

Radical Flexibility: Strategic Funding for the Age of Local Activism



This is the Executive Summary of a report that is available online at:

www.peaceinsight.org/reports/peacefund

Report author Riva Kantowitz, Ph.D., and Peace Direct have worked in partnership to explore the dynamics of, obstacles to, and opportunities for effective funding of local actors. In order to realize the potential of local peacebuilding work, new ways of operating outside the traditional grant-based donor system are needed. This report would not have been possible without the generous financial support of Humanity United.



Executive Summary

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

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

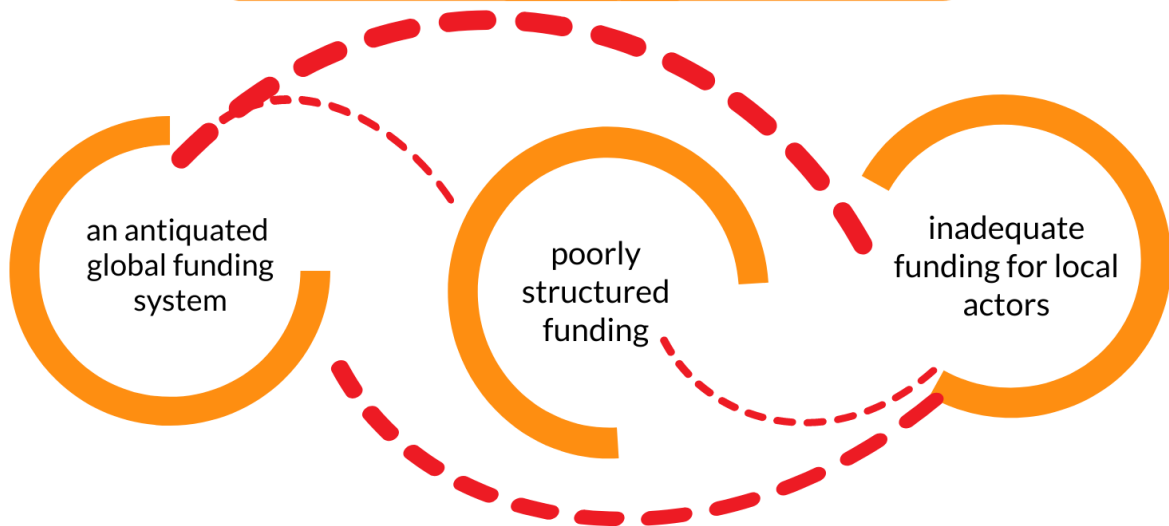
Local organizations on the frontlines of conflict are often the actors best equipped for peacebuilding and conflict transformation. Yet, they are systematically neglected and marginalized from the international peace and security funding ecosystem. As the *Foundation Center's* – now *Candid* – State of Global Giving report reveals, of the \$4.1 billion that US foundations gave overseas between 2011 and 2015, just 12% went directly to local organizations based in the country where programming occurred. Peacebuilding in general is already underfinanced, with private donors spending less than 1% of the almost \$26 billion in global giving on peace and security writ large, including peacebuilding and conflict prevention. The recent World Bank report *Pathways for Peace* states that targeting resources toward just four countries at high risk of conflict each year could save \$34 billion in foreign aid budgets. In comparison, spending on responses to violent conflict through peacekeeping and humanitarian crisis response operations in 2016 was \$8.2 billion and \$22.1 billion, respectively.

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

Grants are the backbone of donor support to civil society organizations, yet they are akin to using analog technology to support social change in a digital world. Grants are an outdated and ineffective tool if the funds they provide are not used with great flexibility. Indeed, this report argues that the prevailing foreign assistance paradigm has led to three interrelated problems: 1) an antiquated and calcified global funding system; 2) inadequate funding for local actors; and 3) funding that is poorly structured for the purposes of effective action and impact. In short, the current approach constitutes a bad business model. Lack of investment in local efforts undermines the billions of dollars spent on other types of intervention, creating competition instead of collaboration and forcing small organizations to waste valuable resources on constant fundraising based on immediate-term success. Through applied experience, prior research on donor financing, 25 qualitative interviews and a three-day online consultation with local actors from all over the world, this project highlights the funding approaches that hold the most promise in assisting local actors prevent violence.

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Interrelated problems



Donors utilize a range of programmatic models to effectively support local organizations, from participatory grantmaking to seeding community foundations to funding thematic or geographic “clusters” of organizations. They also rely on several key strategies. The seven strategies proposed here explore: 1) promoting more participatory approaches to funding; 2) cultivating authentic partnerships; 3) encouraging funders to support improvement of systems rather than provision of services; 4) letting local partners lead while donors facilitate their work; 5) shifting administrative burdens to funders by eliminating open calls for funding, or by allowing local organizations to submit limited and/or existing organizational documents instead of creating new documents for each donor; 6) providing support to movements and collective action, including within the donor community; and 7) adopting longer-term and “radically flexible” funding approaches, such as creating flexible pots of money that can be allocated rapidly, enabling

partners on the ground to change programming plans as circumstances change. Some of these approaches are relatively new (innovative finance tools, such as outcome funds and social impact bonds), others less so (participatory grantmaking, community-led financing). Irrespective of age, none of them have taken hold as standard practice.

This report is a call to action, also outlining how a groundbreaking new fund is needed to address the lack of funding for local actors. This proposed new fund combines a number of promising approaches: community-led financing; amplifying the principals of donors that practice partnership and flexibility in grantmaking; and developing innovative finance tools to sustain peace. In doing so, it articulates which strategies are the most viable for supporting local organizations preventing violence. In practice, this means giving local organizations radically flexible tools which will enable local actors to better generate, implement, and scale their own solutions.

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

evaluation plans and intermediary outputs and outcomes, this model provides flexibility for local actors to shift programmatic activities as the original plans evolve and to report on them as they unfold.

In sum, this report argues for an approach to sustainable peace that inverts the current power dynamic between funders and local recipients. This will ensure greater agency and leadership at the community level, while allowing donors to play an effective and sustainable supporting role. A world with less violence is possible. The fundamental question arising, then, is how can the international community and specifically funders help? More resources for local actors is a requisite in an absolute sense; however, money is really a proxy for our values and priorities. What we really need is a movement that amplifies effective donor assistance strategies to local organizations. This movement should ensure greater agency and leadership at the community level, allowing local actors to make decisions about how to address the challenges they face in their own environments and donors to play a more impactful and sustainable supporting role. Money is one piece of that power dynamic.





Recommendations

✓ Recommendations for governments and multilateral donors

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

✓ Recommendations for private funders

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

✓ Recommendations for local organizations

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

✓ General Recommendations

Understanding and Measuring Impact

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

Assumptions and Power

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



About the author

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

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

About Peace Direct

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

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