

*Locally-led Innovation for
Emergency Response:
The Change Fund
- NEAR Network*

The Network for Empowered Aid Response (NEAR) is a movement comprising local and national non-governmental organisations from the global south, united by a shared vision of establishing a fair, equitable, and dignified aid system. To date, it comprises over 250 members across 40 countries in Latin America and the Caribbean, Africa, Asia, and MENA.

NEAR's work is anchored in four streams of work: Solutions, Movement Building, Building Bridges, and Learning. Implemented within the Solutions Pillar, The Change Fund represents a transformative shift in how funds are designed and managed. The locally-led fund is grounded in the understanding that those closest to the crisis are best positioned to lead emergency responses.

Through the Change Fund, NEAR aims to foster a funding ecosystem that is responsive, adaptable, and equitable, with localised decision-making processes. The fund's establishment challenged some core preconceived notions within the aid system, such as the belief that local organisations have limited capacity and experience, a narrative which has fed into the loss of trust from funders. The fund is a practical solution to overcome these notions, cultivating a more bottom-up, flexible, and collaborative approach to funding and fostering trust-based

partnerships over transactional ones. The Change Fund stemmed from NEAR's membership feeling excluded from decision-making processes within the aid funding landscape, with bilateral funders or INGOs developing intervention strategies lacking inclusivity, neglecting their voices, failing to reflect their needs and priorities, and often unilaterally implementing them in communities. Recognising these systemic imbalances in traditional humanitarian funding models prompted the establishment of the Change Fund. In this sense,

“The idea to innovate, or rather, the desire to innovate, was really deeply rooted in the collective insight and aspirations of our local members and our network. The collective vision translated into creating the Change Fund, a mechanism designed with a local first approach.”

Falastin Omar, The Change Fund's Programme Manager

The Change Fund is, therefore, rooted in the desire to change the status quo within the aid system and show that an alternative system, where local actors are in the lead, is possible. NEAR developed a funding mechanism with built-in agility and an expedient, compliant risk management framework. Central to this innovative

approach is adopting human-centred design principles, which are crucial for ensuring that the solutions and interventions resonated deeply with the real-world contexts and lived experiences of communities at the forefront of delivering humanitarian responses.

The Change Fund employs a simplified grant-making process. Local actors submit concise 2—to 3-page proposals outlining the number of beneficiaries, targeted areas, and the coordination mechanisms in place to prevent response duplication. A needs assessment complements this information, and applicants can either present an already existing assessment conducted by the member or any UN or a country-level agency.

A defining feature of the Oversight Body, the Change Fund's governance structure, is that it is comprised only of local and national actors. The Oversight Body includes representatives from Africa, Asia, Latin America and the Caribbean, and MENA regions (two for each region), nominated and selected by NEAR members, and is responsible for declaring crises, reviewing applications and directing the funds where they are most needed. The Oversight Body also assists in designing and improving the fund's process flow by ensuring a speedy and impactful workflow and disbursement. The Oversight Body

reaches the granting decisions through a consensus and monitors the project's implementation.

This governance structure ensures inclusive decision-making, which is essential for directing the fund's resources towards the most urgent needs identified by individuals with profound insight into local contexts since:

“Usually, INGOs will design the programs, not us. This was different because we had the liberty to submit any ideas we had in consultation with the community. It was very demand-driven from the local level.”

CDP, Somalia

The fund is designed to guarantee an exceptionally swift response, from the triggering of a crisis to the awarding of a grant, all within a two-week timeframe. Real-time adjustments enhance effectiveness and adaptability by allowing resource redirection and strategy adjustments without complex processes.

However, with the sector, challenges regarding the quality and quantity of funding for local actors persist. Overall humanitarian funding going to local actors for humanitarian assistance stands at 1%, according

to most recent data ⁵. Short-term, unflexible funding also has a number of negative knock-on effects, such as difficulties in attracting and retaining staff, or investing in critical organisational functions like strategy and learning.

The Change Fund, which received support from the Hilton Foundation for its pilot stage, is part of wider transformational solutions being designed by local actors. Donors, international organisations, and policymakers increasingly recognise the value of local expertise and are acting to support locally-led initiatives.

Since its inception in mid-March 2022, the Change Fund, with a budget of 1.9 million dollars, reached over 239,000 beneficiaries through 13 grantees spanning 11 countries in Latin America and the Caribbean, MENA, Asia, and Africa. This highlights the fund's ability to efficiently deliver impactful aid.

“The Hilton Foundation’s grant to the Change Fund has been transformative, both for NEAR, and potentially for the humanitarian sector.”

External evaluation of the Change Fund conducted by ITAD

The Change Fund benefited local

actors at the forefront of humanitarian response in some of the most challenging contexts. Grantees appreciated the spirit of solidarity, trust, and focus on relationships promoted by the fund, and the fund led to dynamic partnerships with and between grantees and subgrantees. Accountability mechanisms and exchanges throughout implementation are rooted in fairness and trust. These collaborative efforts positively impact grantees’ confidence, most exceeding their initial targets.

The effectiveness of the Change Fund underlines the need for donors to support emerging and transformational locally-led financing models, to play a role in creating the system of solidarity of the future. The Fund demonstrates that an alternative model is not only possible but successful.

The ongoing learnings from the Change Fund have also shaped NEAR’s work in other crisis areas, including expanding the emergency response window to include displacement related crises, and establishing anticipatory financing for climate related issues. This ongoing experience is helping to shape and expand the network’s localised funding mechanisms.

⁵ Development Initiatives, 2023. Global Humanitarian Assistance Report. A better humanitarian system: Locally led action |GHA Report 2023 - Development Initiatives (devinit.org)

Learnings:

- ▶ The partnerships between local actors managing and implementing Change Fund grants – partnerships based on solidarity, trust, and relationships over transaction - serve as an example for international INGOs.
- ▶ Introducing flexibility into funding models and project frameworks enables real-time adjustments in response to actual conditions and emerging needs on the ground. Shifting towards more responsive approaches can improve the timeliness and effectiveness of aid responses. By listening to community's voices and needs the Change Fund is not only saving lives but helping to strengthen livelihoods in a more sustainable way.
- ▶ Embedding decision-making processes within impacted communities can lead to more timely and culturally sensitive aid responses that are aligned with local needs.