

Risk-Sharing Frameworks in Humanitarian Partnerships

A Multi-Country Study on Equitable Partnerships

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- 1 Introduction
- 2 Summary, key findings and recommendations
- 3 Methodology
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 - 4.1 Risks faced by LPs
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Acronyms

- **CHS:** Core Humanitarian Standard on Quality and Accountability
- **CP:** Country Programme
- **CSO:** Civil Society Organisation
- **FGD:** Focus Group Discussion
- **INGO:** International Non-Governmental Organisation
- **KII:** Key Informant Interview
- **LLA:** Locally-Led Action
- **LP:** Local Partner
- **PIN:** People in Need
- **PSS:** Psychosocial support
- **SOP:** Standard Operating Procedures
- **USAID:** the U.S. Agency for International Development

People in Need is an INGO, whose roots lie in empowering civil society and human rights activists, as well as delivering humanitarian responses. We operate in over 40 countries in 7 regions of the world. PIN works with over 600 local development and humanitarian partners and focus our operations on fragile states, countries in transition, areas affected by climate change and hard-to-reach and marginalised communities.

Disclaimer: As the information for the study was conducted prior to the dismantling of USAID in early 2025, it does not fully account for the risks associated with the evolving international funding landscape which may further constrain the access of local organisations to resources. Further assessments will be needed to understand the full scope of impacts, identify ways to mitigate them and preserve commitment to locally-led action.

¹ In this study, the term 'Local Partner' is used to refer to local organisations that work in formal partnerships with PIN or peer INGOs. The term 'Civil Society Organisation' is used more broadly to designate any local organisation, regardless of whether it is partnering with PIN or another INGO

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Introduction

Risk in humanitarian action is multi-faceted, spanning safety, security, fiduciary and legal compliance issues, operational challenges, data and information security, as well as ethical and reputational threats². Risks may reflect and reinforce the current imbalances in the humanitarian system, as risks affect local and international actors disproportionately and differently. Despite commitments towards equitable partnerships, CSOs are often more than INGOs exposed to a complex range of risks that compromise their security, sustainability, and operational effectiveness. They are typically the organisations who reach people in the most insecure locations, having to operate with scarce resources and a lack of robust security frameworks, and financial stability. At the same time, in some situations, local responders can be more agile in their approaches than their international partners, which helps them quickly adapt their procedures and arrangements to reach affected people³. INGOs, on the other hand, have more resources to protect their staff and create financial reserves. And yet, INGOs may face reputational, ethical, and other risks, such as those resulting from a local partner's failure to adhere to the CHS. Such a failure can compromise the accountability to affected people and jeopardise an INGO's relationship with its donors, as well as its and its partners' access to future financing.

Recent research initiatives have looked into risk sharing and risk transfer in the relationship between CSOs and INGOs to better understand the dynamics and identify mitigation measures. These studies generally emphasise the need for more collective and holistic approaches rather than individual risk management measures⁴. Some research suggests that while risk assessment is becoming more systematic, it often focuses on individual actors than the broader humanitarian delivery chain, which may potentially undermine overall risk management⁵. Meanwhile, another analysis highlights that shortages in capacity, complex donor requirements, and cultural differences between local and international actors are key challenges for effective local partnerships. It suggests that more research should be done on capacity strengthening models, donor engagement in supporting equitable risk sharing, and evaluating how different risk-sharing practices affect aid delivery⁶.

² Risk is understood in the study as "the likelihood that unplanned or uncontrolled events will prevent us from completing our mission" as conceptualized in ICVA. [Risk and Humanitarian Culture](#). 2020.

³ While this can sometimes come at the cost of their security, we refer here to more balanced and secure practices.

⁴ Dutch Relief Alliance. [Localization in Practice](#). 2021.

⁵ Pellowska, D. & Fipp, J. The Center for Humanitarian Action. [Localization in Practice II. Implementing risk sharing in humanitarian action](#). 2024.

⁶ Govt. Netherlands, ICRC, InterAction. [Risk Sharing Framework – Enhancing the Impact of Humanitarian Action Through Improved Risk Sharing](#). 2023.

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The document aims to contribute to the materials exploring risk management and sharing by examining the issue from the cross-country perspective covering CPs with distinct profiles, security levels, and operational modalities. The goal is to identify overarching risks that arise from partnerships between CSOs and INGOs in humanitarian settings. Additionally, the study provides recommendations on how to mitigate these risks, aiming to serve as a useful reference for international and national humanitarian actors who seek to establish more equitable and safe partnerships.

At PIN, we see LLA as a process of shifting power dynamics, where local humanitarian and development actors gain greater power, resources (both financial and human), and a stronger voice. As a signatory of the Core Humanitarian Standard, Charter for Change and Locally-Led Adaptation Principles, PIN seeks to better understand and address power imbalances in partnerships, and this study provides the evidence-based recommendations required to implement equitable and accountable programmes. Accordingly, in alignment with our commitment to the values of LLA, these research recommendations aim to empower local actors across each of the practical dimensions of localisation⁷

Box 1. Global Mentoring Initiative (2020)

[Practical Dimensions of Localisation](#)

RELATIONSHIP QUALITY	PARTICIPATION REVOLUTION	FUNDING & FINANCING	CAPACITY	COORDINATION MECHANISMS	POLICIES AND STANDARDS	VISIBILITY AND CREDIT SHARING
<ul style="list-style-type: none"> •choosing each other •smart trust: intentional trust building •'decision-making', not 'implementing' partner (joint problem-analysis, intervention design; learning; evaluation) •compensating for structural power inequalities •respectful tone and content of communications •reciprocal transparency and accountability (reflected in contracts) •risk sharing •budget transparency & fair sharing of resources •responsible ending of collaboration 	<ul style="list-style-type: none"> •deeper participation of at-risk & affected populations in problem-analysis and response design and decisions (<i>'nothing for us without us'</i>) •community/social group led actions •support and reinforce participatory governance 	<ul style="list-style-type: none"> •lighter proposal & reporting requirements •better quality funding (management fee, multi-year, flexible, cash flow protection...) •greater quantity of funding •truthful financial reports (real costs; voluntary contributions...) •not competing against national actors for resources •supporting national actors towards financial health (organisational investment; fundraising; income generation...) •network and ecosystem funding 	<ul style="list-style-type: none"> •appreciation of strengths instead of 'deficit thinking' •mentoring, accompaniment & peer learning, more than training •joint learning/capacity sharing •institutionalised and retained capabilities •collaborative capacities •stop undermining capacities (negative self-image; recruiting away; causing inflation etc.) 	<ul style="list-style-type: none"> •national actors have greater presence and influence in decision-making •national actors lead or co-lead •beyond 'coordination' towards 'collective impact' 	<ul style="list-style-type: none"> •national actors contribute to and influence global and national policy and standards-development, and their application in their contexts •national actors develop their own standards of integrity, quality, accountability •national actors have their own advocacy and policy strategies to influence global decision making 	<ul style="list-style-type: none"> •roles, results and innovations by national actors are given credit and communicated about by international actors •intellectual property rights of local actors are respected

Rather than acting as gatekeepers, we believe INGOs should function as enablers and allies, supporting local actors through equitable partnerships, capacity-sharing, and joint advocacy. This necessitates evolving into facilitators of locally-led systems, with the wisdom to know when to step

back and when to step forward. Our commitment extends to shifting risk, not just responsibility.

This involves advocating for greater donor flexibility, strategically investing in local capacities, and ensuring that our risk management frameworks do not disproportionately burden our local partners.

Consequently, donors are required to adopt a model of flexible, multi-year funding to ensure local partners can adequately develop strategic operational reserves and build necessary resilience. Furthermore, donors should adequately cover local actors' indirect costs and duty of care, acknowledging that implementing sensitive programming may require non-traditional security and discreet operational investments. Crucially, donors should be prepared to share operational risk and recognise that the cost of capacity strengthening (finance, compliance, etc.) is a legitimate project expense.

PIN is addressing risk-sharing by introducing a Duty of Care Policy for partners, a Policy on sharing administrative costs and capacity strengthening programmes in insecure contexts. In a complementary effort, this study seeks to identify dimensions of risk that warrant further attention within partnerships. These areas are critical to safeguarding the operational security and stability of CSOs, particularly amidst a landscape of reduced funding and shrinking space for civil society.

This study was conducted in country programmes where PIN implements a humanitarian portfolio. The countries were selected based on their active local partnerships and current engagement with potential strategic local partners. The countries included are Armenia, Ethiopia, Ukraine, Zambia and several other CPs anonymised for security reasons. Although the research primarily focused on PIN's relations with partners, in their interviews and group discussions, CSOs and PIN staff often referred to similar approaches exercised by other INGOs. Building on this, and reinforced by external analyses, it appears that the dynamics of risk-sharing observed are not unique to this specific case of PIN's engagement with its LPs. Rather, they reflect a pattern that can be widespread across the humanitarian sector, making the study's insights applicable to partnerships between other INGOs and CSOs as well.

⁷ Global Mentoring Initiative, [Practical Dimensions of Localisation](#), 2020

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Summary, key findings and **recommendations**

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“Effectively navigating joint risks requires substantial effort. Engaging [with LPs] in discussions about a common vision prior to project initiation fosters unified approaches from the outset”.
(Armenia KII INGO2)

Summary, key findings and recommendations

The study reveals several crucial obstacles faced by LPs in the surveyed countries. One of the principal issues is **safety and security**, particularly in volatile settings where LPs are often compelled to operate with **insufficient resources**. Another is the **stringent compliance demands** imposed by donors, which can be challenging for LPs with limited capacity, especially in unstable regions or areas with poor infrastructure. Many small LPs also face resource constraints, relying heavily on short-term external funding. This reliance limits their ability to scale operations effectively and durably maintain capacities, let alone develop them. Additionally, there is an **imbalance in risk-sharing, where LPs often bear the security and operational risks while INGOs retain ultimate accountability to donors**.

The study also provides **country-specific insights**. In Armenia, LPs struggle with intense donor competition, limited funding, and significant capacity differences. Some CPs are exposed not only to severe security instability, but also to remote management challenges, currency instability, and shifting government policies. In Ukraine, LPs act under enormous pressure of insecurity, dealing with short humanitarian project cycles, frequent donor audits, and regular access challenges in frontline areas. Zambia, despite its stable environment, faces heavy donor compliance requirements that can overwhelm CSOs, which are often minimally staffed. In Ethiopia, a multifaceted regulatory framework and governmental constraints introduce formidable challenges for local organisations, especially in conflict-ridden areas. These findings emphasise the multiplicity of hurdles local actors encounter, underscoring the need for bespoke methods to reinforce partnerships.



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“It would be helpful to discuss risks with INGOs before we start a project, to have a dedicated meeting where we can honestly discuss financial, reputational risks etc. Yes, we all fill in the matrix of risks or something like that at the stage of proposals, but this is rather a matter of ticking the box. Instead, we need to have an action plan and step-by-step instructions on what to do and how if the risk becomes the real threat. Also, we need to understand when we need to approach partners (INGOs) and when we need to solve the problem on our own.”
(Ukraine, FGD LP1)

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Key findings

- Although LPs work in different contexts, when discussing their engagement with INGOs, they prioritised the same risk areas: security, operational, and financial risks were seen as key for their organisations to keep providing assistance. Fiduciary (corruption, fraud, theft, diversion of resources) and reputational risks associated with their international counterparts were not widely highlighted, which may suggest a high level of trust in their international partners, as well as an underlying power imbalance. Some LPs assume their international counterparts have better systems and operations than local responders have (which is not always the case).

- The inherent risks that PIN and other INGOs encounter when partnering with LPs often parallel those faced by the LPs, but **they manifest differently for INGOs and LPs**. For example, during the FGDs and KIIs, the LP elaborated much more on security, operational and compliance issues than about fiduciary concerns, while INGOs including PIN and peer INGOs

prioritised reputational and ethical risks. For a local CSO, an operational challenge, such as a project delay due to supply chain issues, is a direct logistical hurdle that immediately impacts their ability to serve the community and ultimately jeopardises their local reputation and credibility. For an international organisation, however, this same shared issue is often perceived additionally as an immediate reputational hazard that affects its standing with donors and consequently impacts future funding prospects.

- Despite the differing perceptions of certain risks held by LPs and INGOs, a **crucial common understanding is that risk must be shared more fairly**. This momentum is supported by LPs who are increasingly advocating for greater joint planning and implementation. Consequently, to effectively address the inherent challenges and structural power dynamics in LP-INGO engagements, the need for a practical, collaborative mechanism, such as a joint risk-mapping framework, has been identified.

- Across partner discussions, a prominent finding was **the clear and articulated need for structured networking and knowledge hubs to enable more equitable risk analysis**. Partners identified a request for formalised mechanisms, such as technical forums for financial managers, idea exchange platforms, and integration into strategic working groups that move beyond simple

one-way information sharing. This requirement is driven by the fact that LPs need the exposure and opportunity to share their expertise, collectively troubleshoot complex technical and legislative scenarios, and engage as equal partners in decision-making, which is currently a barrier to achieving truly fair risk sharing in humanitarian response.

“the risk analysis we conducted following the project approval [...] was very instructive, and we found it valuable enough to adopt and apply in our own practices. We also share the identified risks with PIN in this project, fostering a collaborative approach to risk management”
(Armenia, KII LP1)



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Establishing a dedicated platform for experience sharing on specific subjects will enhance collaboration”

(Armenia, KII LP1)

“It would be useful to establish a platform for financial managers where they can discuss different cases and elaborate on forecasting/modeling the situations with possible legislative changes”

(Ukraine, FGD LP2)



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“Establishing a platform for periodic idea exchange would be invaluable.”

(Armenia KII INGO1)

“They [LPs] need to be part of working groups because this gives them exposure: they have the chance to share their ideas and showcase their work.”

(Armenia, KII INGO3)

Recommendation

Recommendation to both LPs and INGOs

Beyond the typical challenges of risk-sharing between LPs and INGOs described below, each partnership can benefit from developing a joint risk-mapping and risk-sharing framework. This framework would serve as a guide throughout the partnership lifecycle, from the co-design of programmes to their co-implementation. It would facilitate the proactive identification and collaborative resolution of problematic issues, ensuring that risks are not merely delegated but actively managed together. For example, such a framework could include regular risk-mapping workshops where both partners discuss and rank existing risks and potential threats in all risk areas.

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Recommendations

Recommendations for LPs

Proactively take the lead in a partnership by using existing and inventing new methods of risk assessment and mitigation. This may include conducting basic or deep due diligence of INGOs to secure the LP's own reputation and operational stability. It may also involve **advocating before INGOs for flexible budget lines** that secure staff safety and ensure the sustainability of operations. Furthermore, LPs can explore **piloting innovative models** like reversed consortia or sub-granting schemes⁸. These models represent a tangible commitment to shifting power dynamics and LLA, granting LPs greater authority and resources to make decisions on critical areas, such as risk mitigation. This form of role reversal also provides an opportunity for mutual capacity strengthening by shifting the risk and responsibility profile for both parties. When LPs assume the lead role, they gain the experience necessary to navigate high-level challenges typically faced by INGOs, such as complex

donor compliance and financial governance. Conversely, INGOs, when operating in a sub-grantee or Implementing partner position, become practically exposed to the immediate operational and security risks traditionally borne by LPs, thereby fostering mutual understanding and practical learning. Regardless of whether a formal risk-sharing framework is in place, it is essential to keep your international partners informed of issues related to risk and seek joint solutions.

The study does not include detailed recommendations specifically for LPs, as many of the challenges identified can be addressed by INGOs and donors. The international partners can adopt behaviours that are more supportive of LLA, particularly regarding funding, capacity-strengthening, and joint advocacy. For other challenges, a collaborative risk-sharing framework can be used as a platform to seek joint solutions.

Recommendations for INGOs

- **Diversify engagements by expanding activities with smaller, younger, less visible civil society actors;** testing new collaborations; and exploring innovative modalities that would empower CSOs and help them better cope with risks

- To ensure the adequate identification of potential partners, even in complex security situations, it is necessary to employ **innovative research methodologies to fully explore the local environment dynamics.** This commitment is vital for thoroughly exploring the local environment's dynamics and securing the accurate risk profiles needed for effective programme delivery.

- **Apply tiered approaches to LP's assessment that would consider volatile contexts;** where possible, accept the results of partners' assessments conducted by other INGOs.

- **Inform partners about your security policies, tools and other support** (e.g., Duty of Care for Partners) so that they know what kind of resources they can rely on.

- **Invest into information security** to make sure you don't access to sensitive information about partners, and if so, that you handle it with care

- **Maintain centralised communication** with LPs to provide comprehensive information and avoid confusions that may put partners at risk (one focal unit/person for partnerships).

- Simplify **language**, translate or use local languages for trainings and meetings to advance LLA and avoid risk of misinterpretation

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- **Lobby for donors to simplify heavy compliance requirements and strict policies**, using evidence to highlight the impact such requirements can have on the capacities of local partners to operate effectively and safely.

- **Advocate for multi-year, flexible donor funding** to support sustainable and fair partnerships and enable continuous capacity strengthening of LPs.

- **Offer capacity-strengthening opportunities** for LPs based on their needs and requests and facilitate capacity-sharing sessions with partners so that they can enhance your risk management approaches and make them more locally-led.

- **Support digitalization** of procedures and tools used by partners.

- **Promote the use of already existing capacity-strengthening platforms** that enables expertise sharing between INGOs and LPs (for PIN, these are Civil Society Now (CSN) and Indikit).

Box 2. CSN as a resource to strengthen CSOs capacities, including safety and security aspects



CSN is a digital product which gathers the in-house technical, organisational and project cycle management expertise of PIN into a resource center and package of services that contribute to CSO-led capacity strengthening. One of the priorities of the platform will be to provide tailored support to different categories of civil society actors so that they can access templates of risk mitigation plans and security protocols, webinars, and drop-in sessions with security experts.

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Recommendations

Recommendations for donors

- **Accept piloting of innovative approaches and, based on their results, change grant policies** to ensure donors and INGOs can support diverse civil society actors (including newly-established, smaller, non-registered ones) across different modalities.
- **Accept INGO's application of tiered approaches to LP's assessment** that would consider volatile contexts.
- Promote among INGOs the concept of **Duty of Care for partners**, ensure respective budget lines in your grant programmes for, for example, personal protective equipment, PSS, and insurance for LPs.
- To ensure the operational capacity and safety of local partners, **simplify heavy compliance requirements and strict policies**, or permit their contextual adaptation in specific settings
- **Offer multi-year, predictable funding models** integrated in the humanitarian-development-peace nexus, to support effective local partnerships and enable continuous, robust capacity strengthening and the sustainable growth of LPs.
- **Support flexible funding** mechanisms that allow for dynamic adaptations and enable LPs to respond to evolving contexts and evolving needs
- **Allocate resources for capacity strengthening systematically in all funding models**, prioritising flexible, context-specific and tailored strategies that foster the meaningful and sustainable growth of local civil society, recognise and integrate their knowledge and capacities, and encourage them taking leadership in addressing local challenges.

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Methodology

The core information was collected through different methods of PIN engagements with its CPs based in Armenia, Ukraine, Zambia and Ethiopia, and some other CPs that were anonymised for security reasons.

The design of the study, data collection and analysis, as well as report writing was led by the PIN research and advisory team and supported by CP-based colleagues. The study utilized a qualitative research method to capture contextual data and allow exploring the complex relationships between INGOs and LPs in humanitarian contexts. The analysis focused on synthesizing insights from multiple sources to develop a comprehensive understanding of partnership dynamics, challenges, and opportunities for improvement.

Data Collection Methods

The study used multiple data collection methods to ensure comprehensive insights and triangulation of findings:

1.Document Analysis: The research team synthesised reports and internal summaries from the five countries. These included capacity-strengthening materials, SOPs, partner assessment records, and other relevant documentation such the results of PIN global Partner’s Feedback Survey Report (2024).

2. KIIs and FGDs: In-depth interviews and discussions were conducted with 37 PIN staff members across various roles directly or indirectly working with local partners; 36 LPs’ representatives; and 18 members of peer INGOs operating in the same contexts.

3.Secondary Data Review: The team analyzed external publications, provided by involved country programmes.

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Limitations:

- 1) Since the study utilised primarily the qualitative method, the prevalence of a specific risk, scale of LPs affected by a certain risk, popularity of some mitigation strategy over others and further statistical information were not examined in depth. However, this limitation was partly overcome by using secondary data as well as internal surveys such as PIN global Partner’s Feedback Survey Report (2024).
- 2) While the study offers valuable evidence for improving fair and accountable partnerships, its data, collected in December 2024, does not fully account for recent risks from the dismantlement of USAID, which may require further assessment.



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Overview of Findings

4.1 Risks faced by LPs

Overall, PIN's LPs express positive feedback, noting the partnership brings them a range of benefits. The increased resources allow for broader coverage and a greater impact on people in need. Working with PIN has also facilitated the transfer of knowledge and technical expertise, enhancing the LPs' efficiency and quality of operations. In addition, partnerships with PIN have contributed to improving their reputation as LPs are often perceived by donors and other stakeholders as more credible and capable when working with INGOs. However, while partnering with PIN, as well as many other INGOs, may bring CSOs essential resources and enhance their ability to address needs, it also comes with certain risks for them, which are detailed below. Risks may be categorised in core risk areas being Safety, Security, Fiduciary, Legal/Compliance, Operational, Reputational, Information

Ethical⁹. Some risk areas were extensively elaborated by interlocutors, while others received less attention. This observation does not imply that risks such as ethical or fiduciary concerns were deemed unimportant, but rather may suggest underlying power imbalance dynamics. LPs may be reluctant to disclose internal ethical or corruption vulnerabilities to an INGO, concerned that the information could trigger intensified scrutiny or potential disqualification from future funding opportunities.

It should be noted that some risks are exacerbated by the environment where LPs operate. In some volatile contexts there could be no clear governmental institutions to engage with, whereas in other countries, budget restrictions combined with complex government registration procedures make it difficult for INGOs to expand partnerships effectively.

Source: ICVA. *Risk and Humanitarian culture*. 2020.

CORE RISK AREAS	
Safety	Accident or illness
Security	Violence, crime
Fiduciary	Corruption, fraud, theft, diversion of resources
Legal/Compliance	Violating the law, not following regulation of host or donor government, human resource issues
Operational	Inability to achieve desired objectives, capacity gaps, access constraints
Reputational	Damage to image and reputation
Information	Data security, loss of data
Ethical	Harm caused by insufficient application of humanitarian principles, sexual misconduct, inadequate duty of care

⁹ ICVA. *Risk and Humanitarian culture*. 2020.

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Safety and security

Risk and security management is a challenge for LPs in some, but not all, countries, particularly in volatile contexts. Although PIN's rule is never to expect partners to work in insecure locations¹⁰, CSOs may act at their own risk. In Ukraine, some surveyed LPs reported having to navigate insecure areas alone, as they felt their international partners' security frameworks were irrelevant or too strict. This forces them to creatively improvise solutions to address urgent needs, such as using crowdfunding to pay local staff working within a 5-10 km zone along the frontline, as donors would not provide money for that specific purpose. LPs primarily need support in areas that are difficult to report on, for example, funding for drivers working in high-risk locations and for the maintenance of often-broken vehicles.

Although many Ukrainian LPs were provided with personal protective equipment, first aid kits, and robust security training by PIN, CSOs mentioned the further need for health, disability and life insurance programmes.

In other volatile contexts, the challenges of remote management present specific risks for local partners. Consulted LPs have highlighted a need for greater confidentiality, as the operational context requires a low-profile approach.

They have also expressed a limited understanding of safety and security management policies. In Ethiopia, PIN's LPs are primarily grassroots organisations whose deep knowledge of the local context and communities enables them to operate in conflict-affected areas. However, these organisations generally possess nascent security capacities and may lack formal security SOPs.

In Armenia, all surveyed partners appreciated being actively and as equal partners engaged in risk management with PIN and in jointly discussing risks and mitigation measures. In Zambia, considering the relatively stable context, safety and security risk management is not a topic discussed with LPs.

In unstable environments, safety and security risks often compel local partners to operate with a low profile, maintain discretion, and build relationships primarily on trust. This can make it difficult for an INGO to identify new partners or fully understand their affiliations and alliances which in turn limits opportunities for CSOs to partner with an international agency.

One of the consequences of working in such insecure environments, as highlighted by LPs, is the profound emotional toll it takes on team members, who face burnout, stress, and trauma. The constant

need to operate in dangerous areas, make difficult decisions alone, and improvise solutions without the full support of international partners can also lead to considerable psychological strain and mental health challenges.

Another recurring issue mentioned by LPs was the safety of humanitarian cargo that can be damaged or destroyed. LPs reiterated that there should be adequate mechanisms for dealing with such cases without shifting the full responsibility for the preservation of assistance in insecure locations to partners.

The KIIs and FGDs revealed that LPs desire greater participation in key discussions regarding the design and implementation of joint activities, particularly on security. They also called for more practical support from PIN and other INGOs to enhance their security capacities.

Ethical

LPs have expressed frustration with donor-driven agendas, where programme strategies, funding priorities, and calls for proposals are designed without the meaningful engagement or consultation of local actors. Some LPs indicated that such partnerships may limit their ability to provide urgent assistance, given the discrepancy between community needs and planned project outputs, as well as the constraints on reaching certain areas.

LPs also noted that highly centralised decision-making within INGOs can prevent them from responding in a timely manner to requests for emergency support from their strategic partners. In Ukraine, LPs raised concerns that influential bodies, such as UN OCHA, do not fully acknowledge the real needs on the ground and may disregard the local organisations who witness them. This issue is compounded by the fact that LPs' dependence on INGO partnerships for funding can compel them to prioritise donor-driven projects at the expense of their own initiatives, as was noted by one Zambian LP.

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Operational

Sidelining CSOs or excluding them from a potential partnership

INGOs may prioritise larger, well-established CSOs and demonstrate reluctance to test new partnerships. Because of the demanding donor compliance requirements (described in more details in Compliance risk area), INGOs often favor larger CSOs or CSOs that have monopolised the response, e.g. that are more visible, and overlook smaller or newer ones. In Ukraine, for instance, interviewed LPs reported that while partnerships with INGOs peaked in 2022-2023, in the immediate aftermath of the escalation of Russia's war on Ukraine, establishing new partnerships has now become virtually impossible.

Many INGOs were reported, by both LPs and peer INGOs, to rely on static and outdated partner databases, which limits opportunities for new CSOs. Local authorities were also noted for recommending only CSOs

with which they have strong ties, raising questions about the fairness and transparency of the selection and due diligence process. In Ethiopia, LPs expressed frustration that newly established CSOs have almost no chance to emerge.

Although it's not a prevalent situation, LP can also decide not to partner with a specific INGO. Some LPs noted that although they do not have dedicated due diligence tools, they usually conduct a basic assessment of INGOs they plan to work with, thus mitigating risks related to the international partners' reputation. This process often involves checking an INGO's reputation within the local community, examining their past project history, and consulting with other CSOs to understand their experiences.

Funding instability

Funding instability complicates the work of all CSOs and their engagement in international partnerships; however, it affects smaller local organisations in the most critical way. This instability is often a consequence of INGOs' reluctance to enter into partnerships with these smaller CSOs. Limited funding pools and other funding restrictions also constrain the participation of smaller CSOs. Lacking specialised expertise, many CSOs cannot effectively compete with INGOs for fundraising, leading to a stagnation where, as one PIN interviewee from Zambia noted, they are maintained in their current state and unable to grow as an organisation. In Armenia, the limited donor presence and scale of available resources means that access is restricted to a small number of local actors, resulting in the competition that often benefits larger, more established CSOs and INGOs, thereby excluding smaller or newer organisations. In Ethiopia, governmental restrictions on overhead cost recovery pose a significant threat to the operational viability of CSOs. Administrative costs are subject to



stringent caps, and many essential operational expenses, such as vehicle rental and staff salaries are often categorised as administrative by the government. This affects CSOs' ability to operate and, as one LP noted, requires a time-consuming process of negotiation and persuasion with authorities. These challenges are compounded by other restrictive regulations in Ethiopia that create substantial barriers for CSOs to access international funding or impose strict requirements, such as mandating the generation of income within the country.

Funding delays and cash flow gaps represent serious difficulties for all CSOs, with a disproportionately negative impact on smaller organisations. For instance, banking restrictions, delays in contract finalisation, or slow disbursement of funds by donors or INGOs can directly impede the timely transfer of funds to LPs, thereby delaying project implementation and activity timelines. This has been reported by PIN LPs in several CPs as having a fundamental effect on activity schedules and, consequently, project effectiveness. As a result, some CSOs were forced to advance staff salaries from their own resources, which risked their organisational stability. Some LPs reported delaying the start of project implementation until funds were received. Furthermore, exchange rate volatility can exacerbate financial uncertainty and challenge the operational viability of LPs.

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Undermining CSOs' capacities / not adequately supporting CSOs' capacities strengthening

Short-term, project-based interventions often weaken capacities of CSOs. The nature of humanitarian funding itself challenges effective partnerships and undermines LLA. Local leadership demands strong local capacities in both operational and technical areas.

In development and crisis-affected countries, the capacity strengthening of CSOs is often contingent upon the support provided by INGOs. However, as humanitarian funding remains predominantly short-term and project-based, limited resources are available for developing and implementing robust, long-term capacity-strengthening plans. The short-term nature of these projects also constrains the ability of CSOs to sustain and retain qualified staff, which has been highlighted as a major challenge by LPs operating in unstable environments.

This is further compounded by two critical issues. First, LPs in certain countries have demonstrated limited capacity to both integrate new skills and transfer that knowledge internally within their organisations, a challenge that has been noted as affecting the effectiveness of the capacity-strengthening support provided by PIN. Second, frequent staff turnover in local organisations, also linked to the short-term nature of projects, compromises both continuity and institutional memory. While PIN has developed strategic partnerships with

CSOs in some countries, these efforts are restricted by the short project cycles and, in most cases, the absence of dedicated capacity-strengthening budgets approved by donors.

Box 3. PIN's Partnership Investment Fund.

The Partnership Investment Fund (PIF) is an internal PIN funding mechanism designed to promote the development of strategic, non-donor-driven relationships with local CSOs. Its intent is to provide both flexible funding and technical support to help PIN Country Programme teams foster more impactful partnerships. The fund's activities span 4 Regions and 15 CPs, and include global and local engagement. The PIF is specifically designed to strengthen management, accountability, and technical capacities of strategic local partners.

Additionally, while INGOs play an important role in promoting LLA through local partnerships, they also may unintentionally undermine it. By offering more competitive salaries, INGOs and UN agencies draw qualified professionals away from local actors. This exacerbates existing challenges related to technical capacities and skills among local actors and further hinders the ability of CSOs to develop, strengthen their capacities and expertise, and take a lead in their country's development.

In Ukraine, the lack of qualified staff can be further linked to the conscription law, which makes it challenging for all humanitarian actors, particularly for local responders to find and retain male personnel. Consulted peer INGOs have also highlighted this issue, noting that donors and INGOs need to recognise that local CSOs often consist of a very small group of people whereby one person is doing many things.

Surveyed LPs also noted that digitalising their financial and procurement systems would significantly reduce compliance times, but that they lacked the upfront resources to invest in such systems.

Lack of knowledge-sharing platforms presents a challenge for some LPs, hindering peer learning and international-local exchange. This ultimately limits the ability to strengthen their capacities and network with other organisations. In Armenia, PIN's support for the launch of a local NGO Forum was regarded as a unique opportunity for specific sectoral discussions among CSOs. However, concerns were expressed that this initiative might not receive long-term support. The value of facilitating mutual exchange was also confirmed by several peer INGOs consulted for this study.



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Compliance

Strict and inflexible donor compliance requirements impede the ability of CSOs to engage in partnerships, particularly given that many of these organisations already operate with limited resources and often lack thorough institutional systems. In many humanitarian contexts such heavy compliance measures are often impractical or unfeasible. Despite these operational realities, donors frequently continue to demand them, creating a disconnect between donor expectations and the on-the-ground reality.

This challenge is exacerbated in volatile contexts, where LPs operate under remote management. Furthermore, the rapidly shifting security landscape and changing conflict lines create a highly unpredictable environment, which makes frequent donor audits particularly challenging for local partners. LPs operating in unstable environments noted the irony of donors and INGOs demanding comprehensive policy frameworks and procedures from local actors without providing the necessary resources to develop or maintain them.

In Ethiopia, LPs reported difficulties in meeting complex compliance requirements, citing tight deadlines for document submissions, limited human resources, and poor connectivity as complicating factors. These issues were aggravated because the compliance process, was often conducted virtually, a format which proved constraining for facilitating the proper, detailed discussion and clarification needed with international partners.

Demanding donor reporting requirements are a commonly cited issue that disproportionately challenges local partners. Smaller LPs, often operating with limited personnel, struggle to meet the demand for frequent, and sometimes monthly or quarterly, financial and narrative reports. For instance, in Zambia, one LP noted the unnecessary burden of reporting requirements, which mandate the submission of three different documents for a single budget line on very frequent timelines - a requirement often imposed on PIN and, according to our LPs, directly by donors. In unstable contexts, connectivity issues not only make regular reporting challenging and expensive but also add to the stress of already high-risk-exposed staff. These frequent reporting requirements can lead to delays in fund transfers, which further compromises the LPs' stability and operational capacity. In Ukraine, infrastructural constraints, such as irregular power supply and blackouts, were reported to directly affect LPs' ability to produce and submit reports on time.

Stringent donor eligibility criteria, for example requirements for official registration or a proven track record can systematically exclude newer or smaller CSOs from accessing funding opportunities. This practice has been reported in Ukraine and Ethiopia, where it complicates the application process for younger CSOs and undermines their competitiveness against larger, more established organisations and INGOs.

These hurdles are intensified in contexts where local realities run counter to donor requirements. The need to maintain a low profile in high-risk areas means that CSOs struggle to meet heavy and inflexible compliance demands. LPs have also reported that donors may fail to recognise informal money transfer systems, such as the hundi system, or insist on contextually inappropriate procurement processes, like requiring three quotations when no local suppliers exist.

These issues are further compounded by bureaucratic administrative processes at the government level, such as delays in programme approvals or access greenlights. These additional administrative requirements impede the timely delivery of assistance, negatively impacting program implementation and quality, with cascading effects on local partners and their international counterparts.

Information

In the contexts, where CSOs should work remotely or keep low-profile, information security is paramount. As one CSO respondent noted: "Sometimes, we clearly said that we cannot share some documents. In the partnership, it is not necessary to know everything in detail. We also do not want to know everything about PIN. Transparency as well as confidentiality need to go hand in hand where we do not need to learn all the facts about one another throughout the partnership." This perspective highlights a critical balance between the need for trans-

parency and the imperative of confidentiality, which is essential for CSOs operating in high-risk environments.

Communication challenges continue to affect partnerships in various countries, with the risks of data loss compounding these issues. Language barriers, for instance, can hinder the effective participation of CSOs in coordination mechanisms and information sharing. Inconsistent communication also leads to the loss of critical data, which can be further aggravated in countries where English is not a primary language, as reporting requirements typically mandated in English can be particularly overwhelming. As cluster meetings and other key platforms are often conducted in English, CSOs are frequently prevented from engaging as equal partners. These meetings are also commonly held in capital or major cities, which are not easily accessible to CSOs in remote areas and effectively exclude them from participation.

Unclear and inconsistent communication from INGOs, particularly the absence of a single focal point, can lead to confusion, data loss and information gaps for LPs. For example, LPs cite regular challenges in communicating with INGOs due to a lack of a clear, single point of contact. Furthermore, INGOs staff turnover is frequently reported to harm relations with LPs, as new staff require time to become oriented, and LPs must adapt to new communication and partner management approaches.

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4.2 Risks faced by INGOs

The risks that PIN as well as many other INGOs face when partnering with LPs mirror those faced by LPs but are translated in their reality differently (what is an operational risk for a CSO, may be seen primarily as a reputational risk for international organisations). They vary whether they are internal (intrinsic to a specific INGO) or external (linked to the environment).

Safety and security

Security constraints, particularly in unstable, conflict-affected contexts create complex obstacles for INGO employees, who often share the same socio-political reality as their partners and may provide assistance alongside LPs in insecure locations. INGO employees can be exposed to similar physical and psychological dangers as their local partners, including burn-out, depression, conflict, and attacks while in the field. The risks are amplified when employees are present in locations where their organisation's strict security protocols may not be fully applicable. According to interviews with PIN staff, INGO employees may be caught between strict organisational policies and the on-the-ground realities faced by their partners. This can lead to ethical dilemmas, such as having to enforce a security protocol that prevents them from staying in a location and providing assistance to people together with an LP, or witnessing a partner improvise unsafe solutions due to a lack of funding.

Deterioration of the security situation can hamper the quality and effectiveness of activities implemented by LPs. For instance, in Ukraine, intensified shelling and missile strikes have forced local partners to suspend aid deliveries and other vital activities in frontline communities due to a lack of safe access. In Ethiopia, a state of emergency in conflict areas can delay project launches by weeks due to the need for travel permits or additional security clearance. These delays not only affect the timely delivery of aid by PIN's LPs but may in some cases influence donors' perceptions of INGOs.

Furthermore, a worsening security situation can disrupt the entire project cycle. In areas that become too dangerous for in-person visits, INGOs may be forced to switch to remote management, which complicates project monitoring and oversight. In contexts, where PIN operates remotely, the ability to monitor and support LPs' activities in person is often severely limited or impossible.

The lack of direct observation increases the risks of miscommunication and errors in implementation. It can also lead to a disconnect between the project's design and the reality on the ground, as LPs may have to modify activities to adapt to the new security landscape, without the ability to fully communicate these changes to their international partners. Such situations can also arise from disruptions in communication systems, such as blackouts or a lack of internet access.

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Operational

Limitations in human and technical capacities across the INGO sector, often compounded by complicated partnership assessment processes, impose constraints on proactively searching for and expanding local partnerships. Similarly, there are operational constraints on the ability to effectively monitor and support existing partnerships, as these efforts are inherently resource-intensive. The required processes, including partner assessments, due diligence checks, organising capacity-strengthening activities, and conducting field visits can create substantial pressure on INGOs, particularly in those teams that are already resource-strained.

Due to shrinking funding, INGO staff sometimes perform multiple roles. The lack of clear divisions of roles and responsibilities not only creates confusion for local partners but also complicates the work of INGO's own teams. This internal ambiguity can lead to inefficiencies and hinder the overall effectiveness of partnership management.

Reputational

Inadequate capacities and the inability of some LPs to meet strict donor requirements are challenging for the LPs themselves, but they also pose a major risk to INGOs. Any failure by LPs to comply with complex financial, procurement, or reporting requirements can threaten an INGO's overall reputation and its relationships with donors.

Because of this reality, INGO may be under serious pressure to ensure their LPs meet these standards. For instance, in one CP, LPs struggling with donor compliance have occasionally made unauthorised expenses, which forced PIN to provide extensive and consistent oversight. This oversight, however, was particularly resource-intensive and demanding for the already limited PIN team.

Similarly, due to difficulties in meeting strict compliance demands, some smaller and newer CSOs have been unable to continue their partnerships with PIN. In some cases, PIN has shifted its strategy from partnering with smaller CSOs, which presented certain challenges, to collaborating with larger organisations that have proven to be more stable and reliable.

Following this path may be a difficult decision for PIN, as it can undermine LLA and complicate the process of finding alternative ways to provide assistance within the agreed timelines.

The inability of local partners to comply with donor requirements, such as delays, inconsistent, or insufficient reporting can disrupt project timelines, leading to reduced efficiency and potentially affecting PIN's reputation within affected community and access to future funding. Meanwhile, limited technical, human, or administrative capacities among LPs can substantially impact project implementation, affecting both delivery and quality. In countries like Ethiopia and Armenia, PIN staff have highlighted insufficient quality of reports from LPs, forcing PIN to provide extensive support and engage in frequent back-and-forth communication to ensure the reports meet at least an acceptable standard.

Since PIN teams regularly provide extensive, sustained support, this creates additional pressure on already limited staff and resources. This is evident in Zambia, where PIN's LPs may underperform and face implementation delays, compelling PIN to follow up with them regularly despite strained human resources to avoid more severe

consequences. In Ethiopia, the PIN team has noted challenges with the quality of implementation among its LPs due to structural gaps. This requires continuous capacity-strengthening, spot-checking and technical support from PIN staff, thereby increasing their workload.

Financial complexities present an additional layer of risk for INGOs when partnering with CSOs. As previously noted, delays in LP reporting can trigger delays in funds transfer, which consequently affects project implementation timelines. This cascading effect often forces LPs, who typically have insufficient human resources, to operate under immense time pressure, further impacting project implementation quality and outcomes. For example, in Ethiopia, this dynamic created specific situations where delayed reporting by LPs led directly to delayed funds release, disrupting the entire flow of activities and intervention timelines.

Some local partners have recognised their potential to inadvertently transfer specific risks to their INGO counterparts. These include financial and reputational risks, which often stem from deficiencies in programme execution or a failure to adhere to stringent donor requirements.



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Ethical

Navigating partnerships with politically or militarily affiliated CSOs can be highly sensitive and complex. Such affiliations may pose reputational risks for INGOs, complicate compliance with donor requirements, and even threaten operations. In volatile contexts, safety and security risks require CSOs to operate with a low profile and use trust as a starting point for any relationship. This can make it challenging for organisations like PIN to identify new partners and understand their affiliations and alliances. Understanding local dynamics and relations between different types of responders is crucial to addressing this risk and

making more informed decisions regarding engagements with specific actors. In Ethiopia, the political involvement and lack of transparency of LPs were also noted by PIN staff as a risk.

This risk extends beyond conflict-affected, high-risk environments. Unwisely chosen partnerships could compromise PIN's relationships with government and traditional leadership authorities. Meanwhile, these relationships are critical for maintaining operational access and ensuring PIN's acceptance and impartiality.



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