communities. The author and Peace Direct have worked in partnership to explore the dynamics of, obstacles to, and opportunities for effective funding of local actors. In doing so, this report grapples with the question of how to create a meaningful shift in an industry where the same problems have been discussed for decades. We realize such a transformation will require the collective effort of a multitude of actors over many more decades. Our hope, then, is to contribute to this process by framing these problems in light of today’s sociopolitical discourses, and to offer tested but innovative solutions to the challenges that frustrate both funders and local actors. This report expands on a recent article for *Alliance* magazine, presenting the substance, detail, and data behind this new practical approach. Grants are the backbone of donor support to civil society organizations; however, if they are not used with great flexibility, they quickly become ineffective tools. As this report will demonstrate, there are better means of supporting social change. Some of these approaches are relatively new (innovative finance tools, such as outcome funds and social impact bonds), others less so (participatory grantmaking, community-led

financing). Irrespective of age, none of them have taken hold as standard practice.

Moreover, local organizations are forced to waste resources on constant fundraising that is based on an ability to demonstrate immediate-term success. Donors must also use significant resources to monitor grants using traditional approaches and are often not reasonably able to keep up with vast piles of quarterly reports. In effect, we are using analog technology to support social change in a digital world.

This report is also a call to action – a new norm is needed, one that utilizes effective funding mechanisms for local actors. We are faced with a number of pressing and interrelated issues, from violence to climate change to migration. We would argue that anyone serious about tackling them should engage meaningfully with this report, exploring how the lessons learned about support to local efforts might be adapted to the organizational realities of different funders. Ultimately, we must address the massive gap in funding to local conflict-related actors that currently exists. One means of doing this would be through seeding a groundbreaking new fund that explores range of mechanisms to support local efforts in conflict-affected settings. Again, this is something laid out in this report.

3 UCDP, “The UCDP/PRIO (Uppsala Conflict Data Program/Peace Research Institute Oslo) Armed Conflict Dataset 2017,” 2017.

The two quotes below from grant recipients illustrate the shortcomings of the current foreign assistance paradigm and a more effective approach. This, then, is what funding from traditional grants looks like:

“Because the United States has frozen its funds to the Northern Triangle and most other donors have stopped funding peacebuilding work, it’s very hard to get money for Guatemala specifically. We should be working together but [local NGOs] are all fighting for survival and the smaller groups are dependent on us to help them get grants. We are currently managing 27 projects outside of Guatemala. From this, we try to piece together enough overhead for our primary operations in Guatemala City. We managed to pay everyone last year but this year [2019] we are facing a shortfall and will have to start firing people in December. These are highly skilled human rights experts and very hard to replace. For 25 years it’s been like this; we don’t know from year to year if we can keep our staff.”

In contrast, this is what flexible funding looks like:

“A private foundation was able to provide us with flexible funding that we...use[d] to create a reserve fund. We draw on this reserve fund whenever there is a lag between our need for funds and disbursements of grants from our donors (i.e. many times during each year). If we did not have this reserve fund, we would have to furlough staff and delay our activities until the funding arrived, and this of course would get us in trouble with our other donors who have given us a deadline for activities to be completed. The reserve fund has been a lifesaver for us!”

As the above demonstrates, the prevailing foreign assistance paradigm has led to three interrelated problems:

- Insufficient funding for local actors.
- Funding that is inadequately structured for effective action and impact.
- An antiquated global funding paradigm that underinvests in local organizations, a key lever of social change.

Simply put, the current approaches constitute a bad business model. Devaluing local actors and perpetuating a *Hunger Games*-like approach to civil society funding means local efforts – which are an essential driver of social change, resilience, stability, and conflict prevention – face a huge gap in support. Such practices provoke competition rather than collaboration, undermining the billions of dollars spent in multilateral, bilateral, and private funding. Moreover, local organizations are forced to waste resources on constant fundraising that is based on an ability to demonstrate immediate-term success. These problems cry out for a new funding approach, particularly in fragile, violence and conflict-affected countries

Local actors in almost every sector – from legal empowerment to humanitarian efforts – are starved of resources. While this report refers specifically to peacebuilding actors and organizations, the issues described are systemic and applicable to “localization” overall. Many of the challenges described in this report are universal to civil society, as are the dynamics perpetuating them.⁴ This speaks to the need for a fundamental paradigm shift that goes far beyond the financing of peacebuilders or justice-sector actors.

⁴ This is borne out, for instance, in “The Human Rights Documentation Toolkit,” a resource designed to assist grassroots documenters and civil society organizations working across a range of thematic issues (transitional justice, child rights, forced migration, land rights, women’s rights). Published in 2016, it utilized survey data related to the self-reported challenges of 55 organizations in 42 countries. The most frequent responses concerned security concerns (of staff, information, interlocutors); lack of infrastructure and/or monetary resources; and lack of human resources.

The problem

This research presented in this report underscores the already well-documented challenges presented by current donor and foreign assistance funding practices. These include:

- Funding that is focused on short-term projects.
- Funding that is project-specific rather than providing core support.
- Lack of responsiveness or flexibility preventing swift adaptation to changing circumstances.
- Lack of donor capacity to manage smaller grants, resulting in funding being fed through INGOs (international non-governmental organizations) and a resultant dearth of direct support for local actors.
- Administrative burdens that are too high for many local actors to overcome and are inefficient for donors.
- Prescriptive funding priorities driven by Western policy and donor imperatives.
- Aversion to risk.
- Structural biases and inaccurate assumptions regarding the capacity of local organizations.

Many of the above issues are framed in Part IV through the lens of *assumptions* and

fallacies, highlighting how they have evolved into ubiquitous and enduring narratives. There are several reasons why they have persisted for so long with little change, with the belief system underlying these viewpoints foremost among them. Thus, rather than discuss the issues themselves – for which there is already ample evidence – the focus here is on how they have been perpetuated by the narratives that have grown up around them. It adds to work by Severine Autesserre and others, which is premised on the idea that naming these dynamics and providing counterexamples is a potential means of cultivating change.

This project also revealed a number of challenges not currently included in this well-documented inventory. Specifically:

- The evolution of Western donor conceptualizations of accountability and its effect on local actors.
- The consequences of the current focus on impact and how issues of measurement are understood.
- The difficulties of working within complex systems.
- The rise of right-wing and conservative ideologies which requires new strategies on the part of donors, including a focus on movement building and collective action.

Combined, these issues perpetuate the three concerns laid out below.

Three concerns

Insufficient funding

Community-level actors are facing a crisis in financing their work. Every country in the world has its share of dedicated changemakers engaged in courageous and inspiring efforts to promote human rights and end violence in their communities. Yet, as the Foundation Center’s “State of Global Giving” report reveals, of the \$4.1 billion that US foundations gave overseas between 2011 and 2015, just 12% went directly to local organizations based in the country where programming occurred.⁵ Meanwhile, private donors spend less than 1% of the almost \$26 billion in annual global giving on peace and security writ large, including peacebuilding and prevention. Of those funds, the vast majority go to governments, international organizations (INGOs), or are fed through assessed contributions to the UN. The majority of resources focused on active conflict settings go to international humanitarian and emergency *response*. While this lifesaving assistance is critical, it is often no more than a Band-Aid. Humanitarian assistance is not designed to address the root causes of conflict, such as inequality, grievances, and human rights abuses. Additionally, it does not provide long-term sustainable support to local actors working in places the international community chooses to ignore or has lost interest in. Despite decades of literature and countless examples speaking to the limited utility of donor-imposed solutions to local challenges, the biases and structural barriers of the international community make such approaches difficult to dislodge. The roots of conflict are complex, and generally neither a wholly local nor wholly international response will succeed. Yet, local organizations and communities that know

best how to address local problems receive only a fraction of donor resources.

Poorly structured and thus ineffective funding

Funding for local organizations is structured in such a way as to prevent them making best use of it. The challenges associated with foreign aid are well documented. Funding is overwhelmingly project based, short term, and inflexible. Donor funds – particularly government and multilateral donors, but sometimes also foundations – come attached to very high administrative burdens that many local actors cannot overcome. Furthermore, the core operating costs of non-profit organizations are chronically underfunded, hindering their effectiveness. In addition, most donor funding is prescriptive, designed to further external actors’ agendas. Calls for funding and projects are rarely designed in a participatory manner with national or community-based actors, meaning programs frequently fail to address the priorities (and utilize the solutions) that those living in recipient countries see as most salient.

Simultaneously, rather than focusing on what is actually effective, Western donors’ primary concern is often on compliance and reporting/justifying what has been done with foreign funds, a syndrome fed by the evaluation industrial complex. This prevailing paradigm is reflected in an attachment to donor control, an aversity to risk, concepts such as “capacity building,” and the imperative to “scale” interventions. Lack of donor capacity means funding is fed through INGOs that can address these concerns, which in turn results in a dearth of direct support for local actors. As one donor implored, “get[ting] more funding to these groups and places that is good quality

⁵ The other 88% passed through intermediaries: INGOs or spent operationally by grantees based in the Global North; US public charities re-granting funds to local organizations; organizations indigenous to their geographic region but working across countries; multi-lateral organizations that work on a global level (e.g. the World Health Organization); and research institutions conducting research in different countries where they are headquartered (The Global Giving Report, p.11).

and focused on the grassroots level, with respect for the grantee perspectives and providing core support over the long-term, trying to streamline reporting requirements so these groups have a chance at doing their real work – I can't overstate how important this is."

An outdated paradigm

The prevailing donor approach does not effectively support local organizations, initiatives, and networks. This paradigm is decades old, deeply ingrained and based on a fundamental power imbalance. As Edgar Vallanueva, Leah Zamore, and others have argued, it is predicated on expanding Western wealth (and philanthropy) through global economic policies and practices that exploit the resources and labor of less powerful communities, often in the Global South. These colonial approaches have privileged Western knowledge and decision-making, resulting in a lot of money being spent on short-term, donor-driven interventions, which have ultimately failed to sustainably address pressing problems such as violence.

In a broader sense, there are pernicious debates about whether foreign aid can actually help achieve its stated aim of bringing about a just and rights-respecting world built on an axiom of stability, or whether it is merely a tool for furthering donors' agendas. Likely, this not a dichotomy – foreign aid has both furthered donors' policy goals *and* been responsible for huge macro gains in the eradication of disease, as well as other interventions that have saved lives and promoted a higher standard of living. However, meaningfully addressing social justice, violence, and persistent conflict requires a different approach. The way in which donor technology, resources, and learning are leveraged is generally not through bottom-up support to local contexts – this is despite clear evidence that locally led interventions based on contextual nuances are highly effective. These issues mean assistance is structured in ways that are not well aligned to local initiatives, frustrating both donors – who know this approach is not working – and those on the receiving end of aid.

How did we get here?

Large scale foreign aid is too unwieldy for community-led intervention

Bilateral and multilateral donors provide the vast majority of foreign assistance – \$144 billion in 2017. Government donors are not well situated to provide resources at the community level due to policy, administrative, security, human resource, and monitoring constraints. Nor are they well situated to provide the type of financing – core support, organizational development, and flexibility – that most organizations working in challenging operating environments need.

Public and private donors are limited by their risk-tolerance, reach, and funding approach

Conflict-affected countries do not have the stable institutions and/or infrastructure that private investors interested in social impact bonds or other social change tools are looking for. Rather, these contexts are perceived to involve a high level of risk and significant political challenges. Governments – and more likely INGO implementing partners – are often left to assume risks the private sector will not. This, however, leads to the quagmire above of government funds being a mismatch for local actors.

There is a particularly salient role for private philanthropy here, which can take more risks and provide more flexible resources.

The most intractable conflicts (e.g. Syria, Yemen) are often linked to geopolitical dynamics that can seem unsolvable, making any form of intervention appear hopeless. Finding appropriate local organizations in very complex places is a huge challenge – Western donors and outsiders face prohibitions on their movements, especially beyond national capitals or major cities, and do not have the benefit of trusted local networks and knowledge. Thus, the reach of donors is usually limited and disconnected from community-based work. This means the stories of local people and communities working to prevent violence often remain unknown, particularly in the West. As one funder noted, “No one knows there is hope on the ground – the hope on the ground is often not connected to the policy process.”

In addition to the tendency to find and fund capital-based organizations, donors will usually focus on organizations with an established structure and legal status. Just as informal enterprises – for example, women selling tamales in the market – comprise a significant part of the economy in conflict-affected countries, local peacebuilders are often not part of a formal institution. This makes them both less visible and harder to fund for external donors. Donor organizations are not monolithic – while field staff may know the local scene well, including unregistered groups, they may not have the flexibility to fund them. The “theory of change” around funding local actors argues that if the world is shown that these people exist, and that they have the ability to conduct impactful and sustainable work even in dire circumstances, funders will respond with more flexible and appropriate tools.

The peacebuilding field is failing to adequately communicate why its work is both essential and lifesaving

There are some important efforts toward addressing this shortfall, including the newly launched +Peace Coalition. Part of peacebuilding’s challenge is that it has always encompassed a broad range of pursuits centered around a set of principles – such as structural transformation and eliminating root causes of violence – rather than a finite set of programs or activities. Even when the impact of their work have been clear, peacebuilders have shied away from taking “credit” for outcomes in settings where causality and attribution can be hard to establish. Conflict- and violence-affected settings are inherently complex. New studies, such as the UN-World Bank report, “Pathways for Peace,” and research by the Advanced Consortium on Cooperation, Conflict, and Complexity at Columbia University’s Earth Institute (AC4), have started proposing more dynamic and nuanced understandings of the factors driving conflict and fragility, including patterns of inequality and exclusion. Researchers at AC4 argue that in order to adequately determine the policy and programmatic intervention points necessary to sustain peace, a much better understanding of complex adaptive systems is required.⁶

The peacebuilding field needs to get better at clearly communicating its work and impact. Additionally, funding approaches need to evolve away from the silos necessitated by the development industrial complex. AC4’s research suggests that supporting local actors is one proven – and under-resourced – path.

⁶ Coleman, P. et al., “The Science of Sustaining Peace: Ten Preliminary Lessons from the Human Peace Project,” New York: Columbia University, unpublished conference paper.

Why is it important to solve the challenge of funding peacebuilding – and local peacebuilders – now?

The potential of peace-related philanthropy – making support for peacebuilding a core portfolio issue – in addressing major world challenges is vast. For example, conflict is a major driver of food crises globally. In 2018, 124 million individuals around the world faced crisis-level food insecurity, while 815 million suffered from chronic hunger. Of those impacted by food insecurity, 60% live in conflict-affected areas, highlighting the critical relationship between conflict and food scarcity. Peacebuilding, in addressing conflict, offers an opportunity to prevent or reduce the severity of food crises across the globe. The same is true for other forms of deprivation linked to conflict, such as forced migration, gender-based violence, and chronic underdevelopment. The UN High Commission for Refugees' 2018 "Global Trends Report" notes an all-time high of 70.8 million people – half of them below the age of 18 – are currently forcibly displaced worldwide due to persecution, conflict, violence, or human rights violations. In 2018, 37,000 people were forced to flee their homes every day, with the overwhelming majority of them coming from places affected by violent conflict, such as Syria, South Sudan, Myanmar, and Venezuela. In 2017, the Jordanian government spent approximately \$1.7 billion hosting 650,000 Syrian refugees. At a recent Inter-American Dialogue event, Felipe Muñoz, Advisor to the Government of Colombia on the Colombian–Venezuelan Border, noted that the cost of hosting Venezuelan refugees stands at approximately \$1.3 billion per year – about 5% of Colombia's GDP. Of course, such economic impacts don't take into account the price of absorbing these families and individuals into communities already fraught with their own tensions and insecurities – and the risks to, for example, Colombia's fragile peace process.

Dealing with conflict and fragility through prevention and resilience-building – rather

than relying on reactive measures – is key to effective intervention. Prevention consists of activities aimed at reducing the potential drivers and root causes of violence, such as human rights abuses, inequitable distribution of land and other resources, and marginalization of communities from democratic processes. For instance, Pathways for Peace notes that targeting resources toward prevention in just four countries at high risk of conflict could save \$34 billion in foreign aid budgets annually. In comparison, spending on *responses* to violent conflict through peacekeeping and humanitarian crisis response operations in 2016 was \$8.2 billion and \$22.1 billion, respectively. Increasing amounts of data make the business case for peace – for example, the Institute for Economics and Peace, in noting a \$1 investment in peacebuilding programs leads to a \$16 saving downstream, argues that "The total peace dividend the international community would reap if it increased peacebuilding commitments over the next ten years from 2016 is \$2.94 trillion."

In 2016, the UN adopted Security Council Resolution 2282, often referred to as the "sustaining peace" resolutions. These resolutions underscore that peacebuilding is not an intervention limited to the end of violence, but rather, as member of the Advisory Group of Experts on the Review of the Peacebuilding Architecture Gert Rosenthal stated, "...a principle that should 'flow' through all the UN's engagements – before, during or after potential or real violence conflicts." This precipitated a shift toward the principal of "sustaining peace," a term that now prevails at the UN. These same resolutions assert that while the international community has a role to play in sustaining peace, it will only be truly sustainable when built and owned by local and national communities.

Why local peacebuilders?

Action

Local peacebuilders are often the individuals, communities, and organizations best placed to prevent local violence and resolve conflict



The successes of local organizations working in their communities are myriad – they have negotiated ceasefires and humanitarian access in Syria, facilitated minority Tamil women’s participation in political processes in Sri Lanka, and trained youth to negotiate community water conflicts in Yemen. These individuals, communities, and organizations often consist of those best placed to prevent local violence and resolve conflict, with research demonstrating that, particularly in extremely complex operating environments, supporting local peacebuilders and civil society is frequently the most constructive path.



Impact

Preventing, reducing, or stopping violence; improving relationships between and among people, and improving relationships between people and those governing them

A 2019 report examining more than 70 external evaluations found that local peacebuilders demonstrated significant impact in: preventing, reducing, or stopping violence; improving relationships between and among people (i.e. horizontal relationships); and improving relationships between people and those governing them (i.e. vertical relationships). In terms of successfully promoting changes in knowledge and attitudes, these impacts included peaceful approaches to addressing violence; increased readiness to accept ex-fighters and refugees into communities; and better understanding and collaboration between citizens and authorities. The evaluation also evidenced significant changes in behavior, including conflicting parties participating in local dispute resolution and mediation; proactive strategies by leaders to improve cohesion; and increased citizen engagement – including voting – in non-violent democratic action. Finally, tangible structural changes were demonstrated, such as a reduction in violence in communities; greater seriousness placed on gender-based violence in courts; and more inclusive governance approaches to conflict-resolution.

Changes in knowledge

Peaceful approaches to addressing violence; increased acceptance of ex-fighters and refugees into communities; and better collaboration between citizens and authorities



Structural change

Reducing violence in communities; ensuring greater seriousness placed on gender-based violence in courts; and more inclusive governance approaches to conflict-resolution



Behavior change

Conflicting parties participating in local dispute resolution and mediation; proactive strategies by leaders to improve cohesion; and increased citizen engagement – including voting – in non-violent democratic action



The research presented in this report aligns with these findings. Investing in local capacities mitigates the risks external actors perceive they face because local people understand the context, including which actors are trustworthy and who should be avoided. As one global consultation participant noted, “Local security challenges in local communities can best be resolved by local people. Grassroot actors are part of the local communities and understand exactly why and how people do what they do. They can design local-suited solutions to it, and not what the donor thinks [are] solutions. That is why grants seem not to be solving local problems.” Funders and

recipients alike noted that having local-level relationships means external actors are more aware of the dynamics and early warning signs of conflict, discrimination, and instability, with minority and marginalized groups often among those hit first by local tensions. Finally, these approaches tend to be low cost and technically appropriate, tapping into existing leadership structures and traditions.

This potential – and the aforementioned realities – lead to the conclusion that new ways of operating outside traditional Western grant-funded assistance models are needed.

Who is working on new approaches to funding local actors and what tools and strategies have they developed?

A number of important efforts are currently underway, exploring how best local actors might be supported. These include but are not limited to: research conducted by the Near Network, a movement of Global South civil society organizations dedicated to promoting more equity in development aid; a recent report by CIVICUS summarizing extensive interviews with funders and civil society organizations about how to more effectively structure funds; work by Ed Rekosh on rethinking the “human rights business model;” and various individual efforts by a range of public and private donors (with many of the latter interviewed for this report), including the newly launched Trust-based Philanthropy Project. These efforts align with many of the core messages to funders about how to maximize their effectiveness offered in this report.

The “Grand Bargain” is an agreement committing some of the largest donors and

humanitarian organizations to providing additional support and funding tools to local and national humanitarian actors. Furthermore, the Peace and Security Funders Group – a network of more than 60 donors – conducted survey research in 2017 that indicated a significant number of its membership do recognize the value of funding local organizations. Despite the current “buzz” around “local,” however, such efforts tend to be siloed by sector, are disparate, and have not been scaled up. The international community has now spent decades extolling the virtues of “localization” – collectively, though, there has been little shift in practice.

In terms of adding to knowledge about how to support local actors, the research on which this report is based had two goals: 1) learn as much as possible about challenges to, and strategies for, effectively funding grassroots actors from those currently doing

it; and 2) consult with local actors to assess how they envision external support being structured in order to best facilitate their work. Peace Direct is one of the very few international organizations whose mission it is to directly support local peacebuilding. This support includes mobilizing more resources, promoting local partners internationally, and advocating for a shift in policy and funding. Several members of their staff were formally interviewed for this project, while informal conversations helped shape the intellectual development its arguments. Otherwise, however, this research did not have a particular focus on interviewing funders whose core mission

is to support peacebuilding (as donors specifically focused on peacebuilding are few and far between). The implicit question arising from this was how to address this gap in funding, and whether it might best be done through a new funding mechanism. The snowball sample included 25 funders (see Annex) working on a variety of issues, including climate change, HIV/AIDS, education, child protection, human rights, blockchain and social finance. The “demand” side of donor funds were also consulted about their needs through a three-day online consultation with civil society, local actors, and individuals working on funding issues across every continent.

Part II: Seven Strategies of Highly Effective Donors (for Supporting Local Actors)

The approaches below emerged from the interviews as best practices. While they may be known to a certain subset of funders, these principles are far from the norm and therefore bear repeating:



STRATEGY ONE: Implement innovative and participatory approaches to funding, program design, and evaluation

Several funders in this project have focused on participatory philanthropy approaches. This set of principles attempts to shift the balance of power by asking questions such as: Who decides how funding resources are allocated? Who participates? And who decides who gets to be at the table in such discussions?

It was noted that this can be a very important approach in divided and conflict-affected societies, with one funder explaining, “[These methodologies] involve getting a range of input related to different political/identity groups or whatever may have fueled the conflict – and also include different actors traditionally outside the peacebuilding field, like economic actors.

The challenge is this is time consuming. It requires very good facilitation and understanding of local politics and context, though this is a potential contribution of peacebuilding because we have a few decades of well-trained facilitators.”

Supporting collaboration

One funder encourages partners to work together by supporting clusters (connected by networks, project-specific issues, or geographic area). This, the funder feels, is more impactful and decreases transactional costs. Another funder reported they don't have one single approach: “How this looks and what types of resources you provide vary from place to place and need to have some strategy. In a place like Nigeria, which is huge, you can't give 20 grants all over the place and expect to learn some sort of larger lesson about impact.”

Innovative finance

In general, innovative finance – an approach discussed in greater detail in Part III – refers to any tool outside of traditional grants, and can include impact investing (generating both financial and social return); blended finance (the use of public funds to mobilize private investment leveraged toward social outcomes); bonds and outcome-based financing; cause marketing and corporate partnerships; and various forms of social entrepreneurship. One funder noted that these mechanisms are often “structured right now in the way that banks do it. Practicing impact investing in a way that serves local organizations and partners would look different.” For example, Thousand Currents started the Buen Vivir Fund – an impact investing fund they spent one-and-a-half years setting up through work with partners across the world: “We went through a long, thoughtful planning process with numerous stakeholders and came up with a new mechanism that reflects the values that local organizations thought were important (e.g. some of the indicators are happiness or joyfulness)...It was a heavy lift, just adopting the concepts and then we did a lot of work with a team of US-based lawyers and tried to find lawyers in the different countries in which the loans operate to figure out how to create LLCs in other places.”

Locally owned philanthropy

There are an increasing number of locally led philanthropic efforts and related movements, including the European Community Foundation Initiative and the Global Fund for Community Foundations

(GFCF). The latter aims to support people-building capacity and social capital in communities in the Global South. As the Executive Director described it, this is a movement about “...funders within the community rather than to the community.” She further noted, “Which grantmaker talks about social networks or capital? Things that are hard to measure. The community foundation movement relates to [building these capacities and] truly empowering the most marginalized. If the women in a community all gave \$1, maybe that adds up to \$50 – it’s not big bucks, but how do you measure/value that if you understand it as an attitudinal change, an investment in your community and the future of your children. We believe ‘No one is too poor to give or too rich to receive.’”

When Tewa (the Nepal Women’s Fund) – one of the Global Fund for Community Foundation’s partners – makes grants, they also ask partners if they want to give back to the fund. In this way, the power paradigm is flattened: “By giving back, you are not just a recipient but also a donor.” Effectively, the question they are asking is: How does it change the story of funding if you start to change the terms of the conversation? GFCF’s Executive Director went on to note: “Take the Dalit Community Foundation – the mere existence of this organization, this is a subversive act. We have been told we are a community and [this type of philanthropic

community organizing] lets us embrace that as a source of power rather than as the most marginalized in our society.”⁷

Regardless of approach, interviewees stressed the need to test out different ways of getting funds to the grassroots level. For example, Peace Direct’s Local Action Fund – an atrocity prevention program in Myanmar and Nigeria – aims to reach local-level initiatives through a combination of microgrants to community-level grassroots initiatives and small grants to civil society organizations. The fund aims to be as flexible and responsive as possible, taking cues from communities and civil society groups about what works, and considering applications on an ongoing, rolling basis. Meanwhile, Spark Microgrants funds “hyperlocal organizations,” which are more like collectives. They are often not formal organizations at the outset of the community grant process but become formalized over time. Spark Microgrants noted that their American-led partners have considerably more access to funding: “Organizations that are actually from these local communities have a really hard time accessing funds, and the funding that is available is within a project and prescriptive model.” It is worth imagining, then, what the impact of creating a significant pool of funds available to hyperlocal groups would be, particularly if the groups were accountable to a set of established standards they helped co-create?

⁷ See: Hodgson, J. & Pond, A., *How Community Philanthropy Shifts Power*, The Foundation Center, NY, NY, 2018.

STRATEGY TWO: Shift from transactional to relational partnerships

As one funder noted, “The nature of donor–grantee relationships is usually transactional – money from one side and extractive knowledge from the other. These are not the type of long-term partnerships that are conducive to the kinds of impacts the international community is supposedly seeking.”

Certainly, authentic and effective donor–grantee partnerships exist. Across the board, as shown by this and other research conducted by Rockefeller Philanthropy Advisors and the Social Change Initiative, donors and recipients noted their partnerships were most effective when their convening authority was focused on creating “spaces” and networks, with trusting relationships built up through working with partners to get them the resources they need. Such resources could take the form of operational or program support, technical assistance, access to international fora, or solidarity in difficult and often heartbreaking work. As one funder noted, “The difference between being [a big international donor] and a women’s fund in Serbia is that the women’s fund has to live with its decisions. There needs to be a lot of support for people at this level. This is not always forthcoming – people are so focused on program delivery that they aren’t thinking about partnership and how to support those on the ground.” A survey of 125 local peacebuilders from all regions of the world, reiterated by global consultation participations, indicated their topmost request for support from the international community was greater recognition of the importance and impact of locally led efforts. Funding came in ranked as the fourth priority.

Donors and grantees overwhelmingly emphasized the importance of *facilitative*

relationships. As one funder put it: “Part of an effective funders’ job is really getting to know [partners] so we can help identify how to support their work in a constructive and comprehensive way.” This can involve providing technical expertise *when partners request it* (for instance regarding financial management or security training; or training on new laws and policies – such as sanctions or money-laundering – that increase fiscal or due diligence processes). Relational support can also take the form of facilitating national, regional, and international connections and learning exchanges: “Organizations often want to meet with grassroots organizations, networks, and movements in the US, less so with governments. They are interested in peer-to-peer learning, what are they doing around their issues? How are they working towards social justice? Are there common approaches or tools?” Other strategies include amplifying local organizations’ campaigns and stories, and helping to find other funders. Some donors spend a lot of time in convenings and conference spaces, getting to know other donors, in order that they are well positioned to make these types of connections. The key element in all these approaches is trust. As one funder noted, “The bottom line is we trust our partners. We trust their wisdom, their judgement, and their assessment of what their community needs.”

One funder spoke of the importance of ongoing, probing conversations when attempting to understand and address the real needs of partners: “A lot of times when we ask what types of support they need, they say training or capacity building – they may certainly need that in some ways, but we also find that’s an easy language that’s been imposed by the international community – easy to fund, easy to monitor, easy to count.

When we work through it with them, we often end up talking about what they are doing after the capacity building – what are they then doing with the capacitated individuals! This is more strategic vision, building campaigns and leadership – other types of partnership support that we can offer.”

Additional strategies to support partners (which often emerged from their requests) included:

- Keeping in touch beyond the lifecycle of a project and letting partners know about new opportunities.
- Nominating organizations for prestigious prizes, such as the Goldman Environmental Prize.
- Accompanying partners on global speaking tours.

- Facilitating connections with policymakers and other influencers: “Funders can be quite useful because they can open doors, governments are more willing to meet with funders than local groups, they can often have significant convening authority.”
- Influencing philanthropy by convening discussions, bringing partners to speak at key fora about effective funding strategies, developing training and educational opportunities for philanthropists, and writing opinion pieces and op-eds: “We cannot just be a ‘typical donor’ giving away money. Being based in the US comes with access to the philanthropy sector and so part of the responsibility of funders is to change how donors operate. Despite so many decades of discussions, to give resources in a less burdensome way.”

STRATEGY THREE: Focus on systems-level issues

From health care to human rights, funders noted that programming tends to focus in on the provision of services rather than considering how these programs link to wider systems. As one funder commented, “Easy to fund, easy to measure,” to which might also be added, profitable to evaluate. Yet, one productive role the international community can play is maintaining a focus on the “forest through the trees” – that is, holding a bigger systems perspective which implementers on the ground can find very hard to address given their focus on the immediate needs of their communities. It was suggested that international foundations could assist in this by providing more

strategic analysis on how to affect systems, as opposed to the current, excessive focus on service delivery.

For example, a global foundation with country offices noted that the latter are challenging HQ in a productive way to think more about how, at the country level, their programming includes an explicit, strategic focus on the integration between service delivery and systems change. This is particularly salient when considering the prevention of violence and promotion of resilience, which requires more focus on underlying systems change, in concert with direct programming strategies.

STRATEGY FOUR: Prioritize local knowledge and expertise

The international community's refrain about needing to "understand local contexts" is ubiquitous. Regardless of the sincerity or otherwise of this assertion, a deeper shift is required, one that acknowledges that the real experts are country nationals. External actors will always be learners, and may never fully understand the complexities of a particular setting. Though there are plenty of external actors dedicated to making the work of their organizations reflect this principle, as a system this is not reflected in the policies and procedures of donor assistance.

Today's risk-averse and security-constrained environment makes getting out of capital cities difficult for external donors. This is particularly the case for governments, which face greater restrictions. The result is that the relationships and information upon which decisions are made are often constrained. One funder underscored that finding truly local initiatives is a huge job, requiring considerable time and resources:

"[The international community] hasn't done a good job of finding and investing in [local] people – we need to think about how we even find people to fund, what are the biases in this process. This is where we need networks of local experts to help us understand the context. As an organization, we spend a lot of time finding them, a lot of time talking to them and a lot of time trying to understand the ecosystem in their context and map the actors. Who are the "briefcase NGOs?" Those organizations that essentially syphon off - instead of adding to - local resources. We then help these organizations chart their path – we don't determine what they do."

Private funders emphasized multiple strategies, including hiring program officers

from the regions in question, as well as frequent travel to places where funding is ongoing.

Recent evaluation research sounds a note of caution regarding the trend toward Northern NGO "localization" in the Global South, suggesting that while it holds numerous benefits for international NGOs, it has not resulted in the systemic investment in domestic priorities and cultivation of national constituencies for human rights that lead to long-term change. Indeed, in terms of understanding local contexts, connecting local actors to systems, and building the relationships donors claim are necessary for meaningful support, many funders stated there is no substitute for national country directors and staff in leadership roles from the recipient region. As one interviewee commented:

It's hard to get reliable info in these places. It's really important to know what is going on behind the scenes, with social movements, the government, relationships between organizations and communities...many organizations are very adept at writing proposals and reports, have media access and you can think it's having an impact, but when you go to the field you learn about the programming in a different way...there is no substitute for deep knowledge of networks, trusting relationships, and really understanding what the work is. In addition, there is a bias in what partners often tell funders – the totally honest assessment of what is helpful, what any timebound amount of funding is likely to accomplish, is rare. Being very close to the ground is very important – we have developed a relationship of trust with these partners over years. This helps us in the current landscape with draconian NGO laws and other repressive developments.

Some private funders may balk at creating more offices and hiring more staff, thereby increasing overheads and reducing the amount of grant money available to local organizations – such choices about

organizational structure have legitimate pros and cons. Generally, however, more consideration needs to be given to meaningfully understanding and supporting domestic priorities.

STRATEGY FIVE: Shift the burden to funders

Another successful set of practices involves shifting administrative and due diligence burdens onto donors' shoulders, thereby freeing up partners to do their programmatic and other work. Some funders ask potential partners to submit existing organizational documents, such as annual work plans and budgets, rather than requiring new project proposals or burdensome reporting requirements. One funder simply asks once a year, "What do you want to share with us?"

Many of these funders do not put out "open calls" for funding, in which they essentially advertise they are seeking partners working on a specific set of issues. Such calls usually require fairly extensive proposal packages – a recent process for a government donor stipulated 14 mandatory attachments in addition to the requisite ten-page project narrative. Not only are these processes labor intensive, they mean offering intellectual property that some funders then incorporate into their approach. This work is rarely compensated – of course, part of the point of competition is that there is no guaranteed payoff. Funders that do not put out open calls have been critiqued for putting in place a system that leads to a narrow set of partners they already know. However, these funders have responded by pointing out that the supposed "level playing field" created by open calls is a farce due to the ways in which donors prioritize applicants. Funders noted that finding partners and developing relationships is a very resource-intensive

process, with one interviewee explaining, "We never funded anything based on paper applications but rather in-person meetings whenever possible with the group in their context. We put a lot of resources into having an informed local circle of influence and a local structure that makes decisions based on triangulation of information and trust and accountability borne from operating in that particular context – in this way we try to avoid gatekeepers." Another funder described the process as follows:

We don't have open calls. We decide on several priority areas in collaboration with a set of local partners and look for organizations that approach these issues holistically. We do a lot of groundwork up front and generate a list of potential grantees and then meet with them in-country – we don't make partners fill out long applications, we do the work of vetting potential partners. We then invite them to be the recipient of a catalyst grant where we work together for a year – a small grant that, like all of our grants, involves comprehensive, flexible support. After that, we decide together if it makes sense to continue the relationship.

This approach of reducing paperwork of questionable utility explicitly challenges the assumptions and fallacies discussed in Part IV. As one funder observed, "We don't believe the concept that more extensive reporting equals better due diligence and accountability. We believe

in leveraging local networks to do due diligence and we assume the burden of monitoring this through relationships and regular conversations. Accountability is inherent because these people, networks, and organizations have deep relationships in their communities.” Similarly, another interviewee explained, “As a funder, even

if you are giving away small amounts of money, you are validating certain actors and that has an important symbolism – if you validate the wrong group, you are in trouble [as an external actor]. This is mitigated by spending the time to develop deep relationships and contextual knowledge, not by paperwork.”

STRATEGY SIX: Provide support to movements and collective action

Some interviewees talked about the need for funders to take a strategic approach to the way democracy itself is being undermined in many countries, and perhaps globally. To this end, one funder specifically invests in a three-pronged approach: 1) supporting social movements and actors that counterbalance this trend;

2) engaging with local and national authorities to ensure that the government works in the interests of its citizens;

and 3) pushing for accountability and justice in countries that have suffered mass violence.

This funder is putting particular effort into developing tools to assess the strength of movements – examining their leadership, strategies, and development. These tools explore such questions as whether a movement has a strong base but struggles

to put a strategy together. This information helps them think about where, as a funder, their support might best be employed going forward.

Supporting social movements and building networks of NGOs may require different approaches; indeed, another funder discussed their explicit strategies regarding funding the latter. These involved providing resources for convening networks and, as mentioned above, evaluating their density and therefore strength. The respondent noted, “There is a reality that building these relationships – especially across geographies – involves concerted work; these networks need to be nurtured over time and sometimes that is a capacity issue for funders. However, this is a key function of funders – to prioritize support to convenings or other fora that enable people to get together and share and build relationships.”

STRATEGY SEVEN: Emphasize longer-term and flexible funding

The need for long-term flexible funding is a drum beat familiar to most funders and funding partners. Program flexibility and financial due diligence – both important issues, especially in areas of conflict where associated levels of corruption are often high – are intertwined to some degree, and would benefit from explicit strategies centered on flexibility. Below, rather than reiterating this clear need, the discussion aims to shed light on why current practices are hard to shift, and how in some cases funders have managed to achieve change. An influential group of funders – including NoVo, Thousand Currents, and Humanity United – have committed to changing short-term, inflexible practices and their approach needs to be expanded. The likely starting point for this would be gathering evidence on *why* long-term and flexible support are more effective approaches.

Longer time horizons

As one funder noted, “If the mission is about social transformation, organizations need support that can span a range of time horizons and be used flexibly.” There are funders that provide support with a longer-term time horizon – the NoVo Foundation, for instance, has committed to seven years of core support. Thousand Currents started with three years of support, then when they realized this was insufficient, agreed to provide another three years. They then extended funding to ten years before eliminating timebound grants altogether: “... then we said, ‘Why are we attaching time-frames to this? It takes how long it takes.’”

Many funders noted that despite decades of discussion about how such policies are the way forward, not a lot has actually changed.

When asked why this is the case, answers included: “inertia from these processes;” “the development industrial complex that focuses on hard skills, projects, and measurable outcomes which need to be accomplished in certain time-frames;” and the fact that economic, social, cultural and political rights issues are often subject to the same expectations applied to agricultural development and water and sanitation issues, despite the vastly different processes and time horizons involved.

“Radical flexibility” – with just enough structure

Addressing the question of what is required for change, funders spoke of an oft-cited obstacle – bureaucracy within foundations and the need to get approval from boards and senior leadership for “new” approaches. Perceptions of control and the idea that non-timebound approaches involve a greater level of risk are discussed more extensively in Part IV. When asked how they seek out board members and leadership capable of understanding flexible ways of working, one interviewee responded, “Nobody is there by accident – to find these funders, these donors and board members had to be very thoughtful. If you were trying to do this the same old way you would write a check to a big well-known INGO.” Again, issues around power, control, and being a good fit come up. Donors wishing to know in advance exactly where their money is going and what outputs they will fund are not good matches for this type of work. The funders that local actors considered most effective operate with “radical flexibility” – though, similar to core funding, a dynamic of talk trumping action exists. One funder noted: “There has been years of discussion around this and yet the

reality is that there isn't that much funding for human rights defenders or those working in conflict that is flexible – the funding that is available is largely very restrictive.”

Funders noted that flexibility requires a balance: “We need to be flexible but at the same time provide enough reassurance that there is a methodology and a strategy.” Another interviewee pointed out there is always an interplay between structured versus flexible funding approaches: “Of course, nothing is completely without structure or rules and processes and the idea that this is appropriate does a disservice to flexible funding. We have found that our funding is most effective and this balance is best when it is 20–30% top down and 60–70% bottom up.” The interviewee characterized this as responding to organizational processes and procedures while at the same time being responsive to needs on the ground.

This represents an important message to funders that wish to adopt these approaches but consider it impossible (or unwise) to suddenly stop asking for more traditional donor requirements such as quarterly reporting. It is not that impactful donors have no rules, processes, or ways of accounting for resources – rather, the core of their work is not centered on rigid procedures. Instead, they are constantly striving to eliminate burdensome reporting or accounting requirements, as well as approaches to compliance that are predicated on mistrust. Crucially, the mission and leadership of the funding organizations proactively support program officers in establishing long-term trusting relationships with grantees. As a result, officers can better understand the work on the ground, build their capacities for monitoring and reporting, and create systems that improve the efficacy of their partners' work.

Furthermore, giving choices to local organizations emerged as an important

principle. As one funder observed, “Being in a relationship with a funder is a choice – there are some organizations that do just want the grant or want project-specific funding because that's easier for them to manage for whatever reason – and they should be given that option, the funder should work with them to find the best modality, which may mean facilitating connections with funders who meet their needs better.”

Rapid response funding

One funder observed that groups working in conflict- and crisis-affected countries have more need of flexible funding, and so this is an explicit part of their approach: “Their environments change rapidly, the security risks are acute and we are better able to respond to violence through flexible resources. When working through conflict or violence, you often get a very short-term niche for being able to take action and if you can't mobilize, that opportunity passes you by.” While this particular funder only provides core support to grantees, there are various ways of addressing the need for rapid, flexible funding. For example, a number of donors have emergency funding pots or partnerships with organizations such as Urgent Action Fund for Women, whose explicit mission is to provide emergency response support.

It was also noted that an organization set up to provide rapid response funding was a very different beast to one set up to provide long-term funding, with the perception being that it is hard for small donors to do both well. Urgent funding – short-term support often provided directly to frontline individuals and activists – was likened to an “emergency room” for when things fall apart. However, long-term sustainable partnerships with grassroots-level organizations are important, as needs can change over time. As one funder observed, “Even money that was the most flexible initially is not necessarily flexible when a crisis arises – that money is

then already allotted for salaries or office rent, its often assigned to something.” Long-term relationships mean funders can help local organizations identify other pots of emergency funds when security issues or other unexpected circumstances arise.

Embracing flexibility within funding organizations

The need for flexibility extends to funders as organizations. A running theme among interviewees was that funders should not be attached to any single model or way of doing things, but should instead be learning organizations: “Whatever the partner teaches us or guides us to do, we will modify to respond and support them.” Operationally speaking, the structure, processes, and programmatic approaches of these funding organizations have evolved through experimentation. Their shared ethos included an enthusiasm for seeding new ideas and an appetite for taking risks, both of which required the support of leadership, governance bodies, and funders. Many started under a regime of fiscal sponsorship and then evolved into independent organizations. These periods of evolution were necessary, with the increased human resources support they initially enjoyed often helpful. The first few years of these mechanisms were often understood as fluid and exploratory, the focus being on putting systems in place and testing different approaches. Even so,

interviewees emphasized the need for a plan overseeing the evolution of oversight structures and processes. The funds had often started small, operating in two or three countries, and then added capacities such as flexible pots of project-specific or emergency funds. The Fund for Global Human Rights, for example, started in three countries where it had good relationships and networks, before eventually expanding to 15 countries (as of 2018) and adding “connective tissue,” such as separate pots of funding for cross-cutting initiatives or emergency responses.

Funders successful in adopting these policies noted that leadership and staff spend a lot of time educating board members and other leaders, often taking them to see projects and providing experiential education opportunities. Thus, one possible means of generating support for such projects and approaches may be to engage in more peer-to-peer exchanges and site visits within philanthropy, particularly at senior governance levels. In doing so, key decision-makers can learn from their peers about how they have brought about policy and procedural change. It is clear that the most promising funding tools are those that have built-in flexibility and adaptability. In addition, it is the donors that value experimentation – some of which might work and some of which might not – that can most effectively support local organizations over the long term.

Implementing the seven strategies

The strategies outlined above are proven approaches that both funders and local actors say are effective. In subsequent conversations with other funders about this research, reactions have fallen broadly into the following two categories:

1) “Sure, I agree 100%. If only we could all be X progressive funder – please feel free to tell my board of directors that we don’t need proposals or time limits on grants.” The need for leadership that understands these issues and is willing to take associated risks did emerge as a key obstacle (addressed in Part IV). However, the intention of this discussion is not to suggest that every donor could or necessarily should adopt all these approaches (or that funding local actors is the only solution to any number of social problems). Rather, the hope is that in presenting the data and a range of strategies, individual donors can find something that speaks to their unique organizational circumstances. They may be able to use this as ammunition to argue for more effective policies in supporting local groups, or alternatively draw from it an idea they can adopt as they implement new calls for funding. Even discrete changes, such as doing away with calls for proposals or quarterly reports, have the potential to shift the norm. Every organization and institution operates with constraints and advantages – more explicit discussion of what these are and increased collaboration between funders to address them would be a positive step.

2) “Yes! Wonderful – and we already do all/most of these things.” Funders that are already utilizing some or all of these strategies could amplify their work through the following approaches:

- Bring donors that do not utilize these approaches to the table and discuss why it is imperative their existing practices change and, more importantly, *how to do*

it. There are like-minded people in every donor institution – both government and private – trying to move the needle on these issues, who likely feel overwhelmed at having to create such change alone. By engaging others and sharing data on the effectiveness of these funding strategies, influential funders that have already adopted such approaches can support individuals working in other systems – whether in big donor bureaucracies or in smaller funders that utilize traditional approaches. Doing so publicly is also important in marketing new approaches and pressuring other funders to follow suit. A recent *Chronicle of Philanthropy* article described research undertaken by five big foundations to address the issue of chronic underfunding of NGO overheads. In taking up a systemic issue that to some may not seem pressing given other urgent global needs, these funders have sent out a powerful public signal. A similar approach could help bring about a seismic shift in how local actors are funded.

- Explore non-grant methods – such as seeding community foundations – of helping local organizations generate their own assets, be less dependent on restrictive donor money, and ensure the sustainable prosperity of their communities through transferring wealth.
- Start a conversation among civil society organizations that have managed to set their own terms with donors. Some examples include Twaweza, an organization based in Dar es Salaam that works on engaging citizens in a range of issues related to holding their government to account. As one funder noted with admiration, “...for their first ten years they never accepted funding that wasn’t general operating support and they refused to offer any reporting beyond their public

annual report and audited financials. Each year they invited funders to join one board meeting during which their accountant and auditors made a presentation about the findings of the latest audit. Otherwise, they essentially told their funders to leave them alone.” Another example involves Thailand’s human rights and environmental movements, all of which are largely self-funded. Members contribute to a community fund which pays for organizers, activities, and events. Elsewhere, there are numerous examples of organizations that

do not accept funding on certain issues from, for example, the US government (e.g. EarthRights International for Myanmar, or the Center for Civilians in Conflict), as they view this as hypocritical, or recognize that given they are advocating for the US government to change its policies there exists a potential conflict of interest. While these stories are a reality, they are not particularly well known. Amplifying them is an important means of empowering civil society to start setting the terms of their own conversation with funders.

Conclusions

The essential argument presented here is that while there are many individuals and funders doing great work, insufficient attention is being paid to the system as a whole. While this is understandable given the overwhelming nature of the donor funding industry, it is not reason enough to shy away from addressing issues that require urgent attention.

Authors such as Rob Reich, David Callahan, and Anand Giridharadas all write about systems – particularly, capitalism and democracy. They address how rich philanthropists are able to convert private assets into public power, and how the rise of a staggeringly wealthy class may be a threat to democracy. This influence is largely unaccountable and, in its approach to solving social problems, relies on the tools of hyper-capitalism that generated massive inequality and widespread social ills in the first place. While their analyses focus primarily on the US, wider lessons can be drawn. Callahan has argued that, for decades, the conservative right in the US has supported a set of ideologically aligned organizations with unrestricted funding. He contends that we are now seeing the results of this in the promotion of lawyers, judges, and academics

who were recipients of this support to senior decision-making roles in key institutions. The success of this approach represents an urgent lesson for philanthropists with more progressive social agendas to consider these models which focus on people and ideas rather than discreet (service-delivery oriented) programs. A paradigm shift that invokes new operational and ideological approaches to local partners is needed now more than ever.

Donors and organizations all over the world are making valiant efforts to acknowledge systemic issues often related to power and find more responsible ways of working. However, these systemic problems run deep. Foreign assistance is a \$150 billion a year industry – it is going to take considerably more than one foundation to change the way the industry is operationalized. The following question might therefore be posed to those donors who agree that change is imperative: What do think it would take to catalyze a donor movement?

In order to affect change and catalyze a movement, it is necessary to examine in more detail the dynamics of power.

Dynamics of power

Current dynamics of donor funding are based on neocolonial power systems which prioritize Western knowledge and leave very few resources available for local communities. As one funder observed, “This is not a knowledge problem. It’s not that no one has thought of these challenges and we need to invent an entirely new model – people like Anne Firth Murry [founder of the Global Fund for Women and author of *Paradigm Found*] have been reflecting on a new paradigm for donors for decades. The issue is that this approach requires giving up power and control.”

As the research for this project has made clear, addressing the essential problems of peacebuilding and how it is funded is not merely about creating bureaucratic processes that more expeditiously direct money to different recipients (such as frontline and grassroots actors). Rather, it is about a fundamental shift in prevailing norms, questioning assumptions and thinking about “power,” “local,” “impact,” and “effectiveness” are understood.

The current system is maintained by all the parties involved. This includes traditional donors (such as governments and private philanthropists), which often provide funding in ways that are manifestly ineffective and detrimental to outcomes. It also includes many intermediaries and INGOs that are now a requisite layer in the system, absorbing risk, performing due diligence, writing quarterly reports, and in general responding to the parameters set up by the industry. Inevitably, the most successful at performing these latter tasks are large INGOs, which can hire grant-writing staff and lawyers to ensure they don’t “mess up” by funding a participant who may have the same name as a terrorist or a “low capacity” organization that cannot organize its receipts.

Funding recipients also play their role. Clearly, their options are limited: 1) opt out;

2) play the game; or 3) look for supporters that don’t operate in the usual way. Indeed, some grassroots organizations are so worn out by the whims of donors that they no longer care about their directives or pronouncements: “Fund reconciliation; fund water rights – do whatever you want, we are going to keep doing our work.” In recognition of this reality, a funder noted, “The challenge of trying to contort into this system is deeply wearing for partners – they almost develop Stockholm Syndrome where you become beholden to your captors. People don’t even have the language or ideas anymore to think outside this massive industry.” Another said, “A result of the ‘non-profit industrial complex’ is that organizations have to brand themselves and they have to keep raising money over and over again – they are caught in this endless cycle and it makes it hard to step back. Everyone has been acculturated – the system wears down people’s creativity.”

Another effect of this deeply ingrained paradigm is that partners (correctly) perceive their livelihoods to be at stake and are therefore forced into complicity with this dynamic. This takes the form of telling donors what they want to hear, which means not being honest about the need for core support or the detrimental effects of projectized funds. It also means they do not have the space, vision, or voice to suggest alternatives to a failing system.

Many donors expressed frustration at this, noting that while they have the capacity to provide, for example, core support, partners have to be clear about what they need. Often, if funding is set up in a certain way within a donor’s systems, it becomes very hard to change how it is structured later. Space therefore needs to be created for partners need to exert more agency, allowing them to guide funders and set their own terms.

The current system has resulted in the creation of a layer described by global consultation participants as “professional versus grassroots” groups. One of the consequences of the professionalization of groups working on peacebuilding, democracy, and human rights (and possibly other sectors) is that they have had to develop the skills necessary to compete in the foreign assistance industry. Grassroots actors, by contrast, have limited opportunities to enter the game in the first place. As a result of these parameters – or perhaps simply by choice – they may dismiss donor priorities as fickle and irrelevant to their work. As one funder noted, “Professional civil society has limits of its aspirations – the dream is moving from project to core funding. Versus, what if you retro-fitted this whole system from the very start – how would you value networks and dignity and voice and power and trust.” A related issue meriting further exploration is how the professionalization of activism – and the way in which funders may be complicit in this phenomenon – has outcomes that are potentially problematic and contrary to social change (for example, the way in which external funding can distort the incentives of grassroots social movements, as discussed in Part IV).

Tackling power

The responses of local organizations to the question, *What strategies have you used to shift the power dynamic so that donor-grantee relationships are not top down or prescriptive?*, illustrate that though they try their best, it is difficult for them to envisage options outside existing current structures. One stated that, “In our experience, funding has always been top down, the donor makes the rules and we follow. The only way we can shift this dynamic is not to ‘bend’ to their thinking but to stick to our ideals.” Another explained:

“We have provided facts that have demonstrated that the featured works [donor-selected projects] are just marketing created by NGO leaders. We have been asked for [a] change of leaders every two years, but this has not yet been realized, change of members and board that have not been efficient, we have written new policies on monitoring, we have passed the hierarchy level and participated in conferences on the level of the donor. We have worked harder in researching the work that is going to make us independent. We are now in the phase of compiling policies and strategies for regional and international coordination for better representation of the Center’s target. We need to have more courage and work harder.”

How do we move forward?

Any power relationship is a dynamic between the powerful and powerless. How, then, can the disempowered break this dynamic? The funders featured in this research are working hard to enable this. One way is through participatory philanthropy, with the principle being that local actors are given the ability to make decisions on how resources are spent. This approach places value on social capital – while the people

involved might not have power in the way we conventionally understand it, they do have a reputation among their peers. This is also the principle behind Grameen Bank and the community-led savings and loan movement, with social capital an important dynamic that can be leveraged in order that community members hold each other accountable. While there are critiques of the microfinance movement, this aspect

of accountability is not a part of most Western models.

Community-led philanthropy is another way of shifting power. Whereas participatory philanthropy is more about an administrative process in which movement members play a key role in how resources from an external source are allocated, community-led philanthropy is based on an entirely different paradigm focused on communities generating new assets, with external resources primarily serving a catalytic purpose.

Another way of addressing the current power dynamic is to reduce dependence on traditional sources of funds, or, more specifically, bring in new sources of funding not subject to the old constraints. This may be through innovative finance, helping communities develop their own assets, or practicing radical flexibility. For example, several funders in this research – including Peace Direct – have “financial stability” funds that organizations can access to address gaps in core support. More generally, this means giving resources in a way that doesn’t replicate the well-known problems of existing paradigms.

Part III: A New Approach to Funding Local Peacebuilders

The numerous well-documented challenges to funding local actors *can* be ameliorated. A novel approach to doing this, however, requires three elements:

- New donors focused on social change through innovative (and thus, riskier) methods.
- A new mechanism to support local peacebuilders.
- Advocacy to change the current funding paradigm.

Three promising means of addressing these elements are:

- Community-driven philanthropy.

- Innovative finance, such as outcome funds or impact credits, geared for use in conflict and violence-affected settings.
- Philanthropic grant-giving explicitly based on “radically flexible” and relational partnership principles.

These three approaches are described conceptually in more depth below. However, an essential next step to understanding how these tools can effectively be utilized in funding local actors will be to develop a specific set of funding or investment criteria. This will help determine which tools are most appropriate for a particular context – Sri Lanka, for example, is a very different funding environment from Yemen.

Community-driven philanthropy

Community-led philanthropy and community-based lending are predicated on communities defining their own priorities and working to generate their own assets in order to address them.

Mohammed Yunus pioneered the idea of community-led savings and loan schemes, providing evidence that, as an investor, you can fund a social cause (poverty alleviation) and get your money back. Furthermore, this movement demonstrated that cash placed directly in the hands of communities is effective in lifting them out of poverty. Acumen similarly elevated the concept of “patient capital” – resources augmenting traditional philanthropy and supporting

efforts to scale market-based approaches to major social problems such as poverty. This was done mainly through providing training and education to a generation of Global South entrepreneurs, rather than large amounts of funding. The humanitarian assistance field has now determined that cash transfers – giving cash rather than goods to qualifying recipients such as refugees – are among the most effective means of addressing the consequences of forced displacement. Therefore, there is now a significant body of evidence from a range of sectors demonstrating that community-led financing works. Furthermore, various actors are conducting important community-led and participatory philanthropy efforts, with

Foundations for Peace, for example, utilizing these methodologies in conflict-affected countries.

There is potential to build on these efforts through models pioneered by, among others, Foundations for Peace, the Global Fund for Community Foundations, and Spark

Microgrants, which focus on how external actors can empower local communities to determine priorities and spend resources. A research-led program could provide evidence that cash transfers for peace – that is, community-led and participatory financing – have a measurable impact on violence prevention and peacebuilding.

Developing “innovative finance” tools for complex settings

Distinct from established philanthropy efforts, innovative finance involves adapting new tools (such as outcome-based financing and impact credits) and emerging technologies (such as blockchain) to conflict-affected countries.⁸ As has been noted elsewhere, while innovative finance does not have a precise definition, it does have several key signatures: adapting existing financing tools to make them more effective; addressing a gap in funding, particularly through leveraging more flexible funding (not project-specific resources); integrating new tools into existing funding approaches; providing efficient funding at the national level and thereby enabling countries to establish their own priorities; and financing innovation. These hold the possibility of radically disrupting traditional funding models.⁹

For example, the current foreign assistance paradigm is essentially flipped by “outcome-based financing,” with donors/investors in the latter model concerned only with whether a particular project achieves an agreed upon set of objectives. In this unique approach to financing, *how* this happens is largely inconsequential,

with routine elements of the foreign assistance industry – such as monitoring and evaluation, and dependence on intermediary outputs and outcomes – viewed very differently. This is not to suggest that *no* intermediary monitoring and reporting is required – rather, this model provides implementing organizations with the flexibility to pursue programmatic activities as they see fit and report on them as they unfold.

Additionally, across the globe, there are organizations working on innovative technologies, such as the use of blockchain. Topl, for example, is building an open-capital infrastructure utilizing blockchain technology that is tailor-made to developing contexts. Through enabling more direct access between investors and local actors, Topl’s aim is to overcome the barriers hindering investment in emerging and frontier markets. Investors will more easily be able to find interesting opportunities and local actors will find enthusiastic investors, thereby raising much-needed capital for a range of projects. Such efforts and technologies should be sought out and adapted as appropriate to various contexts.

⁸ Blockchain technology is a new cyber infrastructure system that allows for the cheap and efficient global transfer of funds and capital between buyers and sellers. See “Innovative Finance to Sustain Peace: Mapping Ideas” for a more comprehensive discussion of blockchain technology and other innovative finance approaches.

⁹ See also: Sarkisova, A. and Perakis, R., “Innovative Finance for Development: A Guide for NGOs,” InterAction, Washington, D.C., 2019.

Research and development related to “innovative finance” tools

There is some work being done, led by institutions such as the International Committee of the Red Cross and the World Economic Forum (highlighted in their new report, “Humanitarian Investing: Mobilizing Capital to Overcome Fragility”), to develop new approaches to financing humanitarian issues in conflict-affected regions/countries such as South Sudan and the Eastern Democratic Republic of Congo. Significant research and development investment is needed to successfully test these approaches on behalf of local actors – while innovative finance approaches present exciting opportunities, they are not a panacea. Critiques need to be thoughtfully considered, and there is work to be done

educating both finance experts and peacebuilders:

Peacebuilders need a better understanding of the profit motive in a market that is not functional. What motivates private sector investors? How do we combine the technical expertise of those who have spent decades working on conflict and are adept at understanding conflict analysis and principles such as “do no harm” (to avoid exacerbating or creating social tensions) with finance experts’ knowledge of tools? How do we develop a common set of rigorous and meaningful indicators on violence prevention and peacebuilding that can be utilized in conjunction with mechanisms that require targets, with the potential to spur more efficiency in programmatic funding and outcomes for peace?¹⁰

Addressing complexity

The promise of peacebuilding is perhaps that it offers an interdisciplinary umbrella under which disparate and siloed approaches to funding can be brought together. Funders and implementors have explored various methods of addressing the rapidly shifting needs of actors in complex environments, including adaptive management for peacebuilding. Furthermore, there are groundbreaking approaches to data analytics that could be used to better identify intervention points. Few funders have connected these elements.

Thus, a successful approach to funding will also be based on:

- Understanding conflict-affected settings as a complex adaptive system. This means investing in cutting-edge analysis/data analytics to map these systems and promoting resilience by identifying (and

funding) organizations working at key levers of change.

- Connecting the average citizen with the global regulatory system that protects rights and prevents conflict. This means providing support to local efforts, in particular through core funding, building coalitions, and supporting community-led collective action.
- Bridging skillsets. While advocates, lawyers, researchers, policymakers, and program implementers are all engaged in work tackling these issues, their work is rarely coordinated in an impactful way. The skillsets of each of these groups is essential to ending violence – funders have the tools to more strategically and systematically connect them through convenings and coalitions.

¹⁰ See: Kantowitz, R., “Innovative Finance to Sustain Peace: Mapping Ideas,” Center on International Cooperation, New York, NY, 2019.

Grant-giving based on radical flexibility and collective action

In practice, grant-giving based on radical flexibility means focusing on:

- Providing core support while limiting administrative burden.
- Funding collective action and a constellation of interrelated partners – either individually or collectively through joint programs or a network.
- Utilizing a fundamentally flexible approach, focused on grassroots-driven needs – whether those are financial resources, technical support, or access to the international community.
- Developing longstanding and mutually beneficial partnerships with local actors.
- Embracing innovative funding approaches outside of traditional grants, such as community-led and innovative finance.

This approach will build on the successes of existing models – many of the proponents of which were interviewed for this project – in which funders are truly

allies to local actors and communities, providing them with the space and power to effect the changes they choose to prioritize.

Summary

If we are serious about achieving such milestones as the Sustainable Development Goals (SDGs), better means of funding local actors, and peacebuilders in particular, must be found. Recent reporting shows that, in terms of UN funding supporting SDGs, the sustaining peace agenda lags the most behind targets. The three lines of effort proposed above represent a combination of cutting-edge approaches, though the funders currently utilizing these approaches by and large do not fund peacebuilding per se. In fact, we know very little about how to apply innovative finance approaches to conflict. It is essentially an entirely new space in which

fields such as development and humanitarian assistance are far ahead of peacebuilding, and have thus paved the way somewhat. While much can be learned from these fields, significant donor investment in research and development is required to calibrate these approaches to violence and conflict-related issues and local actors. Not all of these approaches are brand new – particularly utilizing grant funding, even in a radically flexible manner and the idea of community foundations – though they are not mainstreamed. These are promising, realistic solutions to addressing the dire funding gap faced by local actors.

Conclusions

A trove of thoughtful reflections emerged from this project, including many useful points related to why funding local actors is strategic. While there appeared to be consensus on needs and challenges, no systematic approach emerged as to how private donors can best effect change in their support of local actors, with each different approach - from traditional grant giving to seeding community foundations to funding “clusters” of organizations working on issues thematically and geographically - has value, advantages and disadvantages.

Conversations about strategy and whether prevailing norms might actually further marginalize those they seek empower do not appear to happen *systematically* in the world of philanthropy. The degree to which donors reflect on funding practices and institutional accountability – particularly to local communities – seems dependent on the will, interest, and capacity of the individual donor. Many, even the majority, of donors interviewed expressed frustration with the prevailing paradigms in both foreign assistance and philanthropy. Despite this, they are too immersed in running funds and

working with partners, often in extremely challenging contexts, to have the time to think about effecting change at a systemic level. Additionally, they are often too deeply entrenched in prevailing ways of working to know what a different model might look like. Indeed, one takeaway from the global consultation was that this funding architecture and set of assumptions is so deep seated that it is just as hard for local actors on the ground to articulate alternatives and how to change the status quo. This report has sought to address this by articulating successful strategies and potential solutions.

A world with less violence is possible; equally, sustainable peace can be a reality. As Dylan Matthews, CEO of Peace Direct, notes, “Peace and stability is the necessary precondition for all other social good initiatives. We cannot solve the big problems of our time, such as climate change, poverty and disease, if countries are being torn apart by war.” In terms of donor assistance, peace requires a fundamental shift in power away from the prescriptions of international actors towards local leaders and knowledge.

Part IV: Supporting Evidence – Challenges

This section presents the evidence that emerged from this research describing the challenges with the current funding paradigm and approach. As noted previously, this discussion is presented at the end of this report due to the desire to focus on constructive practices and solutions; however, these data are rich and worth exploring. They have been summarized here into five themes.

CHALLENGE ONE: Assumptions and fallacies

As one interviewee noted, changing the current funding paradigm “...requires unpacking deeply ingrained assumptions and challenging the inherent paternalism in most traditional approaches to philanthropy.” The research for this report revealed a number of assumptions, knowledge shortfalls, and fallacies held by donors, including: attitudes about control, due diligence, and risk; a tendency to privilege “known” organizations (usually national or international-level organizations); misalignment between “capacity building” efforts aimed at local organizations and actual community priorities or processes; and lack of understanding about the impact of local organizations’ work.

Such assumptions and blind-spots are problematic – they exacerbate inequity, further ingrain power dynamics, and, ultimately, impede the work these funds are meant to enable in the first place. Underlying many of these assumptions is the idea that funders’ methodologies are based on equality and “fairness” – that is, everyone has the same resources and the playing field

when competing for resources is level. In reality, this is far from the case, as this report and decades of research preceding it bears out. Vu Le notes that the field of philanthropy has been discussing equity – defined as “figuring out which communities have the most pressing need and ensuring significant resources and power are concentrated within those communities” – for a decade, and yet these assumptions and fallacies remain pervasive. There do exist strategies – such as eliminating onerous applications – that can provide “field corrections,” thereby promoting equity.

These themes are unpacked below, with an emphasis on illustrative quotes.

Needs

International actors tend to make assumptions about the needs of local communities, specifically, their main challenges and the best ways of addressing them. As one interviewee observed, “The international community needs to give local organizations structures and frameworks

that support their own local narratives versus the narrative they think donors want to hear.” Several donors noted frustration that the narratives put out by the international community (meaning all external actors) are predominantly based on projects with defined deliverables, rather than focusing on less tangible elements such as promoting dignity and relationships: “In a paradigm that worked more effectively, program deliverables [such as water systems and health clinics] may almost be a byproduct – but we don’t have boxes for the other things. We presume that every community is focused on certain set of outcomes related to development – that may be true and it may not be true. Even in the poorest communities, poverty reduction may not be their starting point.”

Even if it can be agreed that certain international norms are important – such as promoting the participation of girls or increasing access to justice – the ways in which programs are set up to achieve such aims are often driven by Global North partners, rather than derived from how local communities might approach these issues.

Control, due diligence, and risk

The concept of “risk” – as related both to local organizations generally that may “lack capacity,” and specifically to fragile and conflict-affected settings – came up frequently. But risk for who? One donor noted, “We talk about ‘appetite for risk’ – why don’t we talk about ‘appetite for trust.’ Why is it this mentality ‘guilty until proven innocent’? When you talk about risk, [the local organizations] are assuming the real risk. They literally risk their lives and jobs. What’s [the funders’] risk? That our reputations will be affected? That we will lose 10K?” Another noted, “These people risk their lives every day to create peace in their local communities – we [external actors] have no idea what they should be doing. They don’t have an exit strategy, they don’t get to go in for a two-week assessment and leave.”

This is another topic perennially on the radar of the international community, with thus far no significant shift in attitude or approach. In a seminal 2012 report, the Organization for Economic Cooperation and Development (OECD) notes the current approach to risk in conflict-affected undermines effective outcomes:

Appropriate risk-taking is essential to effective engagement in fragile and transitional situations to deliver longer-term, transformational results. Exposure to corruption and fiduciary risk is an inevitable part of engagement in fragile states – but that does not mean that it has to be tolerated or that it cannot be managed. Taking appropriate risks requires political backing, the right incentive structures, sufficient staff capacity and appropriate institutional processes and control measures. It also means striking a balance between risk and opportunity and taking advantage of sometimes narrow windows of opportunity. Most importantly, it needs collective action and approaches to risk management across the international community, [and] a better balance of high- and low-risk engagement...

The above statement was made in reference to public foreign assistance funds, but as this research demonstrates, such attitudes are pervasive in private philanthropy as well. This is despite the fact that private philanthropy should in theory have greater freedom to be more forward-thinking in terms of risk. As one funder noted, “... operational practices can allow for different levels of risk, but someone needs to start turning the tide to have the venture capital mentality be a big part of the picture.” Another funder observed, “The usual funding bureaucracy is not a good fit for innovating in complex operating environments – so why don’t we adopt a different posture?! We need a much more dynamic mechanism and approach. The whole ethos of venture capitalism, for example, is about risk – why aren’t we applying these same lessons to

challenges in the rest of the world? Expect 30% of your portfolio to fail. That means we are pushing boundaries. This is generally too difficult for governments but it shouldn't be for private funders.”

Others noted that the funding ecosystem has developed in such a way that one of the essential functions of funding intermediaries (or re-grantors – funders that distribute foreign aid usually in small(er) grants) and international NGOs is precisely to absorb risk:

“One of the functions of intermediaries in the development industry is that they take on the burden of chasing grants, due diligence and assume the risk instead of passing it onto local organizations – but this is just one more layer that this structure has necessitated. What is really necessary is examining the assumptions behind the risk, lack of sustainability, etc.”

Related to this are the absurd administrative burdens often involved in such processes. Inscrutable layers of rules that might once have had some bureaucratic logic have increasingly become about ticking donor boxes rather than providing oversight or combating corruption. As one funder stated, “Do we track every receipt? No. That is not only an inefficient use of human resources, it poses dangers to partners – if I get out of a cab in Kabul and ask for a receipt for \$3, that raises every red flag [for the local partner]. [It is then revealed], ‘you are being funded by an international organization.’ Just put a target directly on [local partners through these actions].”

This ties into the fallacy that if funders have control – likely through monitoring and reporting – then risk can be mitigated and outcomes strengthened: “The impulse for donors is that the more control you have, the more impact there will be. That is just an incorrect – yet pervasive – assumption. We’ve all seen first-hand how overly restrictive grants end up *losing* money for

donors, they are not a good ROI [return on investment] – groups can’t pivot and adapt what is working, they are often locked into what isn’t.”

Privileging known organizations

There is a clear emphasis within the international community on funding organizations well known to Western donors, which results in such organizations receiving privileged treatment. This is often because they are perceived to be effective at fulfilling the many oversight and administrative requirements touched on above. As one funder explained, “There is a built-in bias around funding ‘established’ organizations. The international organization hires national project staff, then these project staff become ‘gatekeepers’ and often give preference to local organizations that they previously worked for or have a good relationship with. This also happens when international donors look for local actors to set up programs. They go to established organizations to ask for recommendations, these organizations then suggest other local actors who they have a strong relationship with, rather than who has the best capacity to achieve results.”

Interviewees agreed that donors should invest more capacity in analyzing actors on the ground and gaining a better understanding of their strategic advantages, rather than simply reverting to a select group of known organizations.

Capacity building

One donor noted, “What underlies our beliefs that international organizations will inherently utilize our funds better, or local organizations need to be able to fill out lots of paperwork in order to demonstrate that they are capable? We are preoccupied by the kinds of capacities that donors need, not necessarily the needs of local organizations.” Another asserted, “[Local organizations] have the capacity to do their work, to be trusted

by local communities and to address local issues. What other capacity are we talking about? Reporting? Is that necessary for them to do these other things?”

These questions have been scrutinized by development professionals for decades. Robert Chambers’ seminal piece, “Whose Reality Counts” – detailing how the perspectives of international actors rather than local communities inform decisions about foreign aid – was written over 20 years ago, yet such assumptions remain pervasive. Small organizations the world over vary and may have gaps in their capacities – this is not a Global South problem. However, nor should the issues it raises be minimized – as noted earlier, local NGOs need more operating support to help develop robust processes and procedures.

Part of the problem, though, is that external actors rarely ask local organizations which capacities they need to improve in order to function efficiently in their own contexts. Instead, donors’ assumptions often get generalized to the Global South. One donor noted the existence of implicit “... multicultural imperialism in our assumptions – why do we mandate [that organizations working in a specific country] have to have a certain number of international board members to meet donor requirements? [Is this necessary] to work with widows in Rio Negro, Guatemala? What does ‘low capacity’ mean? How we understand these things must change.”

Conversations in this area rarely focus on the limited capacities of donors, and their tendency to impose burdensome

requirements – such as Do No Harm and gender analyses – on applicants and grantees. While Do No Harm (the principle that actions should not cause injury, injustice, or negative consequences) and other analytical tools may identify issues, interviewees noted that such requirements increase grantees’ administrative burden. Furthermore, they don’t necessarily translate into addressing obstacles on the ground, or creating more inclusive programming: “...I think the capacity of donor agencies is often lacking when it comes to context knowledge and their own place within that dynamic. Do No Harm is not a new concept but I think what it takes in practice to act on Do No Harm in a specific context - avoiding causing tensions, making things worse - is often underestimated and the burden usually placed on the grantees rather than the grant giver.”

Funders consider the inclusion of “mapping” and “analysis” requirements a meaningful attempt at tackling the issues such processes are meant to address. As a result, they focus capacity-building efforts on these processes. For capacity building to be truly meaningful, however, it needs to focus more on the realities of implementing these analytical frameworks and strategies, and how issues of power are dealt with in local communities. The same is true for due diligence and financial oversight, with local organizations noting that donor oversight can improve their processes and create more rigor. The obstacle to this is that processes are often burdensome, more aimed at mitigating funders’ liability and misaligned with the local context. Ultimately, this ends up undermining the work such funds are intended to support.

CHALLENGE TWO: Accountability

Accountability is generally lopsided within the world of donor assistance, with most processes aimed at partner organizations being held accountable to donors rather than donors being held accountable to the communities in which they work.¹¹ Interviewees frequently mentioned the way in which external/Western money often “corrupts” or “distorts” grassroots, mission-driven movements. The influx of (in crisis-affected settings, often massive) flows of development aid can fundamentally change incentive structures, commodifying movements and introducing competition for resources that did not exist previously: “Big money can be divisive – it can actually bring people into bidding for that funding for the wrong reasons; there is potential for corruption and particularly in a conflict-setting; there is very much a calculation of which side or which actors are getting the most money and that can become another point of conflict.” Regarding private philanthropy, another interviewee noted, “The structure of philanthropy is that it currently is only accountable to the IRS [Internal Revenue Service] – meaning there is procedural accountability: Did you follow the rules? There needs to be accountability to communities and partners which is almost non-existent or certainly not uniform in practice.” Related to this is the international community’s oft-discussed obsession with metrics and evaluation (addressed below in

Challenge Five). Though the primary goal of evaluation processes is supposedly to ascertain whether programs are impactful, these data and processes are largely for the benefit of donors in augmenting their internal processes and decision-making. Local communities, meanwhile, gain little from them. One interviewee noted that they were “...disappointed in how the [impact evaluation] movement evolved because it strengthened upward accountability to donors but didn’t create any accountability towards communities – nowhere in that paradigm are donor responsibilities to communities and the necessity of incorporating how communities understand impact.”

An interesting counterpoint related to the power of community-led financing (addressed at greater length in Parts II and III) was raised in the course of the research. In discussing community foundations, which often give out very small grants, one interviewee noted, “Why would people bother to apply for this if you’re in an environment where you can get big development aid? Because of the nature of power and resources – the act of grantmaking driven by community members – is itself a real strategy to build the frontlines of civil society. It’s a counternarrative to a broken [international funding] system.”

¹¹ See also: Mukarji, O, “Aid Agencies’ Use of Big Data in Human-Centered Design for Monitoring and Evaluation,” Geneva Center for Security Policy, Geneva, 2016.

CHALLENGE THREE: Silos, systems, and complexity

Silos

Several funders expressed frustration that, despite the interconnectedness of today's challenges, conversations about addressing them are still happening in isolation: "There are so many communities of grantmakers. There is the Peace and Security Funders Group, environmental grantmakers, grantmakers that work on children, refugees, and immigration – all of these areas are siloed in separate communities." The influence of entrepreneurs, disrupters, and social media means that there is also a new set of actors influencing how money is spent these days, and the conversations taking place need to reflect these realities. This is happening to some degree – blended finance between public and private sectors is a well-established approach to development assistance. However, the worlds of finance, humanitarian assistance, and peace and conflict are leagues apart. In effect, they speak different languages and are in desperate need of more translators to bring them together and facilitate mutual understanding of their roles and influence in fragile and developing contexts.

Many funders reflected on why there are only a handful of foundations working on peacebuilding, and in doing so the issue of silos again emerged:¹² "You identify as a nuclear funder; a Russia funder; a Middle East funder...a this funder, a that funder...we're a this organization, we're a that organization – the industrial complex has these negative impacts (also around measurement and the obsession with quantifying everything)...we haven't yet realized the compelling story of why [working across silos] to fund with [a gender

or a peacebuilding] lens would make a difference." Another funder observed, "We've created a system where partners have to alternately describe their work as 'women's rights' for one funder, 'environmental rights' for another, and 'peacebuilding' – or more likely 'security' or 'counter-terrorism' – for a third." A third interviewee stated, "How do progressive funders get better at making linkages to peacebuilding? There are times when, for example, human rights funders are funding work where there is a really clear intersection with peace and security – Yazidi women or Sri Lanka – and yet we need to better understand how things like access to education and justice, local governance, supporting diversity and inclusion – really locally led initiatives that might look like community-building but involve different kinds of people who might have historically had conflicts with each other – how is this funding connected through human rights and democracy and governance funders."

There are cases of innovative funders successfully weaving together thematic approaches. The Foundations for Peace network, for example, contains a number of funds that are diverse geographically but are bound together by a focus on peacebuilding through support to women's rights.

Managing complexity in conflict-affected countries

Many interviewees juxtaposed the complex challenges of working in conflict-affected countries with how funding streams and NGO activities have become very siloed (for example, focusing on particular countries or specific thematic issues such as atrocity prevention or climate change). Some spoke

¹² For a more comprehensive discussion of why funders are averse to supporting peacebuilding, see: <https://grantcraft.org/content/blog/new-study-on-philanthropy-for-safe-healthy-and-just-societies/>

of the difficulties of conflict prevention and peacebuilding when such activities relate to a wide range of development and human security issues. In particular, interviewees noted that in conflict-affected countries where inter-group tensions may be extremely sensitive, it is not always appropriate to focus directly (or immediately) on traditional peacebuilding activities such as dialogue, reconciliation, truth-telling, and memorialization. A better approach in such settings might be to support community development/service provision, education, or women and youth – activities that may better meet the primary needs of highly war-affected communities while also having secondary peacebuilding outcomes. In these cases, the peacebuilding benefit is a corollary programmatic benefit, resulting from improved trust and strengthened relationships and social capital.

However, as a funder or implementor, is it possible to differentiate these activities from those funded through dedicated public health or education resources? The challenge of a peacebuilding intervention becoming both everything and nothing is one that donors and implementors alike struggle with. Even so, one element that clearly differentiates peacebuilding interventions is the fact that a rigorous conflict analysis is conducted and peacebuilding outcomes are tracked. Donors and local actors both noted a need to more clearly articulate what type of approach – peacebuilding as primary or secondary outcomes – is appropriate under which circumstances. Some interviewees also noted that donors are (perhaps slowly) shifting their focus toward prevention, which requires a more holistic approach and better understanding of connections across silos and collective impact. Furthermore, much of peacebuilding’s credibility comes from working through violence, rather than engagement after relative stability or a formal peace agreement – thus, it is important to think carefully about long-term engagement and prevention-focused interventions.

Operationally, what this requires is dedicated staff and a mission that focuses on connecting these issues; breaking down silos while articulating areas of priority and concern for funders. Perhaps the most important part of this process is being guided by what that the response on the ground actually looks like – though grassroots organization often as a matter of course take a holistic approach to their work, the external donor community forces them to compartmentalize their activities into projects and predefined categories. Furthermore, work in communities is likely organized differently from how the silos presuppose. One interviewee spoke of the need for a different type of integration focused on building different types of social capital. “Bridging social capital” refers to vertical connections between individuals that transcend social and identity groups, whereas “bonding social capital” involves horizontal ties within a particular group:

In divided societies, bridging social capital is missing. Donors are not aware about local and regional dynamics of social capital formation. These dynamics may be of membership to a particular group (ethnic, religious, lingual, caste). The funding goes to those who have vertical social capital with donors as well as local actors in donor organizations. The particular group membership helps in seeking the funding but in reality they struggle to work in an environment where bridging social capital is important, which they do not have. They face difficulties in developing bridging networks (to operate in an area which is ethno-religiously different from the peacebuilders) to deliver the project goals. Local government officials also hesitate in bridging donors with the locals due to political pressure from inside. Thus, bonding social capital helps in seeking funds. However, the lack of bridging social capital between donors and [a broader range of] local stakeholders prevents in achieving [sustainable] deliverables.

Donors and local actors cannot focus on every issue and methodology in every country – therefore, approaches that can tolerate the complex systems that foment (as well as prevent or address) conflict must be developed and prioritized. The above discussion suggests a need to rethink how funding is disbursed vis-à-vis the types of relationships it cultivates, and what relationships are necessary for sustainable impact. Such an approach might better analyze and engage different types of social capital, focusing on processes – such as facilitating community participation in decision-making, or creating networks and “clusters” of organizations working on issues from a range of technical perspectives (e.g. advocacy, research, legal, socioeconomic) – rather than outcomes. Networks and collaborations are also important on the donor side. These findings suggest that any new effort focused specifically on local peacebuilders should work in close collaboration with a constellation of other funding actors, including those focused on children, women, poverty reduction, migration, and rapid response mechanisms such as Urgent Action Fund.

Systems

All funding interventions take place in complex ecosystems where hundreds of variables interact, creating positive and negative social conditions. A better understanding of strategic intervention points within these systems is needed. Also required is an improved understanding of actors on the ground and their strategic advantages, as well as the unique value-added of different funders and mechanisms. Some funders are better positioned to support certain types of efforts than others – for example, government donors are more likely to be effective at partnering with national institutions due to the scale of resources required, whereas private philanthropists may be better suited to funding local actors.

A systems approach must create connective tissue between levels of society. Funders are increasingly recognizing that, “You can’t just fund local...there is an imperative to provide resources that protect activists, but this is insufficient because work is also required to reform the institutions – for example police and security services – that are creating the threat.” The challenge for donors is in figuring out how to get resources to effective local actors operating at inflection points of change, while amplifying these efforts through national and international advocacy, research, and learning. The funders that local organizations often perceive as most effective are those that connect the local to the subnational to the national to the regional to the international, prioritizing advocacy to change systems and policies: As one interviewee observed, “The trust that you build with grantees and the perspective that you gain that you can’t get if you are only working at one level of the system is an extremely impactful way for funders to work. If you are looking at violence in Mexico, you get a completely different perspective working on international advocacy than talking to local, community-based organizations about how violence and the drug war affects them.”

There are sectors that are able to do the above in more productive ways and with greater alignment between different levels of the system. The agriculture sector is one of these: “Funders can focus on R&D to develop new seeds and fertilizers but also the mechanisms of distribution, how you get those seeds into the hands of farmers, how the climate might affect them, and new ways of mitigating the risks related to disasters – for example, disaster insurance.”

There are important efforts to understand complex adaptive systems, including work funded by the Omidyar Group and research on complexity, peace and stability conducted by the Advanced Consortium on Cooperation, Conflict, and Complexity

at Columbia University’s Earth Institute. However, one particularly neglected aspect of the system is support to local research and policy actors. For example, one interviewee whose work focuses on food security noted that in the field of agricultural development, “It is vital that there are African researchers close to the challenges, and that the international community is strengthening their technical capacity and bona fides.” This thinking has not extended systematically to social justice sectors, though there are notable efforts by funders such as the Carnegie Corporation to fill this gap.

When speaking of a women, peace, and security initiative widely considered very effective, one funder noted that they funded organizations with the imperative of “... developing a strong enough ecosystem of actors and organizations that could

build the capacity to engage both at the grassroots movements level and the law and policy level - the ‘grasstops.’” Their systems approach incorporated different ecosystem levels, as well as consideration of the various skillsets required. This analysis led them to focus on transformative leadership and courageous storytelling: “The storytelling grantees were really focused on how we tell the story, not focused on the wonky policy issues but rather telling the stories of women on the frontlines of conflict.” The funder also took on the network-building aspect of the work to ensure that their cohort of grantees were connecting with each other. Additionally, they worked with every grantee to give them social media training, content, short reels, and compelling storytelling tools that can be used when communicating with legislators and other audiences.

CHALLENGE FOUR: Collaboration, movements, and collective action

As Bridgespan’s recent report, “How Philanthropic Collaborations Succeed and Why They Fail,” reveals, there is growing interest among foundations in collaboration and collective action. While various coalitions of foundations are currently working to be smarter about their investments – specifically, how they can more effectively fund local actors – these efforts tend to be siloed and focused on distinct technical areas such as education, child protection, atrocity prevention, and legal empowerment. Given the lack of connective tissue between these initiatives, it is unclear how such collaborations inform philanthropy as a sector. Equally uncertain is if and how they might generate a tipping point to change the current funding paradigm.

Furthermore, there is a danger of “donor-led grassroots movements.” Is it possible for donors to support the spaces created by grassroots activists and movements while at the same time not polluting these space with donor dynamics and tensions? What, then, is the appropriate role for external actors in this process? Sadly, there are countless stories of foreign aid fundamentally changing the nature of grassroots support (for example, monetizing movements and introducing an element of competition for resources, thereby contorting a mission-driven process into sets of activities largely dictated and measured by the international community).

It is not that these external interventions

have failed to produce any progress at all, particularly with regard to global health, girls' education, and other basic development processes. However, progress on preventing violence and promoting human rights has been questionable, and how external actors might best support grassroots movements in social justice issues remains an open question. How can the international community empower movements – as one interviewee noted – to “...be a spark and a catalyst but not in the driver's seat, where there is largely a conservative set of old white guys in power”?

Grantmakers noted that while it is important to have allies within institutions and systems, it is also essential to create centers of power based within civil society. Current research on movements indicates that power comes via: 1) low barriers to entry/involvement; 2) flexible strategies; 3) the capacity to *not* rely on specific patrons; and 4) the ability to have differentiated levels of risk for members. As one funder noted, “A key aspect of this work is that donors work together and collaborate more effectively to create learning agendas and operational strategies that influence their practices.” More than ever, such an approach is needed, working across thematic silos in a systematic way.

For transformation addressing the root causes of violence and conflict to occur, both donors and local partners will need to move away from technocratic, siloed projects. Instead, there is a need for work centered on collective social change processes and the systemic issues that often foment conflict. Many funding approaches focus on an individual organization's programmatic activities. While this emphasis on program-level activities is not necessarily bad, there is often little coherence across different programs and thus a lack of understanding of how each contributes to changing or even creating the root causes of conflict. As the author of this report has written elsewhere, “When there are multiple organizations

working in a community, each is affecting the larger social, political and economic system and context, but until we are able to discuss the cumulative impact of all of these different projects and interventions, it is not possible to talk about system change.”

Creating donor movements

There is also a need to create a “movement mindset” among donors. Interviewees noted that governments utilize a range of tactics to undermine work on democracy: “[These] strategies to endanger activists and create public distrust of progressive NGOs/groups include publishing ‘black lists’ of activists and NGOs in media; spinning the information negatively about work of those who are engaged in human rights, peacebuilding, and dealing with the past; fomenting attacks on activists, their work spaces, and private property; online attacks and harassment, etc.”

Environments that enable attacks against activists and even citizens; the closing of civic space; the criminalizing of humanitarian workers; the inhibiting of a free press, the invoking of terrorist designations; and the undermining of basic human rights work through the utilization of a political landscape in which “security” trumps everything – such are the alarming global trends that require donors to take on a role that goes beyond merely funding new activities and programs. In these cases, donors need to play an active part in movement building, as well as acting as advocates. The latter includes presenting a position and affecting public opinion through writing articles, participating in public fora and convenings, and utilizing their access to decision-makers. In particular, interviewees urged funders to start being strategic about right-wing populist messaging and activity, with one observing, “We need to innovate to effectively address these new trends – we can't use the same mechanisms because we are not up against the same actors (e.g.

organized crime, terrorist elements, etc.).” Another interviewee noted, “There is a certain subset of donors that have come to understand that these movements are under threat – they will encounter obstacles, largely from the overly securitized narratives that are playing to conservatives

and trumping every other line of reason. Look at Colombia – some might argue that the vote [against the peace plan] was lost because of an effective campaign run by a fundamentalist group that used the language of patriarchy to derail this peace process.”

CHALLENGE FIVE: Evaluation/impact

Many donors and investors have become increasingly focused on “impact” and measuring “success.” However, such practices are often misaligned with sustainable social change. The expectations of the international community with regard to the impact of a one-year grant are unreasonable, particularly in conflict-affected countries. Furthermore, some of the assumptions and fallacies discussed above have likely led the field to look at the wrong factors when attempting to assess efficacy (for example, capacity building, number of trainings conducted, and number of conflict and Do No Harm assessments implemented). Should we be trying to capture *different* types of data? As one interviewee noted, “If you must prove to a funder that you achieved certain goals, you’re likely to pick specific, achievable goals – which undermines the work of systems thinkers and visionaries who see fundamental social change in big picture terms.”

Despite a number of critiques related to monitoring, evaluation, and learning (MEL) and the focus on quantifying aspects of programs that are ultimately meaningless (for example, number of participants), there are few well-established and accepted metrics for processes. How do you evaluate community-led work? How do you measure progress related to collaborative community

action? One of the organizations interviewed for the research, Spark Microgrants, is trying to address this:

We need to invest more in the idea that communities regularly meeting together to establish goals are outcomes in *themselves*. It’s taken a lot of work with donors to get them to buy in to this idea. If you are just measuring project-related outputs or outcomes, you might miss something that communities actually deem a higher priority...In order to understand these priorities, we need to invest in and trust community-led evaluation processes. This requires starting small, lots of time with communities and visiting programs. Each program is different and so understanding progress and impact is different though the process of facilitating community dialogue to articulate impacts might be the same and replicable. For example, in the Congo, the community’s goals are related to resolving conflict in communities. In Ghana, they are about building resilience to extractive industries. These have different outputs and outcomes but again, the process to work with communities to identify them is the same.

One funder, as part of their evaluation, commissioned a *network map* measuring the density of the network they have funded, and how people are working together – the denser the network, the stronger it is. The

funder underscored that the methodology is largely dependent on collecting stories from partners, not on any quantitative metric: “We have this sickness, this obsession with metrics – the thing about social movements and social change is that it is never going to happen in a linear fashion. That doesn’t mean you shouldn’t be looking at quantitative numbers – but funders should actually be more concerned with the overall momentum and leadership and energy in a movement. You should be close enough to the ground to witness this, and how that transforms into culture and policy shifts.” For most funders, this is not reflected in their current monitoring and reporting processes.

It is clear that the entire international development ecosystem needs to think differently about impact. As one interviewee stated:

“Donors need to [measure impact by] things other than the amount of money a donor gives away or the amount of money a partner can program – the number of grants given. They need to understand how to build dignity and trust and allow community members to decide on their own needs. What changes when these systems and structures are allowed to develop power and assets through locally led grantmaking – how does that change the efficacy of implementing projects or achieving development or social justice goals?”

Similarly, another interviewee argued,

“The ROI should be: Did we help communities to be more engaged and better able to solve their own problems? Not, did they create five reports and two policy training manuals and hold x number of trainings.”

It is also necessary to think long term about impact. As one funder observed, “Impact is

often clearest at the generational level. The impact of the women’s rights movement around the world is very clear, we can talk about it in both a policy context – there are now 40 countries where domestic violence is illegal – and in our lived experience in our families in the ways our grandmothers’ lives are different than ours.” Another claimed, “Even if we knew how to measure [intangible processes], donor time-frames just don’t lend themselves to impact. Social capital gets diminished and worn down in conflict settings and so you need to make these networks more resilient – yet, this is very intangible. We are recognizing things like grievance – that are also intangible – are very important.”

“Impact” has been particularly hard for the peacebuilding field to demonstrate. How exactly can the benefits of peacebuilding or conflict prevention be described in concrete and succinct terms? With regard to the conflict in Northern Ireland, one funder observed, “...even when things weren’t going well on macro level, the people were still making contact across the divide. How do you measure the number of sectarian assassinations prevented? Often [understanding these issues meaningfully] comes down to case studies and qualitative data.”

There is a measurement problem with big challenges like “peace.” As one interviewee noted, “[peace] is made up of smaller outcomes. How do you substantively link educational outcomes to peace? You can break down what projects are being funded under the rubric of peacebuilding, but how do you aggregate that to a huge concept like peace – unless you understand how to measure/achieve robust outcomes, you don’t have anything to sell. No funder or investor is going to invest in anything.” Another, meanwhile, said:

“Comparing number of lives lost in one place that did not have peacebuilding versus another place that did is hard because it feels like you are quantifying lives to prove your point. However, at this point, especially to donors who cannot see the day to day impact, this is one way that we can discuss how our work gets results. Similarly to public health... their impact goes beyond just vaccinating people, but they are able to get funding based on the number of kids they vaccinate or the number of health workers they train. Numbers are important, but peacebuilding has the ability to also bring stories to the forefront which oftentimes catch donors’ eyes better. However, I don’t like quantifying lives so I would like to find a better solution – also, INGOs can be helpful here around M&E [monitoring and evaluation] with providing different tools to measure things.”

Articulating impact remains a quandary for peace and conflict practitioners. We need to better understand, measure, and support processes related to peacebuilding, as well as

the role local actors can play in articulating their benefits. One of the themes that emerged from the research was a need to focus work around relationships rather than outcomes. The author of this report has argued elsewhere that the peacebuilding community could learn from other disciplines that have had to prove counterfactuals and are focused on preventing crises, such as public health threats, climate change, or famine. While social processes are of course complicated and difficult to measure, the field needs to be better at distilling results into key messages to funders: “Public health also involves complex processes, including getting people to change and adopt new behaviors, and yet the field has managed to sell powerful messages that are easily understandable about why their work is lifesaving. What is the ‘disease eradication’ equivalent of the peacebuilding world? The ability to translate these messages clearly are central to attracting more funding, private sector or otherwise.”

Conclusions

The themes above summarize some of the longstanding challenges affecting the current funding paradigm. Also referenced are several positive examples of funders and organizations attempting to create new norms around understanding impact and perceptions of local capacity. Furthermore, the findings revealed in this section underscore why the strategies and funding approaches proposed elsewhere in this report are needed. Even so, the question remains: What will it take for these efforts to become the norm in how the international community supports local organizations?

Author’s note

This endeavor evolved from my two decades of practical experience working with grassroots

NGOs in fragile, violence, and conflict-affected countries. I also spent five-and-a-half years under both Obama Administrations managing a significant portfolio of donor funds in the Bureau of Democracy, Human Rights and Labor at the US Department of State (DoS) to support civil society organizations working in violence-affected countries. I watched these organizations try to piece together funding – or worse, have to fire staff and shut down programs – because the international community had decided that Sri Lanka and not Kosovo was the priority, or that funding police training was more important than the psychosocial effects of violence. Many people – my team at the DoS included – constantly scramble to address these funding gaps, but the system is wearing and prohibitive no matter where you sit.

These experiences left me determined to figure out how to better support local actors working in some of the world's most difficult and dangerous situations. Therefore, I left the DoS intent on helping dedicated organizations across the Global South focus on their actual core work of leading social change. The reality such organizations are faced with – should they choose to participate in the international funding industry – is that they must spend the majority of their time appealing to donors and puzzling together grants for siloed projects in order to fund programs they (though perhaps not donors) see as priorities. In my hopes of addressing these obstacles, I spent a productive year as a visiting scholar at the Center on International Cooperation at NYU, focusing on developing and utilizing the tools of innovative finance to sustain peace.

I am a social psychologist by training, though my search for new revenue streams and strategies led me, tentatively, into the world of finance. As I got further into this work, I realized the challenges are not only about money and the tools that generate new money. While more resources for local actors are needed in an absolute sense, money is really a proxy for our values and priorities and one piece – a big piece – that drives the current power dynamic between the international community and local organizations.

I welcome the opportunity to discuss any of the ideas in this paper further and can be reached at: riva.kantowitz@gmail.com.

Annex: List of Research Participants/Interviewees

- American Jewish World Service
- Children's Rights and Violence Prevention Fund
- Community Foundation of Northern Ireland
- Compton Foundation
- Global Partnership for Education
- Grassroots Climate Solution Fund/Blue Heart
- Global Fund for Community Foundations
- Fund for Global Human Rights (2)
- The Foundation Center (now Candide)
- ICAN – Innovative Peace Fund
- Nexus Fund
- Peace Direct (2)
- Quantified Ventures
- Robert Carr Foundation
- Spark Microgrants
- Thousand Currents
- ToPL
- Urgent Action Fund for Women
- Village Capital
- Wellspring Advisors
- One anonymous donor
- Two private philanthropic consultants

About the Author

Dr. Riva Kantowitz's work focuses on supporting resilient and thriving communities in conflict-affected countries. For more than 20 years, she has worked to promote human rights, prevent violence and provide support to civil society and grassroots efforts in fragile and developing environments around the world. She now focuses on strengthening the effectiveness of donors and other international actors through partnerships and innovative approaches to funding. In addition to independent consulting with funders on these topics, she is currently a Senior Advisor at the Dag Hammarskjold Foundation, a Fellow at the U.S. Holocaust Memorial Museum and a member of the U.N. Expert Advisory Board on Children on Armed

Conflict. Previously, she founded and led a team at the U.S. Department of State that provides strategic direction and oversight to a global investment portfolio to promote human rights in conflict-affected countries. She co-directed Sabanci University's Program in Conflict Analysis and has been a faculty member at the Elliott School of International Affairs at George Washington University and the Center for Migration and Refugee Studies at the American University in Cairo. Dr. Kantowitz earned a Ph.D. from Columbia University in Social-Organizational Psychology (2006).

Read the Author's note at <https://www.peacedirect.org/rivakantowitz/>

About the author

Riva Kantowitz, Ph.D., is an independent consultant focused on strengthening the effectiveness of donors and other international actors via partnerships and innovative approaches to funding. She also is currently a Senior Advisor at the Dag Hammarskjold Foundation, a Fellow at the U.S. Holocaust Memorial Museum and a member of the U.N. Expert Advisory Board on Children on Armed Conflict. Previously, she founded and led a team at the U.S. Department of State that manages a global investment portfolio to promote human rights in conflict-affected countries.

For more information about the author, go to www.peacedirect.org/rivakantowitz/

About Peace Direct

Peace Direct is an international nonprofit dedicated to working with local communities to stop violence and build long-term peace. We believe that local people have the power to find their own solutions to conflict.

www.peacedirect.org
www.peaceinsight.org
www.platform4dialogue.org

 /peacedirect  @peacedirect
 /peacedirect  /peace-direct

Registered charity 1123241. Registered 501(c)(3)