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I. THE EVALUATION

Purpose: This is an independent, external evaluation of the Start Fund’s ‘localisation pilot’. Its primary purpose is learning though it also serves as an additional accountability exercise towards those who invested money in this pilot, and those intended to benefit from it. It evaluates the pilot, not the specific projects funded by it.

The ‘Start Network’: The report refers to the Start Fund, the Start Platform, the Start Network or simply Start. The apparent confusion is the result of the Start Network (or simply Start) consisting of two legal entities: The main financial services (which include the Start Fund and Start Ready) legally hosted by Save the Children UK as ‘grant custodian’) and what internally is referred to as the ‘Start Platform’, a separate legal entity where other services are held such as the Hub/network development, Evidence and Learning, innovation etc. This evaluation will show that while in certain ways the existence of two legal entities does not make a difference, on some issues it does.

Retrospective and prospective part: The Terms of Reference give the evaluation a retrospective and forward-looking mandate. The central retrospective questions are

a. Risk and risk mitigation: What types of risk were identified before and during the pilot for the Start Network and the Grant Custodian, and how were they mitigated? (Including environments with proscribed groups)
   a. Access to funding
      • Challenges and successes of Tier 2 level organisations in accessing funding?
      • Appropriateness of Tier 2 level organisation funding restrictions (initial ceiling £30,000, then raised to £60,000?)

b. Operational effectiveness and efficiency: Challenges and successes of operational adaptations, and whether the general funding conditions were enabling or constraining for timely adaptations?

c. Organisational impacts:
   • What benefits, if any, of direct funding on Tier 2 level organisational strengths?
   • What has been the relevance, effectiveness and impacts of Start Network provided organisational development initiatives?

d. Partnership impacts: Has the experience influenced the nature and quality of the partnerships of these Tier 2 organisations with international, but possibly also with other national/local, partners?

The central forward-looking questions are:

• What is the ambition of the Tier 2 level organisations beyond the pilot?
• How does the localisation pilot fit within the Start Network’s wider localisation strategy?
• Does the Start Fund’s operational infrastructure meet the needs of the localisation strategy?
• Are operational changes recommended for a post-pilot phase?

The nature of the evaluation: Start Network (teams of both the Fund and the Platform) itself has compiled data and information and periodically conducted internal reviews. This evaluation has not tried to redo all such original data collection. This would have been burdensome on the pilot agencies and not realistic within the time planned for the evaluation. It did however crosscheck data from different documentary sources and several prior interpretations in its conversations with the pilot agencies. It adds new information, new perspectives, and more strategic recommendations.

Sources for the evaluation: Extensive documentation made available by the Start Fund and relevant teams of the Start Platform; interviews with staff of various relevant Start Network teams, with focal points in SCUK, and with 9 out of the 10 pilot agencies. This was further complemented by additional
information, including about other Start Network programmes, obtained during the General Assembly
18-20 October 2022. Some of the new perspectives e.g., on risk and risk management, and the wider
implications for the evolution towards a more locally led humanitarian system, also draw on other
relevant GMI work and wider external resources.

**Structure of the report:** Section II provides a factual description of the Localisation Pilot. Section III
reviews how Start Network monitored and adapted during the pilot. Section IV summarises the most
important perspectives on the pilot from Start Network staff, the Grant Custodian and the pilot
agencies. Section V presents the reflections on the pilot and the recommendations from the evaluation
team. Section VI explores what the relevance of the learning from the pilot may be for Start Network’s
ongoing Hub development, and for the wider relief sector’s challenge to become more locally led.

II. **THE LOCALISATION PILOT DESCRIBED**

The Localisation Pilot in the narrow sense started in early 2020 and concludes with this evaluation in
November 2022. It must be understood however in the broader context of Start Network’s deliberate
advancement towards a locally led humanitarian system. It was preceded by the development of a new
due diligence assessment (DDA) approach.

1. **Start Network’s Advancement Towards a Locally led Humanitarian System**

The Start Network has been committed to ‘localisation’ since the 2016 World Humanitarian Summit
and the collective promise to various systemic changes in its Grand Bargain outcome document.

*The Start Network’s vision is for a locally led humanitarian system that is accountable to people affected
by and at risk of crises. We aim to achieve this vision by making system-level shifts in the way
humanitarian support is approached and delivered. Our theory of change is informed by evidence that a
locally led system is best placed to minimise suffering, loss of life and livelihoods. It promotes
sustainable and dignified responses in crisis contexts. And it accepts that such change requires focused
financial investment in locally-led organisations and structures to enact and sustain systemic change.’*
(Global Start Fund Initiatives to Accelerate Locally-led Humanitarian Action Jan 2022)\(^1\)

Prior to the introduction of a new DDA, the due diligence requirements used by the Start Fund and its
Grant Custodian, Save the Children UK (SCUK), were based on those demanded by its institutional

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<th>Start Network’s Problem Statement</th>
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| The humanitarian system’s current concentration of power, influence and resources within the
global North has led to the exclusion and disempowerment of local and national actors,
organisations that are deeply rooted in the communities that they support, and which are
responsible for most humanitarian responses. |

This imbalance of power is maintained through a highly risk-averse and compliance-heavy
operating culture that prevents local organisations from taking leading roles and accessing direct
funding.

Tackling this problem requires moving towards a system that is accountable to affected and at-
risk communities through the leadership of local organisations and through a change in mindset
by traditional power holders that allows them to cede power and control.

It requires a radical shift away from the current centralised, compliance-focused approach to one
that pools and shares risk between larger and smaller actors and reflects the value that different
organisations bring.  

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\(^1\) For a more detailed articulation of how ‘locally-led’, see Start Network August 2022: ‘Five Ways the Humanitarian System can become more Locally-Led.’ [https://medium.com/start-network/re-imaging-a-locally-led-humanitarian-system-ec32720c6ba1](https://medium.com/start-network/re-imaging-a-locally-led-humanitarian-system-ec32720c6ba1)
donors, and by the UK Charity Commission. ‘Pass’ or ‘fail’ were the only options. Many potential members of the Network, national and local CSOs but also several INGOs, would not meet all those requirements and therefore be unable to join as members. Similarly, such ‘high bar’ requirements would probably prevent Start Network from diversifying its membership, should it wish to do so in future, e.g., with academic or research institutes, social entrepreneurs etc. A new approach was required.

"Reinventing our due diligence is critical to meeting Start Network’s vision toward enabling localisation and meeting our Grand Bargain commitment to release 25% of the funding to national and local organisations as directly and as quickly as possible. We want to challenge the compliance culture of the sector that services as a barrier to local/national NGOs to access resources and shifts focus from accountability and impact and generate evidence and learning on how the sector should view and manage risk.” (Tiered Due Diligence Initiative Overview, March 2022)

2. The New Due Diligence Assessment (DDA) Framework

Always ready to experiment, innovate and learn, from late 2018 onwards the Start Network and the Grant Custodian, in partnership with TechSoup (a charity), developed and tested a tiered due diligence framework with three main goals:

- Be easier and faster for NGOs/CSOs to complete
- Remove barriers impeding more local and diverse organisations from accessing the Start Network and subsequent funding
- Be a substantive improvement over the existing practice by collecting more information for better risk management and expanding Start Network’s membership potential. (Pilot Learning Report undated:4)

The process first reviewed due diligence requirements from various funders and other standards. This mapping inspired the structuring into nine streams: legal compliance; governance; financial controls; ability to deliver; humanitarian best practices; risk management; data security; safeguarding and downstream partner management. The resulting Framework is more comprehensive than any of the due diligence standards that were reviewed. (Idem: 5)

Feedback on the proposed framework was requested from Start Network’s donors and from its members, particularly staff responsible for compliance and oversight functions. The framework was also tested on an anonymised dataset of Bangladesh organisations in a desktop exercise. These agencies are members of Start Fund Bangladesh, a largely self-governing body initiated in 2016 and operational since 2017. Start Fund Bangladesh followed its own, different, due diligence and membership assessment process whereby an original 400 applications were reduced progressively to eventually 26, mostly larger ones and well-established partners of INGOs. The testing concluded that as per the original pass/fail due diligence framework of the Start Network, 95% of the original 400 application would have been excluded from membership. Under the new Framework 97% of these 400 would have been placed in one or other of the four tiers. (Idem: 7)

In the summer of 2019, audit firm BDO was asked to review the framework. The review concluded that ‘the Framework is “fit for purpose” in terms of enabling smaller organisations to join and providing assurances that risk is managed’, and that it ‘meets generally accepted due diligence standards within the humanitarian sector, including those of DFID’ and of the UK Charity Commission (idem: 7-8)

The digital DDA framework contains some 325 questions, a figure that needs to be understood correctly: Several questions are just branches of the same question. For example, if the agency confirms it has a safeguarding policy, then the framework will ask e.g., when it was last updated, who is responsible for updating it, who signs off on it, and to attach a copy of the policy. Those are several questions— but all related to the same safeguarding policy. If the respondent indicated they do not have a policy for a particular risk, follow up questions will inquire how the agency then manages this. The total number of questions on separate issues therefore is more in the order of sixty. Many questions also offer multiple choice answers; quicker to respond to but also a deliberate change from

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2 The word ‘likely’ is inserted because datasets were not complete for all Bangladesh CSOs thus reviewed.
the previous due diligence questionnaire whose open questions more easily resulted in answers not precise enough to interpret with confidence.

The new DDA framework was then tried in late 2019 with 12 prospective new Start Network members, 4 each from Pakistan, India, and the Democratic Republic of Congo (DRC), all interested in being part of the emerging Hubs in these countries. This testing consisted of a pre-assessment participant survey to gain an understanding of their previous experience with due diligence evaluations. The actual assessment depended on the responses to questions and a review of documents uploaded. Start Network staff provided direct support in the form of guidance and/or clarifications via email exchanges and direct conversations. Certain queries from the independent assessor related to potential 'red flag' areas, instances where an organisation both experienced a major breach and did not subsequently take sufficient measures to ensure it would not recur or did not have a sufficient explanation for its cause. (Pilot Learning Report undated: 18-19)

The 3rd party service provider’s assessments were subsequently reviewed by Start Network staff. The last reviews were completed in April 2020 after which the agencies could sign the the Network Membership Agreements.

The DDAs resulted in one organisation from India being placed in Tier 1, three from Pakistan, two from India and all four from the DRC being placed in Tier 2, one from Pakistan in Tier 3 and one from India in Tier 4. (Pilot Learning Report undated: 9). The original 4-tiered framework looked as follows:

- **Tier 1**: Organisations that meet minimum compliance requirements for membership into Start Network but will not have access to larger funding (Start Fund, Start Ready). Worth noting here is that formal registration is not an absolute requirement. There can be acceptable reasons for not wanting to be registered in a country. Tier 1 members still enjoy all other membership privileges (e.g., participation in events; voting rights) and can access more modest financing sources such as learning or organisational strengthening grants.
- **Tier 2**: Organisations that are attentive to various issues but do not have all the formal policies and internal processes and procedures to manage them. In practice, attention areas here related to anti-money laundering policies; additional risk management policies, data security; more explicit vetting criteria of 'downstream' partners and closer monitoring of the flow and use of funds to them and to the intended beneficiaries. Recommendations were also made regarding financial control, but these varied significantly between the agencies. Under the pilot, they can access modest amounts of funds.
- **Tier 3**: Organisations that meet prevailing (policy-heavy) international compliance requirements. They have full access to all funding, with a higher grant ceiling of £300,000.
- **Tier 4**: Organisations that exemplify compliance in the sector across the 9 streams, also with a maximum grant ceiling of £300,000.

All agencies assessed received feedback and recommendations. A post-assessment survey was subsequently conducted, and feedback sought on the framework and the experience of providing the requested information. (Idem 11-15). The whole experience allowed the independent assessor to make a set of recommendations how to improve, also for the agencies being assessed, the due diligence assessment process. (Idem: 15-32) Currently, the distinction between Tier 3 and 4 has been dropped, as not being practically relevant, leaving Tiers 1, 2 and 3.

3. **Tier 2 Agency Possibility to Access Direct Funding**

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3 Hubs are collectives of local, national and international changemakers operating in the same country or region. They will control their own resources and define their own responses to crises affecting their communities, united by a shared purpose and common standards, and supported by a global Start Network platform.

4 No red flags were discovered. (Pilot Learning Report:19)

5 In post-coup Myanmar today for example, the junta’s new registration law of late 2022 is clearly intended to exercise political control over not only Myanmar CSOs but also international agencies operating in what is de facto an insurgency-counterinsurgency situation.
The Localisation Pilot, in the narrow sense, is then the next step after the development and testing of the Tiered Due Diligence Framework: now the Global Start Fund creates the possibility for Tier 2 agencies to access direct funding.⁶

External developments shaped it into two phases: March-September 2020 (COVID response), October 2020-September 2022 (any type of response). Originally, the Localisation Pilot was planned to start in March 2020 with a dedicated fund of £300,000. By then however, the world came in the grip of the COVID-19 pandemic. The Start Network and Start Fund therefore prioritised setting up a global COVID-19 rapid response fund as early as April 2020, open to all members.⁷ Within that, a dedicated amount of £300,000 (5% of the total COVID-19 response fund; de facto £270,000 after deduction of the 10% management fee for the Grant Custodian) was reserved for the already eligible Tier-2 organisations, nine at the time.⁸

Donors to this Phase 1 COVID-19 response sub-fund for Tier-2 organisations specifically were AVAAZ (£110,000) and a private philanthropy, the latter also for Start Network’s wider COVID response, not just for Tier 2 agencies. Donors to what subsequently became Phase 2 of the Localisation Pilot were the Netherlands Ministry of Foreign Affairs, Irish Aid and Jersey Overseas Aid, each agreeing to £ 100,000 of their larger contributions to the Start Fund to be used for the pilot. When the £ 270,000 (after deduction of the management fee) was disbursed, that second provision was topped up from a larger Conrad Hilton Foundation grant to the Start Fund.

A £30,000 grant ceiling was set for Tier 2 agencies. This was agreed between Start Network and the Grant Custodian, based on ceilings already practiced by some donors.⁹ To put this in perspective: The average grant for Tier 3 agency responses in Pakistan, India and DRC over the years had been £118,000 (Midterm report April 2021:19)

Phase 2 was planned for October 2020-September 2021. Due to the slow usage of the dedicated fund, its donors subsequently formally agreed to a one year no-cost extension of the pilot till September 2022, and the ceiling for single grants to Tier-2 organisations being raised from £30,000 to £60,000 or even £100,000. Start Fund raised the grant ceiling to £60,000.

In phase 1, the pilot agencies could directly access Start Fund’s COVID-19 response finance, without going through the normal competitive process. In phase 2, the pilot agencies could access the normal Start Fund through its normal, competitive, process (raising an alert, a decision whether to allocate an amount from the global Start Fund to that alert, and then a selection among the projects proposed).

4. The Pilot Agencies

The initially nine eligible Tier 2 organisations were from India, Pakistan, and the DRC. The tenth, from Guatemala, joined in late 2020.

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⁶ Prior to this, a Start Network member agency could subgrant to a national/local CSO that did not meet Start Network’s due diligence requirements. Start Network would crosscheck the member had carried out a due diligence assessment of its subgrantee but would not block the subgrant because of its inability to meet its own requirements. In such case however, the full risk was assumed by the member agency willing to subgrant.

⁷ The overall Start Fund COVID-19 received 85 calls for 69 countries and funded 43 across 25 countries. 17% of this response funding was channelled through national and local organisations. (Mid-Term Review 2021:3/23)

⁸ “...as part of this mechanism, we set up a specific funding pot to enable our ‘smaller local NGOs’ that recently joined Start Network membership, to access funding of up to £30,000 to respond to COVID-19 in the Democratic Republic of Congo, India and Pakistan. With this mechanism, 5% of Start Fund COVID-19 (£300K) funding went to small local organisations who tend to be best placed to address hyper localised crises which are often out of the radar of any funder.” (Mid-Term Review 2021:3/23) “The available funding acted as an important gap-filler, particularly for national, local and community-based interventions that the larger funds might miss and that may be critical given the travel restrictions on international staff.” Private philanthropy grant report:1-2

⁹ “£30,000 is deemed to be the threshold of some of our current donors and members in terms of financial risk appetite for sub-granting to partners. This would enable an estimated 10 allocations to Tier 2 partners during the pilot phase. Should the pot be depleted too quickly, we will look into the possibility of replenishing the pot through a further fund infusion from donors” Concept Note: Start Fund sub-pot for Local Actors, undated
There are significant differences between the ten pilot agencies: Most operate only at subnational level (not surprising given the size of countries like India, Pakistan, or the DRC), only one would respond to crises in different parts of the country while the one from Guatemala can cover 14 out of its 22 departments). Their annual turnover, at the time of joining the Start Network via the pilot, varied from US$ 100,000 to US$ 16 million, with four of the ten pilot agencies having an annual turnover of more than US$ 1 million. Five of the ten had previously received and managed grants of over US$ 1 million. Their longer-term staff numbers can vary widely: for three of them between 18, 200, and 600 staff. Not all of them therefore should be considered ‘small’ agencies. At least one is a co-lead of thematic cluster at subnational level, another one provides the coordinator of a national humanitarian CSO network.

5. Grants Received During the Localisation Pilot

| Questions: | What challenges and successes of Tier 2 level organisations in accessing funding? Appropriateness of Tier 2 level organisation funding restrictions (initial ceiling £30,000, then raised to £60,000?) |

a. Rapid response grants

The following table provides the overview of direct and indirect funding to the 10 Tier-2 organisations between July 2020 and end August 2022. Important to note is that the first round of funding for a rapid COVID-19 response, was not competitive. The second round, for rapid response to different types of crises, followed the normal Start Fund competitive process.

<table>
<thead>
<tr>
<th>TIER 2 AGENCIES</th>
<th>PILOT PHASE 1 COVID 19 March 2020-Sept 2020 DIRECT FUNDING</th>
<th>PILOT PHASE 2 October 2020-Sept 2022 DIRECT FUNDING</th>
<th>PILOT PHASE 2 October 2020-Sept 2022 INDIRECT FUNDING</th>
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<tr>
<td>Agency 1</td>
<td>£ 31,451 ICR: £ 1500</td>
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<tr>
<td>Agency 2</td>
<td>£ 30,000 ICR: £ 2646</td>
<td>Alert 560 – Dec 2021 £ 6,000 ICR: £ 5147</td>
<td>Alert 525 May 2021 £ 23,953 ICR: none</td>
</tr>
<tr>
<td>Agency 3</td>
<td>£ 29,939 ICR: £ 529</td>
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<td></td>
</tr>
<tr>
<td>Agency 4</td>
<td>Alert 525 May 2021 £ 29,798 ICR: £ 2709</td>
<td>Alert 557 Nov 2021 £ 30,000 ICR: £ 1250</td>
<td></td>
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<tr>
<td></td>
<td>Alert 559 Nov 2021 £ 60,000 ICR: £ 5000</td>
<td>Alert 602 April 2022 £ 50,000 ICR: £ 3500</td>
<td></td>
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<tr>
<td>Agency 5</td>
<td>£ 30,239 ICR: £ 2725</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency 6</td>
<td>£ 29,743 ICR: £ 2724</td>
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The overview shows that 4 pilot agencies only used the COVID-19 grant with a £30,000 ceiling; 2 pilot agencies only took direct grants in Phase 2; 2 only took indirect grants in Phase 2; and 2 pilot agencies took both direct and indirect grants in Phase 2. All grants, directly or indirectly, were for rapid responses to different types of crises, none for anticipatory action: COVID (8), conflict & civil unrest (2), flooding (3), storm (2), volcanic eruption (1).

Over the period, a total of 16 grants went directly to the pilot agencies: 8 for COVID (non-competitive) for a total around £240,000 and 8 in the second (competitive) phase for a total around £510,000. Over the period the pilot agencies collectively also accessed indirectly a total around £337,235. More funds therefore were accessed directly than indirectly, also when the pilot agencies had to compete through their project proposals.

b. Post-response learning grants

The Start Fund offers a ‘learning grant’. This is a supplementary grant available to organise an ‘after-action’ type of learning that can involve the agency/ies that responded but other stakeholders, including from the affected population, can be invited. It can also be used to address weaknesses identified during the alert response. In November 2020 one was awarded £10,000 to train 73 staff on core aspects of humanitarian response. An application from another one in January 2021, was not successful.¹⁰

c. The Sharing Knowledge and Ideas under Local Leaders (SKILL) grants

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¹⁰ Following a change in donor for these learning grants, currently Tier 2 agencies no longer can access it. Start Network is looking into solutions.
These were administered by the Start Platform. The maximum amount was £15,000. The text box shows which pilot agencies made use of this opportunity and what for.

- to share knowledge with its own local partners and develop training modules (£12,833)
- trained community-members on Anticipatory Action and Community-led Disaster Preparedness for Flooding (£14,987)
- identifying how to increase community reliance and more sustainable impacts of a crisis response (£15,000)
- learn to make responses more gender-sensitive to reduce the sexual abuses that are prevalent in the communities where the organisation works. (£15,000)
- design a roadmap with community leaders and members to reinstate conflict resolution groups (£15,000)
- identify the current gaps, needs and capacities of volunteers in disaster prone states of India through field level assessment (£15,000)

**d. Community led approaches to monitoring, evaluation, accountability, and learning grants**

A grant scheme created in late 2021 to provide local members of Start Network (including Tier 3 agencies) an opportunity to lead on peer learning and research on humanitarian issues that are of importance to them and the communities they serve. They also contribute to Start Network’s journey towards a locally led humanitarian system and active peer learning network. The maximum amount is £15,000, disbursed in two instalments and are administered under the Grant Custodian SCUK. The suggested duration was six months and local members had flexibility in choosing their learning topic. Those who have accessed this grant so far are two Tier 3 agencies and 6 Tier 2 ones. One Tier 2 agency used it to work with communities to identify and pilot community-defined indicators for community-led MEAL practices and, with community volunteers, to develop training modules for groups such as women and indigenous people, depending on skills and need. (£14,703)

**e. Organisational development grants**

Start Fund and Start Platform staff throughout the pilot provided ad hoc and one-on-one support to the pilot agencies, particularly on their understanding of the Start Fund cycle, how to participate in it, and how to work with its document formats. As data protection policies and practices were a fairly common gap revealed by the DDA, the Start Platform hired specialists to conduct data protection workshops tailored to each country context and in the appropriate language.

In addition, the Start Platform as of February 2022, made available modest ‘Organisational development’ grants. As of the time of writing 8 agencies are using the OD grant, mostly to follow up on the DDA recommendations and to qualify as Tier 2 or Tier 3. An application from another Tier 2 agency was not accepted because the request did not relate to the more structural organisational development purpose of the grant.

Several pilot agencies used the OD grant to hire one or more consultants to help them address some of the recommendations from the earlier DDA, as part of their aspiration to become a Tier 3 agency. Often these related to internal policies or practices that were absent or not seen as robust enough. One for example sought help with the development of a business plan, to review and revive the HR policy and have an internal workshop to familiarise all staff with a set of new or revised organisational policies. One however, with prior agreement, used it to strengthen capacities of some other, more local agencies. It did not need it for itself, as there was very little it needed to do to qualify as a Tier 3 agency.

There is some flexibility in how the OD grants can be used. Some agencies requested support to get better at proposal writing for example.
f. Other Start Network financing

Reportedly, one of the Tier 2 agencies also accessed several Disaster Risk Financing grants. These are being piloted in Pakistan\(^{12}\) [https://startnetwork.org/disaster-risk-financing-pakistan](https://startnetwork.org/disaster-risk-financing-pakistan), as part of Start Network’s broader Anticipation and Risk Financing approaches.\(^{13}\)

Two other Tier 2 agencies received funding from the innovation team for community led innovation initiatives, for £400,000 and £200,000 respectively.

III. START FUND’S MONITORING, REVIEWS AND ADAPTATIONS

1. Monitoring and Review

The Start Fund MEAL team and the Start Platform’s Evidence and Learning team collaborated for the monitoring and periodic reviews of the Localisation Pilot. An ambitious MEAL plan was set out in June 2020. A Mid-Term Review in April 2021 pulled together the data collected by then. Key MEAL activities were:

   a. Monitoring for integrity issues: Keeping an eye on the reporting of possible incidents, or concerns/allegations of such. Incidents can relate to financial matters but also possible misconduct. They can be communicated via formal incident reporting and complaints/whistleblowing channels of the Start Fund (or Start Network) and SCUK. None so far have been reported.

   Care with interpretation. No concern or incident formally reported does not mean no incident happened.

   b. Monitoring the participation of the ten pilot agencies in the Start Fund processes (raising an alert; decision of a committee with global scope whether to allocate an envelope of money to that alert; project selection committee (PSC) to then choose which projects in response to the alert to fund). This showed that between August 2020 and April 2021 only Tier 2 organisations in the DRC joined in the raising of 9 alerts of which 6 were activated. (MTR April 2021:22-23). Except one, the majority of Tier 2 agencies did not participate in a global allocation committee meeting. Again, by the time of the MTR, only two of the Tier 2 organisations in the DRC had participated in project selection committees. (Idem: 24) Reportedly, since then also one of these has participated in one or more PSC meetings for other countries (which can be called for if there is not a quorum of agencies from the country).

A ‘diagnostic survey’ was carried out in February 2021 to understand an apparent lack of engagement by the Tier 2 organisations in India and Pakistan who had not submitted any proposals to the Start Fund since Phase 2 was initiated in October 2020. The responses revealed that they either did not know the fund was available to their agency, required more information on how to access it and would need a refresher workshop on this. (Idem:1/29)

Care with interpretation of what may seem like a relative lack of participation in Start Fund processes: Most of the pilot agencies only operate at a subnational level. There may not be sudden onset smaller to medium-sized crises that the Start Fund is designed for. (Donor brief 3:5/MTR April 2021:7/24) One pilot agency seems to have misunderstood that as a Tier 2 it could not raise an alert without involvement also of a Tier 3 agency. That was not correct. It also may take some time for new members to become familiar with how an alert is raised and develop the confidence to raise one, while INGOs or Tier 3 members are also present. It is not

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\(^{12}\) [https://startnetwork.org/disaster-risk-financing-pakistan](https://startnetwork.org/disaster-risk-financing-pakistan) (accessed on 5 November 2022)

\(^{13}\) [https://startnetwork.org/anticipation-and-risk-financing](https://startnetwork.org/anticipation-and-risk-financing) (accessed on 5 November 2022)
unusual, also for newer Tier 3 agencies, not to get involved in alerts until quite some time after becoming a Start Network member.

Allocation committee meetings take place in UK time and in English, two factors that can further add to a reticence to get involved in something unfamiliar. Participation in PSC meetings can only be for member agencies that are not submitting a proposal. Smaller agencies in particular may not be able to invest the staff time if they are not directly concerned. (Jan. 2021 - Local member survey Round 2:18)

Furthermore, one of the agencies joined the pilot for learning and advocacy purposes for Tier 2 and Tier 1 agencies, not to access Start Network money. They only used the COVID grant because it was non-competitively reserved for Tier 2 agencies, relevant and easy to access.

c. Monitoring for possible issues in the relevance and quality of goods and services and behaviour with affected people: Start Network hired in-country independent monitors to conduct individual and group conversations with intended beneficiaries of pilot agency responses. These covered COVID responses from Phase 1 and responses to other crises in Phase 2. The first independent monitoring exercises found feedback from assisted communities on e.g., the selection of targeted households and the ability to make a complaint and have it responded to, to be on the whole satisfactory. (Donor brief 1:3) Subsequent monitoring continued to find high levels of satisfaction. (Donor brief 3:2-3/MTR 2021: 9-17) Satisfaction levels examined for one DRC agency’s response, for example, were good to very good (on e.g., the items received, timeliness of the distribution, selection of beneficiaries, awareness of feedback and complaints mechanisms, noticing the behavioural change messaging). Similar good to very good satisfaction levels were expressed for the June 2021 response by another one in Pakistan. (Donor brief 2:2-3)

Care with interpretation: Such Start Fund commissioned independent third-party monitoring of the experience and satisfaction levels of communities is not normal practice. There is a risk that more issues are brought up simply because of the more intense monitoring and scrutiny during the pilot. “If you look harder, you are likely to find more issues.” (London-based interviewee)

d. Inclusion of pilot agencies in Start Fund project assessments. ‘The Start Fund is committed to annually assess 10-15% of its funded projects, which can be conducted in-person or remotely. These assessments evidence our expectations that Start Network members are implementing their projects in line with their Start Fund commitments and humanitarian best practice. (Start Fund Project Assessment Guidance and Tool undated:1) The main areas of evaluation are project management; accountability to the affected people; financial management and logistics. Eight COVID response projects were thus assessed in September and October 2020 (remotely because of the COVID restrictions). The table shows the eight agencies and the sectors of their responses which were thus assessed.

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Project assessments for the first eight Tier 2 agency responses averaged 83%. The minimum required is 70%. Project assessments that had been conducted in 2020 for 6 INGO member responses had an average score of 97%. Overall, the Tier 2 agencies scored comparatively close to those of Tier 3 agencies on logistics and financial management, but somewhat less
well on project management (particularly with regard to more comprehensive risk management and monitoring) and significantly less well on formal participation and accountability practices with and to affected populations (inception meetings with target groups about the design and implementation of the intervention; formalised and widely known feedback and complaints mechanisms and responding to these). The Start Network recognised the need to develop a project assessment format more appropriate for Tier 2 organisations and meanwhile has done so but not yet been able to test it. This is not expected to increase the scores but presumably would reduce the gap with Tier 3 ones. (Tier 2 Project Assessments summary document – undated)

e. **A Mid-Term Review**: This compiled and consolidated the data thus far collected. It noted no formal complaints had been made via Start Network mechanisms. It found that the Localisation Pilot offered Tier 2 agencies new opportunities for funding and for partnerships and increased their visibility and credibility. It confirmed the value of the interviews and conversations with assisted people by the independent monitors, though in some instances (DRC) no or not enough contact details of assisted people had been available. It observed the limited number of proposals from pilot agencies so far, and the absence of those from Pakistan and India in alerts. It recognised that there were language limitations on the Start Network secretariat side, and that there was room for improvement in providing the pilot agencies with timely information and the right amount of communication.

f. **In-depth interviews**: Conducted in May 2022, with 7 of the 10 Tier 2 organisations.\(^{14}\)

### 2. Adaptations During the Pilot

| Question: What were the challenges and successes of operational adaptations, and were the general funding conditions enabling or constraining for timely adaptations? |

| A pilot or prototyping (in the language of innovators) is set up to learn. Adaptations, based on rapid learning, are therefore entirely appropriate. Start Network demonstrated this through making several important adaptations. When it was found that: |

- the £30,000 grant ceiling was not cost-effective for the pilot agencies, the ceiling was raised to £60,000. |
- completion of the response in 45 days in some contexts proved difficult because of factors beyond the control the agency, the possibility to request and extension to 60 days was introduced for the pilot agencies. One of the difficulties for national/local agencies without more cash flow or reserves is they cannot advance the finance to get the response going but must wait until Start Fund’s money is in the bank. Delayed starts may lead to longer implementation times. While 45 days remains the default, the ability to request an extension up to 60 days is now applicable to all contexts with national/local members. |
- all documentation on the Start Fund cycle being available only in English could be an obstacle for French and Spanish speakers, translations in these languages were made, subsequently followed by introductory videos in those languages. |

\(^{14}\) No information of this was made available to the evaluation team.
one of the pilot agencies was simultaneously accessing grants also from other funds held by Start Network, cumulatively exceeding the £60,000 limit. In late 2021 the Start Fund acted to inform that this would no longer be allowed, and that only one grant could be held at the time, until formally cleared by Start Network. This led to the following adjusted parameters for Tier 2 agencies

**PARAMETERS**

*For any member organisation placed in Tier 2 of Start Network’s Tiered Due Diligence Framework:*

2.1.1 Access to Start Fund Projects funded by the Pilot will be for any member organisation that are placed in Tier 2 of Start Network’s Tiered Due Diligence Framework.

2.1.2 Funding disbursement would follow the same Start Fund alert process – release of funds would be dependent on successful project selection.

2.1.3 Any member organisations placed on Tier 2 can only access at most ONE Start Fund project (up to £60,000) as Lead Agency at one time.

2.1.4 To apply for further funding, any existing Start Fund project will need to be completed with the project report submitted and reviewed.

2.1.5 If any member organisation placed on Tier 2 would like to lead a consortium project (i.e., as Lead Agency working with other organisation(s)), the consortium project amount can be up to £60,000 no matter how many agencies are participating in the consortium.

2.1.6 Any member organisation placed on Tier 2 is able to join a Start Fund Project Consortium as a partner led by another member organisation. Any conditions around consortium access to Start Fund will follow the guidance of the Start Fund Handbook.

Global Start Fund Initiatives to Accelerate Locally-Led Humanitarian Action (2022)

- some of the pilot agencies have no or very small reserves and hardly any other flexible funding and therefore could not realistically be expected to reimburse disallowed expenditure. In early 2021 the Start Fund set aside a certain sum to cover disallowances across Start Network portfolios. While not specific to Tier 2 or smaller agencies, it is an example of readiness for risk-sharing or even full risk absorption by the Start Fund.

Adaptations were also made on the Start Fund/Start Platform side

- When at the outset of the localisation pilot, the MEAL team of the Start Fund was understaffed, the Learning and Evidence team of the Start Platform came in to give a helping hand.

- In subsequent staff hires, adding French and Spanish speakers to the teams became an explicit objective that has now been realised.

- In the Start Fund team, different people used to assess the financial and the narrative reports of grant recipients without necessarily bringing both assessments together. That has now become integrated.

- Given the somewhat higher number of issues with some of the pilot agencies in the DRC, as there have in the past also with INGOs/Tier 3 agencies in DRC, the Start Fund is currently keeping an internal overview of challenges in the DRC, where different staff members can bring new and updated information together. An audit has also been commissioned on two responses of one of the pilot agency. However, the Start Fund is, consciously, not making assumptions that there is a generalised higher fiduciary risk in certain countries, which would paint all actors there with the same brush. It will be led only by specific signals that indicate extra attention and possibly deeper inquiry are needed with a project or a member.

- An external review was commissioned of Start Fund’s risk management, compliance, and spot checks. This then led to the production of new guidance on ‘Financial Management and Assurance Check In’: (Humentum 2022 a + b)

### IV. PERSPECTIVES ON THE LOCALISATION PILOT

1. Perspectives within Start Network
Different individuals within different teams (under Start Fund and Start Platform) have different perspectives. This is not surprising given everybody’s individual engagements with only parts of it, and the absence of a more comprehensive overview since the Midterm Review of April 2021.

Overall, there is a sense that the tiered due diligence system is relevant and appropriate and that the subsequent direct financing worked well, in that no major incidents occurred, or higher risks manifested themselves. Beyond that there is confusion about what the pilot was supposed to test and what not; worry that the sample ‘tested’ was too small to provide enough evidence; and variable views on whether imposing a grant ceiling (even after raising it to £60,000) was and remains justified or not.

Some concerns have arisen, with one of the pilot agencies, regarding the use of the Start Fund response grant and the financial accounting for it:

- Significant changes to the response without prior notification or approval: A grantee can decide to make a substantive change to aspects of its response from what was stated in its proposal (e.g., the proposal foresaw the provision of school kits, but in practice this was changed to cash). The Start Fund understands this can be justified but has a fast (within 24h, unless the chair of the Project Selection Committee is also consulted, which may turn it into 48h) procedure to request agreement to a modification, with or without the need to rewrite the proposal. The request for a change needs to be properly explained and justified. The agency concerned in one instance struggled with clearly explaining the rationale for a change, and in another case failed to request prior authorisation. To put this in perspective: A breach of procedure does not automatically imply that the change made was not justified; and unauthorised or poorly justified changes occasionally occur also with Tier 3 members.

- Inadequate financial reporting: The same agency submitted a report in which the total expenditure and number of beneficiaries reached are almost the same as in the proposal. That is unlikely in practice. In addition, the financial report showed an inability in how to handle exchange rates. These are not necessarily an indication of fraud; it can signal a lack of finance competencies, though that would be problematic. Notwithstanding attempts by the Start Fund team to provide direct support, problems with the financial reporting of this agency continue. As mentioned, an audit has now been commissioned by the Start Fund of two of its responses. The same agency was also found to have cut-and-paste text from a prior Alert into a new one. Again, international and Tier 3 agencies have been seen to do this as well, and until the results of the audit are known, no quick conclusions should be drawn from this.

The evaluators agree with the Start Network staff that one problematic experience with a Tier 2/national or local agency should not be used to cast doubt on Tier 2 agencies or on national/local agencies as a whole. Serious incidents, of fraud and/or abuse of power, happen also in INGOs and UN agencies, including those that meet all compliance requirements.

2. Perspectives from the Grant Custodian

Save the Children UK (SCUK) as grant custodian for some of the larger funds of the Start Network is an important stakeholder and carries legal responsibility towards the donors. In relation to the Localisation Pilot, it must look in three directions:

- How do major donors look upon this? When the Localisation Pilot was designed, colleagues in then DFID were encouraging about it, yet DFID did not co-fund it. That raised concerns which were reduced when SCUK also had conversations with the three institutional donors that put money in the pilot. SCUK has remained fully involved in the periodic updates to donors and the requests for an extension of the pilot with a raised grant ceiling. SCUK also need to consider
that different members in the Save family lead on relations with different donors (for example Save Netherlands with the Netherland’s Ministry of Foreign Affairs), who need to be kept in the loop.

- Internally, different relevant units of SCUK (e.g., legal, risk assurance) all need to develop a shared understanding of the why and how of such initiatives and become aligned around a similar risk appetite. Around 2018, SCUK was still in the initial stages of the Grant Custodian role, so that took time. As the pilot unfolded, and its focal points remained closely updated, the level of comfort in SCUK increased. Still, the need for internal alignment in SCUK can influence how fast Start Network can move.
- The speed of travel: SCUK is comfortable with Start Network’s direction of travel towards a more locally led humanitarian system and a levelling of the playing field, but its own speed is somewhat slower. Even if its own risk appetite is changing, it cannot not move too far beyond that of institutional donors. Changing that is not a role for SCUK alone. At the same time, its focal points for the pilot also see that Save the Children is one among many Start Network members and wants to listen to the wider collective.

3. Perspectives from the pilot agencies

a. **On the DDA**

For the pilot agencies, the DDA questionnaire was long, longer than previous DDA processes they had to undergo. That also made it a time-consuming exercise, in practice spread out over several days or weeks. The independent assessor’s review found variations between 5 to 168 hours. Four of the then nine reported it took about the same time or less as other DDA’s they had to go through, while five reported it took more time. (Pilot learning report undated: 11-12) The interviews conducted for this evaluation mostly signaled that it had been very time consuming to understand the structure, go through the long list of questions and gather and upload all the documents required. The back-and-forth communications with the 3rd party assessor reviewing the answers, were for several also affected by the time zone difference. Some found that some of the questions or expected replies were at times not appropriate for the context or in tension with the national legal or administrative requirements. Quite perplexing for some was the demand that policies on certain issues e.g., whistleblowing, must be stand-alone documents and had to be taken out of the HR policy and -manual. It was hard to understand why this could make a difference in their rating and what Tier they would end up in. For the Start Network due diligence team, this may be a misunderstanding: stand-alone policies are not the requirement but may be an easier way to elaborate in greater depth a policy where this is felt necessary. The evaluation could not go into whether the misunderstanding was on the side of the pilot agency or between Start Network and the then 3rd party assessor. The issue however underscores how important accurate communications are.

Though Start Network signaled clearly that its DDA was not judgmental but only wanted to establish a current compliance profile, for some of the pilot agencies the feeling of being judged lingered. Some felt that it creates a reputational risk, especially in a competitive funding environment: Others may think “Why are they in tier 2? There must be something wrong with them”. One agency shared that, “it also created the same perception in the wider affiliated family, which brings with it reputational risk”. This is not surprising given years of DDA experiences with a deficit-thinking attitude. One recommended the message communicated is a positive one: that you are included because you have shown you are attentive to various risks, not that you are excluded because you do not have certain policies.

Worth noting here is that, in Start Network’s experience, also INGOs can find it difficult to accept DDA-based recommendations as a constructive indication where there is room for further improvement.

But pilot agencies have subsequently been surprised that INGO Start Network members, when considering including them in a consortium, insisted on carrying out their own additional DDA. If the Start Network DDA is not accepted even by its own members, it does not lead to burden-reduction.
Still, most of the pilot agencies for this evaluation responded they had found the DDA a useful exercise, at times revealing to them more clearly what international agencies expect. One small organisation had anticipated they would only make Tier 1 and was pleasantly surprised to end up in Tier 2: “It gave us a real confidence boost that we could meet international standards. It was also matter of pride for the staff”. This was echoed by another: “It gave us confidence that we can be as good as INGOs and gives our INGO donor partners some reassurance”. Another commented on how it deepened their understanding e.g., with relationship to designated ‘terrorists’: until the DDA, they had understood this to relate to physical contact with persons from such designated entity, the DDA clarifying that it also related to financing ending up in such hands. Several confirmed that, though heavy, they had found it a useful opportunity to review their own organisation and identify areas that could benefit from strengthening. Another commented on how it made it easier to pass demanding (additional) DDA from other international actors. One even spoke about it as having triggered a ‘new vision’ of the organisation. “How burdensome it feels, depends on what spirit you take it in: take it as a useful opportunity for self-assessment.”

All pilot agencies interviewed for this evaluation indicated that they had or were developing their organisational policies and practices to be able to qualify for Tier 3. There is a mix of motivations to become a Tier 3 agency:

- access to larger grants reserved for that Tier (Start Fund rapid response ceiling of £300,000)
- building wider visibility and credibility and visibility to attract funding from other sources
- avoid the possible or real perception by third parties that as Tier 2 agency they are less capable and/or reliable
- a necessity to be treated as an equal partner by another Tier 3 agency
- a necessity to be able to lead a consortium
- a necessity for an agency that considers being the host of a Hub.

b. **On the added value of the Start Fund**

Several commented on how much faster the Start Fund is than other ‘emergency response’ mechanisms in their operating environment – which may take weeks to activate. The Start Fund therefore enables an almost immediate response while they are looking for additional funding to continue or broaden the response The Start Fund response can also have demonstration value to those other but slower response mechanisms on what is possible and how to do it.

For another agency, the added value of the Start Fund’s rapid response capability is that it complements its longer-term, more developmental funding via INGO partners, whose contingency budget line cannot cover this.

For yet another pilot agency, the value goes beyond the ability the Start Fund offers for a fast response. Living in a (natural) disaster-prone area, that is further impacted by global warming, they have a strong interest in Start Network’s wider anticipatory financing approaches (Start Ready; Disasters Risk Financing) and its innovation fund. Their objective is better prepared and more resilient communities, which requires also more medium- to longer-term investment. The predominantly reactive mode of the relief sector is not fit enough for purpose here. Their experience with international aid so far had never mentioned this as a possibility let alone made finance available for it.

c. **On the added value of direct funding**

One agency interviewed finds that direct funding enables an even faster response than in a consortium or as subgrantee, as they can design and decide independently. Direct funding also carries less time
pressure on reporting to the Start Fund than indirect funding. The expectation of the Start Fund for a narrative and financial report is 30 days after completion of the action. When a subgrantee, it is the first recipient who must meet that deadline and therefore puts pressure on the subgrantee to provide its input even faster.

d. On the added value of being part of the pilot experience

Two of the agencies mentioned that the experience of making decisions, recruiting, and training some additional staff, and then implementing the response while monitoring it almost in real time, had been a very valuable learning process for all staff. It gave them new confidence. They felt empowered and motivated. The only drawback was that they had to let go of the staff at the end of 60 days, so that for a next response they would have to recruit and train again. It prompted at least one of the agencies to think about longer term funding. They recommended that Start Network could also have some training on fundraising and working with private sector donors.

Local organisations often have a presence and connections in areas where no UN agency or INGO has. The ability to provide a very fast response there, even if limited in duration, can enhance the standing of the agency with the local authorities and international actors.

One small agency was involved in the raising of an alert. Even if it did not get funding, it was a good experience which led to them now to developing an MoU with the local authority to work together on heatwaves, something they never had before. Another pilot agency, that did get money for a fast response, uses the experience now also to lobby the local authorities to build rapid response resources into their regular budgets.

One of the pilot agencies participated not for the money but out of interest in learning about Start Fund’s approach and processes. Another appreciated the experience it had given them of a more effective network than they had been part of before. For several, the experience is also relevant and useful as they take part in co-creating their country-level Hubs. They have learned more about what kind of DDA would be appropriate for their Hub, how to make processes more inclusive and what factors lead to equitable partnerships, which the Hubs in their structures and functioning need to aspire to.

e. On the grant ceiling

For all pilot agencies, the initial grant ceiling of £30,000 was too low, at least when they must go through the Start Fund’s normal competitive process. It is not worth the time investment and is not enough to provide good enough coverage of those in acute need. It may force them into impossible targeting where even some of the ‘most vulnerable’ must be left out, or result in situation where they can provide e.g., kitchen utensils but not food or the other way around, or are unable e.g., to set up a child-friendly space even if that would have much merit. Such finance-induced limitations come on top of the time limitation for a Start Fund-supported action. Not being able to provide much or to enough people, when subsequently there may not be further funding or only after a gap, is not an attractive proposition. The ceiling raised to £60,000 made the direct funding opportunity somewhat more attractive.

One pilot agency believes it reflected Foreign and Commonwealth Development Office (FCDO) practices current in 2020. A couple of respondents commented the ceiling still reflected a neocolonial attitude, even if the doubling of the ceiling to £60,000 was not done unilaterally but in consultation with the pilot agencies.

f. On the issue of internal cost recovery (ICR)

The quality of funding can be as important and sometimes more important than the quantity of funding. (GMI 2017; 2019) One contribution to this can be an unearmarked amount for Internal Cost Recovery (ICR). This can be used e.g., to mitigate cash flow interruptions, advance some money where speed is
required, purchase or pay for something that has not been foreseen (or accepted) in the planning and budgeting for the action, build up some reserves, invest in developing a certain organisational capability etc. ICR alone is rarely enough to build up a financially more stable organisation, with several months of operational reserves, but receiving no ICR on projects or hardly ever, makes that extremely difficult. (see e.g. Boyes-Watson et alii 2022)

All pilot agencies interviewed confirm the value of at least some ICR. For one, the ICR from some projects had come timely at a moment the organisation went through a very difficult financial moment. Another valued it but having never received any ICR as subgrantee from its international ‘partners’, asked Start Network how they were expected to use it!

Start Network offers its direct grantees up to 10% ICR, including for the direct funding to Tier 2 agencies. Within that boundary, agencies decide how much they allocate as ICR in their financial reports. This can be less than 10% if some of that amount is used for further operational costs for example. When it comes to subgranting, Start Network’s current guidance recommends that the ICR is shared with a subgrantee but does not make this mandatory.

Receiving a fair share of ICR when being sub-granted by a Tier 3 Start Network member therefore is not a given. Some have organisational policies that they do not share ICR. In one instance, the sharing of ICR was verbally agreed between a Tier 3 INGO Start Network member and one of the Tier 2 pilot agencies at the time of codesigning the response. But the subsequent contract for the subgrant did not refer to it and when questioned on this, the Tier 2 agency was told they would not get any ICR as the INGO needed it for headquarter expenses, international travel, procurement, its controlling, and monitoring role etc.

This, but also the longer and wider experience of being denied a fair share of ICR is making the pilot agencies involved in their Hub development very attentive to this. Rules mandating a 50-50 sharing may be expected.

g. On the independent monitoring

The evaluation did not have the time to systematically review this, but it was brought up by some pilot agencies.

One pilot agency’s experience with the 3rd party independent monitoring proved very good, because of the attitude and behaviour of the monitor who communicated and coordinated actively with the agency.

One of the other pilot agencies however had a more problematic experience, two times, with the same monitors. The first time related to their COVID response when they were providing food packages to vulnerable people. The 3rd party monitors called the beneficiaries and asked questions about the receipt of in-kind food packages and cash. Whether asked wrongly or understood wrongly, the beneficiaries took it as if they should also have received cash and started calling the agency to ask where the cash had gone. This affected the perception of their integrity. Its conclusion was that not only the ToR but also the precise questions independent monitors will ask, need to be reviewed with the agency, in advance. The second time was during phase 2 of the pilot, on occasion of their response to an extreme weather event. The implementation took only 30 days during which the 3rd party monitors went around with the agency staff for 10-13 days. This became a big demand on agency staff time, while they were trying to act as fast as possible. Here the recommendation is to conduct the 3rd party monitoring after the response, not in the midst of it or at least not in a manner that significantly adds to the pressure on already stretched staff.

h. On communications with and support from the Start Network secretariat

There is general appreciation among the pilot agencies for the swiftness and supportive responses of Start Network staff. There is equal appreciation for several of the adaptations Start Network made during the pilot period, in response to concerns they expressed (e.g., explanatory materials in French
and Spanish and in video clip format which are easier for more oral environments; doubling the ceiling; allowing up to 60 days for implementation).

But, as interim Start Network reviews picked up, language can be a barrier. This goes further than which language is being used. Even if someone from a pilot agency has good functional English, they struggle with English that is spoken fast, with different accents and/or using words or expressions they are not familiar with. This applies not only to Start Network staff but also to its service providers (e.g., the 3rd party assessing the DDA materials) and consultants or resource people national agencies must interact with. Also, English language guidance offered in video clip format can be challenging when the narrator is a native English speaker not attentive to the fact that the audience may not be so. The reference time zone for direct communications also remains European working hours, to which pilot agencies must adapt.

Based on this experience, some of the pilot agencies active in their Hub development, are putting together orientation and explanation materials in the (other) national language.

Beyond that, the pilot agencies (like the evaluators) found it difficult to understand what the many teams in Start Network are responsible for, and therefore who to go to for what. Communications during the pilot period were also complicated by staff turnover on Start Network’s side. The apparent differences in the application of the grant ceiling (between different Start Network funds e.g., the Start Fund and the Innovation Fund, but also between a consortium member and a subgrantee of a Tier 3 agency) are confusing.

1. On new opportunities

An internal review report of Jan. 2021 already found that being member of Start Network and able to participate in rapid responses had increased their credibility and visibility, led to some new partnerships and new linkages with donors. (Learning and Evaluation Findings Jan. 2021:2-3) This evaluation confirms these earlier findings.

For several agencies, being member of the Start Network and receiving some Start Network funding, led to new connections and collaborations with INGOs, members of Start Network, that previously they did not know or had not collaborated with. For two pilot agencies from Asia, this meant as many as 4-5 new collaborations. There is a feeling that being a member of Start Network makes them a somewhat more preferential choice for INGO Start Network members, even if the collaboration is not necessarily equitable and several of these INGO submit them to their own, additional DDA.

One pilot agency was also explicit that more access to direct funding increases the possibility to disconnect from INGOs who they feel treated unfairly by – and to continue only with those where the collaboration is more equal. In practice, that may require access to more than occasional and very short-term emergency funding.

For another agency, a rapid response had enabled them to become more present and more visible on crisis matters in a province where previously they had little profile. That too (further) increased the confidence of other donors/intermediaries in their operating area, to continue supporting them with substantive grants (well above the £60,000)

4. Perspectives from the evaluators

a. Related to Start Network’s management of the pilot

Observation 1 on adaptability: The readiness of Start Network to adapt based on emerging feedback and learning, and the nature of the adaptions made during the pilot, deserves praise. Enabling adaptive management remains a struggle within the international relief sector which at times can be too rigid with its planning and action designs.

Observation 2 on multi-lingualism: Which language is expected to be the working language and who determines this, is a known factor in the relationship between international and national/local agencies.
What could and should have been done earlier is to make all introductory and explanatory Start Fund related documentation available in French and Spanish, in writing and via introductory videos and have more French and Spanish speakers among the Start Fund and relevant Start Platform staff. That has been addressed now. Also, for major events the Start Network now systematically brings in interpreters.

Observation 3 on internal connection and cohesion: What should have been done but was not: Have one focal point for all aspects of the Localisation Pilot, to connect the engagements of different Start Network teams and individuals and the data and insights each generated. Having the full picture, that person would then also have been responsible for a comprehensive handover if s/he would leave that role. Not having such focal point means that many pieces of relevant information are scattered among different people and that different people within Start Network have different understandings of the pilot.

Related to the observation of a point person is the question of an integrated dossier on Start Network’s engagements with all its members, or at least those who are still relatively new. While at first sight this may seem like a sort of objectionable ‘policing’ practice, it is not necessarily prejudicial to the member agency, and can work to their benefit. It can help strengthen internal coherence in how different Start Network staff engage with the member and create more organisational memory when Start Network staff changes. There can be rules about who can put something in such dossier and when, and who can access what is considered private or sensitive information. The member agency evidently should be able to access what information on it is held, and request corrections, removals, or additions.

An illustrative example here are the pilot agencies’ DDAs. Conducted by a due diligence (now the ‘Assurance’) team in the Start Platform, these were not (easily) accessible to colleagues of the Start Fund team. From the Start Fund team’s point of view, rightly or wrongly, that made it more difficult to anticipate possible weaknesses in the agency’s ability to report satisfactorily. Whether the DDA can anticipate where some issues may arise was not evaluated here; the practical question remains whether an agency’s current DDA is accessible, with or without its prior permission, to some or all of other Start Network staff? And whether information e.g., on the quality of reporting to the Start Fund is easily accessible to a team in the Start Platform, e.g., the one providing organisational development support?

Observation 4 on accountabilities for the response action: The current practice is that the Start Fund, following a decision by a global allocation committee to support an alert, makes available a certain envelope to its members in that country. It is, however, a Project Selection Committee (PSC) that then decides which member proposal/s it will fund from that envelope. A PSC is typically made up of members in the country who are not submitting a proposal, with someone from the Start Fund also present. When the response is completed however, the narrative and financial accountability seems to be entirely to the Start Fund globally, and not in any way to the PSC who selected the proposal. This does not seem entirely coherent.

b. Related to the pilot

Finding 1: It takes time for most new Start Network members to start engaging with the many offers of the network: This is not particular to Tier 2 or to national/local agencies. As noted, after a slow start (of about half of the pilot agencies), several are now actively involved in the Hub development in their countries, and several were also present at the General Assembly in October 2022 in London, with a much broader agenda than rapid responses.

Finding 2: The grant ceiling is also a disincentive to go for direct funding: The evidence shows that the pilot agencies made use of the opportunity to access funding directly but in several instances did not, at least not for rapid responses. This, because the amount of offer was not worth the effort or because, even with the ceiling doubled, they could still access higher amounts without having themselves to go through the Start Fund process. On the other hand, the pilot agencies made active use of smaller amounts of funding that were accessible to them on a non-competitive basis (COVID-19
response grant) and particularly for competencies development and knowledge and learning (locally led research and learning; organisational development; SKILL etc.).

All pilot agencies (like Tier 3 or international agencies) also weigh the shorter- and medium-term opportunity costs. For some, direct funding has advantages: It goes faster than when a subgrant must be negotiated and contracted with an intermediary; it offers them a (larger) ICR which they may not get from an intermediary; and they can themselves design the response in close interaction with affected populations, without a potentially more powerful intermediary also getting involved. There are also disadvantages and risks: Entering in direct ‘competition’ – which is how it is seen and expressed – with notably INGOs, even if the latter are also members of Start Network, is seen as potentially risky: It may upset and break longer-standing partnerships that have provided them with access to larger funding over a longer period of time. The amount accessible in direct funding is obviously also less than what they can access via a Tier 3 intermediary. Remaining a subgrantee to a Tier 3 member is even more economically advantageous than joining them in a consortium: In a consortium, the ceiling applies, even if they would assume the lead role for the consortium while as a subgrantee they are not limited to £60,000. The set-up therefore also has clear disincentives against seeking direct funding.

Finding 3: Whereas membership of Start Network opened new collaborative and funding opportunities, including with other Start Network members, there is no guarantee this will be as an equitable partnership.

Question: Has the experience influenced the nature and quality of the partnerships of these Tier 2 organisations with international, but possibly also with other national/local partners?

Some other Start Network members during the pilot have been unwilling or unable to rely on Start Network’s comprehensive DDA and made the Tier 2 agency undergo yet another one. There is no guarantee they will share the ICR and/or treat them as equitable partners.

A broader perspective may be called for here: What the Start Fund and other Start Network financing possibilities offer, even to Tier 3 agencies, remain relatively modest amounts. It may not trigger a (demand for a) qualitative improvement in the collaborative relationships where Tier 3 members or INGOs also calculate their interests with a broader and longer-term perspective. Besides, the sector-wide prevailing pattern remains one in which national/local agencies are the partner of the international one, rather than the international agency being the partner of the national agency. That means the international agency can impose its requirements, policies, procedures and formats, rather than aligning with and supporting and reinforcing those of the national/local agency. These are habits hard to break. Start Network seeks to pioneer and demonstrate a different future, but old habits are hard to undo.

Finding 4: Direct funding per se does not make a difference on organisational strengths.

Question: What benefits, if any, of direct funding on Tier 2 organisational strengths? What has been the relevance, effectiveness and impacts of Start Network provided organisational development initiatives?

It may mean little more than that the grantee has learned yet another donor’s procedures and formats – which is not the most essential organisational competency. The impact on the organisation’s strength will be even more limited if the direct funding is capped to a relatively small amount. The only aspect that may make a modest difference is whether the agency gets ICR or not (modest because 10% of £60,000 is at most £6,000 which may be quite significant for a smaller organisation but less so for

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There are different understandings of this in Start Network. Some are under the impression that the ceiling only applied in a consortium context when the Tier 2 agency would lead but not when it gets a subgrant from a Tier 3 agency leading the consortium. In practice, the evaluators heard of Tier 3 Start Network members in the lead imposing the ceiling on their Tier 2 consortium partners. It is also unlikely that anyone would want to enter into a consortium led by a Tier 2 agency, which can only receive £ 60,000 that then has to be shared with consortium members.
larger ones). The organisational support offered by Start Network staff and/or via dedicated grants is highly appreciated. Some of its focus has primarily been to help the agency master the Start Fund procedures or address international compliance issues without which it cannot access larger Start Network grants and qualify better for other donors. That again is relevant, but somewhat skewed to international expectations and requirements, and by itself again not enough to make a robust organisation. The SKILL grants and the grants for community-led approaches to MEAL have a different orientation. They contribute to aspects of organisational strength. But the core issue and challenge remain robust financial health.

5. **Recommendations to Start Network**

**Recommendation 1: Improve internal information management**: Different teams need to be able to access data and analysis of each other, which requires a shared system. If certain data or analysis has restricted access, it needs to be clear who must be approached with a request. Improved information management however also means simple things like ensuring that every document, formal or informal, is correctly dated, and that data sets are connected with a narrative commentary or analysis because data do not explain themselves.

**Recommendation 2: Actively maintain shared understanding between teams and across staff changes**: Where different teams work on different aspects of a Start Network initiative or action, the risk exists they cannot ‘see the forest for the trees’. One person must be responsible for maintaining the overall overview and periodically ensuring that everyone remains up to date with a shared understanding. That responsibility may also include briefing new people following staff changes.

**Recommendation 3: Maintain and strengthen multi-lingual capabilities**: As a service provider to the emerging country- and region-level networks, Start Network needs to have a range of language competencies in its core team, and probably also familiarity with different geographical contexts. All core documents and other communication formats will have to be available in different languages. Translations can be done at regional or country level. Native speakers need to be very self-aware to speed, accents and turns of phrase that may become difficult for non-native speakers even if these have good functional command of the language.

**Recommendation 4: Beware of Start Network (and SCUK) staff overload**: The pilot shows that building up the relationship with new members and supporting them with becoming familiar with Start Network, its different components and procedures and practices, and where needed providing tailored advice and support, is time consuming. There will be a limit to how many members the Start Network service teams can adequately relate to at a time, particularly new members that will require more intensive communications. That may influence the rate of expansion. SCUK support services, for example those who handle grant disbursements of the Start Fund, can also become overloaded if the volume of grantees increases. Overload can also apply to external service providers: reportedly, the current 3rd party DDA service provider needs much time to handle a large amount of due diligence assessments, leading to long waits for the applicants.

**Recommendation 5: Decide on the ICR question**: All organisations need some flexible and core funding to be able to survive and develop. When accessing a direct grant from the Start Fund, the pilot agencies could determine a certain ICR up to the maximum of 10% of the project grant awarded. When accessing the Start Fund indirectly, via a Tier 3 member, whether they received some or more ICR depended on the intermediary. If the Network’s intention is to strengthen locally led humanitarian action, with national/local actors playing a significant role, then Start Network has to address the ICR question more decisively. This will pose some challenges: GMI’s wider work has indicated that several INGOs have internal policies that exclude any sharing of ICR with subgrantees. Some of these might be members

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16 In this context, the question is whether the Start Network staff operate with an explicit organisational capabilities’ framework (one of which called SHAPE was used in one of the past DEPP projects) and if so, whether it is largely based on INGO models, or a more open one like the ‘5 Capabilities’ framework. See Van Brabant 2015 & GMI 2020a

17 See here also Guyatt, H. 2022 and Start Fund Bangladesh October 2020
of Start Network. The same can also hold for sub-granting arrangements between national/local organisations. If Start Network makes it mandatory to share ICR, at least proportionately to who implements what part of a budget, this may become an incentive for more direct implementation. This will have to be monitored closely. Alternatively, Start Network – with agreement from its donors- could raise the overall ceiling for ICR, e.g. from the current 10% to 14%, enabling a sharing of 7% each between an intermediary and one or more subgrantees. In the medium-term that may not be sustainable, as donors may object to the higher overall ‘overhead’ cost. A complementary approach may be much more intensive lobby for multi-year core funding for at least several national/local organisations (see e.g. Buteau et al 2020) and strong support to all of them for a diversification of income sources, also beyond international aid.

**Recommendation 6: Monitor more systematically the quality of collaborative relationships between members:** Mutually respectful collaborations are as important a step towards a locally led humanitarian system as equal access to quality finance. Start Network needs to keep an active eye, not only on the members’ relationship with itself (e.g., Brown & Jones 2021) but also on the quality of the collaborative relationship between Start Network members. That includes relationships between INGOs and between national/local agencies. (see e.g. Start Fund Bangladesh 2020) A feedback and complaints mechanism regarding real or perceived abuses of power in a collaborative relationship, certainly between Start Network members, must be considered. If not yet available, the Start Network can usefully develop principles of partnership (the 2007 ones developed by a number of international agencies need deep review) and guidance on the boundaries between responsible use of authority and power and abuse of power. These need to be reflected in sub-granting contracts. (GMI 2020c)

V. BEYOND THE PILOT: QUESTIONS AND RECOMMENDATIONS

1. How appropriate is the Tiered due diligence assessment from a localisation-enabling perspective?

**Finding 1:** The tiered system achieves the desired objective of more inclusive membership of the Start Network, also with more national/local organisations, who can contribute to its mission and vision while also accessing its different financing offers. It is one relevant step towards a locally led humanitarian system. But there will be challenges to get wider acceptance for it, within and beyond the Start Network membership. It also remains ultimately oriented towards integrating more Tier 1 and 2 agencies in the international aid system rather than transforming the international system to support and reinforce a locally led one.

a. **Positives: enabling more locally led humanitarian action through**

- Asserting that poorly to less well-resourced organisations cannot be held to the same standards as well-resourced ones, with only a pass/fail result, as the de facto outcome of this is exclusion of most of them.
- Clarifying that a DDA establishes a compliance profile, which cannot be taken as a (full) risk profile.
- Demonstrating that the tier profile does not necessarily overlap with size or with nationality. Large organisations should not be expected to always be Tier 3, nor is there a necessary correlation between international organisations in Tier 3 and national/local ones in Tiers 1 and 2: Some national ones are in Tier 3 and some INGOs or other non-governmental type of international agency (e.g., academic organisation or training center) may find themselves currently in Tier 2 or even Tier 1. Should the Start Network open up to other types of members, that will become clearer.
- Providing access to funding for Tier 2 agencies, while offering them tangible support to develop organisationally, a generally constructive practice.

Start Network is now developing a more modular approach to DDA, with a globally valid core set of requirements, complemented with more contextualised ones – as assessed by independent country-
or region-based assessors. In theory, this could allow agencies to respond to questions and provide documents in more languages than English, French and Spanish.

Start Network is also developing a platform for due diligence passporting, that Start Network will host but where all agencies maintain control over their own information. They decide whether their latest DDA results are hosted on it, who else can access their due diligence assessment results, or which parts of it. National/local agencies should be able to ask potential international collaborators for access to the latter's DDA results – rendering reciprocal what is otherwise a very unequal information exchange.

b. Getting wider acceptance will remain challenging

- Start Network will have to actively disseminate and promote its message that a compliance profile is not a (full) risk profile and should not by itself be used as sufficient basis to decide whether to fund an organisation or not.
- Donors and international agencies alike will have to accept ‘passporting’ i.e., rely on an assessment made by someone else. Some will be reluctant to do so, on the argument that as they carry a responsibility, they cannot take the risk (sic) of relying on someone else’s assessment – even one carried out by a trained 3rd party, but only on the one they carry out themselves.
- To become credible, most and potentially all members of Start Network should accept the passporting: If Start Network members themselves insist on always doing their own DDA, it will remain largely a nice idea. As seen, during the pilot some Tier 3 Start Network member agencies entering a consortium with one of the pilot agencies, subjected it to every time to yet another DDA. Would they also subject a Tier 3 national/local agency to their own DDA?
- If there is more scope for DDA assessments responded to in other languages (e.g., Urdu; Bahasa Indonesian; Burmese), the passporting may stumble over the inability of European and North American actors to understand these responses, leading them to do it all over again in their Western language.
- The 3-year validity of a DDA may have to be reassessed earlier, when a serious problem in the agency’s performance arises repeatedly and/or because of the poor manner it deals with it. This option is provided for in the Network Membership Agreement: a DDA can be triggered sooner e.g., by significant changes in the compliance/regulatory environment, or e.g., to complement an ongoing investigation.

c. Local leadership only after adopting international standards and practices?

- The DDA and underlying risk thinking (see further) in the pilot remained a top-down, ultimately donor-centered exercise. The underlying view is that national/local agencies can be accepted as fully equal partners in the global relief sector if they meet international requirements. Ceilings on the amount of funding they can access linked to their compliance profile are a clear indicator of where the power remains. Interviewees from the pilot agencies show that becoming a Tier 3 agency remains -currently- the only option to be able to stand on fully equal footing with many INGOs, and to invalidate further arguments against direct funding.
- Yet no compliance profile can capture important capabilities of an organisation that can be critical to its programming performance, such as the strength of commitment of its staff and volunteers, its skill to navigate a complex political landscape full of sensitivities, the potential for smart adaptive management of its intervention where external factors or internal learning call for it etc. That would require more of a ‘strengths profile’, revealed more through an appreciative inquiry style approach. (Lewis et al 2011)

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18 A similar, decentralised and contextualised approach has been advised for assessments against the Core Humanitarian Standard e.g. Dross, E & S Patel 2022
• The insistence on this sort of compliance risks contributing to the bureaucratisation of national/local actors, who de facto are encouraged to become like the INGOs. (‘NGO-isation’). It also imposes a Western culture, with its growing reliance on everything being in writing in case of possible dispute and litigation, on sections of society that may rely more on the strength of one’s given word, and the social norms to uphold it. (Director of a Tier 2 agency at the Start Network General Assembly 2022)

• It can be argued that the pilot exhibits characteristics of ‘neo-colonialism’ – not in line with Start Network’s Anti-Racist and Decolonial Framework. (June 2022) This is not to say that decolonising aid means no DDA can be carried out. But for a locally led humanitarian system to be worth its name, local actors can usefully take up good international practices and standards, but the international system also must adapt to, align with, and support and reinforce that local/national system. Change must come from both sides.

2. What did the localisation pilot test and what did it not test?

Clarity about what the pilot intended to test and what it actually tested is important. It has implications for how the pilot had to be designed, what it monitored and how its results can and cannot be interpreted.

Finding 1: There is no shared clarity among the relevant staff within the Start Network secretariat and the Grant Custodian what the pilot intended to test. One contributing factor for that is that many joined Start Network after the pilot had started. Another one the already mentioned absence of a central focal point bringing together the engagements of different Start Network staff with the pilot. One manifestation is the different views on the scope of the ‘Localisation Pilot’. For some, this concerned only the access to and uses of the rapid response Start Fund financing facility. Others would include the uses of the various other small learning and organisational development grants, and the broader engagement with Start Network as members of a network on the road to becoming a network of networks.

Finding 2: The written articulations of what the pilot is supposed to test are ambiguous and inconsistent. Concept notes for the pilot sometimes refer to its subject as ‘local organisations’, other times as ‘Tier 2’ organisations, Concept notes also refer to ‘smaller’ organisations, though not all pilot agencies can be called ‘small’. Partially the pilot wants to test ‘risk’ (also with an eye to providing evidence for back-donors), partially it wants to enable greater access to the Start Fund for Tier 2 agencies, partially it wants to test whether the Start Network infrastructure can handle ‘local/national’ (rather than Tier 2) organisations.

OBJECTIVES OF THE LOCALISATION PILOT: DIFFERENT FRAMINGS

1. Test risk exposure in practice
2. Gather data on impact of directly funding local/national organisations (on affected communities and on the organisations)
3. Determine whether Start Fund infrastructure is ‘fit for purpose’ for local/national organisations
4. What are the challenges faced by Tier 2 organisations in accessing funding through the Start Fund and how can these be mitigated? Key questions of the pilot’s MEAL framework

19 The Start Fund does not assume that national/local agencies will all turn out to fall into Tier 2, but it anticipates that quite a few will: ‘The planned outcome of the pilot is to test a model for local organisations to have access to funding (through Start Fund) in order to respond to emergencies. Any organisation that is brought on under tier 2 would be able to access this sub-pot - initially with organisations in India, Pakistan, and DRC. Although some local organisations will probably qualify for higher tiers, we anticipate that quite a lot will fall into the Tier 2 category, so enabling funding at this tier is crucial to support our work on localisation.’ Concept Note: Start Fund sub-pot for Local Actors. Undated: 3
In practice the pilot has tried to test whether a modest amount of direct financing to local and national CSOs that meet Tier 2 but not Tier 3 Start Network compliance requirements, through a one-off grant for a very fast but also short-term response to a relatively modest acute crisis, constitutes a financial risk, and/or a risk of less relevant response for the affected people, possibly with poor agency staff behaviours.

The pilot only tested one-off grants for a very fast and short-term emergency response. It did not test grants with a crisis response with longer time horizon and for other, often more complex, actions (e.g., modest housing repairs; perinatal care to longer-term forcibly displaced people; chronic and acute malnutrition responses etc.). No conclusion therefore can be drawn about possible risks related to Tier 2 or national/local CSOs’s for humanitarian action more generally.

Finding 3: The design and practice of the pilot do not allow any comparative observations nor generalising conclusions about ‘national/local agencies’. Different understandings also exist among Start Network staff, whether the pilot intended to test Tier 2 agencies in comparison with Tier 3 ones, or national/local agencies in comparison with international ones, or whether it had no comparative intention. The fact is the pilot was not designed nor monitored for comparative purposes, which would have required an explicit control group whose performance was also monitored. The pilot therefore did not test whether

- There is a meaningful difference between Tier 2 national/local CSOs and Tier 2 INGOs
- There is meaningful difference in risk and in certain aspects of performance, between Tier 2 agencies and Tier 3 agencies. There is only one quantified comparison (from the project assessments see section III 1.d in this report) and two qualitative ones: that, based on the independent monitoring, the quality of the goods and services provided to the affected people and of the behaviour of the pilot agency’s staff does not seem to differ in any significant way from that of Tier 3 agencies and that INGO or Tier 3 agencies’ narrative reporting tends to be richer and more detailed in content (informal observation from Start Fund staff). That is not enough to draw conclusions comparing Tier 2 and Tier 3 agencies.
- Tier 2 national/local agencies constitute a significantly higher risk than Tier 3 national/local agencies. That would have required again more systematic collection of comparable data on incidents, disallowances etc. for Tier 3 national/agencies.
- Local/national CSOs generically respond faster and more in line with community preferences than INGOs, because of their stronger proximity to and connections with communities, as is sometimes claimed or assumed.

Though the pilot included responses to natural disasters or extreme weather events and conflict-created crises, the monitoring was also not designed to probe for possible differences related to the type of crises responded to. The sample of responses and the limited number of contexts would have been too small in any case to draw broader conclusions here.

Finding 4: The pilot did not test how funding can be made accessible for local actors who have been most deprived of it. In the design of the Tier framework, Start Network consciously did not want to give decisive importance to the track record of an agency, in terms of past international funding and large grant management. The concern was this would privilege the already well established and probably larger national/local agencies. Understandable as this is, the pilot was also not designed to help local actors who have hardly been able to access some international finance in the past, get a first experience. In practice this would probably have been Tier 1 agencies. Many community-based organisations may fall in that category, possibly also several Women-Led or Women’s Rights Organisations, or Youth Associations. If the longer-term intent is for a locally led humanitarian system

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20 This is recognised e.g. in the brief for the May 2021 Donor Council: ’Start Network does not currently conduct independent monitoring evaluations of assisted communities for members outside of this pilot. This reflects a disproportionate level of scrutiny on members within the pilot. Start Network aims to move from a pilot phase to an operational phase where all organisations are treated equitably.’ p. 3
to be also more people-centered and less donor- and intermediary-centered, then this may be the next
learning-by-doing field. As it is, some of the Tier 2 pilot agencies are very well connected internationally,
can easily access significant amounts of funding, and do not really need access to new sources of
funding – though many other sources do not offer the value of Start Fund’s speed and the learning and
organisational development grants.

A people- rather than donor-centered approach might lead to a reversal of the Tier pyramid: Tier ‘1’
would then be the agency that is least embedded in the local landscape, possibly an INGO but also a
national agency relying on staff from other parts of the country, Tier ‘2’ the agency that knows and is
known in the local environment and is respected by local stakeholders: Tier ‘3’ the entity that is largely
or fully part of the at risk or the affected social group and therefore worth providing most and the best
quality of finance to.

3. Is there enough evidence?

An active question raised by several Start Network staff interviewed for this evaluation is whether the
pilot has produced enough evidence? That first begs the question of what understanding there is of
what the pilot intended to test or de facto was testing – and what it did not test. That has been clarified
in the previous point.

Is there then enough evidence to conclude from the pilot that direct funding to national/local Tier 2
organisations for a fast but short immediate response to a sudden crisis of modest scale does not pose
a significant fiduciary risk nor one of inferior quality of goods, services and relationship with the
affected people? A reasonable argument can be made that the total of 18 direct grants, 8 of which non-
competitively for a rapid COVID response and another 8 for other types of crises, is not a large sample.
In addition, only 8 of the 10 pilot agencies availed themselves of the opportunity to access direct
funding (one admittedly joined only in year 2 of the pilot) and the pilot agencies came from only 4
countries – and in the DRC only from the eastern part of the country.

The likelihood that the pilot would only yield a limited number of practical experiences, because of the
particular niche of the Start Fund and most pilot agencies having only a subnational reach, was
recognised: “there are few disasters that fit the Start Fund niche that can be delivered within the grant
threshold and within the areas where the pilot participants operate. With the limited number of countries
in the pilot and most of our pilot participants only operating in specific regions of the country, the chances
of meeting all the parameters for a suitable response are very low.” (Concept note October 2020 with
addendum of 2021.6)

Finding 4: The pilot has a too small set of experience to draw globally applicable conclusions from.
Nevertheless, in the words of colleagues from the Grant Custodian, if the localisation pilot is not
‘conclusive’ it at least does ‘not disprove’ the starting hypothesis that Tier 2 agencies do not present a
qualitatively ‘higher risk’ (implicitly ‘than Tier 3 agencies’).

Can some additional relevant evidence be found in the experience of Start Fund Bangladesh (SFB)?
Since 2017 SFB has brought together 20 INGOs and 26 Bangladeshi CSOs. The INGOs were and have
remained full members of the Start Network following its regular DDA. The Bangladeshi CSOs so far
are not. They are still ‘programme partners’ and have no voting rights in the Assembly, cannot sit in
global Start Network committees etc.). This because local members, in 2018, went through a country-
level due diligence and selection process that was not the one then used by the Start Network. De facto,
it amounted to a stepwise elimination process: from almost 400 applicants it was narrowed down to
120, then 58, then the final 26. At Start Network secretariat level, there is a view this process was biased
towards larger and already well established local and national CSOs.

Over four to five years, the role(s) of Bangladeshi CSOs in SFB has become stronger: They now
participate strongly in all stages of the cycle (alert, allocation, project selection) and an increasing share
of allocations against an alert is going to them. This growing involvement of Bangladeshi CSOs in
responses has more than halved the average number of days to reach affected communities (with the
footnote that, for any agency including INGOs, speed does not automatically equal quality). Their management costs are also reportedly lower, and the average for SFB has therefore been reduced from 19% to 14%. For SFB as a whole (including INGOs), accountability practices to the affected people were not felt to be good enough; the Fund has now developed a package of 16 Accountability Tools.

Start Fund Bangladesh is now transitioning to a national Hub. As its members after four-five years need to go through a new DDA process, the general Start Network DDA one is now being used – with its possible outcome into one of three Tiers. It will be interesting to see whether the existing 26 Bangladeshi CSO members all turn out in Tier 3 or not. This will give greater clarity where and to what degree some comparative observations from past SFB experience can be made or not. SFB is also moving to include about 22 very local, typically smaller, CSOs, which will add further relevant experience.

4. Perspectives on risk and risk management

Question: What types of risk were identified before and during the pilot for the Tier 2 level organisations, and how were they mitigated? What incidents have been reported? Can any trends be detected over the course of the pilot phase? How do incidence rates regarding the misuse of funds and disallowances compare with those of the wider membership? Perspectives on the management and consequences of disallowances?

The DDA inquires how the organisation being assessed manages a broader set of risks, particularly through internal policies and procedures. As mentioned, the subsequent financing part of the pilot actively monitored primarily two risks: the fiduciary one (notably fraud, corruption and diversion or other misuse of funds) and that of assistance provided being of insufficient relevance or quality and/or with poor behaviours by project staff towards the affected people. The project management spot checks also looked into e.g., procurement but the effectiveness of spot checks done remotely (because of COVID travel restrictions) may not be that high.

Finding 5: The pilot nor the evaluation found evidence that Tier 2 agencies would constitute a higher risk category than Tier 3 agencies, for the types of risk actively monitored.

At the time of writing, there are some outstanding concerns over the financial reporting of one pilot agency. The ongoing audit will determine whether this leads to disallowances or not. This however is not unique to Tier 2 or to ‘national/local organisations’. Reportedly, issues have also arisen in the past with Tier 3 and/or INGO Start Network members. No generalised conclusions about Tier 2 or national/local agencies therefore should be drawn from it.

Finding 6: A compliance profile is not a risk profile is a central message with sector-wide relevance coming out of this pilot. This was the premise of the tiered framework and has been validated by the Localisation Pilot.

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21 These are not the only possible financial risks: others would be loss of purchasing power through e.g., sudden exchange rate fluctuations or devaluations, or wastage.

22 As the evaluators did not obtain factual data on incidents with the wider membership (presumably Tier 3 agencies), no comparison can be made.
**Finding 7:** While appropriate and recognisable as general practice in the relief sector, this understanding of risks and risk management reflects the past more than the desired future.

Recent work is now recommending that, first a broader set of risks be recognised, but also from the perspectives of the potential grantee and of the affected population, and secondly that the prevailing practice of risk transfer needs to be reduced in favour of more effective risk sharing. (Hughes 2022; USAID 2022; GMI 2022)

A more nuanced view would start from the question: *What risk and for whom?* The text box shows key types of risk, not all of which are recognised in the literature on risk or risk management practices in the relief sector (e.g., Stoddard, Czwarno & Hamskik 2019; USAID 2022; Hughes 2022)

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**A Compliance Profile is not a Risk Profile**

Due diligence assessments take a close look at organisations that might be recipients of aid money against a set of expectations some of which can be requirements. Due diligence assessments are conducted by donors on international aid agencies, and by international aid agencies on local/national ones. A major purpose is to spot possible risks for the grant or subgrant giver.

Due diligence assessment provides information about the degree to which an organisation meets expectations or requirements and can therefore be considered a ‘compliance profile’. It says little to nothing about programmatic and contextual risks and is therefore inevitably incomplete. It cannot cover, for example, the sometimes-vital organisational capability to navigate a landscape full of political sensitivities. Where funding is considered for a particular action in a given context, a broader risk (and benefits) assessment will be required. The implication is that the compliance profile should not be the only consideration in the decision to provide funding to that organisation.

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**Be Specific: What Risk are we Talking About?**

1. **Legal**: e.g., not complying with applicable legislation; funding ends up in hands of proscribed groups etc.
2. **Financial**: e.g., fraud, corruption, theft, inflation, devaluation, disproportionate cost of controlling; wastage etc.
3. **Informational**: e.g., data protection breach; cyberattack etc.
4. **Safety**: health including mental health; accidents etc.
5. **Security**: from acts of violence
6. **Human capital**: the inability to attract or retain capable and committed staff; to invest in their development; to provide them with the minimum equipment for effective work etc.
7. **Organisational**: financial health; visibility; fit-for-possible futures; but also loss of independence or autonomy, reduced connection and collaboration with others actors in the same environment; self-censorship due to political pressure etc.
8. **Collective action capability**: within and between social groups; between organisations and institutions etc.
9. **Reputational**: e.g., allegations or cases of abuse or fraud/corruption; intimidating whistleblowers; failure to keep promises or even contractual agreements; other events leading to loss of legitimacy in core constituencies or key stakeholders etc.
10. **Operational**: e.g., inability to adequately assess existing needs and available capabilities; inability to obtain, store or transport necessary supplies; to access target groups or to access with autonomy; to deliver assistance timely etc.
11. **Programmatic outcomes**: e.g., not delivering life-saving assistance timely; no effective poverty reduction and/or greater inclusion and/or more participatory and accountable governance; low or no sustainability etc.
12. **Unintended negative consequences**: e.g., creating new or aggravating existing tensions and conflicts; weakening the capabilities of national/local actors; altering the evolution of an organically grown civil society or women’s movement etc.

Different risks may have different priorities for different agencies in the collaboration chain. Fiduciary, legal, and reputational risks are indeed the key concerns of donors. (Hughes 2022:14) Agencies operating in or near the crisis may have other priority concerns, such as safety and security, timeliness,
enabling operating conditions etc. Intermediary agencies often must handle both the priority risks of back-donors and of the actual responders.

Secondly, given that the achievement of desired humanitarian action or response objectives can depend on the collaboration between different agencies, the prevailing agency-centric risk management is inadequate. Such ‘ego-thinking’ rather than ‘collective action thinking’ is a significant enabler for the practices of ‘risk transfer’, including to those who are less well-resourced and less well prepared to manage it.

Agency-centric risk management can also lead to a situation where the risk reduction measures of one may increase the risks for another in the collaboration chain. A holistic risk assessment therefore should look more like the following text box. It should also lead to more explicit and intentional risk sharing.

<table>
<thead>
<tr>
<th>RISKS</th>
<th>Probability of occurrence for us</th>
<th>Probability of occurrence for partners/subcontractors</th>
<th>Probability of occurrence for populations of concern</th>
<th>Impact on us</th>
<th>Impact on partners/subcontractors</th>
<th>Impact on populations of concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme outcomes (specify)</td>
<td></td>
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The textbox also signals that we cannot only look at risk: ultimately, this creates an atmosphere of fear and distrust that feeds a reflex of risk avoidance. That is not appropriate for the current, increasingly volatile, and unpredictable world and even less so for agencies whose mandate or mission is to engage with and in crisis situations. Risk assessments therefore need to be balanced against potential benefits.
assessments – where we dare to take a calculated risk. The term for this is ‘risk reward’. (ICAI 2016)

In fairness, the pilot may not have operated with such more sophisticated risk & benefits framework – which was not yet so well developed in early 2020 - but in practice it did pay attention to several aspects, for example:

- The pilot documentation examined did not contain the term ‘risk appetite’, but it seems fair to say that the donors, SCUK as grant custodian and the Start Fund team itself all considered their risk appetite when it was proposed to double the grant ceiling to £60,000.
- Recognising that a compliance profile does not give a full risk profile is an indicator of more nuanced thinking about risk. So too the fact that the £60,000 ceiling from the Start Fund was not automatically extended to other potential grants from Start Network – although more consideration should have been given to applying it also in a consortium-set up, as Start Network knew from the outset that several of the pilot agencies had received larger sums in the past as subgrantees.
- Explicit attention was given to information related risks, policies on which were generally missing among the Tier 2 agencies (as they possibly also are in several INGOs). Start Network proactively organised trainings, in English, French and Spanish on this, early in the pilot.
- Offering the pilot agencies direct funding with ICR and an organisational development grant is relevant to the risks that arise if they have fragile organisational finances.
- Start Network reserves policy that includes an overall risk pool, which can be used for losses experienced by funding organisations on Tier 2 (in the event that organisations are unable to cover such losses), is an example of readiness to share risk.

5. Should Start Network maintain a financial ceiling for Tier 2 agencies?

The evaluators have seen an internal Start Network document, in which 6 options for post-pilot practices are considered. The main focus remains on the question of a ceiling for how much funding a Tier 2 agency can access after the pilot, what the possible appetite might be among donors and the Grant Custodian, and how Tier 2 agencies might feel about it.

This evaluation shows that there is no convincing justification for a ceiling based purely on Start Network’s DDA:

- Several of the pilot agencies had accessed grants over £60,000 from other sources, prior to Start Network’s DDA putting them into Tier 2, and (are likely to) continue doing so, which indicates others have a different assessment of the risk the Tier 2 agencies present.
- Acting as a subgrantee to a Tier 3 member of Start Network they can also access more than £60,000 from the Start Fund, signaling again that the Tier 3 agency has a different assessment of the risk the Tier 2 agency presents, or of its ability to manage that risk. The contradiction is particularly striking where a Tier 2 agency is confronted with the ceiling when entering in a consortium with a Tier 3 agency, but not when it is a simple subgrantee. If a consortium is put together to maximise the complementarities between participating agencies instead of the usual competitiveness or fragmentation, then the ceiling policy actually acts as a disincentive here for Tier 2 agencies.

Informally, remarks have been heard that the coming proposal to donors would be to raise the Start Fund ceiling for Tier 2 agencies (including international Tier 2 ones) to £ 100,000. The current Start Fund rapid response grants ceiling for Tier 3 agencies is £300,000, though in practice, the average rapid response grant is £118,000.

Finding 8: A lower ceiling for Start Fund direct grants to Tier 2 agencies, is more justifiable from the limited risk management options of Start Network, than from the results of the DDA. Basing the justification on the results of the DDA would be in contradiction with the message that a compliance
profile is not a full risk profile. A convincing argument can only be made on the grounds that the Start Fund has few other practical options to manage risks associated with this particular type of grant.

Indeed, this Start Fund grant is given fast, as a one-off disbursement, and spent fast, and the Start Fund is remote from where the action takes place. If the Start Fund had staff in greater proximity to the grantee, the context and the responses, and a longer-term collaboration with the grantees, it might assess the risks differently. Thus, a ceiling reflects more the limited monitoring and oversight capabilities of the Start Fund or Start Platform at large, than a full appreciation of risk (and opportunity) that a compliance profile cannot provide.23

Moreover, a ceiling of £100,000 is not far from the reported average £118,000 grants actually used by Tier 3 agencies for a rapid response. Is this a meaningful risk reduction?

Another option considered is a gradual increase in the ceiling, up to the general limit of a Start Fund grant of £300,000, or to £300,000 as the ceiling for different Start Network grants held by a Tier 2 agency at any one time. An increase of the ceiling would then be agency-specific and dependent on good performance and reporting. This may be a practice that is already used by some other donors, possibly some country-level pooled funds. It is a defensible option because it gives weight also to performance and not only formal compliance. But it is applied on an agency specific basis which requires more tailored management. It also implies that a ceiling can be raised but also lowered again if a performance is deemed unsatisfactory. The possibility that a ceiling is lowered should then apply to Tier 3 agencies as well.

Finding 9: Applying the Start Fund ceiling for Tier 2 agencies to all Start Network’s financing options would contradict a key message from the pilot. During the pilot period, Tier 2 agencies were able to directly access potentially larger sums from other funds than for the rapid response offered by the Start Fund. Even Tier 1 agencies reportedly can access funding from e.g., the Innovation programme, for Disaster Risk Financing or Hub Incubation. It is Start Network’s Risk and Compliance Committee which assess the risks for each Start Network Programme and sets the parameters. Different ceilings make perfect sense as Start Network may have a different repertoire of risk management options for different types of grant. This apparent ‘lack of internal consistency’ in Start Network created confusion among Start Network staff and among pilot agencies. The answer is clearer communications, not the imposition of the Start Fund’s ceiling for rapid responses to all other types of grants. That, moreover, would be in direct contradiction to the key message that a compliance profile is not a (full) risk profile.

6. Recommendations to Start Network

Recommendation 7: Look at possibilities to shorten the DDA process: In this initial testing, all agencies had to go through the whole questionnaire (and provide supporting documents), then wait to be assessed by an international assessor, to then hear what Tier they were being placed in and why. This is time consuming and costly for the agency, and for Start Network who pays for the 3rd party assessment service. If it is now clearer which key factors are thresholds for Tier 2 and for Tier 3, a quicker and cheaper approach seems possible. There can be a preliminary rapid assessment to establish where an agency stands on these threshold criteria. On that basis it then can decide to apply for a particular Tier and address in detail the fuller questions related to that Tier. It does not have to answer questions related to Tier 3 if it already knows it does not meet certain threshold criteria for Tier 3. It still gets all the questions related to a higher Tier, so it knows what it may want to aspire to. The pilot agencies also recommended that the expectations regarding the presence and content quality of key policies be communicated in advance, giving them an opportunity to improve on this prior to going through the full DDA. (Learning and Evaluation Findings 2021:2)

23 In its concept note for the Localisation Pilot, Start Network affirmed that ‘The absence of certain compliance elements does not necessarily mean that there will be a greater number of unsatisfactory incidents or disallowances, but it does recognise that there are fewer controls in place to manage risk.’ Concept Note – Start Fund sub-pot for Local Actors no date:2. The reference was to internal controls in Tier 2 agencies, here we refer to the ability of the Start Fund to effectively use other risk management approaches beyond the DDA.
**Recommendation 8: Maintain a 3rd party assessment where most critical:** If an operational agency is assessed by another one that can work operationally, there is a potential conflict of interest. The assessor may deliberately under-appreciate the assessed one, to justify its role of close oversight and controlling and therefore keeping the full ICR. Even if there is a cost to it, an independent assessor who is not a potential competitor reduces the risk of bias. At the same time, pilot agencies questioned the need for a costly 3rd party assessment of the basic requirements of Tier 1; Start Network should be able to do this itself. Whether the fundamental requirements for Tier 2 require 3rd party assessment is not clear yet.

**Recommendation 9: Make the acceptance of the Start Network -supported DDA the default position for all Start Network members.** Repeat DDA’s by other Start Network members, within its 3-year period of validity, should not be tolerated unless strong justification is offered. That may require some proactive clarification about ‘risk sharing’ where a Start Network member would object that it cannot take responsibility for a subgrant if it cannot itself conduct a due diligence assessment of the prospective grantee.

In this light, also keep track of DDA processes national/local members are subjected to: Compile retrospective information from national/local members how many times over a given period (e.g., 3 or 5 years) they had to undergo a DDA, from whom and whether their time investment for this was paid for?\(^\text{24}\) Where did the Start Network DDA introduce requirements they had not already encountered in previous DDA’s? Keeping track of other DDA the international and national/local members must undergo over the next 5 years, will also provide an indication whether Start Network’s approach (also with the hosted platform if it materialises) does reduce the DDA burden on national/local members.

**Recommendation 10: Start Network experimenting with richer, contextualised, risk and benefits analyses across the collaboration chain.** This will be possible through the Hubs and be highly relevant for them.

**Recommendation 11: Start Network experimenting with financing, directly and indirectly, of Tier 1 agencies,** particularly those that so far have had very little access to international funding, to learn where the issues there lie and how to reduce or overcome them. The Hubs again may provide opportunities here.

**Recommendation 12: Maintain the combination of providing access also to direct funding for organisational strengthening support, but with a richer in-house view on what makes for healthy and contextually relevant organisations.** First, to be viable and achieve its full potential, an organisation needs to have some stable financing. Second, organisational strength derives not just from income, policies, and procedures but from its people, the source of their motivation, their spirit, vitality, and creativity. (see e.g. Chigudu and Chigudu 2015; Renoir & Guttentag 2018) Third, organisational strength derives from its positioning and dynamic repositioning with its operating context, its ability to effectively manage relationships with different stakeholders, often with different interests, and to navigate complex socio-political and security environments.\(^\text{25}\) Last but not least: the strength of a locally led humanitarian system will depend on the collective capabilities of national and local actors (and the international ones also present) – which in turn relies on the willingness and ability to really collaborate for collective impact.\(^\text{26}\) Start Network globally does not need to be able to provide support on all of this – it can better rely on different third-party resources- but this should be the shared perspective for ‘realising the full capabilities potential’.

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\(^\text{24}\) According to the TechSoup learning report this was done before applying the Tiered DDA. No information on those findings was made available to the evaluation team, nor is any given in TechSoup’s pilot learning report.

\(^\text{25}\) “There are strong suggestions in the literature that capacity development ought to shift towards a stronger focus on ‘way of working’ (think and acting politically, strategic partnering, alliance building etc.). It is also suggested that capacity development is most effective when provided in the form of mentoring.” Alffram 2021:13)

\(^\text{26}\) For rich learning from practical approaches to collective impact, see FSG [https://www.fsg.org/consulting/areas-of-expertise/collective-impact/](https://www.fsg.org/consulting/areas-of-expertise/collective-impact/)
VI. BEYOND THE PILOT: TOWARDS A LOCALLY LED HUMANITARIAN SYSTEM

1. Some implications for Start Network’s ongoing Hub Development

| Question: How does the localisation pilot fit within the Start Network’s wide localisation strategy? Should the Start Fund be inclusive of all Start Network members, irrespective of their Tier status on the due diligence framework? Does the Start Fund’s operational infrastructure meet the needs of the localisation strategy? |

India, Pakistan, (eastern) DRC and Guatemala are among the priority countries for the development of Start-associated Hubs. Some of the pilot agencies take on core roles in their respective Hub development.

It was beyond the scope of this evaluation to study this in detail, also because the dynamics among existing and prospective Hub members in each country are very different. Some observations can be made however about what some of the pilot agencies say they bring from their experience to that Hub development:

- The exposure to a comprehensive DDA that reflects international practices and expectations is a source of inspiration to think about what DDA would be appropriate for Hub membership – even if Hubs eventually choose to have less requirements and a simpler process. The Ready Pakistan Hub has 30 prospective members that are currently going through DDA. For now, they have declined to test the local DDA assessor practice now, due to capacity constraints in the Hub (Pakistan in 2022 is also suffering devastating floods and their aftermath). The DDA therefore continues to be done by Start Network’s global 3rd party provider. There has been some recalibrating of the framework based on learning, details of which are not known to the evaluators. The local DDA assessor approach in Pakistan is now planned for 2023.
- Being embedded in specific contexts, the Hubs should be able to do richer and more comprehensive/inclusive assessments of risks but also of potential risk rewards.
- Many new members of Hubs may turn out to be Tier 1 agencies. Membership cannot by itself remain sufficient motivation for most of them, particularly as they may not have enough staff to invest in other Hub actions, however relevant. At the moment they can access certain types of Start Network grants, e.g., for learning, organisational strengthening, Hub incubation. Eventually, they will need access also to operational funding – because organisational developments ultimately happen also through application in and learning from practice.
- The pilot experience provided some exposure to how to manage a larger fund, in terms of procedures and requirements. If a sizeable proportion of Hub members has Tier 3 status, it is felt the Hub can make a credible argument to become the manager of one or more pooled funds.
- Peer learning, that the smaller grants from the Start Platform enabled the pilot agencies to experiment with, is another experience relevant for thinking about the Hub development.
- Motivation for joining a Hub must be an attention point, just as motivation to join the Start Network. If the motivation is predominantly access to money, not contributing to the system-transformation the Start Network pursues, an agency should perhaps not be a member. Remaining competitive towards other Hub or Start Network members, rather than operating also from the sense of belonging to a shared network, could also call into question the membership. That applies to any entity, national/local as well as international.
- Shared decision-making between national/local and INGO Hub members will be an attention point for some. This can lead to Hub rules that every governance organ or working group must be co-chaired a national/local and an international member. Unity among national/local actors is seen as an important condition for this – if they are divided, they will be played off against each other.
- Transparency around decision-making is an explicit attention point – critical also to develop trust between Hub members.
• The issue of ICR for all will be an explicit attention point. One Hub is putting forward a mandatory equal sharing rule.
• Complementarity between actors operating in the same part of the country (India, Pakistan and DRC are huge territories so Hub members may be acting in very different geographical areas with no possibility to complement each other operationally) will have to be an attention point. So far, Start Fund practices remain fundamentally oriented towards competition. Consortia in principle can be a format for stronger complementary actions for a greater collective impact, but in practice power dynamics and inequalities can also play out within consortia.27
• Power dynamics is an issue. It can play out between INGOs and national/local ones. An emerging Hub of local actors can express reluctance to have INGOs join it, on the other hand it may be INGOs who are reluctant to join a platform with strong national/local actor presence. But power dynamics can also play out between national/local organisations, as they can between INGOs. Power dynamics can also emerge between INGOs and their long-time local partners versus other national/local agencies. Hub hosts will have to have strong relational skills. Third parties, including Start Network, may have to play a facilitating or mediating role where Hub members cannot resolve this themselves.

Start Network service infrastructure capabilities: For Start Network itself, the pilot experience raises the question of how much its service infrastructure can handle. A rapid increase in the number of members of the Start Network via Hubs will create rapidly expanding workloads. This may lead to long delays. Larger number of members means a much larger number of communications with the teams in the Start Network secretariat (Fund and Platform), who may struggle to handle this, let alone develop some knowledge of all these members and build a quality relationship. Language competency requirements may also expand. The same applies where Start Network relies on one or a very few service providers. The current service provider to process the DDA submissions reportedly has a large number to deal with, resulting in applicants having to wait many months to hear their result. As the outlook at the moment is for the Start Fund to remain managed globally, this concern also applies to the support staff in SCUK which handles much of its practical work.

Same direction different speed: Key stakeholders for the Hub development in the current 5 and 6 projected countries/regions are the Start Platform, SCUK as grant custodian, the agencies in the different countries, and the donors to Start Network. While all may agree on the direction of travel, different appetites for the speed of travel are to be expected. As one stakeholder mentioned: "Let us not run before we can walk, let’s first get solid experience of these five Hubs before launching six more."

2. The Localisation Pilot’s importance for the relief sector’s challenge to become more locally led

One important value of the pilot is the greater opening for membership in the Start Network, which goes together with the development of Hubs and Start Network’s transformation into a locally driven network of networks. For Start Network itself, this is a critical step.

Beyond that, the pilot is not groundbreaking nor transformative. Start Network is not the first to use a Tiered system linked with different grant ceilings for direct funding, nor to reserve a certain envelope of funding for national/local agencies only, including for agencies that do not meet the highest bar of international compliance requirements. There are other examples, including some UN-run country-based pooled funds (e.g., LIFT in Myanmar) or single donor country funds (e.g., FCDO’s Humanitarian Assistance and Resilience Programme Facility in Myanmar, 2016-2022). (see GMI & RAFT Myanmar 2022) Nor is it the first to make a modest amount of funding available to national/local agencies for an immediate crisis-response (e.g. the Somalia Joint Response of the Dutch Relief Alliance, see Harrity 2020; the initial amounts were Euro 30.000 then raised to Euro 40.000) It stays within an already established comfort-zone of several donors.

27 There is some useful learning to be had from e.g., the review of UK Consortia (Harrison 2021)
However well intentioned, the view underpinning the pilot also remains donor-centered; the incentives remain for national/local agencies to develop to meet international requirements. It was not designed with features to make the international system more align with and support national/local strengths and practices. It does not decolonise. Nor did it explore for example what a more people- and community-centered due diligence requirements might look like. What is it that at risk and affected people want to see, for their own ability to decide and act and in those that come to help, once they are well informed about how aid supported agencies operate, what they cost, what power they have and how that is used?

It remains to be seen how much influence this pilot will have more widely. A potential wider influence lies in the distinction between a compliance profile and a risk profile – if that is taken further in the direction mentioned in section V.4. But Start Network is not the only game in town. Even for bigger INGO members, what Start Network offers them can be only a minor part in their overall portfolio of programming. From that perspective, it may not be a very strong influence on how they see themselves and their role, globally, in the medium-term future. The Start Network has a few very specific and very valuable niches, but the volumes of funding it can offer are modest compared to wider humanitarian funding that can be available in a country. Both national/local and international actors can and will weigh the advantages of the financing modalities Start Network offers against the benefits of staying within the existing pattern with all its inequalities. That, of course, is no argument not to pursue transformative changes on a modest scale, to demonstrate what future practices can look like.

The pilot is not a giant leap forward, but it is yet another step in the right direction. The next step needs to be grounded in new perspectives on risk and benefit/opportunity, and more risk sharing in actions where achievement of the intended objectives depends on the collaboration between different actors, including several who will not meet an expanding set of compliance requirements, or not in intensely documented form.

Question: Are operational changes recommended for a post-pilot phase?
ANNEX KEY DOCUMENTS

Start Network documents

AFPDE Application for Start Fund Learning Grant, June 2021
AFPDE Peer Learning Project – On resilience of communities. Start Network Jan-Febr. 2022
Brief for Donor Council on the Start Fund Localisation Pilot, May 2021
Brief for Donor Council on the Start Fund Localisation Pilot, November 2021
Brief for Donor Council on the Start Fund Localisation Pilot, May 2022
Brown, H. & A. Jones 2021: Local Organisations Reflect on their Partnership with Start Network
Concept Note Start Fund Sub-pot for Local Actors, undated
Concept Paper. Options for releasing funding to Tier 2 organisations and risk mitigation measures. November 2019
Financial Management and Assurance Check-in. Methodology and Tool. Start Fund by Humentum, September 2022
Global Start Fund Initiatives to Accelerate Locally Led Humanitarian Action (guidance document, in English, French and Spanish), January 2021
Guyatt, H. How can Start Fund Bangladesh do More to Ensure Effective Responses, Shared Learning and Power Shifts. undated
Guyatt, H. Building sustainable partnerships: INGOs’ perspectives of the value in providing partners with unrestricted funding, May 2022
Localisation Pilot Tracker 2021-2022
Locally Led Research and Learning Grants. Poster, Start Network
Locally Led Research Grant Learning Report. Sharing knowledge and ideas under local leadership. PTT - November 2022 (Dr. H. Brown & A. Jones)
Local Member Survey – round 2, January 2021
Main Differences between Tiers – overview table, undated
MEAL Framework for the Start Fund Tier 2 Sub-pot Pilot, undated
Midterm Report on the Start Fund Localisation Project, April 2021
New Member Post-Response Interviews. Feedback on value, communication, hubs and due diligence, January 2021 (local member survey round 1)
Pilot Learning Report (undated, after April 2021)
Pilot Project Start Fund Sub-pot for Local Actors, undated
Risk and Accountability Initiative, Start Network & Humentum, undated
Start Fund Access – Post pilot approaches, undated
Start Fund Bangladesh: Partnership Practices. PPT at General Assembly October 2020
Start Fund: Risk Management, Compliance and Spot Checks Review. Humentum, August 2022
Start Network: Anti-Racist and Decolonial Framework, undated (June 2022)
Start Network: Sharing Knowledge and Ideas under Local Leadership. No date (2022?)
Tier 2 Project Assessments Summary, undated
Tiered Due Diligence Assessment Procedure and Decision-making Process, undated
Tiered Due Diligence Initiative Overview, March 2022

Complementary documents

Alffram, H. 2021: Mapping of Models for Direct Support to Civil Society Organisations in Partner Countries. FCG (commissioned by SIDA)
Boyes-Watson, T. & S. Bortcosh 2022: Breaking the Starvation Cycle. How international funders can stop trapping their grantees into the starvation cycle and start building their resilience. Humentum

de Bruin, W. & R. James 2020: Global Perspectives on Decolonising Capacity Strengthening. INTRAC

Dross, E & S Patel 2022: Certification System Fit-for-the Future. Community World Service Asia


GMI 2019: The Finance and Economics of Localisation. Is the 25% target a key performance truth?

GMI 2020a: The Five Capabilities Framework

GMI 2020b: No Shared Risk – No Partnership

GMI 2020c: Grant Agreements and Partnership Agreements. Towards a new level of maturity and competency

GMI 2022: At Last. More appropriate perspectives on risk and risk management in the aid sector, 2022


Harrison, T. 2021: Working Towards More Effective Consortia. Findings from UK Aid Connect consortia health checks. The Partnering Initiative & BOND


Hughes, E. 2022: Risk Sharing in Practice. Success stories, enablers, and barriers to risk sharing in the humanitarian sector. Commissioned by Netherlands Ministry of Foreign Affairs and ICRC


USAID 2022: Risk Appetite Statement

Van Brabant 2015: The Competencies of Capacity-Developers. IPAT, Interpeace