

REBALANCING POWER

An Analysis of Equitable Funding Models and
Their Implications for Belgian NGOs

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Research commissioned by ngo-federatie and ACODEV

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A note from ngo-federatie and ACODEV

This study was commissioned by ngo-federatie and ACODEV as part of the Belgian NGO sector's ongoing reflective and learning process on how to build more equitable partnerships and decolonised practices. In recent years, the sector has actively sought to translate the principles of decolonisation into action through various initiatives, such as commissioned studies, the development of a practical inspiration guide and a shared lexicon, as well as working groups and peer-to-peer exchanges on decolonisation.

Building on these efforts, this study on equitable funding models examines how financial practices can promote more equitable partnerships. Funding is widely acknowledged as a key factor contributing to power inequalities in international partnerships. The Belgian NGO sector recognises its shared responsibility in addressing these dynamics and seeks to play a leading role in shifting power through a critical review of its own practices. This study contributes to the broader, ongoing reflection within the sector.

Abstract

This study explores pathways toward more equitable funding relations between Belgian development and humanitarian non-governmental organisations (NGOs) and their partners. Through workshops and interviews, we examined five mechanisms—participatory grantmaking, general operating support (GOS), consortia with southern leadership, pooled funding, and direct funding—and assessed their potential to balance decision-making power and resource flows. While each mechanism contributes valuable elements, none fully meets the criteria for equitability, as donor conditionalities, risk aversion, and capacity disparities persist. Participatory grantmaking emerged as most aligned with decolonised principles, while GOS offered flexibility that can strengthen partner NGOs' autonomy. However, structural barriers such as trust deficits, rigid reporting, and fear of losing control could hinder wider adoption. We recommend combining key features across mechanisms, embedding long-term commitments, inclusiveness, and trust-based collaboration, along with revising pre-screening and accountability systems.

Disclaimer on the use of language

When examining power relations, it is important to recognise how language can convey connotations that reflect and perpetuate unequal power dynamics (Partos, 2023). This report focuses on power imbalances and acknowledges the challenges in selecting more neutral terminology, as doing so may obscure these critical differences. Therefore, a clear explanation of our chosen terms and their intended meanings is necessary.

Firstly, in the literature review, this report refers to the "North" and the "souths". The Global North-South binary is problematic, as it represents a hierarchical division between (former) colonisers and high-income economies versus colonies and low-income economies (Kamal & Courtheyn, 2024). However, this divide flattens the diverse realities and asymmetries between and within both groups. To address this, following Kamal and Courtheyn (2024), we opt for the terms "North/Northern" and "souths/southern" to more accurately reflect the asymmetrical relationship between these two conceptual categories as well as the many social, economic, and political realities experienced in the "Global South".

Secondly, in our analysis of the Belgian case, we refer to the organisations in the souths working with Belgian NGOs as "partner NGOs". This choice acknowledges that, ideally, partnerships should be reciprocal (meaning, Belgian NGOs are also partners of southern NGOs). Nevertheless, in the current funding architecture, Belgian NGOs predominantly occupy a leadership role.

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List of abbreviations

BAHIA	Belgian Alliance for Humanitarian International Action
BUILD	Building Institutions and Networks
CBPF	Country-Based Pooled Funds
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DGD	Directorate-General for Development Cooperation and Humanitarian Aid
FCDO	Foreign, Commonwealth & Development Office
GOS	General Operating Support
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organisation
NNGO	Northern Non-Governmental Organisation
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OCODE	Organisation for Community Development
RINGO	Re-Imagining the International NGO
sNGO	southern Non-Governmental Organisation
SPACE	Social Protection Approaches to COVID-19 Expert
VAT	Value Added Tax

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Introduction

Over the last decade, a growing movement has sought to address the power imbalances within the international aid system and its tendency to disproportionately favour the interests of donors and Northern Non-Governmental Organisations (NNGOs) over southern Non-Governmental Organisations (sNGOs) (Peace Direct, 2021). Funding and its conditionalities are the primary sources of these unequal dynamics (Banks et al., 2024). Citing concerns about capacity, governance, and transparency, donors prefer to fund NNGOs, which sub-contract local and national organisations for programme implementation. This funding strategy has been rightly criticised for supporting interventions that do not address the needs and priorities of local communities and for reducing sNGOs' decision-making power (Kumi et al., 2021).

While scholars and civil society actors have raised concerns about imbalances in funding — highlighting issues like aid effectiveness, organisational sustainability, and disempowerment—there has been less focus on concrete funding alternatives that could address these imbalances and the steps needed for their implementation (Banks et al., 2024; Peace Direct & #ShiftThePower Movement, 2024; Rieger et al., 2024; WACSI, 2021). To address this gap, ACODEV and ngo-federatie commissioned this study, which explores the challenges and requirements for integrating more equitable funding mechanisms within Belgium's current development landscape. Thus, the study follows two sets of questions: *a) To what extent and how do available funding mechanisms aimed at addressing power imbalances between Belgian NGOs and their partners in the souths work?; and b) Under what conditions is it realistic to introduce them in the Belgian context?*

To address these questions, the study focuses on mapping and developing a comparative analysis of existing equitable funding mechanisms available in the international aid system to understand a) their main features, b) how they propose to foster more equitable partnerships, and c) their strengths and limitations. Secondly, it assesses the main barriers to their adoption in the Belgian development landscape, their feasibility, and the necessary changes to transition towards these mechanisms.

The study employs a mixed-methods approach that incorporates the perceptions of three key stakeholders in Belgium's development cooperation chain: the Directorate-General for Development Cooperation and Humanitarian Aid (DGD), Belgian NGOs, and their partners in the souths. To protect their anonymity, except for the case of DGD, no direct reference is made to the names of the participants or their organisations.

This report comprises six sections. Section 1 presents the methodology and the three stages of data collection conducted for this report. Section 2 examines the main debates surrounding power imbalances in development cooperation and the role of funding in exacerbating this problem. Based on this literature review, we propose a definition of equitable funding. Section 3 presents the criteria used to discuss funding mechanisms with stakeholders and briefly examines the different priorities posed by Belgian NGOs and their partners. Section 4 summarises the selected funding mechanisms; their main characteristics, and examples of implementation. Section 5 provides a cross-cutting analysis of the strengths that stakeholders attribute to these funding models. It also examines the main limitations of their implementation and the extent to which legal frameworks represent a severe

barrier. Finally, section 6 summarises our main recommendations to promote alternative funding arrangements that improve power balance between Belgian NGOs and their partners.

1 | Methodology

This study follows a qualitative and participatory research design to explore equitable funding mechanisms and assess their relevance, feasibility, and possible implications for Belgian NGOs and their partners. The research was conducted in three stages, combining literature analysis, surveys, interviews, and participatory workshops to ensure a comprehensive and inclusive inquiry.

Stage 1: Mapping of funding mechanisms

The first stage involved a multi-method data collection process. A literature review was conducted, analysing documents and online sources that examine funding mechanisms both globally and within Belgium, with a focus on power distribution between NNGOs, partners, and communities. Sources included reports, policy documents, academic studies, and evaluations from donors, NGOs, federations, think tanks, and academic institutions in Belgium and other donor countries. Two semi-structured online interviews were held with Belgian stakeholders directly involved in development and humanitarian funding to complement this desk research. Additionally, an online questionnaire was distributed in English and French. The questionnaire was disseminated through ACODEV's and ngo-federatie's newsletters and remained open from February 26 to March 16, 2025. A total of 21 responses were received. This questionnaire aimed to identify funding mechanisms recently introduced or discussed by Belgian NGOs to promote more equitable partnerships with local actors. During this stage, five mechanisms were identified for further assessment.

Stage 2: Assessment of selected mechanisms

In stage 2, a second online questionnaire was launched in English and French. It presented five selected mechanisms and asked respondents to assess them against a set of predefined criteria developed for the study. To deepen the analysis, the research team organised two workshops.

Workshop #1 took place online on April 24, 2025, with eight Belgian NGOs and two observers from ACODEV and ngo-federatie. Participants were selected based on their expressed interest in the initial questionnaire, language representation (Flemish and French-speaking NGOs), and the diversity of their organisational missions (including service delivery, technical assistance, multistakeholder facilitation, and politically oriented movement-building).

Similarly, workshop #2 was online. The event took place on April 25, 2025, involving eight NGO partners from the Democratic Republic of Congo, Peru, the Philippines, and Tanzania. These organisations were affiliated with the Belgian NGOs participating in workshop #1.

Each workshop lasted two hours. Participants received access to the second questionnaire one week before the event. The workshops focused on discussing the survey findings and evaluating the strengths and limitations of each funding mechanism, particularly in terms of the degree of decision-making power granted to partners.

Stage 3: Conditions for implementation in the Belgian context

On June 3rd, 2025, two workshops were held in ngo-federatie's office in Brussels with eight NGO members of ACODEV and ngo-federatie. During both sessions, participants discussed whether the mechanisms assessed in stage 2 were applicable in the Belgian context and the conditions necessary for their introduction. Stage 3 concluded with a group interview, held online on June 20, with three DGD representatives.

Given that ACODEV and ngo-federatie each have over 40 members, the participation of Belgian NGOs in the study was limited (ngo- federatie, 2025). Therefore, the scores presented in this report cannot be generalised. Instead, they are intended to explore members' perspectives on various funding models and what may prevent them from trying these options. Using a mixed-method and participatory approach helped compensate for limited participation by incorporating the perspectives of multiple stakeholders into the analysis.

2 | Equitable Funding Models

The current momentum in development cooperation is increasingly scrutinising the power disparities between funding sources in the North and organisations in the souths, raising questions about aid effectiveness. Three key events propelled this debate. The first is the Grand Bargain, introduced at the 2016 World Humanitarian Summit and renewed in 2023, which emphasises empowering local actors by shifting decision-making and resources directly to the communities served (IASC, 2023). The second is the 2016 #ShiftThePower movement, which originated from a Global Fund for Community Foundations event, advocating for trust-based, locally led development (WACSI, 2021). The third catalyst was the COVID-19 pandemic, which revealed the inefficiencies and inequities in the existing aid structure. The crisis highlighted how paternalistic and bureaucratic systems can delay life-saving support, reinforcing calls for a more decentralised, community-led approach to development (Bond, 2021; Salehi, 2024). Together, these events signal a paradigm shift in development cooperation—from a top-down, donor-centric model to one that prioritises equity, local ownership, and trust in community capacity.

The growing call for rebalancing power is closely linked to three interrelated yet distinct concepts: decolonisation, localisation, and #ShiftThePower. Each of these ideas offers unique insights into the roots of power imbalances and the areas that require attention (Box 1). However, they converge on several key issues: the inequitable nature of power dynamics within the development ecosystem, the role of Northern actors in perpetuating structural inequalities, and the recognition of southern actors as essential to initiating meaningful power shifts. This study draws heavily from these three concepts and the discussions surrounding them.

Box 1. Central debates on rebalancing power in development aid

- **Decolonisation** seeks to confront historical power imbalances that stem from colonial legacies, challenging the sidelining of southern knowledge (Bond, 2021). This process involves dismantling discriminatory practices and enabling traditionally marginalised voices to shape decision-making (CHL, 2021a). It also calls for an explicitly anti-racist approach that questions how development initiatives are conceptualised and implemented (Bierkart et al., 2024).
- **Localisation emphasises the involvement of local actors in decision-making and implementation within** the context of humanitarian action. However, how this involvement should be implemented and who should be considered “local” remains contested (Banks et al., 2024). Simply directing resources to sNGOs does not guarantee empowerment. Likewise, NNGOs may engage in what is referred to as a “localisation spin,” where they rebrand their country offices as local entities without meaningfully shifting power (Peace Direct, 2021). Thus, localisation strategies must include clear definitions of this concept (Baguios et al., 2021).
- **#ShiftThePower** advocates for trust-based relationships between donors and communities, fundamentally restructuring aid to give communities direct control over their development priorities. This movement highlights the need to acknowledge the role of local actors, such as

grassroots organisations and community members, in shaping development (Davies, 2022; Kumi et al., 2021).

2.1 Funding and power imbalances

A recent study by Banks et al. (2024) identified funding as the major driver of power imbalances between Northern and southern NGOs. Aid and development funding typically operates under a “leaky hosepipe” model, where NNGOs serve as intermediaries between primary donors and local actors. While this model may facilitate financial flows, it primarily centralises decision-making and resources with donors and NNGOs (Soanes et al., 2019). The reasons for the unequal access to funds are diverse (see Box 2), affecting global funding patterns. For instance, Moyo and Imafidon (2021) found that funding from the United States of America (US) to Africa surged by over 400% in a decade (see Box 3 for an analysis of recent ODA budget cuts). Yet, the bulk of resources was directed to organisations headquartered outside the continent. Similarly, the Grand Bargain commitment establishes donor countries to direct at least 25% of funding to local and national actors. However, in 2023, only 4.4% of total financing reached local actors (Rieger et al., 2024). When funding does reach local organisations, it often disproportionately benefits well-established NGOs, sidelining informal grassroots civic associations and social entrepreneurs (Darnal, 2024). Another prevalent critique is that intermediary NNGOs that channel funding tend to treat local actors as subcontractors rather than meaningful partners in the development process (European Union, 2023).

These funding disparities have significant consequences. For instance, development interventions may reflect donor priorities rather than the perspectives of affected communities, leading to inefficiencies and the exclusion of sNGOs from strategic decision-making (Ang, 2023). Additionally, limited and unequal funding opportunities stifle local organisations’ ability to experiment or respond rapidly to crises (The Spindle, 2020). In the current climate of declining flows for development cooperation, minimising funding disparities is more relevant than ever (Box 3).

Box 2. Sources of power imbalances in funding

- Donors’ risk aversion driven by compliance mandates
- Burdensome and time-demanding grantmaking structures
- Top-down funding conditionalities
- Unwillingness from NNGOs to share overhead costs
- Fear of donors and NNGOs of losing power, either by having restricted access to funds and/or control over how funds should be used
- (Perceived) Lack of capacities of sNGOs to manage and leverage funds
- Limited skills, time, and budget to rethink funding structures and partnerships
- Aversion to multi-year funding to support long-term planning and sustainability

Sources: Pinnington et al. (2024); Banks et al (2024).

An alternative to tackle funding imbalances that is gaining political momentum is direct funding to sNGOs. For example, countries like Sweden and the Netherlands have expressed their intention to shift toward this funding model. However, **eliminating NNGOs from the equation does not automatically ensure power redistribution**. For instance, the recent restructuring of civil society funding from Sweden’s development agency, SIDA, from established partnerships with Swedish

NGOs to a competitive funding process has raised concerns. Lewis (2024) warns that this could be a neoliberal move aimed at budget cuts rather than genuine redistribution. Furthermore, simply opening the funding process does not guarantee greater representation of sNGOs, as Swedish NGOs may still maintain an advantage due to their familiarity with SIDA's internal dynamics (Ibid.).

Rather than sidelining or eliminating actors, **this study's point of departure is the recognition that both Northern and southern NGOs are meaningful and interdependent players in the development ecosystem.** SNGOs' proximity to communities and their knowledge of local needs are vital to address complex developmental challenges effectively. Meanwhile, NNGOs are also relevant, drawing international attention to local issues, coordinating global networks, and acting as power and knowledge brokers between donors and sNGOs (Baguios et al., 2021; Stibbe & Prescott, 2024). In contexts of fragility where national governments obstruct direct foreign funding to sNGOs, working with intermediary NNGOs can help channel funds to sNGOs and local communities (Anderson & Gaventa, 2023). Accordingly, this research prioritises funding mechanisms that foster agency for sNGOs as well as those that propose doing so while maintaining a collaborative relationship with NNGOs.

Box 3. Drastic cuts in development funding

Worldwide, funding for development cooperation is facing severe cuts. The rise of right-wing populism, coupled with the Ukraine and Palestinian armed conflicts, and a global migration crisis has diverted attention towards domestic issues at the expense of development cooperation (CIVICUS, 2025). The most drastic example of this trend is the US government's 2025 announcement to cease USAID funding and dismantle 80% of its programmes (Faguy, 2025).

Western and European countries are following suit, reducing their aid budgets to reallocate resources to other priorities, primarily national security and defence. Notable reductions include Belgium (25%), the Netherlands (30%), France (37%), and the UK (40%) (Sheldrick, 2025). The tightening of development cooperation budgets is expected to hit civil society organisations (CSOs) globally, furthering the reduction of funding flows already reported in previous years in these countries (CIVICUS, 2025; Helsen et al., 2024). Nonetheless, sNGOs are expected to be the most affected as they will also deal with the potential effects of context instability related to foreign aid and cooperation reduction (Ari, 2025).

2.2 Defining Equitable Funding Models

When discussing power relations, the term “equality” is brought up, evoking a sense of uniform power distribution amongst development actors (Pellowska, 2023). Although this term represents a goal in development cooperation, it obscures the power differences, interests, and capacities of the actors involved. Instead, the term “equitable” seems more fitting as it acknowledges these disparities and the need to address them fairly (Ibid).

Following Baguios et al. (2021) characterisation of localisation, we recognise three dimensions to build equitable relations between development actors, particularly NNGOs and sNGOs:

- a. **Resources:** This dimension encompasses both the enhancement of **funding flows** to sNGOs and the **conditions** governing the transfer of these resources, ensuring that local organisations

maintain control and management over these resources. It requires minimising the number of intermediaries between donors and sNGOs while revising eligibility criteria and contractual requirements to facilitate access to funding, especially for organisations with limited infrastructure (Baguios et al., 2021; Dissanayake, 2024). Examples of shifts include allowing diverse grant application formats (e.g., video submissions) and providing long-term funding options and flexible timelines to promote more agile practices (CHL, 2021b; Davies, 2022).

- b. **Agency:** This term refers to the ability of local actors to control and have a voice in **decision-making** over resources, development policies, and interventions without external imposition or affecting their access to donor resources (Baguios et al., 2021; Dissanayake, 2024). Donors and international actors may directly restrict local agency, whether collective or individual, through policy conditionalities. Additionally, they may do so indirectly by creating cultural barriers such as language differences or technical jargon, eroding local actors' confidence to engage in decision-making processes (Baguios et al., 2021).

As noted by Dissayake (2024), securing agency in funding is fraught with contradictions. Donors may provide direct funding while imposing their priorities, or they may relinquish decision-making power while restricting which local actors can access financing due to legal limitations (Ibid.). Moreover, some grant-making processes call for shared agency between sNGOs and Northern actors, such as partnerships and consortia. For this research, we follow the Government of the Netherlands' 2022 Policy Framework for Strengthening Civil Society, which defines agency in partnerships to encompass ownership, control, and decision-making power regarding priority and goal setting, implementation, and resource management.

- c. **Ways of being:** Drawing from decolonial critiques of development, this dimension emphasises the importance of recognising and respecting the diverse practices, perspectives, and knowledge systems of local actors, even when unfamiliar to donors and partners (Dissanayake, 2024, p. 2). By taking the principle of respect as a focal point in power relations and interactions, it challenges the tendency of Northern actors to impose their methodologies and favour specific structures (e.g., formal organisations) and capabilities (Ang, 2023). Such impositions perpetuate stereotypes about sNGOs, framing them as fiduciary risks to donors, which restricts their ability to receive direct funding or exercise agency over resources (Cabot et al., 2021). Moreover, they undervalue the resources and capacities of local actors, relegating them to the roles of beneficiaries or service providers while neglecting the accountability of donors and NNGOs towards local actors (Baguios et al., 2021; Pellowiska, 2023).

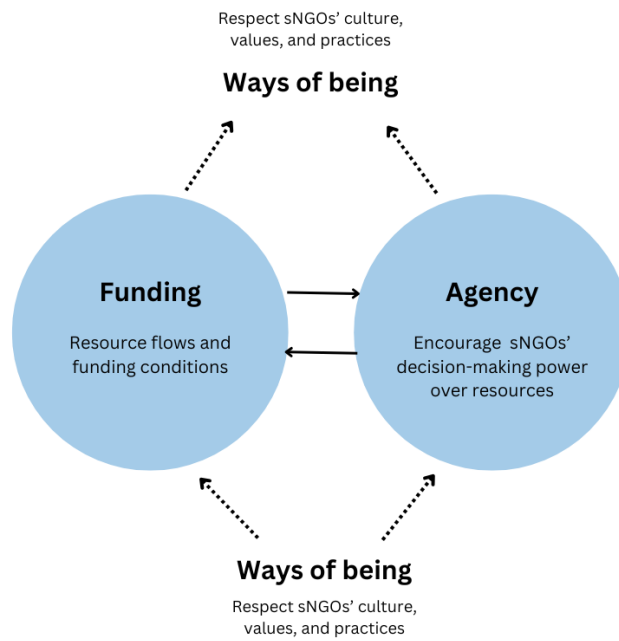
Building on these three dimensions, we define an equitable funding model as follows:

A funding arrangement that simultaneously facilitates a) a larger share and easier access to resource flows to partners in the souths and b) allows them to exercise their agency on how resources should be used.

This definition recognises that merely providing agency to partners in the souths without addressing the underlying distribution of resources fails to facilitate genuine systemic change toward equitable relations in development. Conversely, enhancing resources without strengthening the agency is of limited value. The enabling of both resources and agency must come from a place of respect towards sNGOs' ways of being and the recognition of their value as development actors in their own right. Furthermore, combining resources and agency should strengthen respectful attitudes

towards sNGOs and build trust (Figure 1). Given the project's timeline, this study does not examine changes in attitudes toward SNGOs' ways of being and instead focuses on the first two dimensions.

Figure 1. Dimensions of equitable relations in funding



Source: Own elaboration based on Baguios et al. (2021).

3 | Assessment Framework for Equitable Funding Models

How can we determine whether a funding mechanism is truly “equitable”? What implications can equitable funding mechanisms have on development actors involved in the funding process? Although assessing access to resource flows is relatively straightforward, evaluating decision-making power proves more complex. To address this power dimension, the research team developed a list of 13 criteria grounded in the proposed definition of equitable funding mechanisms and an extensive literature review on the subject (Table 1). This list was designed to highlight the extent to which decision-making power is integrated at various stages of the funding cycle, including funding conditionalities, project planning and implementation, monitoring and evaluation (M&E), financial reporting, and the potential effects on partners resulting from their access to the funding mechanism.

The 13 criteria were discussed with stakeholders during stage 2 of the study to explore whether Belgian NGOs and their partners agreed on their appropriateness and what items they prioritised. This exercise was central for analysing the strengths and limitations that these two stakeholders attribute to the selected funding mechanisms.

Table 1. Criteria to assess the promotion of decision-making power to partners through funding mechanisms

	Criteria	Funding cycle
“Does the funding mechanism allow partners to...?”	1. Use funds with minimal restrictions	Funding conditionalities
	2. Change activities without prior consent from the donor	
	3. Decide with whom to partner	Planning and implementation
	4. Decide on the intervention strategies	
	5. Decide on thematic priorities	
	6. Decide on geographic priorities	
	7. Select their target group unilaterally	
	8. Decide on content and frequency of <i>project planning & reporting</i>	M&E/Financial reporting
	9. Decide on the content and frequency of <i>financial reporting</i>	
	10. Decide on how and when to evaluate the project/programme	
	11. Strengthen their financial sustainability	Potential effects
	12. Maintain or build their organisational capacity and expertise	
	13. Strengthen their legitimacy	

3.1 Appropriateness of criteria

When discussing with Belgian and partner NGOs which of the proposed criteria were more relevant to assess whether a funding mechanism promotes decision-making power, participants agreed on three set of priorities: autonomy over the focus of interventions and their implementation (Criteria 3, 4, 5 and 7); control over the allocation of funding (Criterion 1); and the impact of funding structures on local organisations (Criteria 11, 12, and 13). Partners also emphasised the importance of flexibility and less bureaucracy in reporting, but deemed it less critical. Despite the convergence, the exercise revealed significant differences in the criteria that should be prioritised and the reasons behind their preferences.

Table 2. Prioritisation of criteria to assess if a mechanism promotes decision-making power for partners

	Criteria	Belgian NGOs	Partners
1	Use funds with minimal restrictions	Very important	Critical
2	Change activities without prior consent from the donor	Important	Important
3	Decide with whom to partner	Very important	Important
4	Decide on the intervention strategies	Critical	Very important
5	Decide on thematic priorities	Important	Critical
6	Decide on geographic priorities	Important	Important
7	Select their target group unilaterally	Very important	
8	Decide on the content and frequency of project planning & reporting		Important
9	Decide on the content and frequency of financial reporting		Important
10	Decide on how and when to evaluate the project/programme		Important
11	Strengthen their financial sustainability	Very important	Important
12	Maintain or build their organisational capacity and expertise	Very important	Very important
13	Strengthen their legitimacy	Very important	Very important

Table 2 indicates that Belgian NGO representatives prioritise **decision-making power over intervention strategies** (Criterion 4). They recognised that “local partners know best” and therefore should be trusted to determine whom to partner with and how to plan interventions. Nonetheless, Belgian NGOs should not assume their partners fully represent the communities, as there are also power differences between local organisations and their target groups. Consequently, Belgian NGOs should remain engaged in the decision-making process.

Although power over interventions remains central, for partner NGOs, priority should be given to **power over the use of funds and thematic priorities** (Criterion 5). For these organisations, control over funding allocation enables them to address context-specific needs and adapt to the evolving realities of their communities. However, greater control and flexibility over resources should not be mistaken for a lack of transparency toward donors. As circumstances evolve, managers may need to make adjustments but should continue to communicate openly with funders about these changes and the reasons behind them. To enhance flexibility, one participant suggested reserving 20% of funding for contingencies, especially for NGOs working on sensitive issues (e.g., covering legal fees in the event of an arrest). Similar to Belgian NGOs, partner NGOs emphasised their deeper understanding

of local contexts. They believe that their decision-making capacity should extend beyond project implementation. Instead, it should be exercised at the start of the funding cycle when determining funding priorities. Since they are the ones who “know best” their contexts, they argue that the responsibility for determining thematic priorities should rest with them, while Belgian NGOs and donors maintain an advisory role. This perspective challenges those funding practices in which (back)donors dictate thematic priorities.

Finally, Belgian NGOs and their partners concurred that equitable funding mechanisms should play a crucial role in strengthening local organisations (Criteria 11, 12, and 13). For Belgian NGOs, their main contribution lies in enabling partners to achieve long-term financial stability. In contrast, partner NGOs perceive that the benefits of institutional strengthening extend beyond financial support. In recent years, these organisations have grappled with various challenges, including the COVID-19 pandemic, reductions in US funding, the rise of authoritarianism, and the contraction of civic space. In this context, funding arrangements that involve NNGOs are essential not only for accessing resources but also for connecting with other stakeholders to explore innovative funding models for community-led initiatives. Partner organisations highlighted that these relationships are empowering, especially when external actors publicly support them in the face of negative labelling or accusations by governments or corporations. Such visible backing from donors and partners is seen as crucial in reinforcing their credibility and legitimacy, particularly in contexts where local organisations are unfairly targeted or stigmatised.

The references sNGOs make to funding models’ contribution to legitimacy (Criterion 13) reveal the ongoing pressure they face to sustain their interventions and safeguard their members from criticism and other types of attacks. This sensation of increased vulnerability in the souths plays out throughout their assessment of the selected funding mechanisms. Although the terms and conditions of funding can empower partner NGOs to have a larger say in shaping and implementing interventions, and gain more independence over their agenda, there is an interest in sustaining and increasing interaction with Belgian NGOs. This finding strengthens the study’s argument about the relevance of NNGOs in the development ecosystem and the potential of furthering more balanced relations through collaboration.

4 | Presentation of selected mechanisms

To engage with the study's participants regarding funding mechanisms, the research team conducted a comprehensive review of the literature on equitable partnerships and funding models. The result was a list of mechanisms identified as innovative and (potentially) increasing decision-making power for partner NGOs and local communities. The models were organised into four categories and narrowed down to five specific cases. During the workshops, participants were provided with an explanation of these five cases for their assessment and discussion.

Table 3. Selection of funding mechanisms

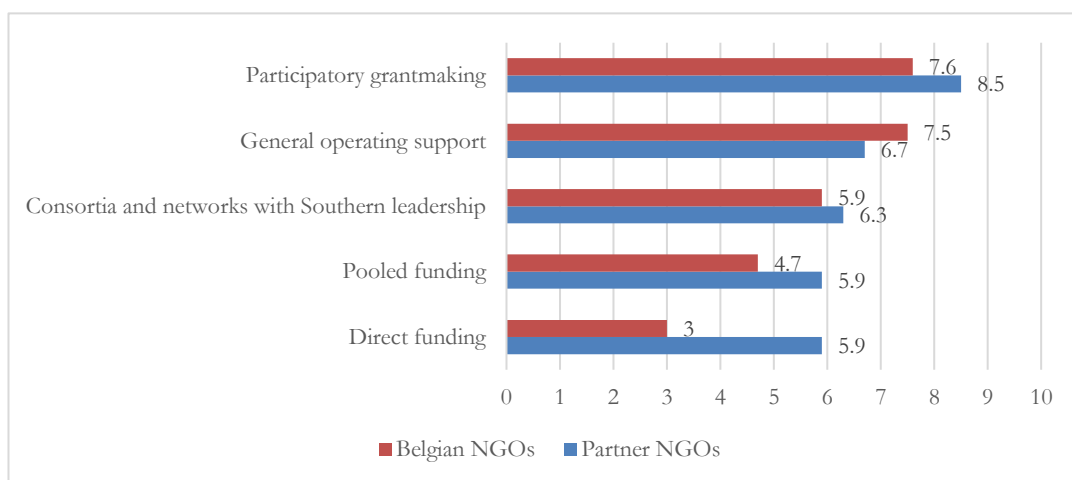
Type	Funding mechanism	Summary
Trust-based funding	Participatory grant-making	Grant-making approach based on the involvement of a wide spectrum of actors beyond donors, including sNGOs, communities, and local organisations. Local actors take an active role throughout the entire funding cycle: identifying funding priorities, shaping application procedures, determining funding distribution and modalities, and establishing reporting mechanisms. This approach expands upon the existing practice, which typically involves sNGOs and beneficiary groups primarily during the identification and formulation of development interventions.
Core funding	General Operating Support (GOS)	Flexible, long-term funding arrangement where recipients can channel funds for organisational development, innovation, back office, and administrative expenses.
Partnership funding	Consortia and networks with Southern leadership	Consortia and networks with a southern organisations in a leadership or co-leadership position, where the collaboration with Northern organisations includes a clear definition of mechanisms for resource-sharing, mutual accountability, and meaningful participation.
Simplified access to funding	Pooled funding	Various donors pool financial resources but delegate the responsibility of fund management to a third-party actor.
	Direct funding	Bilateral donors provide resources directly to local actors without the involvement of intermediate NGOs.

Figure 2 summarises how Belgian NGOs and local partners scored each of the selected mechanisms before the workshops. Although not all participants were able to submit their scores in advance, the results were confirmed during the workshops.

The scoring exercise revealed that, overall, partner NGOs expressed a more positive view of all funding mechanisms compared to Belgian NGOs. Notably, they assigned higher scores to models that prioritise supporting and enhancing the agency of organisations and community members, rather than facilitating direct access to funds. Belgian NGOs reflected similar sentiments; however, they tended to view models that reduce their participation, such as pooled and direct funding, more negatively.

The following subsections describe the main characteristics of each mechanism.

Figure 2. Overall scoring of funding mechanisms



4.1 Participatory grantmaking

Participatory grantmaking is a funding approach where non-grantmakers—such as community members, grassroots organisations, and civil society representatives—are actively involved in the whole funding cycle: identifying funding priorities, shaping application processes, deciding how resources are distributed, and determining reporting mechanisms (Norsaac & Transform Trade, 2023). This approach goes beyond well-established stakeholder and beneficiary participation practices during project identification and formulation. The main emphasis of this approach is on **co-creation**, facilitating opportunities for interaction among funders, grantees, and communities in the souths on what to fund and how funding should take place (Ibid.). There is no pre-defined funding framework. By tailoring the funding mechanism to the community’s needs rather than the other way around, participatory grantmaking allows the incorporation of various funding mechanisms.

The private philanthropic sector is increasingly adopting participatory grantmaking to cultivate trust-based relationships with grantees (Ang, 2023). A notable example is the Re-Imagining the International NGO project (RINGO) launched by Rights Colab, which aims to redefine the role of international NGOs by assisting members in implementing participatory grantmaking pilot initiatives (Rights CoLab & WACSI, 2021).

Box 4. Transform Trade experience in Kenya

Transform Trade, a UK organisation and RINGO member, piloted a participatory grantmaking programme in Kenya (2021–2023) to shift decision-making power to local farming collectives and women’s trader groups (Norsaac & Transform Trade, 2023). The initiative was structured in two phases: an initial “light-touch” participatory approach followed by a more extensive co-creation process with a Support Group comprising local organisations. Transform Trade facilitated trust-building, capacity development, and decision-making, providing support in three key areas: direct grants, partnership accompaniment, and systemic transformation (Transform Trade, 2023).

The pilot yielded significant positive outcomes, including a 225% increase in farming productivity through collective seed purchasing and the establishment of seven savings schemes that enhanced financial inclusion and investment opportunities for 592 farmers and 10 women traders. Participants also reported a stronger sense of ownership over interventions, which fostered greater engagement in decision-making and resource allocation (Ibid.).

4.2 General Operating Support (GOS)

General Operating Support (GOS) is a form of core funding that enables organisations to allocate resources freely according to their individual needs, including all overhead costs (Synergos, 2020). GOS often prioritises long-term financial support, allowing organisations to concentrate on their strategic priorities and enhancing their effectiveness rather than worrying about their economic survival (Baguios et al., 2021). As a result, GOS is linked to the strengthening of civil society organisations and networks, empowering them to invest in experimentation, capacity building, and resilience when facing times of crisis and significant drops in donations (Bisiaux et al., 2022; Synergos, 2020).

Beyond financial flexibility, GOS fosters collaboration between donors and grantees, facilitating two-way communication to help build confidence in organisations’ capacities. This support enables organisations to experiment in ways often hindered by traditional, short-term, and project-based grants (Bisiaux et al., 2022; Synergos, 2020).

Although there is a growing recognition of the importance of core funding for the localisation and decolonisation of global aid, due to legal loopholes, members of the Development Assistance Committee (DAC) tend to channel this funding to their own domestic CSOs or international organisations. Even when these organisations receive core support, they rarely pass it on to their partners in the souths (Peace Direct & #ShiftThePower Movement, 2024). Besides, donors who choose this funding mechanism have been reported to display risk-averse tendencies, favouring established organisations with a proven track record in grant management, which can disadvantage less-experienced, smaller, grassroots, and indigenous organisations. (Sanborn et al., 2019).

Box 5. Examples of GOS

Building Institutions and Networks (BUILD) initiative

The Ford Foundation’s Building Institutions and Networks (BUILD) initiative, launched in 2015, is a \$1 billion programme designed to enhance the long-term capacity and sustainability of over 300

social justice organisations worldwide (Moyo & Imafidon, 2021). BUILD offers flexible, five-year funding to grantees, enabling them to determine the most effective way to invest in their institutional growth. According to a survey of BUILD grantees, 91% reported that institutional strengthening contributed significantly to their mission impact, while 83% stated their organisation was more financially resilient by 2021 compared to the start of their grant (Bisiaux et al., 2022). During the COVID-19 pandemic, when many non-profits faced financial strain and operational disruptions, 34% of grantees were able to build an operating reserve to adapt to unforeseen challenges (Ibid.). Given its success, the initiative has been touted as a progressive grant-giving practice to be replicated by other donors (Moyo & Imafidon, 2021; Peace Direct, 2021).

Firelight Foundation

The Citi Foundation provided the Firelight Foundation funds to act as an intermediary, providing GOS and capacity-building funding to grassroots organisations. One recipient was the Organisation for Community Development (OCODE) in Tanzania. OCODE received a \$10,000 grant that was used to develop education programs, train teachers, and establish a long-term strategic plan for the organisation (Synergos, 2020). A key takeaway from the experience was that funding flexibility was more important than the size of the grant to support critical areas for organisational growth (Ibid.).

4.3 Consortia and networking with “southern” leadership

Consortia and networking involve the creation of strategic partnerships amongst organisations representing various stakeholders. By combining their resources and expertise, these partnerships aim to maximise value creation and effectively address complex development challenges by bringing together Northern and southern organisations, including local actors, NGOs, and other international entities (Stibbe & Prescott, 2024). Although such partnerships can provide southern organisations access to funding opportunities typically reserved for NNGOs, they frequently encounter limited autonomy and have difficulty ensuring their voices are heard (Banks et al., 2024). To address this imbalance, this funding mechanism emphasises the presence of a southern organisation in a leadership or co-leadership position, where the collaboration with Northern organisations includes a clear definition of mechanisms for resource-sharing, mutual accountability, and meaningful participation (Pellowska, 2023; Stibbe & Prescott, 2024).

Box 6. Examples of increased Southern leadership

Power of Voices Partnership by the Government of the Netherlands

The Power of Voices Partnership (2021–2025) is a grant instrument of the Government of the Netherlands with a budget of €825 million aimed at strengthening CSOs to enhance their lobbying and advocacy capacities in achieving the Sustainable Development Goals (SDGs) (Government of the Netherlands, 2022). It operates through a consortium of CSOs, which must include at least one partner from the Netherlands and one from a low- or middle-income country. The lead party can be either a Dutch CSO or a CSO from a lower-income country, while NGOs from other high-income nations can participate but not lead. The programme emphasises a strategic partnership model, in which selected consortia work collaboratively with the Dutch Minister of Foreign Affairs beyond a typical grantor-grantee relationship. This includes access to diplomatic support, international networks, and strategic dialogues (Ibid.).

To ensure equitable collaboration, applicants must submit a vision statement that analyses power relations within the consortium and outlines strategies for ensuring local participation and influence. Grants are allocated based on predefined thematic areas, such as climate change, gender equality, and freedom of expression.

Social Protection Approaches to COVID Expert (SPACE)

In April 2020, the UK’s Foreign, Commonwealth & Development Office (FCDO) launched the SPACE helpline to support cash transfer programs in response to COVID-19 (Cabot et al., 2021). The SPACE team collaborated with FCDO country offices to develop various models for transitioning funding structures away from reliance on large NNGOs and UN-led models toward more locally-led approaches (Baguios et al., 2021). One of these models advocates for separating functions to enhance local ownership and efficiency. This means assigning grant management, MEAL, and capacity building to distinct entities, preferably local organisations, while reducing the dominant role of NNGOs. Where an international lead remains necessary as an “anchor organisation”, there should be a clear, time-bound plan to transfer leadership to local organisations. This shift is designed to increase local capacity, improve value for money, and ensure that humanitarian and social protection programs are more inclusive and sustainable (Cabot et al., 2021).

4.4 Pooled funding

Pooled funding, also known as intermediary funding, is a grant-making mechanism where multiple donors combine their resources into a shared fund to support a specific area of interest or a common objective. This approach eliminates the need for local organisations to apply individually to multiple funders, as a centralised entity—either an independent fund or an intermediary organisation—manages grant distribution (Baumgartner & Sachrajda, 2024).

In the context of humanitarian aid, pooled funds offer a means of support to partners operating at the country level (Peace Direct, 2021; WACSI, 2021). Furthermore, they can reduce transaction costs and facilitate strategic investments in high-risk or emerging areas such as climate change and public health emergencies (Baumgartner & Sachrajda, 2024).

Box 7. Pooled funding initiatives

Country-Based Pooled Funds (CBPFs) by UN OCHA

The UN Office for the Coordination of Humanitarian Affairs (OCHA) manages Country-Based Pooled Funds (CBPFs), which support local humanitarian efforts by allowing donors to contribute to a single, unearmarked fund (OCHA, 2025). This approach promotes local ownership, harmonisation, and mutual accountability as it channels resources to local actors for humanitarian response (Peace Direct, 2021). In 2024, CBPFs received over USD 1.15 billion in contributions from country donors, making it one of the largest sources of international humanitarian funding for local organisations (Baguios et al., 2021; OCHA, 2025).

The Belgian Alliance for Humanitarian International Action (BAHIA)

BAHIA was a pilot initiative launched by the Belgian Directorate-General for Development Cooperation and Humanitarian Aid (DGD) to explore a new collaborative funding mechanism with Belgian NGOs during the COVID-19 pandemic. Implemented between 2020 and 2022, it brought together seven Belgian NGOs to carry out humanitarian interventions in the Sahel, Great Lakes, and Middle East regions. The goal was to test a collective and more coordinated approach to humanitarian response, where one NGO (Oxfam) would act as a coordination leader.

Despite the enthusiasm, a 2022 evaluation of the project concluded that BAHIA failed to deliver on its core objectives (Special Evaluation Office/SEO, 2022). According to this document, the mechanism was slow to mobilise resources as funding arrived nearly a year after the pandemic began, rendering it ineffective for a timely emergency response. The division of funds among sNGOs diluted impact at the country level, and a lack of geographic and programmatic coordination meant efforts remained fragmented, with NGOs left handling most of the workload, rather than DGD. BAHIA was also undermined by a rule that limited deviation from the budget to 15% without an approved revision, adding additional constraints for rapid responses (Ibid.).

4.5 Direct funding

Direct funding aims to channel financial resources directly to local and national actors, without intermediaries, to improve efficiency in aid delivery (Dissanayake, 2024). Between 2022 and 2023, there was a 71% increase in overall humanitarian aid. Nevertheless, direct funding made up less than 5% of the total, well below the 25% target established by the Grand Bargain commitment (Rieger et al., 2024).

The push towards direct funding has prompted some NNGOs to shift from direct implementation to supportive roles. Christian Aid, for example, is committed to phasing out all direct implementation programs, ensuring that 100% of its initiatives are delivered through partners (Christian Aid, 2023). Efforts to reduce intermediary control may not always translate to more decision-making power for local actors who still have to respond to donor priorities and reporting requirements (Banks et al., 2024). Still, stakeholders consulted in this study recognised a tendency towards direct funding by key donors, excluding NNGOs from country-based funding opportunities (Workshop, 24/05/2025).

Box 8. Piloting direct funding by the Belgian Directorate-General for Development Cooperation and Humanitarian Aid (DGD)

In 2023, at the request of the Cabinet, the Directorate on Fragility & Nexus (D5.2) initiated a pilot programme to test direct funding in Lebanon. After initial pushback from financial offices, DGD established control mechanisms and selection criteria based on proven experience (Interview DGD representative, 11/03/2025). With support from the Embassy of Belgium in Lebanon, a group of organisations was pre-screened and invited to submit project proposals focused on assisting refugees in the region.

The pilot has been a valuable experience in highlighting the challenges of implementing direct funding in the Belgian context, such as how accountability expectations can limit the scope of selection and determine who can benefit from this funding model.

5 | Cross-cutting findings

5.1 Each funding mechanism offers potential to work towards more equitable funding relations

Participants highlighted specific strengths of each mechanism that contribute to a more balanced relationship between donors, Belgian NGOs, and partners:

- **Participatory grantmaking:** For participants, but mainly sNGOs, this is the mechanism that best reflects a “decolonised” mindset. By prioritising co-creation, it is the only mechanism that directly recognises the contribution of local knowledge. Therefore, it has the most potential to **foster ownership, transparency, and inclusion of marginalised groups.**
- **General Operating Support:** Its main strength lies in the **potential flexibility** it can offer to sNGOs and how this could translate into greater autonomy over the selection of priorities, interventions, and target groups. Flexibility can also contribute to strengthening organisational capacities as NGOs could focus on their long-term goals, alleviating what was referred to as the “anxiety” for covering administrative costs.
- **Consortia and networking with “Southern” leadership:** Although the mechanism is not new in development cooperation, the emphasis on southern leadership holds potential to foster **shared power and mutual accountability.** Additionally, participants highlighted the prospect of amplifying opportunities for southern actors to engage in discussions and policy-making at various levels and with international coalitions.
- **Pooled funding:** Particularly in the context of emergencies, this mechanism provides an avenue for sNGOs to **deliver fast responses more efficiently.**
- **Direct funding:** sNGOs with experience in this mechanism noted that **reporting can be less overwhelming** through this mechanism. However, there is insufficient evidence to confirm how overall administration responsibilities are unequally distributed between NNGOs and sNGOs.

5.2 None of the mechanisms ticks all the boxes for equitable funding

The study’s proposed definition of equitable funding seeks to increase simultaneously decision-making power and access to resources for sNGOs. None of the mechanisms included in the study fulfils both conditions. Direct and pooled funding mechanisms, while facilitating resource flows and reducing the influence of intermediaries, do not necessarily address underlying power imbalances, as back donors may continue to impose restrictive conditions. Participants with experience in these mechanisms described them as limiting and sometimes even undermining, due to their reliance on centralised management structures shaped by global norms rather than local governance and participation. There remains a genuine concern among partners that these mechanisms could diminish the autonomy of local NGOs, marginalise smaller organisations, and confine their participation to basic project implementation roles. Additionally, intermediaries may play an

important role by assisting smaller NGOs with administrative requirements, such as setting up VAT accounts. Eliminating intermediaries may risk losing this support.

Conversely, funding mechanisms such as GOS, consortia, and participatory grantmaking are designed to promote the agency of sNGOs, with participatory grantmaking further extending decision-making power to community members. However, these approaches do not necessarily ensure increased resource flows to partner NGOs. In workshop discussions, participants also raised concerns about the extent to which NGOs could truly exercise their agency, as donors often retain control over priorities, planning, and reporting. SNGOs also highlighted a potential risk of exclusion due to NNGOs and donors' preference for working with usual suspects—more established and formal organisations. This would leave out grassroots, marginalised people's movements and informal collectives, arguing that they do not meet the governance and institutional requirements to benefit from these forms of funding.

These drawbacks reflect that, in terms of equity, there is no perfect mechanism. However, this should not deter donors and NGOs from reevaluating their current practices and what elements of these mechanisms could improve their partnerships.

5.3 Partner NGOs and Belgian NGOs recognise the relevance, appropriateness and effectiveness of equitable funding mechanisms, but Belgian NGOs are more hesitant to test them

The partner NGOs that participated in the study had experience with (elements of) all five funding models, having received support from different donors beyond Belgian organisations. As such, they recognised the potential of the models in providing greater autonomy and strengthening organisational capacities if funding were coupled with flexibility.

Belgian NGOs had differing views about the extent to which the current policy context is conducive to testing new ways to empower partners, although all agreed that more could be done. Belgian NGOs were mainly concerned with the practicalities of implementing alternative funding models. Two main issues stood out during discussions. A first issue relates to risk management, involving, among others, questions about the compatibility of the proposed mechanisms with existing back-donor requirements for financial accountability, monitoring, and evaluation. The second issue, also raised by other stakeholders, concerns the fact that the current funding model places the final financial responsibility on Belgian NGOs. If the coordination role of Belgian NGOs is reduced or weakened, it would be impossible for them to assume final financial responsibility, as they would lack the power to hold partners to account. This shift would have far-reaching consequences, as the current trust-based financing model is largely based on the in-depth screening of Belgian NGOs before they submit a multi-annual programme. Transferring (part of) the final financial responsibility to partner NGOs sounds like a logical route to follow. Still, several respondents flagged that this would require a similar in-depth pre-screening of partners. Regarding monitoring and evaluation, this was notably relevant in the context of participatory grantmaking, where the element of co-creation could lead to reporting practices that donors may reject.

Another issue concerns disparities in organisational and administrative capacities among partners, which influences decisions about who benefits from these funding models. Belgian NGO representatives indicated that partners are often assessed based on their ability to meet accountability requirements, such as reliable internet access and efficient communication, which can lead to a

preference for larger or more established organisations. In contrast, partner NGOs argued that focusing on the so-called “capacity gap” can be exclusionary, as it tends to favour more professionalised sNGOs that resemble Northern organisations.

Both instances demonstrate a tendency among Belgian NGOs to attribute limitations to implementing equitable funding models to external conditionalities and downplay the role that internal barriers may play in funding, including members’ attitudes towards trust and experimentation. This can negatively affect how they assess their local partners by prioritising sNGOs that fit donors’ conditionalities, rather than exploring ways to better adapt to the diversity of local organisations and their “ways of being”.

5.4 There is potential for more balanced partnerships within the national funding framework

In Belgium, DGD serves as a crucial funding source for NGOs. Under Belgian law, NGOs have a “right of initiative”, allowing them the autonomy to propose their agendas, both thematically and geographically (DGD representative, 20/06/2025). Belgian NGOs recognised DGD as a flexible donor, granting them leeway in their programming. At the same time, some members highlighted limitations in thematic priorities, reporting requirements, and DGD’s results-based approach, which were perceived as restricting local partners’ ability to lead or set priorities.

DGD representatives clarified that Belgian law only restricts pooled and direct funding due to concerns about mismanagement, but does not block alternative models. While acknowledging that there is an “accountability imbalance”, when there have been opportunities to cede power (e.g., specific calls for southern leadership), there is a perception among DGD representatives that Belgian NGOs have shied away regarding the partnership component. Within the scope of this study, evidence of DGD’s efforts to articulate partnership expectations has not been corroborated.

The Royal Decree for Cooperation provides a stable framework for Belgian NGOs, safeguarding their operations against abrupt political changes. However, implementing new funding models requires political backing and sufficient budgetary support. Regrettably, the current Belgian government’s focus on safety and conflict prevention, along with efforts to streamline the national budget, constrains the potential for experimenting with innovative funding approaches (DGD representative, 11/03/2025). Nonetheless, DGD is making strides toward equitable funding by encouraging consortia in its calls for proposals and by mandating memoranda between Belgian NGOs and their partners. These initiatives, however, could benefit from explicit guidelines and incentives for more equitable partnerships.

Regarding Belgian NGOs, some organisations are exploring funding alternatives within DGD’s framework, such as redirecting resources for core funding to partners. Although financial risk management remains a priority, the possibility of testing alternative partnership schemes within DGD’s framework is worth exploring.

5.5 Moving forward requires addressing at least seven structural barriers, partially or fully

Discussions with stakeholders revealed seven challenges that can limit the potential of equitable funding mechanisms to rebalance power in the Belgian aid ecosystem, with issues of accountability and trust at the core of these constraints:

- **Financial risks, risk perception and reputation:** Every ten years, DGD evaluates Belgian NGOs to determine their eligibility for public funding, serving as a seal of trust. Once Belgian NGOs pass this threshold, they can operate in a relatively flexible, trust-based funding framework. This study observes the multiple benefits of this system, but, at the same time, concludes that it is possibly the biggest structural hurdle to shifting financial decision-making power to partner NGOs. In essence, it raises the thorny question of how a similar pre-screening could be organised for partner NGOs (see also section 5.3). In addition, to protect their reputation, Belgian NGOs carefully assess the risks associated with partnering with local actors, particularly in terms of financial fraud. This creates ethical dilemmas between maintaining control and sharing power. Reputation concerns often outweigh decolonisation goals, which require accepting a certain level of uncertainty and risk. Ultimately, risk acceptance varies by organisation and informs their willingness to share responsibility across partners.
- **Donors' accountability and reporting systems:** Donor culture is becoming increasingly structured and professionalised, requiring tools, from a Joint Strategic Framework to SMART¹ and SPICED² indicators. Some Belgian NGOs are adopting these tools to improve financial reporting with their local partners. However, they are also seen as resource-heavy and stifling innovation. Donors are perceived as expanding rather than simplifying these systems, limiting the space for alternative, locally-driven accountability methods. Partner NGOs criticise the rigid conditionalities for failing to reflect their organisational realities. Ultimately, the challenge lies in finding a way to reduce funding conditionalities and reporting requirements without compromising accountability.
- **Trust deficit and fear of failure:** Cultural misalignments, legal restrictions, and concerns about accountability contribute to donors' and NNGOs' hesitance in ceding control. As a result, funding mechanisms—particularly pooled and direct models—maintain centralised decision-making. The pressure to deliver results and impact gives NNGOs little space for risk-taking with their partners. The fear of failure contrasts with other funding modes such as entrepreneurship and start-ups, where failure is considered part of the process (Belgian NGO representative, 03/06/2025).
- **Capacity gaps:** Disparities in administrative and operational capacity between Northern and southern NGOs often justify donors' imposition of strict conditionalities (Peace Direct & #ShiftThePower Movement, 2024). In the case of Belgian NGOs, the perceived disparities with some Southern organisations contribute to their selectiveness when choosing their partners.
- **Favouritism and reproduction of exclusionary practices:** As a consequence of capacity gaps, selection processes within equitable funding mechanisms may prioritise organisations

¹ Specific, measurable, achievable, relevant, and time-bound.

² Subjective, participatory, interpreted, cross-checked, empowering, and diverse.

with proven track records or international visibility, perpetuating favouritism and limiting the participation of those who lack the necessary resources or networks.

- **Financial dependency and complacency:** While long-term funding and flexibility are valuable, sNGOs caution about the potential unintended consequences of certain mechanisms, such as GOS. Over-reliance on predictable funding streams may dampen innovation, experimentation, and risk-taking among recipient organisations, unless mitigated through capacity development and accountability mechanisms.
- **Fear of becoming irrelevant:** Transferring power can put Belgian NGOs in a vulnerable position, leading to concerns about their ongoing relevance and legitimacy—especially as development funding declines. This sense of uncertainty has prompted some to question whether localisation efforts might ultimately jeopardise their own roles. As a result, not all Belgian NGOs may be equally willing to embrace more equitable funding mechanisms, given that doing so requires a commitment to change their ways at the risk of not being effective.

6 | Conclusions and recommendations

Overall, and following our findings and particularly the insight that none of the discussed mechanisms fully comply with our definition of “equitable”, implementing equitable funding will require **Belgian NGOs** to combine key elements of the discussed mechanisms.

- **Flexibility:** Belgian NGOs (and their back donors) must be open to adapting their administrative systems to local contexts and capacities, allowing partners to retain their informal structures or supporting their organic growth. Besides establishing more flexible funding rules, this requires advocating for the strengthening of project management and reporting capacities among sNGOs, ensuring accountability without imposing rigid frameworks.
- **Long-term commitment:** Funding mechanisms should aim to support evolving relationships rather than short and time-bound interactions. This involves supporting southern actors in establishing long-term goals, allowing space for innovation, risk-taking, adaptation, and course correction. Although DGD’s 5-year framework supports long-term programming, Belgian NGOs and DGD still struggle to take advantage of this long-term commitment for risk-taking in funding relationships with partner NGOs.
- **Embedding inclusiveness, justice, and fairness:** Funding mechanisms must be explicitly grounded in principles of justice, equity, and solidarity to prevent the replication of power imbalances in favour of Northern-style organisations. This includes a) honouring local knowledge systems, metrics, and practices; b) enabling local organisations to lead and participate in decision-making, and c) adapting processes to the size, capacity, experience, and context of diverse partners.
- **Deep understanding of partners and their context:** A successful partnership requires a balanced appraisal between Belgian NGOs and their partners, focusing not only on their project experience but also on shared values, institutional strengths, and growth needs.
- **Trust-based collaboration:** Effective partnerships should be grounded in genuine trust. This requires a cultural shift that prioritises collaboration over control among Belgian NGOs, local partners, communities, and donors. Often overlooked or implied, the role of donors must be recognised and incorporated into the funding framework. This includes allocating adequate resources to facilitate open, direct, and accessible communication channels between Belgian NGOs and partners, as well as funding in-person visits in both directions.
- **Establishing clear expectations between Belgian NGOs, local partners, and donors:** Funding conditions must be grounded in equity, with enforceable agreements that support shared power and fair resource distribution. Before distributing resources or applying for funding opportunities, stakeholders must engage in a structured and transparent process to

define roles, responsibilities, and mutual goals.

Based on these elements for equitable funding, the following recommendations arise:

For Belgian NGOs:

Equitable partnerships should be two-sided. However, expecting Belgian NGOs to embrace power-sharing and trust-based relationships fully may be unrealistic, given the current ecosystem that imposes greater financial and reporting responsibilities on them. A more feasible approach would be to implement a gradual transition that includes regular evaluations and reflective discussions of partnerships. Key discussion points should consist of:

- Identification of organisational biases: Assess which partners are prioritised and why. Belgian NGOs should transparently communicate these criteria to stakeholders and potential partners. Additionally, they should clarify whether support systems exist to facilitate these partnerships.
- Identification of power dynamics and underlying root causes present in existing partnerships: To facilitate the discussion about power dynamics and work on possible solutions, Belgian NGOs and their partners should assess their relationship using, for example, existing tools like the Power Awareness Tool (PAT) developed by Partos or the Decision Mapping Tool (DMAT).
- Establishment of formal spaces for periodic discussion with partners: These spaces should allow for continual two-way feedback between Belgian NGOs and their partners. To mitigate potential tensions, NGOs must communicate the conditions that will ensure a “safe space” for open dialogue (e.g., no financial repercussions for expressing opinions). Involving a neutral third-party observer or moderator could enhance these discussions.
- Identification of opportunities to streamline monitoring and evaluation (M&E) processes: Periodic discussions with partners should include an ongoing assessment of which M&E requirements could be simplified, eliminated, or adapted to the local context (e.g., use of language in reporting).

Additional recommendations include:

- Expanding opportunities for partner participation in governance. In planning for DGD funding, Belgian NGOs are actively consulting with their partners to identify priorities for both medium- and long-term goals. However, these interactions often fail to translate into meaningful influence over Belgian NGOs' internal decision-making processes, despite their significant impact on partners. Recognising that participation in governance should not be an imposition but an option, expanding partners' presence in governance decisions and structures represents a meaningful way to transfer power. While some Belgian NGOs are experimenting with various forms of governance engagement, it is vital to explore diverse formats that do not add an undue burden on partners.
- Belgian NGOs should experiment with various methods to involve target groups in the co-creation of funding and project planning, weighing the strengths and limitations of both the NGOs and their communities. Since participatory grantmaking is adaptable, it can be tailored to align with organisational capacities and the Belgian legal framework. Possible initiatives include:
 - Open calls and other bottom-up approaches to funding: Organise open calls of project proposals for sNGOs that incorporate a strong co-creation component. A similar approach could be reverse funding, in which sNGOs make the call for Belgian NGOs and donors to support them.
 - Dedicated funds for experimentation: Allocate a small percentage of funding for innovative approaches that prioritise community participation, with basic financial

reporting criteria. Rather than focusing on the amount, the goal is to test flexibility within funding relations with partners and communities. The Citi Foundation provides examples of exploring small GOS and capacity-building grants.

- Gradual transfer of management responsibilities for funding. A managed transition of funding responsibilities could include:
 - Allowing partner NGOs to manage a portion of project funding for contingencies and unexpected events (e.g., 10-20%).
 - Dedicating a percentage of funding to cover overhead costs. An indirect way to achieve this could be to align projects with partners' strategic activities.
 - Collaborating with partners to identify capacity gaps in funding management and providing appropriate training.
- Collaboration to simplify the funding process: A novel approach could be testing due diligence passporting, in which partner NGOs could follow the same auditing structure to apply to funding from Belgian NGOs and reduce compliance burden. DGD could also follow this strategy.

For DGD:

Aside from critically reflecting on alternative ways of organising a pre-screening for sNGOs, DGD can actively incentivise experimentation and power-sharing in funding partnerships by **integrating explicit conditionalities into its NGO evaluation criteria**. These conditionalities would reward organisations committed to ceding power and responsibilities to partners. Suggestions include:

- Co-creation of priorities and agenda setting: Involve sNGOs and local communities in shaping priorities from the outset.
- Co-leadership strategies: Clarify expectations for co-leadership, detailing responsibilities and support for partners to take partial or complete control of interventions.
- Financial management: Encourage partners to manage a portion of the funds directly to support financial ownership.
- Support for partnership building: For those NGOs lacking strong connections with sNGO, DGD could provide additional time and resources to propose an engagement plan towards partnership.
- Transparent communication: Clearly outline DGD's expectations and conditions regarding partners' responsibilities in resource management.
- Adaptation or reporting requirements: Collaborate with Belgian NGOs and financial authorities to streamline reporting processes, considering aspects like acceptable proof of payments and report language, and common reporting structures (e.g. due diligence passporting). This would require a periodic space for discussion between DGD and federation members.

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