



# Putting More Resources in Local Hands: Funding Models for Localisation

A joint learning report by Terre des hommes, PeaceNexus, Somaha Foundation, and Fundraising Training Ltd

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somaha foundation



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## Glossary

**Localisation (Tdh definition):** A process of recognising, respecting and strengthening the leadership of local authorities and the capacity of local civil society in humanitarian and development action, in order to better respond to the needs of populations and prepare national actors for future humanitarian responses.

**LNAs:** Local and National Actors based in the countries or communities where aid or development programs are implemented (national or local NGOs, Community Based Organisations, National Government agencies, Universities etc.)

**Unrestricted income:** funding that is not earmarked for specific projects or activities by donors (flexible)

**Compliance:** rules, regulations, and procedures that organisations must follow to meet donor requirements and ensure accountability in the use of funds

**INGOs:** International NGOs

**Organisational Development:** process of strengthening an organisation’s capacity, systems, and skills to improve its effectiveness, sustainability, and impact

**Due Diligence:** Process of assessing the legitimacy, capacity, and risks associated with a potential partner (e.g., an LNA) before entering a funding or operational relationship.

### *Impressum*

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# 1. Introduction: Why Localisation Funding Matters

The global aid sector is at a turning point. While commitments to Localisation have multiplied since the Grand Bargain<sup>1</sup> and Charter4Change<sup>2</sup>, the reality of how funding reaches local and national actors (LNAs) remains uneven. Even as international rhetoric supports shifting power and resources, overall development and humanitarian budgets are declining, and direct funding to local actors remains modest.

Against this backdrop, Terre des Hommes (Tdh) embarked on a learning journey to **identify practical and scalable models for financing Localisation — that is, how to put more money into the hands of local actors in ways that build both effectiveness and sustainability.**

This work was commissioned by Terre des Hommes, supported by Somaha Foundation, guided by PeaceNexus (a Swiss foundation specialising in organisational development), and implemented by Fundraising Training Ltd. Together, the partners explored how funding flows, intermediary structures, and LNA capacities interact — and how they can be reshaped to make Localisation real.

## 2. About the Study

This report is a shortened version of an extensive report commissioned by Somaha Foundation, Tdh and PeaceNexus to Fundraising Training Ltd published in September 2025. The research was carried out between February and August 2025. It involved:

- Extensive interviews with senior Tdh staff, donors, and peer organisations such as Trocaire, HelpAge International, SOS Children’s Villages, Family for Every Child, and World Vision.
- Focus groups with 27 Tdh local partners in 10 countries.
- Benchmarking and literature review across humanitarian, development, and philanthropic funding systems, including extensive review of NEAR<sup>3</sup> resources and solutions.

No existing research directly answered the question of what a Localisation funding model looks like. This study therefore breaks new ground — providing practical options that extend beyond Terre des Hommes and can inform the wider sector.

The central question was summarised as: “How can more resources reach local and national actors in a way that benefits both LNAs and Tdh, and aligns with Tdh’s Localisation strategy?”

<sup>1</sup> <https://interagencystandingcommittee.org/grand-bargain>

<sup>2</sup> <https://charter4change.org/>

<sup>3</sup> NEAR (<https://www.near.ngo>) is a movement of Local and National Civil Society Organisations (CSOs) from the Global South rooted in our communities who share a common goal of a fair, equitable and dignified Aid system. NEAR is based in Nairobi, Kenya.

With over 390 partners worldwide — including civil society organisations, academic institutions, private firms, and government agencies — Tdh sought to clarify where it holds responsibility for partners’ funding sustainability, and where that responsibility rests elsewhere. This framing allowed the team to design tailored approaches to strengthening local actors and reshaping funding pathways.

### 3. The Changing Funding Landscape

The global financial context for aid has shifted dramatically. Humanitarian and development budgets have fallen due to reduced commitments from major donors such as US-AID, Swiss Development Agency (SDC), United Kingdom FCDO (Foreign, Commonwealth and Development Office) and more. While the *volume* of funding has decreased, the *proportion* reaching local actors is slowly rising — helped by pooled funding mechanisms and improved reporting.

The Localisation agenda, however, faces headwinds:

- Donors’ preference for large, fewer grants limits access for smaller LNAs.
- Strict compliance and audit requirements often exclude local actors.
- Short funding cycles and renewal bias keep INGOs embedded as primary recipients.

At the same time, collaborative frameworks like the *Grand Bargain*, *#ShiftThePower*<sup>4</sup>, and the *RINGO Project*<sup>5</sup> are opening pathways for reform. These efforts confirm that progress depends on three interlinked groups:

1. **Funders** – who determine the rules and scale of funding flows (institutional donors such as SDC, ECHO, FCDO or other; United Nations Agencies; Private foundations; Private donors etc).
2. **Intermediaries (INGOs)** – who enable, block, or reshape access for LNAs (such as Tdh).
3. **Local and National Actors (LNAs)** – whose capacity and agency determine whether funding can be absorbed and sustained.

Real Localisation requires change in all three.

<sup>4</sup> <https://startnetwork.org/past-programmes/funds/disasters-and-emergencies-preparedness-programme/shifting-power>

<sup>5</sup> <https://rightscolab.org/ringo/>

## 4. Three Interconnected Funding Models

Through comparative analysis and stakeholder input, the research identified three complementary funding models. They are not alternatives, but interconnected pathways toward the same goal: increasing the volume and autonomy of funding for LNAs.

### Model 1 – Raising More Net Unrestricted Income

Unrestricted income is the most flexible tool INGOs can use to support Localisation. It allows organisations like Tdh to co-fund local initiatives, invest in capacity strengthening, and test new approaches without donor constraints. The research found that the most reliable sources of unrestricted income are: *1/ Mass individual giving, 2/ Legacies, and 3/ Indirect cost recovery (ICR).*

For Tdh, the most immediate opportunities lie in **deepening investment in Switzerland** and other established fundraising markets. Strengthening unrestricted income there can, paradoxically, be one of the most effective ways to support Localisation, provided those funds are then intentionally used to build LNA capacities and autonomy.

Emerging markets in which Tdh is present (such as Greece, Romania or Albania) offer long-term potential but require significant upfront investment. A focused approach — prioritising scale in one proven market rather than spreading resources thinly — is advised.

#### Key implications:

- Grow **unrestricted income** in established donor markets (Switzerland, EU, UK).
- Ring-fence a portion for **direct LNA strengthening** - to be provided via unrestricted funding or **Organisational Development fund**, purely dedicated to carefully selected Tdh LNA partners. Use this to reduce reliance on project-based funding and to pilot local fundraising initiatives.

### Model 2 – Influencing Funder Policies

Shifting donor behavior is critical to systemic change. INGOs like Tdh can play a catalytic role by influencing policies and practices that determine whether funds reach local partners equitably. The research found that **collaborative advocacy** is significantly more effective than bilateral lobbying. Joining and contributing to platforms such as the **Grand Bargain**, **Charter4Change**, and **#ShiftThePower** movements enables organisations to amplify their voice and demonstrate shared accountability.

Funders can be encouraged to:

- Introduce dedicated **capacity-strengthening and Organisational Development budget lines** in grants.
- Support **pooled funding mechanisms** led or co-governed by local actors. Several studies<sup>6</sup> showed the cost-effectiveness and humanitarian impact of such mechanisms (Ukraine, Syria).

<sup>6</sup> Passing the Buck: Case Study of a Pooled Fund in the Middle East, The Share Trust, February 2024 and Passing the Buck: the Economics of Localizing Aid in Ukraine, The Share Trust July 2024 - <https://thesharetrust.org/research-learning>

- Adopt **risk-sharing frameworks** and harmonized compliance requirements (such as the mutualization of Due Diligence between INGOs).

Tdh's strong credibility with the Swiss Agency for Development and Cooperation (SDC) positions it well to engage both nationally and internationally in this agenda.

Key implications :

- Join and contribute to **collective Localisation fora**. Advocate for donor mechanisms that directly finance local capacity and resilience. The messaging must be adapted to each donor group.
- Share evidence of **value-for-money and accountability from local partnerships** and direct funding to LNAs. Enhance the use of collaborative Due Diligence mechanisms with other INGOs.

### Model 3 – Institutional Strengthening for LNAs

Sustainable Localisation depends on LNAs' ability to raise and manage their own resources. Terre des hommes has made significant strides through its network of **26 Localisation in-country focal points (one per country of intervention)** and [Locallink Hub](#), its online capacity strengthening platform. Tdh's approach stands out for being context-sensitive and embedded in field realities, combining technical support with advocacy for improved government relations. LNAs widely acknowledge Tdh as a partner that "invests in us, not just in projects."

The consultancy found that Tdh's capacity-building model is effective but could be enhanced by:

- Developing a **global curriculum** based on Global South experience, not just adapted to INGO frameworks. This curriculum must be **contextualized** (either regionally or per country) and introduce **leadership and fundraising trainings** tailored to executive directors of local partners.
- Coordinating efforts with other INGOs and UN agencies to reduce duplication. At Swiss level, Tdh must strive to **establish better collaborations with INGOs** that could complement its Capacity Development approach.
- Partnering with **global foundations** (Oak, Ford, Segal, Laudes, etc.) committed to civil society strengthening to sustain this investment beyond the Somaha funding cycle.

Key implications:

- Secure **multi-source funding** for Tdh's Localisation focal point network, through differentiated funding streams. This funding must be dedicated to the design of **contextualized Capacity Development practices** for Tdh's "champion" LNA partners.
- Establish **new relationships with global foundations and INGOs** committed to better practices with LNAs.

## 5. Key Insights and Lessons

### 1. Collaboration is the cornerstone.

Progress in Localisation depends on collective action — among INGOs, donors, and LNAs — not isolated efforts. Tdh’s approach must be a global one, relying on its solid network of partners and Localisation focal points, Tdh must design a sustainable approach in collaboration with the rest of the sector (common advocacy to institutional donor, collaborative approach to Capacity Development and Due Diligence with other INGO actors, sustained interventions with “champion LNAs”).

### 2. Balance speed and sustainability.

Raising unrestricted funds provides immediate resources; building LNA capacity secures long-term independence. Tdh must identify unrestricted funding to be transferred to carefully selected and trusted LNAs, to expand their Organisational Development. This will lead Tdh’s partner to their effective sustainability.

### 3. Define roles and responsibilities.

INGOs must clarify when they are responsible for partner sustainability and when to step back. This approach needs to be contextualized and adapted for specific countries in which Tdh believes a power transition is possible. Decision-making must increasingly leave space to LNAs in Tdh’s partnerships.

### 4. Shift the power, not just the money.

Financial flows alone do not equal Localisation. Empowering LNAs to lead, decide, and mobilize resources changes the system. Tdh must ensure space is granted to LNAs in decision-making and in international fora.

## 6. The Road Ahead

Based on this joint learning process, Terre des hommes and its partners will prioritize the following actions:

- Expand unrestricted income generation in mature markets (selected countries in which Tdh believes such transition is possible) and allocate a defined share to partner strengthening.
- Secure funding for the Localisation focal points network and expertise within Tdh beyond the Somaha funding phase.
- Collaborate with peer INGOs and donors to harmonize capacity-building support, due diligence practices and actively engage in collective advocacy to funders. This will be done notably through a Manifesto to be shared by a network of Swiss NGOs to SDC<sup>7</sup> for improved Locally Led new practices with local partners.
- Pilot local fundraising initiatives with selected LNAs in promising markets.
- Piloting a nationalization of Terre des hommes’ delegation in Greece, through a progressive handover program including the development of a local board and fundraising techniques.

<sup>7</sup> Swiss Agency for Development and Cooperation (SDC)

- Document and share learning through the global Localisation community.

**Terre des hommes will define metrics to measure progress on these actions in an “Intermediary Shifting Roadmap” by early 2026. These commitments will shape Tdh’s Localisation strategy by 2028, as part of its global “Fit For the Future” reflection on the new objectives of the Humanitarian and Development sectors for Swiss International NGOs.**

This study reinforces that effective Localisation is not a single initiative, but a continuous, adaptive process requiring shared commitment, transparency, and trust.

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Every child in the world  
has the right to a childhood.  
It's that simple.

