

Report

CHS certification as an enabler of localisation: Results from the HQAI Round Table on 22 November 2022.

The Grand Bargain aims at a target of 25% of all funding delivered as directly as possible to local and national organisations (L/NNGOs). The latest ALNAP report on the State of the Humanitarian System announces that direct funding reached only 1,2% in 2021, but highlights that “increases in indirect funding to L/NNGOs” were found in multiple sources. Let’s acknowledge: Localisation is ranking high on the agendas of a sector that has reached an inflection point where we need to choose more effective, integrative, and collaborative approaches. At the HQAI Round Table 2022 panellists shone light on a promising enabler of localisation: certification on the Core Humanitarian Standard (CHS) on Quality and Accountability. The interactive discussion among governmental and other donor representatives, auditors and NGO alliances, international and national NGOs, CHS Alliance representatives and HQAI has yielded the following set of actionable reflections.

Towards more equitable partnerships

The localisation agenda, as the [Humanitarian Accountability Report](#) shows, is slow-paced, raising the question of what is hindering full throttle ahead. The audience was reminded that there are **multiple facets to the localisation agenda: the distribution of funds is only one; partnerships, coordination, capacity, and leadership are among the others**. At the Round Table, we have witnessed great intent by all participants to work on all these facets. Many consider CHS audits as one of the icebreakers towards more equitable collaborations and partnerships.

“Localisation must be more than just funding, it’s about ownership, leadership. We need local actors and affected communities truly at the centre of humanitarian action.”

A representative of a national NGO reminded us that **one of the prevailing obstacles to the emergence of a strong group of L/NNGOs lies in the steps after the audit**. CHS certification and the subsequent improvements within the organisation have a direct impact on the ground. Furthermore, given the methodology of HQAI’s audits, such organisational capacity-building is triggered at the systems-level and therefore spreads into every project.

However, in certain contexts, there is a need for support in building the capacities that audited L/NNGOs need to remedy identified weaknesses. L/NNGOs and INGOs are complementary actors, and the sector must foster peer-to-peer support mechanisms at all levels of partnerships. Donors, NGO Alliances, and organisations in particular have to invest in becoming facilitators across the sector.

Access to CHS certification was identified as a crucial step. HQAI is aware of the barrier the cost of audits might create and offers significant subsidies through its Facilitation Fund (FFund) in response. Furthermore, HQAI has extended the scope of the FFund to include projects pointing towards **more localisation of audit capacity, increased direct funding to L/NNGOs and principled intermediation**, hence more equitable partnerships.

“We must decentralise our auditing capacity to the places where we work.”

At the Round Table, there was support for the Facilitation Fund as a means to facilitate access to CHS audit services. In parallel, we also clearly heard the call to scale up the overall added value of CHS certification.

Let's scale up the Core Humanitarian Standard

Participants asserted the relevance of the CHS. The CHS is a powerful tool, as one participant put it, not only for verification but for creating accountability which is at the heart of the localisation agenda. The revision of the CHS and review of its Verification scheme, currently underway, are necessary steps to solidify the standard's identified strengths and increase its accessibility.

"[The CHS is a] careful balancing act between being accessible and relevant to all different contexts and at the same time universal to maintain that common approach."

One of the panellists emphasised just how valuable the CHS is in its role to build a common understanding of quality and accountability. The CHS introduces an indispensable consistency into the language used and systematises expectations, practices and the measurement of quality and accountability. At the same time, the CHS verification options and HQAI's audit methodology have proven that the **CHS remains a flexible framework, applicable to the broad spectrum of humanitarian and development organisations and organisational set-ups** (small or big, working through partners, federations, pooled funds, group schemes etc.).

Recognising, increasing, and advocating for the value of the CHS are the key strategies identified to achieve one of the major goals that emerged from the discussions – scaling the adoption of the CHS and its existing verification options.

"We need to galvanise support for the CHS in the entire sector."

Organisations that have already adopted the CHS need to become champions of their approach to accountability and quality by triggering a cascading effect in their entire networks – from peers to partners and donors.

Considering the reach and impact inherent to their powerful standing, donors increasingly drive quality and accountability measures in a systematic manner. **HQAI's auditors witnessed to success the cascading effect such measures can have when they audited the first pooled fund agency.**

"The priorities that donors set in their requirements to their grantees are reflected as priorities right the way through the accountability chain."

The scaling of the CHS and CHS Verification is a collective and collaborative challenge for the entire sector. As one of the participants mentioned, it is crucial to **enable NGOs to start their CHS audit journey** because, for L/NNGOs, the latter can be a unique way of building lasting relationships with their donors.

"Certification can lead to trust by the donors – that is an unbelievable jump for local organisations."

Building trust in a donor-grantee relationship and doing so via CHS certification is evidently easier said than done. The resounding conviction at the Round Table was that with great intent and collaboration we will reach the next level of efficient and trusting partnerships. Reducing duplication in due diligence (DD) requirements could be one of the principal keys to unlocking this next level.

Reducing duplication, enabling localisation

Organisations can only enter a relationship with donors if they comply with their DD requirements. The latter often vary from donor to donor and likely increase in complexity with the size and status of the donor. The duplication of such requirements and a lack of harmonisation in the sector constitute one of the tougher barriers to successfully furthering the localisation agenda. The administrative burden for organisations, especially L/NNGOs, who draw funding from different sources is extremely high.

“The due diligence process can disproportionately stretch smaller entities.”

Relevant stakeholders have contributed to raising awareness that 80% of the data collected in a HQAI CHS audit overlaps with ECHO’s ex-ante FPA requirements, and that 100% coverage can be achieved by slightly extending the CHS audit. Multiple incentives with donors explore how CHS certification may reduce duplication of DD requirements. In that vein, Denmark, Luxembourg, and the UK are conducting a pilot project with HQAI, where **donors are looking at the level of convergence between their DD requirements and HQAI’s CHS audits**. Acknowledging that donors have to manage risk thoughtfully, the pilot has provided a first proof of concept by showing that donors may put sound reliance on the audit methodology and the information collected during CHS certification audits for their own DD requirements. There is potential that such reliance on trusted evidence and methodologies could lead to direct funding decisions for L/NNGOs in the future.

There is increasing momentum around DD harmonisation via CHS certification. A representative from the **Dutch Relief Alliance (DRA) elaborated on how independent quality assurance against the CHS will be compulsory for DRA members as of 2023**. In one form or another, the Ministry of Foreign Affairs of Denmark, The Ministry of Foreign Affairs of the Netherlands, the UK’s Disaster Emergency Committee, the Federal Foreign Office of Germany, and the Directorate-General of ECHO have all taken steps towards simplifying access to funding by trusting HQAI’s CHS audits. Further pilot projects are lining up to consolidate proof of concept and develop the business cases.

The Round Table took stock of multiple ways how CHS certification can contribute to enabling localisation. HQAI and stakeholders across the chain of accountability actively collaborate in bringing the CHS to scale and in expanding the added value of CHS certification. For HQAI this includes building more trust in its certification processes, stimulating organisational capacity-building through its audits, and continually maintaining accountability at the centre of what we do. In short: contribute to enabling localisation through trusted and solid operational solutions.

“CHS Verification is not just a verification tool but first and foremost an accountability tool that serves the organisation and the people affected by crises.”

Annex

The following interested parties participated and contributed to the Round Table:

Australia: Permanent Mission to the UN in Geneva
Denmark: Danish International Development Agency (DANIDA)
European Union: Directorate-General of the European Union Civil Protection Unit
Germany: German Federal Foreign Office
Luxembourg: Ministry of Foreign Affairs
Netherlands: Ministry of Foreign Affairs and Permanent Mission to the UN in Geneva
Norway: Permanent Mission to the UN in Geneva
Sweden: Swedish International Development Cooperation Agency (SIDA)
Switzerland: Swiss Agency for Development and Cooperation (SDC)
United Kingdom: Foreign, Commonwealth and Development Office (FCDO)

Aktion Deutschland Hilft
Chaîne du Bonheur / Swiss Solidarity
CHS Alliance and the consultants in charge of the CHS Verification Scheme Revision
Dutch Relief Alliance (DRA)
Friendship Bangladesh (L/NNGO)
Friendship International Luxembourg
HQAI
Takaful Alsham (L/NNGO)
Safeguarding Resource and Support Hub
Steering Committee for Humanitarian Response (SCHR)