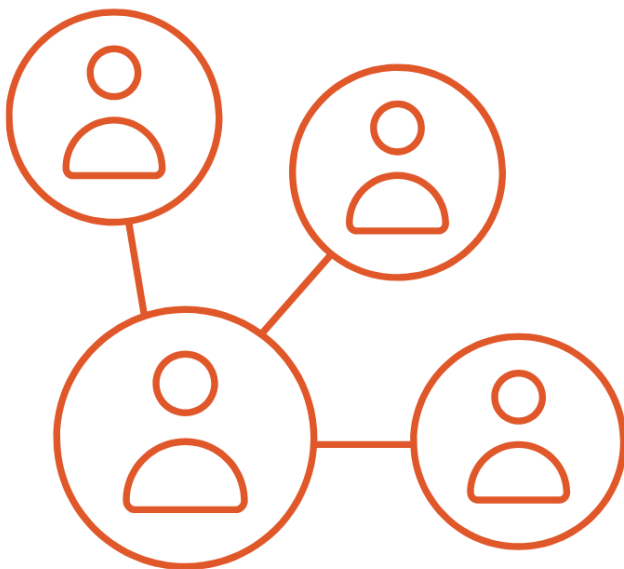


SEPTEMBER 2026

COUNTRY REPORT

INTERMEDIARY MODELS FOR LOCALLY LED ACTION

AFGHANISTAN



Acronyms

ACBAR	Agency Coordinating Body for Afghan Relief and Development
CBO	Community-Based Organization
CFRM	Community Feedback and Response Mechanism
CSO	Civil Society Organization
DRR	Disaster Risk Reduction
ED	Equivalency Determination
IDP	Internally Displaced Person
INGO	International Non-Governmental Organization
KII	Key Informant Interview
ADA	Afghan Development Association
AREP	Afghanistan Rehabilitation and Education Program
AWEC	Afghan Women Educational Centre
CBO	Community-Based Organization
CHA	Coordination of Humanitarian Assistance
EPDO	Empowerment and Peacebuilding Development Organization
OCCD	Organization for Community Coordination and Development
ECOH	Emergency Care Organization for Humanity
OHW	Organization for Human Welfare
HTAC	Help the Afghan Children
AFGA	Afghan Family Guidance Association
ASLO	Afghanistan Social and Legal Organization
ORD	Organization for Rural Development
SAMO	Salam Afghanistan Media Organization

AICS	Afghanistan Institute for Civil Society
PRB	Partners in Revitalization and Building
RRAA	Rehabilitation and Reconstruction Agency for Afghanistan
SHG	Self-Help Group
LTWG	Localisation Technical Working Group
MEAL	Monitoring, Evaluation, Accountability and Learning
UN	United Nations
WASH	Water, Sanitation and Hygiene

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Executive Summary

Context

In August 2021, the Taliban took control of Afghanistan following the withdrawal of international forces and the collapse of the government of the Republic of Afghanistan. This transition reshaped the operating environment for aid actors in several ways. Funding shifted from development to humanitarian channels. Most bilateral development assistance was suspended as donors reassessed engagement with a de facto authority led by a sanctioned entity and individuals that they do not formally recognize as the government. Funding that continued moved largely into humanitarian modalities, typically routed through UN agencies and INGOs. For remaining programs, financial transfers became harder, as asset freezes and sanctions-related restrictions left the banking sector with acute liquidity constraints. In parallel, compliance and risk requirements rose. Counterterrorism financing concerns and reputational risk led donors to introduce stricter due diligence and financial oversight for Afghanistan-based organizations. Civil society space narrowed, including restrictions on women's employment in NGOs, reshaping how organizations staff and structure programming. Local actors remained essential despite these constraints, given their community acceptance, access, and contextual knowledge in areas with limited international presence. Meanwhile, many international organizations reduced or relocated their international experts, increasing reliance on national staff and local organizations.

Landscape

In Afghanistan, local intermediaries operate in a landscape reshaped by the 2021 political transition, in which most funding continues to flow through UN agencies and INGOs. For the landscape analysis, the Share Trust mapped eleven “large” local intermediary organizations, engaging four of them in depth. Of these four, two were funding intermediaries in that they managed grants to other local organizations as primary function; two did not have this function. The research also engaged four international intermediaries and two of their sub partners. Because this selection is not intended to be statistically representative of Afghanistan’s intermediary landscape, findings should be read as illustrative of rather than generalizable across the sector. However, an overarching finding was that the concentration of regranting among a small number of local organizations, UN agencies and INGOs reflects donor conditions rather than a lack of local capacity. Several non-regranting organizations reported having the institutional systems and experience needed to manage grants to other local actors, but said donors have not resourced or asked them to take on this role. Of the eleven organizations mapped, only one, CHA, reported an annual budget in the US\$11–20 million range, while the next largest, OCCD and OWH, each operate in the US\$6–10 million range.

Key Issues

Capacity strengthening emerged as the defining feature of the intermediary model, on both the local and international side. Rather than treating grants as a stand-alone transaction, intermediaries described weaving funding together with organizational assessments, technical training, coaching, mentoring, and

donor compliance support. Local actors noted that this was often delivered through mentoring approaches, rather than direct training.

The two non-regranting local intermediaries interviewed noted that it was not organizational choice or insufficient capacity that prevented them from managing grants to a broader local ecosystem but lack of demand by or funding from donors to do so. Both cited continued donor confidence in international organizations' fiduciary management as the primary reason regranting has stayed concentrated with INGOs, compounded by a scarcity-driven funding environment in which organizations that do receive funding have strong incentive to prioritize their own costs over onward sub-granting.

International intermediaries broadly described their partnerships as evolving from direct implementation toward more collaborative models involving local partners in program design, budgeting, implementation, and monitoring. In one case, the international actor is expressly building a two-way assessment mechanism, so partners can evaluate the intermediary's own performance. However, financial and compliance risk remains concentrated with international organizations: donors continue to hold them contractually accountable for fiduciary oversight even where implementation is locally led, which limits how far decision-making authority can shift in practice. Subgrantees interviewed for this research offered a corroborating but more complicated view. Two local NGOs described their own involvement in decision-making as consultative at best and largely symbolic at binding moments and said that feedback mechanisms meant to work both ways have not, in their experience, always produced reciprocal responsiveness. This disconnect underscores that it is not enough to have engagement and feedback mechanisms are in place; it is also important that they meaningfully shift agency.

Comparative Advantages

Comparative Advantages of Local Actors

Function	Comparative Advantage
Program design	Deep contextual and cultural knowledge of social and political situation, and understanding of power dynamics, informal institutions and local conflict dynamics
	Deep understanding of community priorities and opportunities
Programmatic delivery	Access to hard-to-reach communities
	Long term community presence
	Relationships of trust with relevant community institutions and leaders

Trusted relationships and community acceptance were the most mentioned comparative advantages of local actors. International intermediaries recognized that local organizations have established relationships with communities built over many years, enabling them to gain acceptance more easily and work effectively in sensitive contexts. Several organizations explained that local partners are often better placed to understand what communities need because they live and work alongside them. One international organization described its role as translating community priorities into donor-funded programs, acknowledging that these priorities originate from local communities and local organizations

Comparative Advantages of International Actors

Function	Comparative Advantage
Fundraising	Donor access and established institutional donor relationships
Program design	Long-standing presence and contextual experience
	Technical expertise and quality assurance across sectors
Fund management	Strengthening local organizations' governance, financial management, safeguarding, MEAL and compliance systems over time
Programmatic delivery	Bridging role between donor expectations and compliance requirements, with community priorities and realities

A consistent comparative advantage identified by the international intermediaries was their long-standing presence in Afghanistan. Having worked in the country for decades, they explained that they have developed a deep understanding of the evolving political, humanitarian, and operational context, as well as long-term relationships with government institutions, donors, communities, and local partners. Another advantage frequently mentioned was their ability to access international funding and navigate donor systems. International intermediaries noted that they have established relationships with bilateral donors, UN agencies, and other funding institutions, enabling them to mobilize resources that many local organizations may not yet be able to access directly. They also play an important role in helping local partners understand donor requirements, develop competitive proposals, and manage grants in line with international standards.

Barriers to Locally Led Action

Barrier	Description	Dimension of Locally Led Action
Operational and Organizational		
Funding application complexity and competition	Complex fund application processes, including perceived lack of transparency by local actors, compounded by the highly competitive nature of funding processes	Funding local actors
International sanctions on the Taliban	Donor concerns about local organizations' possible relationships with sanctioned entities or individuals—and their limited capacity to vet large numbers of organizations—limits donor interest in funding local organizations directly	Funding local actors
Political and operating environment	The complex political context, restrictions on women's employment and activities	Local decision making
Donor Policy and Practice on Partner Selection		
Short funding cycles	Short, project-based funding cycles limit the development of long-term partnerships, often ending before local organizations have fully strengthened their systems or assumed greater responsibility in project delivery or planning.	Funding local actors Local actor capacity

Budget rigidity	Fixed allocations and earmarked budget lines limit intermediaries' ability to adapt interventions as local conditions change.	Local decision making
Complex compliance requirements	Donor compliance systems remain difficult for smaller Afghan NGOs to navigate, limiting their ability to access funds directly.	Funding local actors
Limited direct funding access despite localization commitments	Local NGOs continue to face limited direct access to donor funding, even where intermediaries have made explicit localization commitments (ie. Grand bargain-aligned direct-funding targets)	Funding local actors
Scarcity driven disincentive to sub-grant	In a funding environment with limited resources relative to need, organizations that do receive funding have strong incentive to prioritize their own operational costs over onwards sub-granting.	Funding local actors

Recommendations

A note on these recommendations:

Localization is not a property of actor type. It is a property of practice, at every level of the system. The measure of whether localization is being achieved is not whether a donor funds an INGO or a local actor. It is whether, at the end of that chain, the people most affected by the response are genuinely shaping it.

This means the question "are you working with local partners?" is the wrong question. **The right question is whether the partners you work with, at every level, are genuinely connected to and accountable to the communities they serve, and whether the way you work with them actively supports that accountability rather than undermining it.**

For Donors and International Intermediaries

- 1. Pilot progressive transition models for locally led funding.** Several intermediary models demonstrated that responsibilities could shift progressively as local organizations strengthen their systems and confidence grows. Donors should develop pilot funding mechanisms that deliberately transfer leadership, decision-making, and funding responsibilities over multiple program phases, with agreed milestones and transition plans.
- 2. Move from compliance-based to developmental partnerships.** Effective intermediaries use due diligence and capacity assessments as opportunities to strengthen organizations rather than simply screen them out. Redesign partnership and due diligence processes to identify organizational gaps alongside investments to address them, including dedicated budgets for accompaniment and mentoring.
- 3. Increase local partner visibility.** Local NGOs are currently underrepresented in external communications. Require mandatory inclusion of CSOs in consortia governance, plus fund visibility initiatives e.g. visibility built into grant or donor engagement design, naming the local partner directly rather than folding their work into the INGO's aggregate reporting and strictly ensuring co-branding on shared work.
- 4. Fund institutional strengthening as a standalone investment.** Systems and governance development need dedicated, flexible funding. Institutional strengthening should be tied to organizational aspirations and capacities, rather than project outcomes.
- 5. Strengthen intermediary ecosystems rather than individual organizations.** Effective intermediaries operate within broader ecosystems of community organizations, networks, and technical partners. Invest in shared infrastructure, such as common due diligence systems or learning platforms and encourage collaboration among intermediaries rather than competition.
- 6. Establish a Donor-Intermediary Learning Hub.** Many different intermediary models are operating in Afghanistan side by side (including Afghan-led and international, regranting and non-regranting) but no shared mechanism currently exists for comparing how well these models actually perform, so each donor is left to learn on its own. A donor-

convened hub that tracks comparative performance across models and helps donors and intermediaries co-design new funding pilots together would turn that scattered experience into a shared evidence-base for future investment.

- 7. Create dedicated capacity-strengthening budget lines.** Small grants alone are insufficient where mentoring is critical. Capacity-strengthening funding should be a dedicated, flexible budget line negotiated per grant based on the award, the partner, and their goals. Priorities for that funding should be identified by the organization itself and reflect its own institutional priorities, not only the capacity needed to manage donor funding.
- 8. Measure localization through power and decision-making, not funding alone.** Meaningful localization depends on who controls program design, funding decisions, procurement, and accountability, rather than the proportion of funding channeled directly to local actors. Complement direct funding targets with indicators measuring decision-making authority and governance.
- 9. Fund adaptive policy implementation.** Policies applied flexibly (e.g., using due diligence that keeps its screening function but becomes lower-burden, more tailored, and more supportive, and is also used to identify capacity-strengthening opportunities) protect localization gains. Donors (or INGOs) should fund adaptive management pilots that allow intermediaries to adjust grant policies to context.
- 10. Create long-term learning partnerships to test and adapt intermediary models.** Different contexts require different approaches. Donors and INGOs are encouraged to partner with research organizations and national intermediaries to pilot, document, and evaluate different intermediary models over time.

1. Background and Context

Global development and humanitarian assistance have experienced significant changes in recent years, including major reductions in development and humanitarian funding. As a result, many bilateral donors are looking for ways to deliver more effective development and humanitarian assistance with fewer resources. At the same time, many donors have reinvigorated their commitment to locally led action, affirming that local actors should have leadership over decisions that affect their lives and that local leadership and ownership are critical for programmatic success.

Part of the localization conversation revolves around intermediary organizations - organizations that manage donor funding, redistributing aid resources to other, often smaller, local and national organizations, institutions, grassroots groups, or communities. One key question is how funders can channel more funding through local intermediaries, both for the ethical and practical reasons noted above but also because, in some cases, local partners have been shown to be more cost efficient than international partners.¹ A second key question recognizes the important role that international intermediaries will retain in the near to medium term and asks how these international partners are devolving resources and decision-making power to local levels and engaging in equitable partnerships. It is also worth noting that localization encompasses more than funding volumes or regranting alone; dimensions such as decision-making power, co-creation, leadership, equitable risk sharing, visibility, community participation, capacity sharing, and influence in coordination structures are equally important markers of locally led action.

In August 2021, the Taliban took control of Afghanistan following the withdrawal of international forces and the collapse of the Republic government. This transition reshaped the operating environment for aid actors in several ways:

- **Funding shifted from development to humanitarian channels.** Most bilateral development assistance was suspended as donors reassessed engagement with a de facto authority most governments don't formally recognize. Funding that continued moved largely into humanitarian modalities, typically routed through UN agencies and INGOs.
- **Financial transfers became harder.** Asset freezes and sanctions-related restrictions left the banking sector with acute liquidity constraints, complicating fund transfers even for continuing programs.
- **Compliance and risk requirements rose.** Counterterrorism financing concerns and reputational risk led donors to introduce stricter due diligence and financial oversight for Afghanistan-based organizations.

¹ The Share Trust. (2026). [Passing the Buck—The Economics of Localizing Aid: Analysis of Four UN OCHA Pooled Funds](#).

- **Civil society space narrowed**, including restrictions on women's employment in NGOs, reshaping how organizations staff and structure programming.
- **Local actors remained essential** despite these constraints, given their community acceptance, access, and contextual knowledge in areas with limited international presence.
- **Many international organizations reduced or relocated their international experts**, increasing reliance on national staff and local organizations for a while.
- **Access and operation constraints become more complex**, including changing administrative procedures, approval processes, and local regulations that affect program implementation and monitoring.

This transition is referenced more in this report as "the 2021 transition" and is the backdrop for findings on regranting, capacity strengthening/sharing, and partnership models.

2. Methodology

This study seeks to contribute to the evidence base on intermediary models in Afghanistan by:

- Identifying a range of viable local intermediary models operating in Afghanistan with a focus on those that can absorb funding at a scale that might allow them to receive direct funding from bilateral or other large institutional donors;
- Identifying examples of international intermediary models that prioritize shifting funding and decision making to local actors;
- Evaluating the comparative advantages of different intermediary models in Afghanistan;
- Understanding actions donors can take to better enable locally led humanitarian response in Afghanistan.

The study adopted a mixed method approach that included desk-based review, a survey, and key informant interviews with 1) larger scale² Afghan intermediaries engaged in regranting, 2) Afghan organizations that are not engaged in regranting³, and 3) international organizations performing intermediary functions including on granting, capacity strengthening, fundraising, advocacy, equitable partnership management, and support to wider ecosystems of Afghan organizations and communities.

² **For the purposes of this research**, “larger scale” local intermediaries are those able to absorb grants of over ~\$2 million (likely in the \$2–\$10 million USD range) and with operating budgets of around \$5 million or more

³ **Non-regranting intermediaries were included to explore** the perspective of mechanisms other than regranting that support local actors in Afghanistan.

3. Intermediary models

3.1. Local Intermediaries

Eighteen local intermediary organizations were identified through desk-based research and the networks and knowledge of the Afghan researcher. To gather more detailed information, The Share Trust research team designed a mapping survey examining organizational characteristics such as annual budgets, staffing levels, funding sources, intermediary functions, target groups, and funding challenges. The local researcher also incorporated context specific questions into the survey related to intermediary challenges in accessing funding, including funding trends. The survey was then distributed via email to all 18 intermediaries, of which 11 responded.

The mapping findings revealed a diverse ecosystem of Afghan intermediary organizations operating across both humanitarian and development sectors. Below are the key findings.

3.2. Profile

- **Origin & registration:** 9 organizations reported being established as Afghan organizations, while 2 indicated origins linked to another Global South country. All have legal registration to operate in Afghanistan.
- **Age of formation:** The sample was dominated by long-established actors - Four have operated for over 13 years, and seven have operated for more than 30 years.
- **Equivalency determination⁴:** All 11 intermediaries indicated that they successfully underwent equivalency determination process
- **Budget capacity:** 1 organization reported a budget less than USD 500,000; 3 organizations reported budgets of USD 500K–2 million; 4 organizations reported annual budget ranges of USD 2–5 million; 2 organizations reported budgets between USD 6–10 million; and 1 organization reported a budget of USD 11–20 million.
- **Leadership nationality:** 9 of 11 organizations reported that their top leadership are Afghan nationals. This rises to 10 when one organization indicated leadership with dual citizenship in Afghanistan and another country is included.

Table 1: Summary of Intermediary financial and staffing capacities

Annual Budget Range (USD)	Staff size	Number of Organizations	Organization name
Less than 500,000	10-20	1	PACo

⁴ **Equivalency Determination (ED)** is a process used by donors, especially foundations, to confirm that a non-profit organization in another country is legally and functionally equivalent to a recognised charity (for example, a U.S. public charity), even if it isn't registered in that donor's country

500,000k - 2 million	20-40	3	AREP, ORD, EPDO
2–5 million	20-40	4	RRAA, COAR, AWEC, ADA
6–10 million	10-20	2	OCCD; and OHW
11–20 million	20-40	1	CHA

3.3. Regranting and other functions

Regranting was not a universal function for all local intermediaries. Of the 11 organizations, 5 reported that they perform a regranting function, while 6 reported that they do not undertake regranting at all. Of the 5 that do regrant, only 1 (ORD) reported regranting as its sole function, while the remaining 4 - CHA, AWEC, ADA, and EPDO - combine regranting with other functions such as direct programming, capacity sharing, advocacy, or fundraising.

Other functions:

- **Capacity sharing and community empowerment** were the most common functions, with all 11 intermediaries surveyed reporting this as the most common functions.
- **Technical skills development** and **resource fundraising** are undertaken by 10 organizations
- **Functions such as advocacy and emergency response** were also prominent, with 9 organizations identifying them as part of their role.
- **Leadership and management** support was reported by 8 organizations
- **Partnership management** was noted by 6 organizations
- **Fiscal sponsorship**⁵ is rare, with only EPDO reporting this role.

3.4. Sectoral engagement

Findings indicate that Afghan intermediaries are active across multiple humanitarian and development sectors including, education, health, WASH, livelihoods, food security, humanitarian relief, gender/social protection, climate change, governance, and migration.

3.5. Target Populations and Partnerships

This section describes both the target populations and the primary partnerships with other actors, undertaken by intermediaries in Afghanistan.

Table 2: Target groups served by Afghan intermediaries

Beneficiary group	Number of intermediaries	Respondent %
Women & girls	11	100%

⁵ **Fiscal sponsorship** is a funding and compliance arrangement where a smaller or emerging organization partners with a larger, legally registered nonprofit to receive and manage donor funds.

Children & youth	10	91%
People with disabilities	11	100%
Refugees, IDPs, returnees	10	91%
Conflict-affected populations	9	82%
Rural/remote communities	9	82%
Elderly	7	63%
Ethnic minorities	5	45%
LGBTQIA individuals	2	18%

Partnerships

Intermediaries strengthen grassroots civil society.

- Community based organizations (CBOs) are the most frequently supported, reported by 9 organizations. In addition, 3 organizations reported working with other local actors, such as grassroots networks and community associations formed around a specific ethnic group or identity (e.g., Hazara, Pashtun, Tajik, Uzbek in Afghanistan).
- Self Help Groups (SHGs) are supported by 7 intermediaries.

Intermediaries also partner with more formalised organisations. Support to subnational NGOs was noted by 5 organizations, national NGOs by 3, and regional NGOs by 2.

Sources of funding.

- 8 of 11 organizations reported receiving funding primarily from international sources; 1 organization (PACo) reported relying mainly on domestic sources; and 2 organizations reported regional or mixed sources - one (AWEC) specifically regional, and one (RRAA) describing a mix of UN agency and international funding rather than choosing a single predefined category.

Funding trends

- **Decrease in funding:** 9 of 11 organizations explicitly reported a decrease in their funding.
- **Stable funding:** 1 organization reported that its funding is stable.
- **Fluctuating funding:** 1 organization described funding as fluctuating.

Funding access challenges

Findings indicated that the most widespread challenges are:

- **Complex processes for fund application** and **competition for funding**, each affecting 7 intermediaries.
- **Political context** is a major barrier, reported by 6.
- **Eligibility restrictions and lack of donor interest**, affecting over 5 intermediaries.
- **Other systemic issues** were also flagged by a smaller group of 3, such as restrictions on women's activities and an overall decrease in donor commitments.

5 regranting organizations were invited to take part in in-depth key informant interviews (KIIs). These organizations were purposively selected based on survey findings showing fund absorption capacities exceeding USD 2 million, indicating their potential to manage and channel large-scale funding to local actors. However, the pool of eligible intermediaries proved limited, with only 2 organizations expressing interest in participating, despite repeated follow-up. Face-to-face KIIs were subsequently conducted with AWEC and EPDO. These interviews sought to build a deeper understanding of their practices, experiences, and existing policies, as well as the opportunities and constraints shaping their ability to assume greater decision-making authority and manage larger volumes of funding.

3.6. Focus and Functions

Local intermediaries demonstrated a community-centered regranting model built on national/local leadership, deep contextual knowledge, and close relationships with local communities. Both AWEC and EPDO are women-led national NGOs with broad humanitarian and development portfolios that extend beyond grant management to include institutional capacity strengthening, community mobilization, and support for locally led action. Rather than acting solely as channels for donor funding, they work alongside local organizations to strengthen their capacity, connect them to funding opportunities, and support them to play a greater role in leading responses within their own communities.

While they share this common purpose, their approaches differ. AWEC does direct implementation across multiple sectors and provinces. When possible, they combine small grants with capacity strengthening to help local organizations build relationships with donors and coordination platforms. EPDO, on the other hand, takes a more grassroots approach, working closely with women's groups, Self-Help Groups, community networks, and local civil society organizations to strengthen local leadership, resilience, and community-driven development.

Box 1 – AWEC Organisational Overview

AWEC's main thematic areas include education, protection, livelihoods and women's economic empowerment, WASH, health, agriculture, climate initiatives, and emergency response. Alongside these programmatic areas, AWEC places strong emphasis on localization, capacity strengthening, and knowledge sharing, particularly with local and women-led NGOs. AWEC works to strengthen local actors' decision-making power by building their institutional and technical capacities and expanding their access to information, coordination and decision-making spaces, peer learning opportunities, and funding.

Over the past four years, with support from various bilateral donors, AWEC has run capacity-strengthening initiatives reaching around 60 grassroots organizations, alongside small grants ranging from USD 5,000–28,000 for community-level activities. Support also includes technical assistance, coaching, mentoring, advocacy, and direct implementation. AWEC also actively facilitates connections between local NGOs and grassroots organizations and potential donors to help them access direct funding.

Support is mostly structured around individual project cycles. AWEC also implements directly, so they do not systematically regrant all their funding, unless this is required by the donor. However, AWEC tries to sustain relationships beyond a single project by re-engaging former partners for new opportunities and remaining

available for capacity-building support on request. As of 2026, AWEC has no formal partnership agreements in place, though it continues to coordinate informally with local women-led organizations, particularly around new funding opportunities and joint advocacy with relevant ministries and departments to solve problems of the WLO.

Box 2 – EPDO Organisational Overview

EPDO is a women-led Afghan organization focused on improving the lives and resilience of vulnerable communities. Its programming spans gender equality, women's empowerment, livelihoods, protection, humanitarian assistance, and economic inclusion, delivered largely through Self-Help Groups, savings groups, and other community platforms that promote financial independence and social inclusion.

EPDO's model gives local CSOs the lead role in identifying and designing projects that respond to community needs. When funding is available, EPDO announces grant opportunities and invites eligible CSOs to submit concept notes and proposals based on their own community assessments. Once selected, partner organizations hold decision-making authority over key implementation choices while EPDO provides technical guidance, mentoring, and oversight rather than direct control.

EPDO channels support to local CSOs through a combination of small grants and technical assistance. Grants typically range from USD 5,000–10,000 and are intended to help CSOs cover basic operational costs and implement small-scale projects. Technical support includes training and mentoring in proposal writing, financial management, leadership, and organizational development. To date, EPDO has provided this kind of capacity strengthening to more than 60 local CSOs.

Support is generally structured as short-term, project-based interventions aimed at building CSOs' capacity to eventually attract funding from other donors. Where a partner needs more, EPDO extends longer-term accompaniment, including continued small grants, mentoring, and on-the-job coaching. These relationships generally extend over 10 to 16 months, to help partners mentor their own SHGs, monitor community activities, and strengthen organizational sustainability. Some relationships extend across multiple years; as partners successfully secure funding elsewhere, EPDO shifts its support toward other CSOs with similar needs.

3.7. Nature of the regranting model

Although support is largely delivered through short-term, donor-funded projects, intermediary organisations often seek to maintain relationships beyond individual grant cycles. This involves structured accompaniment through ongoing mentoring and follow-up support, while in others, organisations re-engage previous partners as new funding opportunities emerge.

For example, AWEC provides technical assistance, capacity building, advocacy, and small grants (USD 5,000–28,000). It was explained that support generally lasts for the duration of funded projects, but whenever new funding opportunities emerge it reconnects with previous partners and frequently includes them in consortium arrangements where they meet donor eligibility requirements. The organisation also continues providing informal advice and capacity support whenever former partners seek assistance.

EPDO begins with short-term project-based support (small grants ranging from USD 5,000–10,000) and extends accompaniment where partners demonstrate commitment and potential. Some partners receive

mentoring, coaching and institutional support for 10–16 months, giving them the capacity to mentor Self-Help Groups, strengthen organisational systems and improve sustainability. Once organisations become capable of securing funding independently, EPDO gradually shifts its support towards newer organisations requiring similar assistance while maintaining technical relationships with more established partners. More than 60 local CSOs have received technical capacity strengthening through this approach.

3.8. Shifting Decision-making Power

The findings indicate two distinct intermediary approaches. One centres on expanding local organisations' access to coordination platforms, donor networks, and funding opportunities, whereas the other focuses on devolving programme leadership by supporting local partners to identify priorities, design interventions, and lead implementation.

AWEC (*see box 1*) primarily shifts power by increasing local organisations' access to information, coordination structures and funding opportunities. It supports grassroots organisations to obtain membership in coordination bodies such as clusters and ACBAR, regularly shares funding opportunities and encourages local actors to participate in national and international coordination meetings. Its due diligence approach is described as recognising that many grassroots organisations require accompaniment before meeting formal compliance standards.

EPDO (*see box 2*) adopts a more decentralised programming model, but does not default to sub-granting, given their direct implementation approach. When grant opportunities become available, local organisations conduct their own community assessments, develop proposals based on locally identified priorities and once selected, retain authority over project location selection; beneficiary identification, stakeholder engagement and activity planning. EPDO also provides mentoring and oversight while also allowing local organisations to lead implementation because due to their contextual understanding of community needs.

Local (and international actors) consistently point to a broader observation regarding shifting decision-making power to local actors. Localization is not a property of actor type. It is a property of practice, at every level of the system.

The measure of whether localization is being achieved is not whether an INGO funds a local partner, or whether a local partner sub-grants to a community organization. It is whether, at the end of that chain, the people most affected by the response are genuinely shaping it and benefiting from it. This means, fundamentally, the question of "are you working with local partners?" is the wrong question. The right question, for donors, international actors, and for local actors themselves, is whether the partners you work with are genuinely connected to and accountable to the communities they serve, and whether the way you work with them actively supports that accountability rather than undermining it.

3.9. Capacity strengthening as a Core Intermediary function

Capacity strengthening emerged as the defining feature of the intermediary model. Instead of stopping at small grants, intermediaries weave these resources together with hands-on support, helping partners grow their systems, skills, and confidence. Importantly, local actors have a strong track record of capacity sharing amongst themselves, and with international actors. This support often takes the form of:

- organizational assessments,
- technical training,
- coaching,
- mentoring,
- guidance on proposal writing,
- financial management,
- leadership, and
- donor compliance.

Beyond training rooms, intermediaries open doors to donor networks and coordination platforms. For example, ACBAR and sectoral platforms help align incentives and build trust between NGOs, donors, and private actors. They also create practical learning opportunities by exposing partners to real organizational systems and processes during project implementation. The aim is not only to help partners deliver on today's projects, but to prepare them to operate independently, including accessing direct donor funding and leading future humanitarian and development programs independently.

3.10. Policies and Practice

Neither intermediary has developed a standalone localization policy. Instead, they rely on grant management frameworks that embed locally led approaches within operational procedures. These frameworks typically include:

- partner selection and due diligence processes;
- grant management and financial accountability procedures;
- monitoring, evaluation, accountability and learning (MEAL) systems;
- safeguarding and compliance requirements; and
- organizational policies governing partnership management and capacity strengthening.

Respondents also mentioned that regranting is viewed as part of a broader organizational strategy to strengthen local leadership rather than simply a funding mechanism.

For example,

- AVEC has an established grant policy governing sub-grant management and reported that its forthcoming strategic plan explicitly commits to localisation and progressively increasing local partners' decision-making roles.
- EPDO's grant management framework establishes procedures for engaging local organisations, strengthening their capacity and progressively transferring implementation responsibilities.

Another notable finding is that policy implementation appears to be adaptive rather than rigid. Due diligence processes, for example, were described as supportive rather than exclusionary. Rather than using due diligence solely to determine partner eligibility, intermediaries described it as a developmental process that identifies organisational capacity gaps and supports partners to address them through mentoring, technical assistance, and institutional support before or alongside funding.



"Our organisational policies are complemented by practical partnership arrangements, including joint planning, regular communication, mentoring, and continuous technical support. These operational practices help us to translate our commitments into day-to-day implementation and reinforce our role beyond grant administration...."

KII, EPDO

3.11. Funder behaviour (enablers)

Regranting local intermediaries identified several donor practices that they believe would strengthen locally led action and enhance the effectiveness of regranting models. These include:

- **Flexible and multi-year funding.** Longer-term and more flexible funding would enable intermediaries and local organisations to invest in institutional development, respond to changing community needs, and build sustainable partnerships beyond short project cycles
- **Dedicated budgets for organisational capacity strengthening.** Funding specifically allocated for strengthening local organisations would support them to improve their institutional capacity, systems, and readiness to access and manage funding independently
- **Simplified application and reporting requirements.** Streamlining donor application, compliance, and reporting processes would reduce administrative burdens, making funding more accessible to local organisations with limited resources
- **Direct funding opportunities for local organisations.** Providing more opportunities for local organisations to access donor funding directly would strengthen local ownership, reduce reliance on intermediaries over time, and enable locally led responses
- **Consortium models that involve local actors from programme design.** Engaging local organisations from the earliest stages of programme design would ensure that interventions reflect community priorities while promoting equitable partnerships and shared decision-making

- **Fair and transparent partner selection processes.** Clear, inclusive, and transparent selection criteria would provide local organisations with equal opportunities to participate in funding and partnership arrangements
- **Mandatory inclusion of local organisations within larger funding arrangements.** Requiring international organisations or lead partners to include and resource local organisations within consortia would increase local participation, strengthen institutional capacity, and create pathways for progressively transferring leadership and decision-making to local actors.

4. Non-Regranting intermediary models

Although many of the identified local partners indicated that they do not currently undertake regranting, a selection of non-granting intermediaries was included in the KII exercise to provide broader perspectives on their role in the intermediary ecosystem. The interviews explored the reasons why they do not perform a regranting function and examined the alternative mechanisms they use to support and strengthen local actors within the humanitarian ecosystem. Preliminary findings indicate that the absence of regranting is primarily a function of the enabling environment rather than organisational capacity.

4.1. Focus and Operational Model

Both OCCD and COAR were described as long-established national NGOs with extensive humanitarian and development portfolios.

- **OCCD** (est. 2013) operates in 12 provinces including Kunduz, Herat, Balkh, Kunar, Nuristan, Laghman, Ghor, Helmand, Kandahar, Ghazni, Khost, and Kabul, covering health, WASH, education, protection, livelihoods, nutrition and capacity strengthening with a strong focus on women, children, and conflict affected populations.
- **COAR** (est. 1980s) has over 37 years of experience, working across WASH, education, livelihoods, women's empowerment, DRR, climate resilience, civil society development, and advocacy.

The organisations described themselves as mature national actors with the operational experience and management systems necessary to undertake intermediary functions, unlike smaller national organisations that may face institutional capacity constraints.

4.2. Limitations on regranting

A repeated finding across both interviews is that the absence of a regranting function was not attributed by respondents to organisational choice or insufficient capacity. Rather, both organisations reported that donor funding to them has been structured for direct implementation, not for onward granting. Regranting was described as a role they have not been resourced or asked to play. Respondents linked this to two related but distinct dynamics:

- **Donor confidence in fiduciary management.** Both organisations noted that donors continue to position international organisations as the primary managers of large funding portfolios, citing fiduciary risk, financial management systems, and compliance capacity as the basis for this preference. This shapes which actors are entrusted with funds intended for redistribution, and thereby, regranting.
- **Scarcity-driven competition.** Respondents also described an environment where available funding is extremely limited relative to need, creating strong competition among national organisations for what funding exists. In this context, organisations that do receive funding have a strong incentive to prioritise covering their own operational costs and sustaining their own programming before considering onward

sub granting. This also speaks to the scarcity of passed-through overhead cost coverage, resulting in local actors seeking to retain as much direct funding as possible.



Feedback from respondents,

One respondent noted that although localisation is increasingly promoted within donor policies, practical opportunities for national organisations to manage funding directly remain limited, creating a disconnect between localisation commitments and implementation

As COAR notes, *“the current limited role in regranting is not due to a lack of capacity, but rather reduced donor confidence in local NGOs following the political changes in Afghanistan in 2021.”*

Rather than asking about our organisational readiness, respondents argued that *“the principal barrier lies in limited donor confidence and restricted access to funding opportunities”*.

4.3. Future Willingness to Regrant

Both OCCD and COAR made it clear that their current non-regranting status is not a matter of choice or capacity, but of donor conditions. Both organizations have previously undertaken regranting, and expressed readiness to re-engage if the funding environment becomes more transparent, equitable, and supportive of national NGOs.

OCCD reported that it has the institutional systems and experience to manage regranting, citing its track record implementing large-scale programs and managing projects worth over USD 20 million. This portfolio previously including a small grants program where opportunities were openly advertised through ACBAR, partners were selected competitively, and lower-capacity organizations received tailored support to qualify for future funding. OCCD linked the prospect of resuming this role to two specific donor practices rather than to its own capacity constraints.

First, it described current donor allocation processes as opaque, meaning organizations are not given clear access to the funding decisions that determine who is entrusted with large portfolios for redistribution, with these grants often going to international actors.

Second, OCCD reported receiving lower operational cost coverage than international intermediaries performing comparable functions, which constrains its ability to sustain the due diligence, compliance monitoring, and administrative infrastructure that a regranting function requires. OCCD’s position was that its capacity is not in question; rather, resuming regranting depends on donors extending the same transparent selection processes and equitable overhead support to national organizations that are currently extended to international intermediaries. The organization stressed that current donor practices often disadvantage local NGOs, citing opaque allocation processes and inequitable operational cost coverage compared to international intermediaries. OCCD’s future vision is to resume regranting as a tool for strengthening local NGOs and CSOs, provided donors create a level playing field and trust national systems.



"If donor funding processes become more transparent, equitable, and supportive of national organizations, OCCD would be ready to resume regranting and invest in strengthening the capacity of local organizations through fair and competitive funding opportunities."

KII, OCCD

COAR frames its willingness to regrant within a broader strategic vision, as a founding convener of the Afghanistan Localization Lab (see box 3 below). COAR sees regranting not as an end in itself, but as part of a long-term capacity strengthening model. It prioritizes sustainable institutional support over short-term grants. The organization has already conducted a nationwide assessment of local NGO capacities and gaps and is working with the ACBAR Localization Taskforce (see box 4 below) to design a capacity building framework. COAR argues that regranting should be embedded in a strategic ecosystem approach, where grants are paired with mentoring, technical support, and advocacy for fairer funding opportunities.

COAR indicated that current donor funding arrangements may have broader system-wide implications. By primarily funding international intermediaries to manage downstream partnerships, opportunities for national organizations to perform intermediary functions, including regranting, remain limited. Respondents argued that expanding direct funding opportunities, adequately financing intermediary functions, and involving local organizations in program design would strengthen the wider local intermediary ecosystem.

Box 3 – Afghanistan Localization Lab

The Afghanistan Localization Lab (ALL) is the Afghanistan chapter of a global initiative led by NEAR (Network for Empowered Aid Response). NEAR is a network of over 300 civil society organizations across 40 countries in the Global South. NEAR's vision is a world where local communities have the resources and authority to address their own challenges, achieved by transforming humanitarian support delivery through shared knowledge and systemic influence.

The Afghanistan Lab was launched on November 5, 2024, in Kabul, convened by COAR (Citizens' Organization for Advocacy and Resilience, one of Afghanistan's oldest NGOs) in collaboration with NEAR and the Civil Society Empowerment Network (CEN). Its four core objectives are: building and amplifying a collective local voice; positioning local actors as primary decision-makers over the long term; co-creating and uplifting local solutions; and generating and sharing learning to drive systemic change in the aid sector.

Operationally, the Lab pursues four pathways for supporting local actors, which follow their core objectives closely. Firstly, strengthening local capacity by equipping local actors with the skills, resources, and leadership opportunities to respond to crises. They also seek to enhance coordination between local, national, and international actors. They build trust through inclusive decision-making; advocating for direct funding to local actors. Finally, they amplify local voices in shaping both national and global humanitarian agendas.

Its strategic framework aligns this work with NEAR's global localization framework while adapting it to Afghanistan's context, combining a contextualized version of NEAR's [Localization Performance Measurement Framework](#) (LPMF) with an evidence-based, adaptive implementation approach. Implementation follows three phases: planning and preparation (developing the framework, engaging stakeholders, and finalizing workplans); implementation (workshops, consultations, action research, and learning exchanges with local actors); and evaluation and scaling (assessing impact, documenting lessons, and replicating successful

initiatives more broadly). Throughout, the Lab positions itself as a convening space for shared ownership, rather than treating localization as a donor or INGO-led process.

Box 4 – ACBAR and the Localization Technical Working Group (LTWG)

ACBAR (the Agency Coordinating Body for Afghan Relief & Development) is a long-standing national civil society umbrella network bringing together international, national, and local NGOs in Afghanistan. ACBAR convenes and coordinates the Localization Technical Working Group (LTWG), a multi-stakeholder group established in 2023 comprising donors, UN agencies, humanitarian clusters, INGOs, and NNGOs. It is supported by the UK Aid-funded Afghanistan Context Sensitivity Mechanism (ACSM).

ACBAR and the LTWG's role is centred on capacity strengthening, coordination, and donor advocacy rather than direct grant-making. Its longest-running vehicle is the ACBAR Twinning Programme, launched in 2015 with FCDO (then DFID). This program provides funding to close capacity gaps among local humanitarian actors. It began by supporting 25 national NGOs, expanded to 40 in 2019, and by 2023 had grown into a third phase, supporting 61 NNGOs, including 24 women-led or women-focused organizations.

Beyond coordination, ACBAR is actively shaping the funder conversation on localization. It has proposed its own working definition of localization for the Afghanistan context, centred on the purposeful transfer of power, leadership, decision-making, and resources to Afghan organizations and communities.

4.4. Supporting Local Actors without Regranting

Respondents indicated that even without regranting, their organizations continue to support local actors:

- **OCCD** provides training, mentoring, office space, warehouse facilities, and technical assistance in policy and program development.
- **COAR** engages through the Localization Lab and ACBAR⁶ Localization Taskforce, advocating for fairer funding and developing capacity building frameworks.

⁶ **ACBAR (Agency Coordinating Body for Afghan Relief and Development)** is the leading coordination body for national and international NGOs in Afghanistan, promoting coordination, policy dialogue, capacity strengthening, and advocacy across the humanitarian and development sectors.

5. International Intermediaries

15 international NGOs were initially scoped for this research. From these, 7 organisations were purposively selected and invited to participate in key informant interviews (KIIs) because they were identified as implementing a range of significant efforts to shift power and funding to local actors. In-depth KIIs were ultimately conducted with 4 international intermediary organisations that responded to the invitation: CARE International, Welthungerhilfe (WHH), Save the Children and Afghan aid.

The roles of international intermediaries in Afghanistan have evolved from primarily direct implementation towards facilitating and strengthening locally led action through partnerships with local and national NGOs, grassroots networks, and community structures. Various interviewees described partnerships as increasingly complementary, with international organizations contributing donor access, technical expertise, and institutional support, while local actors provide contextual knowledge, trusted community relationships, and operational access to hard-to-reach areas.

Respondents attributed this change, in part, to Afghanistan's 2021 political transition, which reshaped the operating environment by reducing development assistance and increasing humanitarian funding, increasing compliance and risk management requirements, and increasing reliance on local actors with established community acceptance and access.

5.1. Focus and Functions

International intermediaries operate through partnership-based delivery models. Their intermediary roles extend beyond channelling donor funding to local organizations and include organizational capacity strengthening, technical assistance, mentoring, and facilitating access to other funding opportunities.

For example, CARE works primarily through a lead partner/sub-partner approach, with local NGOs delivering key components of humanitarian and development programmes across multiple sectors. As of mid-2026, CARE works with five local partners, managing approximately 4-6 project-based subawards (notably down from and 12 local partners managing 12–20 subawards annually prior to the suspension of USAID funding). Subawards range from approximately USD 14,000–25,000 for smaller projects to between USD 500,000 and USD 2 million for larger programmes, with some projects transferring up to 80% of the total project budget to local partners. CARE actively engages partners in programme design, budgeting, and activity planning. CARE also engages in capacity strengthening, based on organizational capacity assessments, including ongoing mentoring to strengthen governance, accountability, and institutional capacity. CARE also actively participates in the Afghanistan NGO coordination platform (ACBAR) that convenes over 230 NGOs, and is a member of the Localisation Technical Working Group (LTWG)

WHH uses a lead partner/sub-partner approach, consortium participation, and capacity strengthening to gradually shift leadership, funding access, and decision-making authority to Afghan organizations. Its lead partner/sub-partner model tailors support according to partner capacity. Established organizations manage larger grants (30–50% of project budgets), while emerging partners receive smaller sub-grants alongside

organizational and technical capacity strengthening. WHH operates under a dual humanitarian and development approach, combining emergency food security and cash-first assistance with longer-term resilience, livelihoods, and market systems development. WHH currently works with 6 local and national partners in Afghanistan.

Save the Children combines direct implementation with partnership-based delivery across many sectors, including notably education, child protection and emergency response. It provides project-based grants and sub-awards to local NGOs and community-based organizations through both lead partner/sub-partner and equitable partnership models. Local partners typically manage 20–50% of project budgets, with some donor-funded projects requiring that up to half of the funding be administered directly by national organizations. Shifting from project cycle partnerships to long-term strategic collaboration, high performing partners are supported across multiple projects, with emphasis on sustainable locally led action.

Afghanaid works primarily in Ghor, Samangan, Badakhshan, Daikundi, and Kunar, implementing programmes in agriculture, food security, livelihoods, climate adaptation, emergency response, and community development. While it no longer operates a dedicated grant-making mechanism, it works through lead partner/sub-partner arrangements, with local organizations implementing defined components of donor-funded projects. Previously, it provided project-based grants ranging from USD 20,000 to USD 100,000, demonstrating an earlier role in directly channelling resources to local NGOs. Its partnership model now focuses on shared implementation responsibilities and strengthening local institutional capacity alongside programme delivery.

5.2. Policies and Practice

The international intermediaries interviewed emphasize collaborative partnership models that seek to strengthen local ownership and participation in decision-making.

For example, WHH reported involving partners throughout the program cycle, including program co-design processes, proposal development, budgeting, implementation, monitoring, and review processes. It was mentioned that communities themselves participate in identifying priorities and selecting interventions, contributing to a more locally informed approach.

Box 2: Welthungerhilfe's Two-Way Partnership Assessment Mechanism

WHH has developed a two-way partnership assessment mechanism, through which local partners assess WHH's performance in addition to WHH assessing partner capacities. This approach promotes mutual accountability and creates opportunities for partners to influence how relationships are managed, rather than positioning assessment as something intermediaries do *to* partners rather than *with* them.

This mechanism is formalized through WHH's Localization Performance Measurement Framework (LPMF), launched in September 2025 and adapted from a framework originally developed by the NEAR Network for joint use by WHH and its partners. The LPMF is structured around six dimensions (Partnership, Funding, Capacity, Coordination and Complementarity, Policy Influence and Visibility, and Participation) each with defined indicators and means of

verification. Under the Partnership dimension, WHH explicitly commits to "structured partnership quality reviews" that assess whether principles of equality, transparency, and mutual accountability are actively applied during implementation, not simply written into formal agreements

Two features of the framework are particularly relevant to the funding and capacity-strengthening themes raised elsewhere in this report:

- **Funding quality as a tracked dimension.** The LPMF assesses whether overhead costs are shared equitably between WHH and local partners without added reporting conditions, and whether financial transactions and budgets are transparent to partners.
- **Due diligence "passporting."** WHH is working to align capacity assessments with other international actors, recognizing existing due diligence assessments (including those conducted by other INGOs or UN agencies) as valid for up to three years. This reduces the duplicated, repeated assessment burden that several respondents in this study described as a barrier to accessing funding.

Source: [Localization Performance Measurement for WHH](#)

CARE indicated that local partners are integrated into program design, budgeting, implementation, monitoring, and reporting processes. The organization highlighted that it places strong emphasis on mentoring, coaching, governance strengthening, proposal development support, and donor compliance assistance.

AfghanAid reported that local partners contribute to planning, contextual adaptation, monitoring, and program delivery within agreed frameworks. They also indicated that partnerships are also seen as an opportunity to strengthen local organizations over time, with support provided in areas such as proposal writing, budgeting, donor compliance, financial management, and reporting. Afghanaid highlighted that community voices are integrated throughout the programme cycle through participatory needs assessments and participant selection, community consultations, and feedback mechanisms such as the Community Feedback and Response Mechanism (CFRM), hotline services, and the AWAZ Afghanistan platform.

Save the Children team reported that they have institutionalized localization through a dedicated Localization Roadmap and Strategy. They Indicated that local partners participate throughout the programme cycle, from project design and budgeting to implementation, monitoring, and strategic decision-making. The organization invests extensively in governance, safeguarding, MEAL, proposal development, financial management, and donor compliance systems to prepare partners for direct donor engagement. Beyond project implementation, Save the Children highlighted that it promotes local leadership through annual Partnership Forums, technical workshops, joint monitoring visits. SCI also engages with localisation policy and practice through its active membership, including leadership in 2025, of the ACBAR Localization Technical Working Group (LTWG).

Due diligence and capacity assessments remain important for partnership requirements. However, many respondents indicated that these are not viewed solely as compliance tools. Instead, they are used to

identify organizational development needs and inform tailored capacity strengthening support geared at a broader shift toward supporting local actors to become more independent, sustainable, and capable of managing donor funding directly.

5.3. Intermediaries' Practices on passthrough of overheads

Save the Children reported that it incorporates direct project costs into all subawards to local partners. For some projects, partners also receive overhead or indirect cost support. The percentage of ICR passthrough depends primarily on donor requirements and takes into consideration the partner organization's institutional needs. Save the Children team also stated that they engage donor agencies directly to advocate for expanded overhead funding, aiming to help local partners build stronger institutional and organizational capacity over time.

Afghanaid indicated that where Afghanaid engages sub-partners, project budgets may include provision for operational or administrative costs tied directly to implementation, as defined in the approved budget and donor guidelines. The team reported that these costs are treated as allowable expenditures linked to the delivery of agreed outputs, rather than as unrestricted funding.

CARE International highlighted how it includes direct implementation costs in all subawards to local partners. Depending on the donor's funding policies and the terms of the grant agreement, some projects and partners also receive overhead or indirect cost recovery.

WHH's funding to local partners primarily covers programme/project implementation, with a smaller number of partnerships focused specifically on organizational capacity-strengthening. In all cases, WHH ensures that partners receive a fair share of coverage for staffing and operational expenses, proportional to WHH's own costs.

5.4. Local Partner and Subgrantee Perspectives: Triangulating Practice

To complement the intermediary-reported practices described above, this section draws on key informant interviews with two Afghan national NGOs, who act as subgrantees to international intermediaries. These conversations centred around their experience as subgrantees of international intermediaries, including UN agencies. To preserve anonymity, their names and attributions are not included in this report, given that they currently hold working relationships with the upstream partners, also named in this report. To note, this section draws on conversations with two subgrantees, and as such, the findings should not be considered as generalisable across the sector. These experiences are also not necessarily linked to each of the international intermediaries named elsewhere in this report and should not be read as characterising the practice of any single named organisation.

Subgrantee 1: A 30+ year-old national NGO delivering a mix of short-term emergency response grants (3–9 months) and larger multi-year development grants (2–4 years) received from international partners.

Subgrantee 2: A national NGO whose mission centres on women’s empowerment and GBV prevention, which has also expanded into education, protection, child protection, food security and agriculture, livelihoods, and health. It has an annual operating budget of approximately USD 2 million for 2026 with grant sizes ranging from USD 100,000 to USD 1 million. Project durations are typically of 6–24 months and up to 3 years for the longest project.

5.4.1. Passthrough of Overhead and Operational Costs

As noted above, international intermediaries include direct project costs in all subawards, with overhead or indirect cost recovery provided for some but not all projects and partners, depending on donor terms. One subgrantee account provides nuances to this statement. They noted that support to subgrantees is, in its experience, “very limited because the funding passes through several layers before reaching local organizations,” leaving “almost no support for operational and administrative costs.”



“We implemented a shelter project in partnership with an international intermediary, funded by a UN agency. A large portion of the funding went to the international intermediary, while we mainly worked as a facilitator and received only a small amount of the budget. We do not think this is fair. Before providing funding, a capacity and needs assessment of the local organization should be conducted so that the funding can be distributed more fairly.”

KII subgrantee

Even where intermediaries are committed to passing on a fairer share of indirect cost recovery to local partners, they carry their own operational costs to cover, and in the absence of donor mandates requiring a specific allocation, they tend to default to retaining a larger share for themselves.

5.4.2. Decision-Making and Programmatic Control

International intermediaries describe a range of approaches to partner involvement. Some frame local partners as embedded across the full programme cycle, while others describe this involvement as extending into strategic decision-making. Two local NGO subgrantees describe their own involvement as consultative at best, and largely symbolic at binding moments.



“Our involvement in decision-making within funding relationships is very limited, especially regarding funding allocations and priorities... under UN funding, a committee is established to review project proposals. While local NGOs may be represented in this committee, its role is largely symbolic... the final decisions remain with the donor or intermediary organization.”

KII, subgrantee



“The final decisions on funding levels, budget allocations, project design, and strategic priorities are generally made by the donor or the lead intermediary. We believe greater participation of local organisations in strategic and funding decisions would lead to better programme quality and stronger local ownership.”

KII, subgrantee

The international intermediary framing implies that sub-granted partners help shape outcomes, however the subgrantee accounts describe consultation without real authority to shape final decisions. Because the two

subgrantees describe donor and intermediary funding relationships collectively, this is best read as evidence about decision-making culture across the sector, which prioritises presence, without necessarily questioning agency.

Subgrantees also described a broader double standard in how communication is handled within these relationships.



“When donors or intermediary organizations request information, reports, or feedback from local NGOs, they expect timely responses and comprehensive investigation reports, and strict deadlines are applied. In contrast, when local NGOs raise concerns, submit feedback, or report implementation challenges, their input is not always given the same level of attention... some concerns remain unresolved.”

KII, subgrantee



“Sometimes feedback from local partners is acknowledged but not fully reflected in final decisions... some intermediaries communicate decisions in a top-down manner, leaving limited space for local partners to influence strategic decisions.”

KII, subgrantee

These accounts indicate that the existence of a feedback channel (email, meetings or review calls) does not, in subgrantees’ experience, guarantee reciprocal responsiveness. Once again, this creates nuance regarding the lead/sub-partner relationship, suggesting that reciprocal responsiveness remains aspirational across the sector. Once again, the question returns to whether the feedback system meaningfully transfers agency, or whether it “ticks a box” for donor reports.

5.4.3. Compliance and Administrative Burden

International intermediaries already highlighted that complex compliance requirements burden smaller Afghan NGOs. One respondent added a related point about how intermediaries’ own systems are experienced in practice:



“Many intermediary organizations focus heavily on policies, procedures, and documentation, but these are not always reflected in practice. Their systems often place a heavy administrative burden on local NGOs while relying on outdated procedures that do not reflect the current operating environment.”

KII, subgrantee

5.4.4. Government-Level Pushback on Cost Allocation

One of the subgrantee respondents also highlighted an important dynamic regarding ICR passthrough more generally.



“Even the current government has raised this concern. They have stated that organizations which are not directly involved in project implementation should not receive such a large share of the funding for their operational costs, and in some cases, they have refused to sign Memorandums of Understanding (MoUs) with such organizations. However, this issue still continues.”

KII, subgrantee

This account notes that government counterparts are pushing back on intermediary organisations retaining a large share of operational funding while direct implementation is primarily carried out by local actors. This external pressure reinforces the case that a greater share of indirect cost recovery should flow to the local partners delivering programming, rather than being concentrated with the intermediary layer.

5.4.5. Capacity Strengthening and Partnership Value

International intermediaries emphasize capacity strengthening, mentoring, and technical support as core value intermediaries add to local partners. Subgrantee testimony validates this existing comparative advantage. Both respondents, however, frame capacity sharing quality as inconsistent across intermediaries rather than universal, echoing the report's own recommendation to move from compliance-based to developmental partnership models.

5.5. Funder Behaviors: Enablers and Barriers

International intermediaries emphasized that donor behavior remains one of the most significant factors influencing localization outcomes. While donors increasingly express support for localization, respondents highlighted both enablers and persistent barriers that limit local actors' ability to take on greater leadership.

5.5.1. Enablers

Direct budget allocation to local actors. Save the Children's localisation roadmap commits to increasing direct funding to Afghan NGOs, in line with Grand Bargain targets. *For example*, one proposal under development at the time of this research envisaged Save the Children and a national NGO as co-leads, with 50% of funding directed toward localisation/local actors in line with that donor's requirements and Save the Children's transformative localisation approach. This was cited as a specific project-level example rather than a standard percentage applied across Save the Children Afghanistan's portfolio or a binding requirement of the Localization Roadmap.

Simplified compliance systems: Streamlined reporting and due diligence reduce barriers. *For example*, CARE works with community-based saving and loan groups, and stresses that simplified compliance would allow smaller Afghan NGOs to participate more fully

Capacity strengthening investment: Recognising organisational development as a legitimate cost. *For example*, WHH's localisation programmes include training young Afghan entrepreneurs and supporting women's saffron cooperatives, directly investing in institutional and technical capacity

5.5.2. Barriers

Short funding cycles prevent long-term partnerships. Short funding cycles were reported to limit the development of long-term partnerships and institutional capacity. Several respondents noted that project-based funding often ends before local organisations have fully strengthened their systems or assumed greater responsibilities, resulting in partnerships that conclude with the project rather than evolving into sustained collaborations.

Short implementation timelines and rigid or overly prescriptive financial management requirements can significantly constrain adaptive programming. Local partners often face considerable pressure to deliver activities and meet predefined programme and financial targets, leaving limited space to pause, adapt approaches, or respond to changing local realities. This can create an unintended shift in focus from programme quality toward implementation and expenditure.

Complex compliance requirements burden smaller NGOs. CARE Afghanistan stresses that smaller Afghan NGOs struggle with donor compliance systems, limiting their ability to access funds

Financial and compliance risk remains concentrated with international intermediaries. Respondents explained that donors continue to hold international organisations contractually accountable for fiduciary risk, compliance, and financial oversight. As a result, international intermediaries often retain key grant management and decision-making responsibilities, limiting opportunities for Afghan NGOs to lead these functions. For example, WHH noted that donor accountability requirements often require international partners to retain financial and compliance oversight, even where implementation is led by national organizations.

Limited direct access to funding: Local NGOs still face barriers despite localisation commitments. *Example:* Save the Children's localisation roadmap recognizes Afghan NGOs continue to struggle with direct donor access.

6. Comparative Advantages of Intermediaries

Intermediary	Comparative Advantage	Description
International Intermediaries	Long-standing Presence and Contextual Experience	A consistent comparative advantage identified by the international intermediaries was their long-standing presence in Afghanistan. Having worked in the country for decades, they explained that they have developed a deep understanding of the evolving political, humanitarian, and operational context, as well as long-term relationships with government institutions, donors, communities, and local partners. This experience enables them to adapt programs to changing circumstances, respond quickly during crises, and support local organizations in navigating a complex operating environment.
	Technical Expertise and Quality Assurance.	The organizations also viewed their technical expertise as a key strength. Drawing on years of experience across sectors such as health, education, food security, livelihoods, resilience, child protection, and humanitarian response. They provide technical guidance, mentoring, and quality assurance to local partners. Rather than replacing local expertise, they described their role as complementing it by sharing global knowledge, proven approaches, and technical standards.
	Access to Donor Funding and International Systems.	Another advantage frequently mentioned was their ability to access international funding and navigate donor systems. International intermediaries noted that they have established relationships with bilateral donors, UN agencies, and other funding institutions, enabling them to mobilize resources that many local organizations may not yet be able to access directly. They also play an important role in helping local partners understand donor requirements, develop competitive proposals, and manage grants in line with international standards.
	Strengthening Local Organizations.	Beyond managing grants, the organizations consistently emphasized their role in helping local partners grow stronger over time. Capacity strengthening was described as a long-term process that includes improving governance, financial management, safeguarding, monitoring and evaluation, compliance, and organizational systems. The aim is to deliver projects together, and to enable local organizations to become more independent, sustainable, and capable of managing larger and more complex programs in the future.
	Bridging Donors and Communities.	Several intermediaries described themselves as playing an important bridging role between international donors and local communities. On one hand, they understand donor expectations, compliance requirements, and reporting systems; on the other hand, they work closely with local organizations that understand community priorities and

Intermediary	Comparative Advantage	Description
		realities. By bringing these perspectives together, intermediaries are at a comparative advantage to help ensure that donor-funded programs remain both accountable and responsive to local needs.
Local Intermediaries	Trusted Relationships and Community Acceptance.	This was the most consistently mentioned comparative advantage. International intermediaries recognized that local organizations have established relationships with communities built over many years, enabling them to gain acceptance more easily and work effectively in sensitive contexts. <i>For example, SCI noted that local organizations possess stronger community trust and legitimacy than international organizations and Afghanaid highlighted trusted community relationships as essential for understanding local priorities and implementing programs effectively.</i>
	Deep Contextual and Cultural Knowledge	There was an emphasis that local actors have a much stronger understanding of Afghanistan's social, cultural, political, and linguistic context. This includes knowledge of local customs; cultural sensitivities; community power dynamics; informal institutions; and local conflict dynamics.
	Access to Hard-to-Reach Communities	Another commonly cited advantage was the ability of local organizations to reach communities that international organizations may struggle to access. SCI explicitly identified access to hard-to-reach populations as one of the key strengths of local organizations. CARE similarly explained that its partnership model allows it to reach remote and vulnerable communities through locally embedded organizations and community structures.
	Better Understanding of Community Priorities	Several organizations explained that local partners are often better placed to understand what communities need because they live and work alongside them. Afghanaid described its role as translating community priorities into donor-funded programs, acknowledging that these priorities originate from local communities and local organizations. CARE's community-based programming similarly demonstrates reliance on local actors to identify priorities and adapt interventions.
	Long-term Community Presence	Unlike many externally funded projects that begin and end with donor funding cycles, local organizations often remain in the communities where they work. International intermediaries recognized that this continuity strengthens relationships and contributes to sustainability.

7. Recommendations

Recommendation	Insight	Action for Donors	Action for INGOs
ICR Passthrough	ICR passthrough policies are primarily driven by donor policies and mandates, even for international intermediaries who are committed to localization.	Ensure that grant agreement include clear policies governing the fair passthrough of ICR to downstream partners.	International actors should examine their own practices regarding ICR passthrough and implement organization-wide policies mandating fair ICR passthrough, regardless of donor policies.
Pilot progressive transition models for locally led funding	Several intermediary models demonstrated that responsibilities could shift progressively as local organisations strengthen their systems and confidence grows.	Design and finance pilot funding mechanisms (including multi-phase grants with agency-transfer targets) that deliberately transfer leadership, decision-making and funding responsibilities to local actors over time.	Co-design and implement the phased transition plans with local partners: agree milestones jointly, track progress, and provide the mentoring and support needed to move responsibilities forward.
Move from compliance-based to developmental partnerships	Effective intermediaries use due diligence and capacity assessments as opportunities to strengthen organisations rather than screen them out. Long-term mentoring and accompaniment were considered more valuable than one-off training.	Require and fund dedicated budget lines for accompaniment, mentoring and institutional strengthening within grant agreements.	Redesign partnership and due diligence processes so they identify organisational gaps as opportunities for investment rather than reasons to screen partners out and deliver the accompaniment and mentoring directly.
Partner visibility	Local NGOs are underrepresented in external communications.	Facilitating direct donor engagement with local partners. For example, in donor site visits, review meetings and reporting calls, not filtered exclusively through the INGO prime.	Explicit attribution in donor reports, rather than aggregated under the INGO's name Co-branding with CSO logos, names and roles on all publications
Invest in shared intermediary ecosystem infrastructure	Effective intermediaries do not operate a lone, they rely on shared infrastructure across the sector including common due diligence systems, learning platforms, safeguarding support, and pooled technical services. Donors currently lack comparative evidence across the diverse intermediary models that exist, making it difficult to know what is working and where to invest.	Invest in shared ecosystem infrastructure- common due diligence systems, learning platforms, safeguarding support, technical assistance and pooled services-including a shared donor-intermediary learning mechanism (convened collectively by interested donors rather than housed with a single funder) to track comparative performance across models and co-design future pilots.	Participate in and contribute to shared systems, including the learning mechanism, and collaborate with peer intermediaries rather than competing with them.
Fund capacity strengthening as a dedicated, flexible budget line	Small grants alone are insufficient to build local partners' institutional strength. Capacity strengthening needs its own dedicated, demand-driven funding and mentoring, shaped by what partners themselves identify as priorities rather than a fixed formula applied uniformly.	Embed flexible, demand-driven organisational development funding lines within individual grant agreements, negotiated with grantees rather than fixed at a set percentage.	Facilitate a demand-driven process with partners-through self-assessment or dialogue-so local and national actors identify and prioritize their own capacity needs (operational, technical, leadership or partnership-related) and administer the funds accordingly.

Recommendation	Insight	Action for Donors	Action for INGOs
Measure localisation through power and decision-making, not funding alone	The research found that meaningful localisation depends on who controls programme design, funding decisions, procurement, learning and accountability, not simply on the proportion of funding channelled directly to local actors.	Require indicators that measure decision-making authority, governance, programme design, resource allocation, learning and accountability.	Embed these indicators into their own MEAL systems and report against them regularly and encourage other INGOs to do the same. Where possible, develop and disseminate evidence of the impact of such actions.
Reframe capacity sharing as mutual, and strengthen two-way accountability	International intermediaries and local actors each bring distinct and valuable capacities: international actors typically contribute donor access, technical systems and compliance expertise, while local actors bring contextual knowledge, community trust, access partners and local expertise. Models such as WHH's Two-Way Partnership Assessment Mechanism, in which local partners formally assess intermediary performance alongside intermediary assessments of partners, demonstrate that partnership assessment need not run in one direction only.	Require and fund two-way partnership assessment and mutual accountability mechanisms within grant agreements, rather than funding capacity assessments of local partners alone.	Adopt mutual, two-way partnership assessment mechanisms - drawing on models such as WHH's - that let local partners formally assess intermediary performance and use the language of capacity sharing and mutual learning, rather than capacity strengthening alone, to reflect the capacities international actors also draw from local partners.