Effective Capacity Strengthening in Humanitarian Pooled Funds

Research Report



ICVA
A GLOBAL NGO NETWORK
FOR PRINCIPLED AND EFFECTIVE
HUMANITARIAN ACTION

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About ICVA

The International Council of Voluntary Agencies (ICVA) is a global network of nearly 200 non-governmental organisations whose mission is to make humanitarian action more principled and effective by working collectively and independently to influence policy and practice.

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Disclaimer

This report reflects stakeholder perceptions gathered through qualitative interviews and does not constitute an evaluation of OCHA or any one Funds' performance.

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EFFECTIVE CAPACITY STRENGTHENING IN HUMANITARIAN POOLED FUNDS

Executive Summary

This research provides an independent lens on how Pooled Funds, and particularly Country-Based Pooled Funds (CBPFs), might best strengthen the capacities of local and national non-governmental organisations (L/NNGOs). Based on over 60 interviews in six CBPF territories, it affirms that L/NNGOs regard capacity strengthening as vital, indeed, for many, the lifeblood of their operations. L/NNGOs emphasise that capacity support has traction when underpinned by equitable partnerships between funder and implementer. Finally, for many L/NNGOs, capacity strengthening is seen as a clear indication of the authenticity of the international community's commitment to localisation.

Key Messages

- L/NNGOs consistently prefer demand-based, co-designed, learning-by-doing approaches over standardised or compliance-driven models.
- Intermediaries are essential short-to-medium-term operational anchors, but structural constraints limit their ability to deliver high-quality capacity strengthening.
- CBPFs are already innovating organically, but realising this at scale requires financial, administrative, and evidence reforms.

L/NNGO priorities and preferences

1 Demand-based over compliance-driven

The central finding is a clear preference among L/NNGOs for **more demand-based, co-designed, and learning-by-doing approaches** over standardised or compliance-driven models. The United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) is asked broadly to not modify its role substantively, but to **nudge the ecosystem around it to move in this direction**, which may involve some light-touch staffing adaptation to help coordinate and facilitate.

2 Different needs by size

Smaller L/NNGOs have unique needs and outlooks. They emphasise the need for relational, hands-on, 'learning-by-doing' models, delivered in local languages and by actors who 'speak the same language'. Larger L/NNGOs, more comfortable with and appreciative of compliance-geared capacity-strengthening processes within the grant cycle, recognise the limitations of one-off training and the importance of long-term accompaniment.

Structural and financial constraints

1 Lean conditions and room to improve

There is a general sense that CBPFs are doing their best to operate under extremely lean conditions, a situation that L/NNGOs and intermediaries feel limits genuinely high-quality capacity strengthening. While much of what the CBPFs offer is welcomed, **L/NNGOs highlighted opportunities where OCHA can further strengthen its capacity-strengthening support's quality and consistency, including the technical training it offers and by encouraging intermediaries to be more 'demand-based'.**

2 Intermediaries: vital but constrained

Intermediaries emerge as both vital and structurally constrained actors. Many stakeholders, including donors, UN agencies and L/NNGOs view them as essential 'operational anchors' in the short-to-medium-term, providing mentoring, risk management, and technical support. Yet they face a contradiction: they are expected to deliver high-quality capacity strengthening while operating with limited resources, high administrative burdens, and a 7% programme support cost (PSC).

3 The 7% PSC cap

Many interviewees consider the 7% cap on PSC as presenting many challenges which include fully meeting capacity-strengthening expectations, particularly when shared across multiple partners. This combines with the **short project cycles** and what many see as **burdensome administrative requirements** as key factors that **dampen conditions for high-quality capacity strengthening to take hold**.

Promising innovations already underway

Many interviewees highlighted **promising UN innovations from the established Funds**, including the Flexible Localisation Envelope (FLEX) 'incubator' onboarding mechanism for smaller actors which began in Lebanon and has moved to Myanmar, as well as the **survey work conducted in Nigeria to understand capacity-strengthening demand**, and the **Ukraine Humanitarian Fund's simplification of much of its documentation**, its **guarantee that** sub-grantees receive 7% PSC of their allocated funds, and its **heavy investment in capacity strengthening**, which has yielded demonstrable results. These developments show that the CBPFs are **already reacting organically to much of what L/NNGOs want.**

4 The evidence gap

A central tension lies in differing interpretations of efficiency: whether it is more efficient to maximise immediate outputs or to invest in the systems and competencies that enable better outcomes over time. **The lack of empirical evidence on capacity-strengthening impact is a major barrier to resolving this debate**, leaving decisions shaped by anecdote rather than data. Small adaptations in monitoring, evaluation, accountability and learning (MEAL) may help. The findings also underscore the importance of the **'human factor':** equitable partnerships, trust, accessible communication, and relational support consistently emerged as the conditions under which technical capacity strengthening gains traction.

Summary of Recommendations

1 Operational practice

A strategic rebalancing of CBPF roles, financial parameters, and operational practices is needed to enable more effective, demand-based capacity strengthening. **CBPFs should continue to focus on their comparative advantages**: capacity assessments, monitoring visits and audits, etc., while **enabling a broader ecosystem of local-to-local and peer-to-peer capacity strengthening**. Practical steps include piloting facilitation roles to support partners' onboarding; expanding contextualised, learning-by-doing approaches; ensuring tools and training are available in local languages; and reducing administrative friction through simplification and standardisation.

2 Financial and administrative reform

Financial and administrative reform seems essential: adopting overhead parity for intermediaries and L/NNGOs, exploring additional overhead lines, and harmonising cost classifications may significantly enhance the viability of capacity strengthening.

3 Longer time horizons and feedback loops

Extending project time horizons (e.g., through multi-year components, sequenced capacity strengthening, and referral-based models) may allow learning to consolidate. Light-touch feedback loops may help sub-grantees provide earnest feedback on intermediary performance.

Taken together, these recommendations provide **a pragmatic roadmap to strengthen the role of CBPFs as catalysts for locally led humanitarian action.** By building on existing innovations, reducing structural barriers, and centring the perspectives of L/NNGOs, CBPFs can enhance the quality and impact of the humanitarian response in an era of constrained resources and heightened expectations.

Full recommendations are available in Section 4.

SECTION 1

1. Introduction

About this research

Context

The humanitarian field is undergoing a Reset, characterised by severely depleted resources and a determination to localise humanitarian funding. Pooled Funds have become a global focus in the pursuit of effective and efficient funding for local and national non-governmental organisations (L/NNGOs).

The United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA)'s Country and Regional Funds (CBPFs) are the largest collective Pooled Fund, now operating in 24 countries. Their importance is underscored by the US government's recent decision to allocate USD 3.8 billion in contributions to both the Central Emergency Response Fund (CERF) and the CBPFs.

Strengthening the capacity of L/NNGOs is acknowledged as key to delivering effective humanitarian action. The Pooled Fund Working Group (PFWG) and the OCHA Pooled Funds-NGO Dialogue Platform Advisory Group (PAG) have actively explored the role that CBPFs can play in capacity strengthening, including the publication by OCHA of CBPF-specific localisation notes and a Guidance Note in November 2025.

While there is abundant literature on capacity strengthening, including broad evidence on what contributes to effective approaches across the aid sector, there remains a notable gap in independent, in-depth research specifically focused on the capacity strengthening of Pooled Funds and CBPFs themselves.

Thanks to the generosity of the Government of Ireland, the International Council of Voluntary Agencies (ICVA) commissioned this research on the 'Effective Capacity Strengthening in Humanitarian Pooled Funds' to support CBPFs with insights to help identify opportunities for enhancing capacity strengthening of L/NNGOs.

Aims

The specific aims of the research were to:

- Identify good practices in effective capacity strengthening from the perspective of L/NNGOs
- Identify elements which make these practices successful, and whether and how they could be scaled
- Provide actionable recommendations for pooled funds, donors and other stakeholders

Definition of capacity strengthening

For the purposes of this report, capacity strengthening is defined as 'processes that support organisations to build on existing strengths, respond to contextual demands, and navigate external requirements.' The definition builds on concepts such as 'capacity strengthening' and 'capacity sharing',[1] as coined in recent humanitarian discourse, including that of the Grand Bargain.

Methodology

The report's findings were drawn from a comprehensive literature review and key informant interviews (KIIs) with key stakeholders. It prioritised depth over scale and therefore focused the majority of interviews within the context of six individual pooled funds, selected for their diversity of contexts and approaches.

[1] The Inter-agency Network for Education in Emergency (INEE) defines a "capacity sharing approach" as one which: (i) challenges ways of working that are based on the assumption that local capacities are lacking or need to be built up (ii) puts the diverse strengths and knowledge of local actors and people affected at the centre (iii) acknowledges any power imbalance between international, national, and local actors (iv) works to shift power to local actors and communities, reflecting the principles of respect, mutual learning, and equitable partnerships. It goes on to note that 'Achieving these things requires first defining how capacity is understood in a context, and the actions taken to address gaps must be a collective process led by local actors and the people affected'.

Qualitative approach

The research team interviewed a total of 63 people, all using a qualitative KII approach. Of these, nearly half (29) were with L/NNGOs. The remainder were: UN OCHA personnel (14),[2] donors (7), international intermediaries (6), independent consultants contracted to ICVA (3), the PAG (2) and non-UN Pooled Funds (2).

The six selected CBPFs

The six chosen CBPFs included four country-specific funds (Lebanon, Myanmar, Nigeria, and Ukraine) and two regional funds: Latin America and the Caribbean (LAC), and West and Central Africa (WCA). The table below compares their main features. Notably, two of these six funds, LAC and WCA, are relatively new, both starting in 2024.

COMPARISON OF KEY FEATURES OF INCLUDED CBPFS: 2025 DATA

	LAC (Regional)	Lebanon	Myanmar	Nigeria	Ukraine	WCA (Regional)
Start Year	2024	2014	2007	2017	2019	2021
Total contributions in 2025	USD 6.56m	USD 26.8m	USD 34m	USD 17.2m	USD 137m	USD 45.8m
Amount kept with direct partners in 2025	78%	99.5%	61.8%	84.1%	78.3%	77.3%
Amount transferred to partners in 2025	22%	0.5%	38.2%	15.9%	21.7%	22.7%

Source: CBPF Data Hub

Report flow

Before presenting the findings of the interviews, Section 2 summarises how CBPFs undertake capacity strengthening. The main findings then begin in Section 3.1, where the reader will find the key, wide-ranging views shared by L/NNGOs on the topic. Section 3.2 then provides a dedicated focus on NGO 'intermediaries' i.e., the international non-governmental organisations (INGOs) and NGOs that manage funding for smaller organisations before Section 3.3 brings together broader points of consensus and the strategic views of donors and CBPF personnel. This is followed by the conclusions and recommendations (Section 4), which complete the report.

[2] Of whom 13 worked for the CBPFs either at a country/regional level or global level.

SECTION 2

2. CBPFs and Capacity Strengthening

2022 Global guidelines

Country-Based Pooled Funds (CBPFs) work under the 2022 Global Guidelines setting out the minimum global standards for all funds to follow. The current 2022 Guidelines describe capacity strengthening, as a core function of CBPFs. The main levers through which CBPFs support capacity strengthening of partners include:

- **Capacity Assessments:** Eligible partners receive detailed feedback and recommended areas for improvement, and a capacity development plan which addresses the identified weaknesses.
- **Visits:** CBPF teams conduct monitoring visits and audits to identify gaps (e.g., in financial management; procurement; Monitoring, Evaluation and Learning (MEAL); or safeguarding).
- **Audits:** the formal, multi-layered system for verifying that CBPFs comply with the United Nations (UN) rules and manage financial and operational risk through fund-level oversight and partner-level audits.
- **Ongoing technical support and mentoring:** on a range of topics (e.g. grant management, compliance, reporting, safeguarding, humanitarian principles, risk-management, MEAL, and security). Clusters or external experts may also deliver training.
- **Other:** access to the One Grant Management System (OneGMS) and risk-based assessment.

The Guidelines also address the capacity-strengthening work of intermediaries and consortia and explain that programme support costs (PSC), set at 7% of the total grant value, can be used at partners' discretion, including for capacity strengthening.

2025 Guidance note

A Guidance note on capacity strengthening, produced and shared by the UN Office for the Coordination of Humanitarian Affairs (OCHA) in 2025, states that CBPFs play an important role in enabling and supporting local partners' capacity, while reiterating that their primary goal is lifesaving. The paper defines capacity strengthening around three core components,[3] sets out the approaches taken to date on capacity strengthening,[4] and areas for **potential further investment** and innovation.[5]

Localisation notes

Capacity strengthening is explicitly tied to the CBPFs' localisation mandate, and as such is a recurring feature of **each Fund's 'Localisation Notes'**. These Notes detail intended operational and technical adaptations to support local and national non-governmental organisations (L/NNGOs) in accessing, managing, and delivering humanitarian funding more effectively and sustainably, including capacity strengthening. Many CBPFs require international non-governmental organisations (INGOs) and UN agencies to include formal capacity development plans and budget lines for their local sub-partners. Some Funds have committed to simplifying or contextualising eligibility processes, while others have committed to taking action to facilitate onboarding new partners.

[3] These being: 'Institutional development', 'Strengthening partnership with the Fund' and 'Technical know-how'.

[4] These being: 'Oversight as a learning mechanism', 'Targeted thematic and technical trainings', and 'Drawing on intermediaries to undertake capacity building'.

[5] These being: 'Introduce dedicated capacity-strengthening budget lines systematically in all LNA projects', 'Support standalone capacity-strengthening projects through targeted funding' and 'Establish partnership with capacity-strengthening entities'.

SECTION 3: FINDING 3.1

L/NNGOs' views on capacity strengthening

1 L/NNGOs' views on capacity strengthening

- Capacity strengthening is vital to L/NNGOs and seen by many as a proxy indicator for how authentically the international community is treating the localisation debate.
- L/NNGOs of different sizes have different capacity expectations. Smaller organisations are looking for greater and more tailored general support.
- L/NNGOs want to see a shift toward higher-quality, 'demand-based' capacity-strengthening approaches. They would like to move away from what they see as generic or one-off training towards longer-term, practical, 'learning-by-doing' models[6] that are ideally locally led and more contextualised.

Capacity strengthening: crucial, yet undervalued for effectiveness

Local and national non-governmental organisations (L/NNGOs) view capacity strengthening as essential to their daily operability. The other stakeholders (Country-Based Pooled Funds (CBPF) personnel, donors, intermediaries, other Pooled Funds) agree. Interviewees welcomed the timing of this research, given the increased focus on Pooled Funds and the new large-scale US funding. Most L/NNGOs see support for adequate capacity strengthening as a **perennial challenge.** Only a small minority (of larger L/NNGOs interviewed) were satisfied with the support received to date.

Some L/NNGOs described capacity strengthening as a mirror of the commitment of donors, the United Nations (UN), and international non-governmental organisations (INGOs) to their localisation undertakings. For many L/NNGOs it was a vital element for staff retention. Vulnerability to a lack of capacity strengthening was reported to have become **even more acute with the recent reductions in aid flows**, with project closures resulting in the loss of staff who invariably played cross-cutting roles.

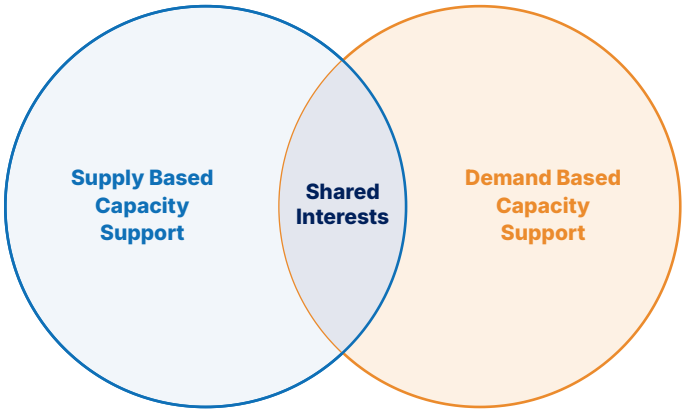
> *"For local organisations like us, everything we do requires capacity strengthening.*
>
> **L/NNGO respondent**

Demand vs supply-based capacity strengthening

Most L/NNGO respondents distinguished between support that responds to their organisational needs and support that responds primarily to funders' requirements, the latter being equated typically with compliance-driven capacity strengthening. To distinguish between the two, interview participants developed the labels: 'demand-based' and 'supply-based'.

[6] For example: Handbook of the Economics of Innovation Volume 1, 2010, Pages 429-476, Chapter 10 - Learning by Doing; Available online here.

FIGURE 1: DEMAND VS SUPPLY-BASED CAPACITY STRENGTHENING



Some L/NNGOs referred to the current situation in passive terms (as simply how things work) while others expressed clear frustration, arguing that capacity strengthening would be more valuable and efficient if it were co-designed with them. There was acknowledgment however that the capacity support provided even if driven by the interest of the Fund, still met a need linked with effective Fund compliance.

> *"There is too much standardisation, based on the same flawed idea, all around the world, and there needs to be contextualisation. These repetitive trainings frustrate us a lot.*
>
> **L/NNGO respondent**

L/NNGOs seek a definitive shift toward demand-based, co-designed delivery

Most L/NNGOs had examples of capacity strengthening through CBPFs that had worked well. Nonetheless, most hope for a shift away from supply-based capacity strengthening (e.g. short-term, compliance-focused, projectised conditions) towards a demand-based, co-designed model.

L/NNGOs felt that better support would leave them more sustainable and better placed to save more lives. While many had become accustomed to taking part in training sessions as listeners, most identified a need for higher-quality support including:

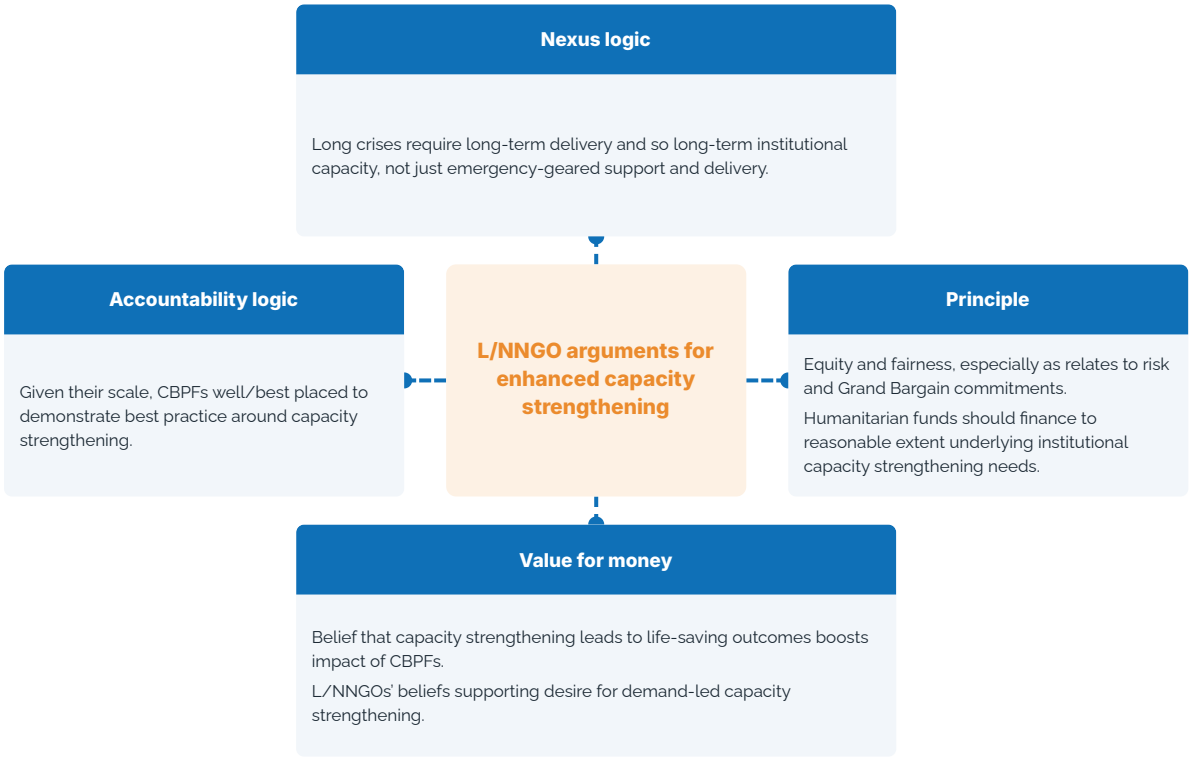
- **Ongoing support:** Support over the course of the award galvanise longer-term technical relationships, such as peer-to-peer learning and mentoring.
- **Local leadership and co-design:** A preference for both capacity assessments and capacity support led by local actors. It was felt that local peers are better placed to interpret their specific needs, and that co-designed plans reduce the dominance of low-impact, standardised modules.
- **Prioritising operational fit and practical relevance:** Support is designed through discussion and/or assessment of need or competence levels, with a focus on avoiding repetitive and one-off global modules.

The value of 'learning-by-doing' was frequently raised spontaneously by L/NNGOs and was also aligned with feedback from a UN colleague who conducted training with over 200 L/NNGOs.

About 'learning-by-doing'

- **What it is:** Having the opportunity to put into effect new learning within the process of delivering actual projects, receiving feedback iteratively.
- **What's different from conventional capacity strengthening:** More likely to build confidence as the effect is achieved in practice, not theory.
- **Format:** More likely to take the form of mentoring, peer-to-peer learning, i.e. in an immersive, collaborative, long-term accompaniment, and ideally alongside other L/NNGOs.

FIGURE 2: REASONING TO SUPPORT MORE DEMAND-BASED CAPACITY STRENGTHENING AMONG CBPFS



Good Practice Example 1

The Nigeria Humanitarian Fund (NHF)

The Nigeria Humanitarian Fund has integrated an annual survey into its learning approach to understand the broad capacity-strengthening needs of all its partners. The fund shared some of the findings and documentation from this annual survey.

The idea of such a survey was briefly raised in some subsequent interviews. Most were receptive to the suggestion to implement annual listening mechanisms (whether through surveys or not), in which local actors articulate their capacity priorities and ensure these inputs drive the fund's strategy. Two intermediaries agreed that such mechanisms could underpin each fund's development of a multi-year, context-specific capacity-strengthening plan aligned with local actors' priorities. As one L/NNGO respondent observed:

> *"I think it's a great idea and I can't understand why they don't have this here."*

This resonates strongly with the finding above about a desire for more demand-based capacity strengthening.

Perceptions and needs relating to capacity-strengthening support driven by L/NNGO size

L/NNGO interviews spanned large local actors with annual revenues in the tens of millions of dollars and over a thousand staff, with a wide base of experience and funders, to smaller actors, many fairly new to CBPFs, with a fraction of the resources. Expectations towards capacity-strengthening support differed markedly according to the scale and experience of the L/NNGOs. Key attributes included:

FIGURE 3: L/NNGO CAPACITY-STRENGTHENING NEEDS BY SIZE

1 Larger
Policies and practices generally in hand, value of compliance-geared capacity strengthening clearest.

2 Medium
Often in transition, keen to understand mechanics of the space as they grow.

3 Smaller
Highly vulnerable to current turmoil, most in need of demand-based capacity strengthening.

- **Larger L/NNGOs** tend to have well-established, sophisticated operations, policies, and practices. They are more likely to recognise the value-add of compliance-based capacity strengthening and have the resources to organise it for their own staff. They also have a strong understanding of CBPFs and the wider aid ecosystem, access to multiple funding options, and experience acting as an intermediary.
- **Medium-sized L/NNGOs** are more typically focussed on their progress through the UN eligibility and compliance processes. They see themselves in transition, moving towards more options for direct donor funding. They are keen to better understand the mechanics of the aid space as they grow. They are sensitive to subpar performance in intermediary capacity strengthening and keenly feel the impact of excessive documentation. Their capacity needs may also shift or expand quickly.
- **Smaller L/NNGOs** tend to have greater capacity-strengthening needs. Though they may be experienced with international actors, CBPFs' modality is often culturally new to them. They have the least bandwidth for compliance-focused capacity strengthening and are most vulnerable to sudden declines in capacity due to project cuts and staff losses. They may, by necessity, adopt less strategic approaches to filling capacity-strengthening gaps. They may feel a deep need for guidance in the aid space and for the ability to ask questions candidly.

> *"Spot checks show how we should change, but really small L/NNGOs lack the resources to respond, so the spot checks work less well.*
>
> **L/NNGO respondent**

Good Practice Example 2

The FLEX initiative (currently implemented in Myanmar and Lebanon)

The Myanmar Humanitarian Fund introduced the Flexible Localisation Envelope (FLEX) in 2024, having previously been conceived by the Lebanon Humanitarian Fund and transferred to Myanmar.

FLEX was conceived as an incubator for grassroots local partners. It offers smaller grants (on average, approximately $300,000) tailored to the capacities and needs of local partners. FLEX aims to reduce barriers to direct access to funds for local grassroots organisations with less experience in managing humanitarian grants, offering hands-on support to partners. As such, it presents a different prospect for smaller L/NNGOs.

Specifically for capacity strengthening, FLEX (i) provides tailored, informal capacity-strengthening opportunities for local partners in the local language, with a focus on real-time demonstrations, and (ii) allows FLEX fund recipients to use a reasonable budget to support capacity-strengthening initiatives tailored to their self-identified needs.

This resonates strongly with the finding above on the unique needs of smaller partners.

What it means to be local: not always fully grasped?

Smaller L/NNGOs said that larger actors, especially donors and agencies based in capitals with relatively low exposure to localised realities tend not to fully understand the challenges of operating at the local level and what this means for capacity strengthening, describing this on two levels:

- **Speed:** the challenge of managing in hyper-fast-moving local dynamics. For example, the arrival of a violent armed group can overhaul all operations in an instant and, by extension, alter capacity-strengthening needs.
- **Complexity:** at the local level, smaller implementers are typically on the front lines, constantly triaging real-world challenges that demand a broad spectrum of skills. Being **a smaller L/NNGO** or a Community Based Organisation (CBO) means adopting a mindset of continuous adaptation of programming and operations.

A consistent call to 'speak the same language' and discomfort in speaking to a donor

Many L/NNGOs said that 'speaking the same language' (both figuratively and literally) is deeply important to them. Many said that capacity-strengthening tools (from the UN and others) are too often in English. Smaller L/NNGOs expressed discomfort in speaking openly with CBPF personnel and about asking questions candidly. The example of the Flex initiative in Myanmar and Lebanon seeks to address these challenges.

SECTION 3: FINDING 3.2

Intermediaries

2 Intermediaries

- Many actors regard intermediaries as vital 'operational anchors' for CBPF delivery.
- Intermediaries feel they lack the finances to achieve the expectations placed on them, or to enable a shift towards demand-based capacity support. They see structural contradictions, e.g. underfunded risk and disproportionate administrative burdens.
- Feedback mechanisms are proposed to drive learning and improvement.

Intermediaries seen as vital partners

Most local and national non-governmental organisations (L/NNGOs) and donors have a positive impression of intermediaries' role in delivering high-quality capacity strengthening for Country-Based Pooled Funds (CBPFs). L/NNGOs feel that most international intermediaries strive to provide the capacity strengthening they value (see Section 3.1), using varied and tailored approaches.

Despite a consensus that, in the long-term, exit strategies for international non-governmental organisations (INGOs) are needed, in the short-to-medium-term, **donors are generally favourable to retaining intermediaries**. They (and CBPFs) generally view intermediaries (both INGOs and NNGOs) as essential for two main reasons: (i) technical service provision and (ii) structural functions such as risk management and enabling donors, including the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA), to work with multiple partners in a single context. Intermediaries are especially relevant where local actors cannot absorb direct funding.

> *"We always want to emphasise who is the best placed actor to deliver, but sometimes it will be a local and sometimes it might be an INGO.*
>
> **Donor**

Intermediaries said they think in terms of long-term and mutually beneficial partnerships with L/NNGO partners. They said that this typically begins with **assessment of L/NNGO capacity-related needs and continues into programme design advice** as well as financial and risk management.

> *"I think you definitely should work through intermediaries but then you need to focus on the partnership quality and the commitment.*
>
> **L/NNGO respondent**

Provision of a bridging function

The interviewed intermediaries regarded strategic, demand-driven capacity strengthening as central to localisation. They described their role as **bridging local and national partners while managing compliance and risk for pooled funds**. They see their primary added value as **providing high-quality mentoring and helping partners meet direct funding requirements.** In their view, current fund structures, characterised by tight compliance, limited flexibility, and minimal resourcing, strongly limit the benefit they can bring. Intermediaries felt ready to take on a more significant role in strengthening capacity.

> *"We want more leeway for organising their capacity-strengthening windows. We know how to do it.*
>
> **Intermediary respondent**

L/NNGOs expectations and feedback loops

A small number of L/NNGOs offered details on how intermediaries could enhance their support, including:

- Designing capacity-strengthening plans with **more consultation** with the L/NNGOs,
- More training that **aligns with real preferences** including learning-by-doing.

Beyond capacity strengthening, a small number of L/NNGOs criticised intermediaries for:

- Leaving them with less than 7% of the programme support costs (PSC) of their project share.
- Limiting transparency and/or access to the broader aid ecosystem.

> *"I would like to reconsider the role of the INGOs as more becoming a technical partner which is developing our standards and reducing risk.*
>
> **L/NNGO respondent**

Three L/NNGOs hypothesised that intermediaries may not want local organisations to grow because they would become competitors. One described the intermediary role as an 'oligarchisation.'

Several **L/NNGOs proposed establishing feedback loops on intermediary performance**. This suggestion was tested with other partners and warmly received.

7% PSC consequences

All international intermediaries interviewed considered the 7% PSC **to constrain the quality of capacity-strengthening support they can provide**. Moreover, **when PSC is split between an intermediary and a partner, neither feels they have the resources to mentor or learn effectively.** Additionally, responsibility for financial and safeguarding risk remains with the intermediary, yet they lack proportional support or dedicated budget lines to proactively strengthen the systems meant to mitigate those risks.

> *"If we can't even give partners the small flexible share they need to build their systems, why are we pretending we can do capacity strengthening at all?*
>
> **Intermediary respondent**

Proportionality and the administrative burden

Intermediaries maintain that while Pooled Funds provide vital strategic flexibility, the administrative burden (rigid rules, high reporting and documentation requirements, and extensive verification) can be **disproportionate to the size and duration of the projects.** They also argue that low overheads and short timelines undermine capacity strengthening.

> *"Local staff rate of level of stress when managing OCHA funding is 3-4, against other donors 8-9.*
>
> **Intermediary respondent**

From the perspective of international intermediaries, administrative requirements for smaller grants often **mirror those of multi-million-dollar awards,** consuming time that might be better spent on programme quality and partner support.

Intermediaries call for 'proportionate and streamlined' requirements that recognise the operational realities of local actors, ensuring that compliance does not undermine the capacity they aim to strengthen. Some INGOs noted that bureaucratic burdens clearly hamper interest in receiving funding from CBPFs. They further emphasised that capacity strengthening must be **contextual, relational, and two-way**, i.e. with intermediaries learning from local actors.

Governance: beyond representation to informed influence

Intermediaries emphasised that capacity strengthening can and should extend beyond project delivery to include "meaningful participation" in the governance of funds. This would ideally include:

- **Reducing Practical Barriers:** Local organisations often face constraints, including unpaid time, language barriers, and travel requirements.
- **Strategic Voice:** True strengthening involves equipping local leaders with the advocacy and negotiation skills required to move from nominal representation on Advisory Boards to informed influence over allocation strategies.

> *"I asked them [country offices] what do you think if we have a higher proportion of your funding coming from CBPFs and they just say we can't imagine it.*
>
> **Intermediary respondent**

Structural contradiction

There is a clear consensus among international intermediaries and L/NNGOs that CBPFs are primarily **mechanisms for emergency response**.

However, interviewees suggest that for these responses to be truly effective, there must be a practical recognition of the institutions and networks that underpin these responses. This includes **targeted support to address technical areas** that partners themselves have identified as requiring refinement.

> *"You need a PhD to apply for funding.*
>
> **Intermediary respondent**

Many noted that the perceived tension between short-term life-saving grants and capacity strengthening often clashes with the operational realities of protracted crises. Rather than a choice between immediate aid and institutional support, intermediaries and their partners view these as mutually reinforcing elements of a reliable response.

Intermediaries see a structural contradiction: CBPFs prioritise rapid delivery yet expect improved local capacity. They observe many cases in which local partners are repeatedly asked to provide the same information in different formats or to attend redundant compliance-related refreshers delivered by multiple agencies and therefore see scope for more substantial structural refinement.

> *"You don't step out of the room after a single project and call it localisation.*
>
> **Intermediary respondent**

While there are some structural frictions to consider, the interviewed intermediaries, fund managers, donors and L/NNGOs often shared similar views on ways forward, as explored in the next section.

SECTION 3: FINDING 3.3

Wider points of consensus

3 Wider points of consensus

- Much is being asked of CBPFs under lean conditions. Donors and CBPF personnel agree CBPFs should not expand the scope of their capacity-strengthening activities. There is little appetite for new global capacity-strengthening initiatives, except for eventually an initiative to enhance humanitarian worker safety.
- For capacity strengthening to be effective for L/NNGOs, it must promote equitable partnerships and mutual trust. L/NNGOs and intermediaries see the key factors impeding capacity strengthening as low programme support costs (PSC), excessive bureaucracy, and short-term project cycles. Help desks, or other form of guides or mentors would be welcomed.
- Better-evidencing the effects of capacity strengthening is an opportunity.

Shared understanding of the impact of deep recent cuts in aid

Donors acknowledged that the current **decline in humanitarian funding is constraining resources available for the** capacity strengthening of Country-Based Pooled Funds (CBPFs), and increasing the pressure to prioritise implementation over cross-cutting aspects.

Broadly, donors agree that the **debate on CBPFs and capacity strengthening is both necessary and timely.** One donor noted that the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) deserves credit for putting capacity strengthening on the agenda. Another lamented that capacity strengthening had not received greater focus before the current round of aid cuts. There was consensus that the required speed of distributing new US funds would inevitably put pressure on implementation through UN bodies and other mostly international intermediaries.

> *"If ever we found ourselves in a world in which OCHA had a lot more resources, we could re-imagine what capacity strengthening could be.*
>
> **Donor**

Many CBPFs highlighted the limits of what OCHA can realistically achieve, citing small teams, high workloads, and short timelines, a sentiment echoed by local, national, and international NGOs.

Low appetite for global capacity-strengthening initiatives…

In the current climate, there is little appetite for large-scale, ad hoc capacity-building initiatives, whether at the global or local level. There is a consensus among donors that most local and national non-governmental organisations (L/NNGOs) that separate 'capacity-building windows' can distract organisations from their primary operations.

Donors tended to favour revising programme support costs (PSC) arrangements or enabling partners to include specific capacity-strengthening budget lines within their operational projects, with the hope that support would better address their project-specific needs. One interviewee noted that, based on the findings of a recent capacity-strengthening report of a fund, they felt the supported work missed the mark for emergency response needs. The report affirmed their reluctance to support dedicated allocations in other contexts.

> *"We need to be careful not to create a whole industry where we roll out modules that are not helpful or impactful.*
>
> **Donor**

…with one possible exception: safety training for CBPF humanitarian workers

One widely supported suggestion was for CBPFs to include **safety training for humanitarian workers**, similar to Hostile Environment Awareness Training (HEAT) that many staff of international organisations undergo, for high-risk settings, as is already in place in at least the CBPFs in Ukraine and Myanmar. Since there is a responsibility to protect all humanitarian workers, and lifesaving is the primary mandate of CBPFs, **some donors agreed that it is a natural fit.**

> *"There really is something to say about the risk and the protection of aid workers… but it would have to be really responsive … we know the environment is becoming increasingly unsafe.*
>
> **Donor**

Subsequent discussions pointed to a **possible global standards/design aspect** to such an initiative, albeit with potential implementation through local partners. One larger L/NNGO on the front lines suggested including a mental health and psychosocial support (MHPSS) component, while another smaller organisation noted that protection from sexual exploitation and abuse (PSEA) practices could also be included.

Two schools of thought on more demand-based capacity strengthening

Differing views were expressed among CBPF personnel (and among donors) on how far CBPFs should go in designing bespoke capacity-strengthening programmes. Some favoured maintaining an approach centred on capacity strengthening geared to eligibility and compliance, arguing that this mirrors (i) the primary aim of the CBPFs being life-saving, and (ii) the financial constraints facing the sector. Others felt that **actively piloting and coordinating a more needs-based approach** is both viable and necessary. Those who took this view strongly felt that investing in capacity strengthening saved more lives.

> *"With shrinking humanitarian budgets, we donors are feeling we have to emphasise impact.*
>
> **Donor**

> *"We have a more sort of nexus approach to things, including capacity-building actors.*
>
> **Donor**

> *"We need to go back to what local actors want.*
>
> **CBPF personnel**

> *"Our scope is OneGMS.*
>
> **CBPF personnel**

'Equitable partnership' essential for technical capacity strengthening to have traction

L/NNGOs and donors frequently emphasised effective capacity strengthening is contingent on **creating equitable partnerships** first. By this, interviewees meant looking at the situation not through a technical lens (who delivers what, when, and how), but rather through a cultural lens (interactional behaviours, effort to listen and learn, and tolerance for mistakes).

Interviewees spoke of the need to create relational **cultures in which local actors feel they can be open about mistakes** and questions that might seem naïve. This was voiced by all actors, referring principally to the relationship between the Pooled Fund and the implementer, but was also, to some extent, related to the role that primary donors play in shaping such cultures in a healthy manner.

> *"Quality partnership is the absolute most important thing for capacity; when you have trust in a partnership you can actually say that you think you did something wrong.*
>
> **L/NNGO respondent**

Some interviewees provided examples of Funds' positive and negative practices in **bureaucracy and finance,** and how these affect the development of trust and equitable partnerships. The role of Advisory Boards was also described as key to this.

7% PSC seen as too low, need to ensure intermediary and LNNGO receive 7% of their income

Intermediaries and L/NNGOs were keen to discuss the 7% PSC aspect. Across the interviews, there was a **general sense that the PSC overhead is set too low for full cost recovery**, i.e., too small to cover real institutional needs and costs. Many said it is generally used in practice to cover project gaps, rather than for fundamental institutional support.

> *"I am the President. My salary has to come from the 7%, the same with the English teacher, and the security guy.*
>
> **L/NNGO respondent**

The Aid Fund for Syria

During its inception, the Aid Fund for Syria undertook a three-day workshop with 35 L/NNGOs to determine cornerstone principles and operational decisions. One decision taken from this was that all L/NNGOs would receive USD 10,000 for capacity strengthening, in addition to the 7% overhead.

For all but one CBPF, **the current 7% overhead is split between the intermediary and the grantee, with the intermediary determining the split.** The research found that splitting the overhead can and does create friction. A small number of L/NNGOs actively criticised international non-governmental organisations (INGOs) for retaining most of the overhead. Intermediaries reported feeling pressure to do so to meet their own compliance obligations.

To resolve this friction, a clear majority of interviewees, including most donors and many UN personnel, agreed that there is a strong case for both the intermediary and the L/NNGO to receive the same 7% PSC. Respondents characterised this as a cost-neutral internal adjustment that ensures both the intermediary and the L/NNGO can allocate 7% of their portion of the grant to overhead costs. This is a step the Ukraine Humanitarian Fund has taken, and it is the only CBPF to have reported institutionalising this fair distribution model.

Intermediaries view the 7% PSC as inadequate and counterproductive when split between the intermediary and the partner. At least one intermediary has entered into dialogue with OCHA on the topic.

Case for a separate budget line

There was significant interest in an 'additionality model' for donors facing legal caps on indirect costs. One interviewee suggested creating a separate budget line for 'localisation support and administration costs'. Respondents agreed that this approach allows for unrestricted, non-time-bound funding that supports institutional capacity without being considered 'overhead'.

Recognising that a review of overhead caps can involve complex financial regulations, one intermediary suggested forming a technical working group at the global level. They suggested that financial specialists could work together to harmonise cost classifications, providing a clear way forward for reforms that would enable money to reach those who need it most, where and when they need it most.

Other options put forward included: (i) separate capacity-strengthening-specific allocations, and (ii) a dedicated, protected capacity-strengthening budget line/s in every project budget (a 5–15% range suggested). Neither is seen as preferable to additional overhead, as they would not help address the general lack of liquidity associated with low PSC.

> *"Additional overhead is smarter than a budget line for capacity strengthening because there's no constraint linked to time, and that's actually what is needed for capacity strengthening, because it shouldn't be something that it's over six months. That never works.*
>
> **Intermediary respondent**

> *"We split that 7% to give a tiny bit of it to the local partner. If we can't even give them all that [the 7%], why are we talking about capacity building?*
>
> **Intermediary respondent**

Good Practice Example 3

The Ukraine Humanitarian Fund (UHF)

With the onset of the war in Ukraine, the Ukraine Humanitarian Fund (UHF) expanded rapidly from USD 12 million to USD 320 million. During this period, it took actions that were largely focused on capacity strengthening.

- The UHF accepted that the 7% PSC should be guaranteed to grantees working through intermediaries.
- It simplified its documentation, especially capacity assessments and due diligence forms (e.g., the latter reduced from seven pages to two).
- It substantially bolstered its spending on activities it equated with capacity strengthening.

The UHF now reports a high level of confidence that this investment has paid clear dividends, both internally and externally (e.g. UHF-capacitated L/NNGOs increasingly taking up leadership roles, such as area-based coordination mechanisms).

This resonates strongly with the desire for equitable PSC (see above) and leaner administration (see Section 3.2).

The consortia model: efficiency vs. equitable partnership

The research indicates a growing interest among donors and fund managers in using consortia as a strategic delivery model, which could bolster capacity strengthening by fostering a more 'learning-by-doing' culture. This approach is valued for its ability to achieve greater scale and reach more people in need without requiring every partner to immediately navigate the intensive CBPF eligibility process. While intermediaries and lead agencies generally support this direction, the research highlights a significant structural risk: depending on their design, consortia might inadvertently entrench existing power imbalances if they are used to maintain the status quo. In other words, any consortia would need to take steps to ensure they uphold the principles of equitable partnership.

Consensus: CBPFs' direct delivery role should remain focused on compliance and eligibility

Larger L/NNGOs and donors recognise the long-term institutional benefits of the eligibility and compliance processes and of moving to lower-risk levels. These achievements are often seen as a 'reputational boon' that supports broader fundraising. Larger and medium L/NNGOs have generally come to understand these UN processes, even if they agree with smaller grantees that they remain burdensome.

> *"All the work that OCHA has been doing for many years in terms of improving financial management, risk management etc., the more administrative side within capacity strengthening, has a direct read-across to [L/NNGOs'] ability to work effectively.*
>
> **Donor**

Audits, spot checks, and capacity assessments are generally viewed as legitimate monitoring options that add value, even if they do not always align with the immediate needs of smaller L/NNGOs.

While the One Grant Management System (OneGMS) functionality is generally well-received, one L/NNGO said they would welcome an enhanced functionality of OneGMS if it could become something of a project management/task management tool, and so reduce the need for email communication.

Short project cycles undermine capacity strengthening

There is a consensus, including among many UN personnel, that the typical **CBPF project cycles of less than 12 months undermine the viability of undertaking quality capacity strengthening**. Around half of the interviews raised this issue spontaneously. Smaller and medium-sized L/NNGOs reported that operational readiness could **take up to three months**, making it difficult to prioritise capacity strengthening without compromising their primary mandate. They also explained that the '**start–stop' rhythm leads to high staff turnover,** which undermines the consolidation of systems, processes, and procedures, and dampens momentum for learning.

> *"Let's be very honest, 12 months is nothing to get capacity strengthening up and going. By the time you know they have the inception phase done, you barely have, maybe, four or five months to do that capacity strengthening.*
>
> **Non-UN Pooled Fund personnel**

Simplification of tools and administrative burden is an opportunity

Most interviewees feel that the level of bureaucracy associated with CBPFs is disproportionate and at odds with the basic tenets of the localisation agenda. Intermediaries described this as a structural contradiction, where CBPFs promote localisation while maintaining highly controlling, top-down funding models. This applied to both eligibility and compliance processes. There is openness, including among CBPF personnel, to simplifying CBPF systems, and reference was made to the 'Flagship Initiative'[7] which the UN has championed, along similar lines. Questions were raised about the usefulness of many of the documents, their depth and length, the true extent of the risks they seek to prevent, and the frequency of updates. **Interviewees recommend simplifying requirements, removing low-value controls, and standardising due diligence**.

[7] In Colombia, Niger, the Philippines, and South Sudan. The New Humanitarian (2023), 'What's the "Flagship Initiative", and how might it transform emergency aid?'.

Communication, accessibility and the 'human factor' are key

Some L/NNGOs described lean UN teams that are doing all they can with the resources they have but need more capacity to incorporate contextual knowledge and local realities. The idea of a Capacity Strengthening Officer, a United Nations Volunteer (UNV), was raised on multiple occasions.

They said that when this is lacking, it can lead to sub-optimal project design and unrealistic expectations. Furthermore, some L/NNGOs described communication with CBPFs as challenging.

> *"I think the Fund should have a Capacity Strengthening Officer, even a UNV, someone to work closely on capacity strengthening and with us, it would not be that expensive.*
>
> **L/NNGO respondent**

> *"Sometimes you just receive an email signed 'The Fund.'*
>
> **L/NNGO respondent**

They suggested taking action to foster more personal, informal or candid communication, and the idea of 'help desks' was generally well regarded. Crucially, one L/NNGO led by a person with a disability noted that current formats are not accessible, highlighting a critical gap in inclusive support. It was further noted that behaviours that foster a 'hierarchical mentality' can quickly undermine relationships, such as giving very short notice of visits.

> *"We don't have that informal connection, so the processes are not clear for us.*
>
> **L/NNGO respondent**

Evidence enables opportunity

Many interviewees, especially donors, highlighted the **lack of evidence on the impact of capacity strengthening.** No examples were provided of intentional or coherent efforts to measure the effect of capacity strengthening. No indicators or guidance for intermediaries on capacity-strengthening monitoring, evaluation, accountability and learning (MEAL) appear to be under consideration. Two donors specifically cited a lack of data as hampering debate over how far CBPFs should go in delivering demand-based capacity strengthening.

> *"How do we decide on different [capacity strengthening] approaches and initiatives without knowing what actually works?*
>
> **Donor**

Potential opportunity for OCHA around coordination leadership

A suggestion was made that there may be a need within the sector for **greater effort to coordinate capacity strengthening** at the national level. The proposal was that high-level coordination among civil society and state actors, and potentially the private sector, might yield benefits. Currently, no institution leads on this, suggesting it could **be a role for OCHA to consider in the future.** Given the current financial context and its implications for CBPF priorities, the research team did not explore this extensively; however, donors and intermediaries broadly agreed that, **while clearly a challenging ask, it could have value**. One interviewee suggested that National Reference Groups under the Grand Bargain could form part of this picture.

SECTION 4

4. Conclusion & Recommendations

Conclusions

The primacy of the emergency mandate and divergent perspectives on how best to fulfil it

- A fundamental point of consensus among all stakeholders is that Country-Based Pooled Funds (CBPFs) are and should remain primary mechanisms for rapid emergency response.
- There is a difference of opinion, however, on how the emergency mandate should be interpreted in practice. **One perspective maintains that CBPFs must remain tightly focused on immediate, direct life-saving actions** to prevent 'mandate creep' into long-term development. **The other, more prominent view is that more lives will be saved if greater investment is made in capacity strengthening**. This was often seen as a little to no-cost change.

The evidence gaps as a systemic barrier

- There is a **lack of availability of systematically collected evidence on the impact of capacity-strengthening approaches.** This means that the value and effect of capacity strengthening could remain abstract, and decisions made based on anecdotal evidence.

Funds as catalysts for capacity strengthening via the 'learning-by-doing' model

- CBPFs, in some contexts, offer some learning-by-doing.
- Larger organisations found that **audits, spot checks (and indeed simply receiving funds from the CBPF) can build their understanding of the aid system and how to relate with new potential donors**.

The human factor in technical delivery

- Local and national non-governmental organisations (L/NNGOs) want to see a **shift in mindset** towards more practical, long-term capacity strengthening.
- **It is essential that CBPFs continue to offer direct support in technical areas such as capacity assessments, monitoring visits and audits, risk management, and the One Grant Management System (OneGMS)**. It is necessary to shift the emphasis from lecture-style teaching toward learning-by-doing modalities.
- Technical delivery is most effective when it moves away from standardised global modules **towards relational, 'learning-by-doing' peer-to-peer exchange and mentorship**.
- Smaller L/NNGOs have **markedly different needs**, including the need for time and information to feel comfortable as they access the space.
- There is preference for support that aligns with the realities of local implementers. **Structured onboarding for smaller partners** will ensure they have the support needed to align with the Fund's requirements from the outset.
- L/NNGOs emphasise that accessing pooled funds should not impose disproportionate administrative burdens. Many describe current processes as overly burdensome, signalling a clear need to **streamline documentation, simplify compliance steps, and reduce duplication.** This suggests that CBPFs and donors might explore **structural options to lighten administrative requirements** and make them more coherent across the grant cycle.
- Many L/NNGOs feel **uncomfortable approaching the Funds with questions**, particularly those new to working with international systems and agencies. There may be a **human resources** gap in some Fund's offices, which could be filled by entry-level staff or even by United Nations Volunteers (UNVs).

Financial architecture as a lever for effectiveness

- The evidence indicates that the current financial parameters, particularly the 7% programme support cost (PSC), whether shared or not received, and short grant cycles **limit the full potential of capacity-strengthening investments**.
- The research identifies the 7% PSC as a critical lever for strengthening capacity, a point acknowledged and accepted by international organisations and some within the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA). **Many interviewees agreed that providing similar parity for partners is a matter of common-sense efficiency.**
- The apparent success of the 'Ukraine model' (i.e. the evolution of capacity strengthening within the UHF, both in terms of reduced administration and the guarantee of 7% overhead to sub-granting L/NNGOs) serves as a significant proof of concept, demonstrating that ensuring overhead for both intermediaries and L/NNGOs provides the conditions necessary for a higher-quality response in the current circumstances.

Quick wins to enhance long-term impact

- In several instances, high-impact improvements to capacity-strengthening support can be achieved through **minor, cost-neutral adjustments.** For example:
- Reduce the burden on CBPF and L/NNGO personnel by (i) replicating the UHFs' work on **simplifying documentation** and (ii) considering a **reduction in standardised training.**
    - Consider publishing concise, **plain-language guidance or FAQ sheets** on eligibility, audits, and risk categories.
    - Consider a pilot on the use of AI to increase access to documentation in **other languages**.
    - Consider allowing, where appropriate, L/NNGO staff to **attend training even if they are not funded by the CBPF**.
    - Create a **digital exchange for capacity-strengthening tools and views** between those delivering capacity strengthening.
- Evidence from the OCHA Flex Mechanism, the United Nations (UN) Flagship Initiative, and the UHF show that **reducing the administrative burden is achievable without increasing risk**.

Strategic coordination as an enabler for localisation

- While existing capacity-strengthening support is often siloed within project-specific tracks, there is an **implicit demand for a more expansive coordination model** that links local actors with specialised expertise across sectors.
- Evidence from other pooled fund models, notably those managed by **START** and the **NEAR Network**, suggests that a dedicated facilitation or coordination role is often key to unlocking these networks for local actors. Currently, **the absence of a systematic mechanism to map and provide referrals to resources across the private sector, government, and peer networks remains a significant barrier to the 'cross-pollination' of expertise required for a robust humanitarian response.** The responsibility for overseeing such resource mapping might be assigned to relevant CBPF staff and National Reference Group members within each specific fund environment to ensure the function is appropriately localised and sustainably managed.

Optimising governance and the intermediary role

- **Intermediaries and consortia remain vital 'operational actors,' but they are not a panacea.** Without intentional design that prioritises mutual cross-learning and formal feedback loops, these models risk reinforcing top-down power dynamics that uphold the idea of a 'lead' as the powerbroker. The research suggests that the most successful partnerships are those in which intermediaries include support to help local actors to become familiar with the workings of the aid world and the CBPF space, while co-designing interventions and deferring to each partner's expertise. Partnerships that promote and prioritise all agencies' expertise are essential.
- While intermediaries are meant to shoulder the burden of administration and compliance, in practice, L/NNGOs funded through intermediaries often find that they take on additional **compliance requirements, some specific to the intermediary itself and others arising from how the intermediary interacts with UN OCHA. This means that if the L/NNGO partners with more than one intermediary on different projects, or with a different intermediary after one grant has ended, they must adapt their systems to multiple** administrative processes, reinforcing the sense that bureaucracy erodes trust rather than building it.
- **Providing fund-level support for the protection of aid workers in hazardous environments,** and potentially for protection from sexual exploitation and abuse (PSEA), is seen as logical and valuable.

Recommendations

1 Clarify and rebalance CBPF roles in capacity strengthening

REAFFIRM OCHA'S CORE CAPACITY STRENGTHENING ROLE AND LIMITS

- OCHA should continue to focus on its comparative advantages: eligibility, compliance, risk management, and OneGMS.
- OCHA should not be responsible for implementing capacity strengthening beyond its current capacity-strengthening mandate but should support the ecosystem around it.

PILOT A DEDICATED FACILITATION ROLE WITHIN A SUITABLE FUND

- This role would support partners who feel uncomfortable asking questions candidly, and should be filled by someone who speaks the same language as most potential and current partners and could be a UNV or a Junior Professional Officer (JPO).

RECOGNISE AND RESOURCE LOCAL-TO-LOCAL CAPACITY STRENGTHENING

- CBPFs should encourage and fund local consortia that demonstrate equitable partnership approaches and peer-to-peer models, acting as core capacity-strengthening providers, not merely as implementers. Embracing 'local-to-local' P2P systems and incubator-style approaches (as seen in Ukraine and Myanmar) can help transition from intermediary-led to locally led capacity strengthening.
- **Convene multi-stakeholder planning sessions** to identify hurdles and red tape.
- Agree on who or which agencies might 'own' or 'co-own' a national capacity-strengthening coordination role.

PILOT A LIFE-SAVING–ALIGNED SAFETY AND WELLBEING CAPACITY-STRENGTHENING INITIATIVE

- OCHA could build on existing efforts across selected CBPFs to provide safety training for all suitable territories for CBPF humanitarian workers in high-risk settings, potentially including burnout prevention and emotional recovery, delivered through local actors and guided by global standards. This aligns squarely with the life-saving mandate while signalling a more holistic view of capacity.

2 Make capacity strengthening more demand-based, contextual, and learning-by-doing

SYSTEMATICALLY EMBED DEMAND-BASED CAPACITY STRENGTHENING IN CBPF PROJECTS AND REMOVE PROJECT-SPECIFIC PARTICIPATION BARRIERS

- Expand OCHA's November guidance by agreeing to systematically fund/ enable funding of capacity strengthening across local and national actor (LNA) projects and extend this to ensure equity and transfer to indirect grantees, as piloted in Ukraine. A simple cap (e.g. up to 5%) would keep this lean while making it valuable.

INTRODUCE AN ONBOARDING TRACK FOR ALL NEW PARTNERS

- The onboarding track could include not only policy and manual sharing but also resource referrals and introductions.

PRIORITISE LEARNING-BY-DOING, MENTORING, AND PEER LEARNING

- L/NNGOs consistently call for a 'learning-by-doing culture'. CBPFs and intermediaries should favour on-the-job accompaniment, mentoring, joint problem-solving, and peer exchanges over one-off workshops and generic modules, especially for smaller and newer organisations.

CO-DESIGN CAPACITY-STRENGTHENING PLANS WITH L/NNGOS AND ADAPT TO SCALE

- Capacity assessments and capacity-strengthening plans should be co-developed with partners, with differentiation by organisational scale and maturity. Smaller organisations need more intensive, relational support and clearer 'on-ramp' pathways, while larger L/NNGOs may prioritise specialised technical or strategic areas.

ADDRESS LANGUAGE AND 'SAME LANGUAGE' BARRIERS

- Ensure tools, trainings, and mentoring are available in relevant local languages and delivered by actors who literally and figuratively 'speak the same language.'

3 Adjust financial and bureaucratic parameters to make capacity strengthening viable and fair

CONVENE A TECHNICAL WORKING GROUP OR A TIME-BOUND TASK FORCE

The PAG should convene a technical working group or a time-bound task force comprising donor, OCHA and NGO financial specialists **to agree on how to minimise duplication and clear the way for:**

- **Adopting overhead parity:** Each intermediary and L/NNGO should be allocated 7% to PSC, mirroring the Aid Fund for Syria's additional capacity to strengthen liquidity (providing USD 10k per project). Where this is not practicable and overheads are shared, CBPFs and donors should encourage more equitable overhead-sharing arrangements (e.g., Ukraine-style models) and publish simple guidance on minimum expectations.
- **Providing a separate and additional budget line, in addition to the standard overhead allocation to the direct partner: In line with the IASC guidance,** some donors, such as Canada, the UK and Denmark, have demonstrated how to comply with their own legal requirements while ensuring coherence and a commitment to supporting reasonable and legitimate overhead costs as part of an equitable partnership approach.
- **Explore a dedicated 'additional overhead line'** (e.g. 2-3%) to support systems strengthening, which is critical to delivery.
- **Harmonising cost classifications** to provide a clear way forward for reforms that would enable money to reach those who need it most, where and when they need it most.

SCALE CAPACITY-STRENGTHENING INTENSITY TO PROJECT SIZE AND RISK

- Smaller grants may warrant a higher relative capacity-strengthening percentage, recognising that the fixed costs of organisational development are proportionally higher. Risk-based approaches should link more intensive capacity-strengthening support to higher-risk or newer partners.

EXPLORE MODEST, TARGETED CAPACITY-STRENGTHENING PILOTS INSTEAD OF NEW GLOBAL WINDOWS

- Given the negligible appetite for large-scale, ad hoc, dedicated capacity-building initiatives, donors could support small, time-bound pilots embedded in existing CBPFs, such as safety training or incubator models, rather than creating new global initiatives or funds.

4 Extend time horizons where possible

PROMOTE MULTI-YEAR CAPACITY-STRENGTHENING COMPONENTS WITHIN CBPF PORTFOLIOS

While changing overall project cycles may be challenging, CBPFs can:

- Encourage multi-year thematic capacity-strengthening allocations or consortia that embed mentoring and peer learning.
- Allow capacity-strengthening activities to span multiple project cycles where partners remain engaged,
- Establish a 'referral mandate', drawing on examples from the START and NEAR funds, which supported the development of a locally led coordination role, enabling outreach to peers and private-sector groups that may be willing to offer in-country mentorship or ongoing support.

SEQUENCE CAPACITY STRENGTHENING REALISTICALLY WITHIN PROJECT TIMELINES

- Recognising that in the first months L/NNGOs must prioritise operational readiness, guidance and templates should allow capacity-strengthening activities to ramp up after initial implementation stabilises.

5 Build light but meaningful design, evidence and feedback systems

TRANSITION FROM ANECDOTAL TO EVIDENCE-BASED INVESTMENT

- OCHA and donors should agree a set of common capacity-strengthening outcome indicators and learning questions for CBPFs.
- CBPFs and their partners could adopt simple, shared monitoring, evaluation, accountability and learning (MEAL) frameworks (potentially based on satisfaction or including elements of the Kirkpatrick Model) to track performance and, through benchmarking, identify which forms of capacity strengthening are higher-performing.
- CBPFs could **consider replicating the Nigeria Humanitarian Fund (NHF) annual capacity-strengthening needs survey**, to both understand progress and plan for future support.

VALUE FOR MONEY (VFM) ASSESSMENT

- Research could be undertaken using a '4Es' economics-based analysis to explore the extent to which the capacity-strengthening investment, either globally or in selected CBPFs (e.g. the recent marked investment in Ukraine), has indeed saved further lives.

INTRODUCE LIGHT-TOUCH ANONYMOUS FEEDBACK CHANNELS ON INTERMEDIARIES AND CAPACITY-STRENGTHENING QUALITY

- L/NNGOs currently lack secure ways to comment on intermediaries' capacity-strengthening performance. A simple, anonymous feedback mechanism, managed by OCHA or an independent actor, could surface patterns of good practice and concern, inform intermediary selection, and provide guidance.

USE COMPARATIVE LEARNING ACROSS CBPFS

- Some funds are already experimenting with 'flexible capacity-strengthening windows', incubators, and peer-to-peer models. A light, centralised learning function could compare approaches and share lessons.

6 Reduce Administrative Friction and Streamline Entry

- Follow existing CBPF approaches to eligibility and smaller grant sizes, as found in the Flexible Localisation Envelope **(FLEX) and Flagship initiatives,** to lower barriers for new or high-risk partners.
- Start with a **Clinic approach**: Offer collective 'drop-in' sessions to clarify requirements for all partners at once, rather than one-off training sessions.
- Consider how the Fund could collaborate with other 'international humanitarian system compliance mechanisms by standardised due diligence **('Administrative Passporting').** Consideration could be given to allowing Core Humanitarian Standards to be a recognised component to reduce the administrative burden.

7 Conduct further research

This research indicate that the following further research could potentially prove valuable:

- **A wide-scale survey of individuals** who have participated in capacity-strengthening support in recent years to capture how they perceive the value and impact of the support.
- Similar initial qualitative research with **L/NNGOs seeking** CBPF funding eligibility, as access to the Funds was a common point raised by many interviewees.
- VFM or an econometric analysis of the **life-saving impact of increasing capacity-strengthening investment,** as has been done most notably in Ukraine.

Acronyms & Abbreviations

CBO	Community-Based Organisation
CBPF	OCHA Country and Regional Funds (formerly Country-Based Pooled Funds)
CERF	United Nations Central Emergency Response Fund
HEAT	Hostile Environment Awareness Training
ICVA	International Council of Voluntary Agencies
INGO	International Non-Governmental Organisation
JPO	United Nations Junior Professional Officer
KII	Key Informant Interview
LNA	Local and National Actor
L/NNGO	Local and National Non-Governmental Organisation
MEAL	Monitoring, Evaluation, Accountability and Learning
MHPSS	Mental Health and Psychosocial Support
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OneGMS	OCHA Pooled Funds One Grant Management System
PAG	OCHA Pooled Funds-NGO Dialogue Platform Advisory Group (formerly CBPF-NGO Dialogue Platform Advisory Group)
PFWG	Pooled Fund Working Group
PSC	Programme Support Costs
PSEA	Protection from Sexual Exploitation and Abuse
UN	United Nations
UNV	United Nations Volunteer
VFM	Value For Money



A GLOBAL NGO NETWORK
FOR PRINCIPLED AND EFFECTIVE
HUMANITARIAN ACTION

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