

When Localisation Lost Its Data Layer

The sector is handing local organisations the responsibility — without the systems that made it possible

By Mark Bonyo · Founder, 5W.AI · 15+ years in humanitarian reporting & monitoring systems · June 2026

Executive Summary

For a decade, the humanitarian sector has agreed on where power should go. The 2016 Grand Bargain set a clear target: 25% of humanitarian funding should reach local and national organisations as directly as possible.¹ Ten years on, the figure has never climbed out of low single digits — it sat at roughly 4.5% in 2023.² Then, in 2025, the funding crisis did what a decade of summits could not: it forced the question of localisation to the top of the agenda — for the worst possible reason.

With international budgets collapsing and INGO field offices closing — 81 organisations had shut at least one office by April 2025³ — local organisations are being asked to step into roles their international partners can no longer afford to play. But the funding is not the only thing that was flowing through those international intermediaries. So were the systems: the reporting templates, the data tools, the compliance know-how, the back-office that turned field activity into something a donor would accept. Those are disappearing at exactly the moment local actors are being asked to take over.

The problem. Localisation is being handed to local organisations without the data layer that makes it work.

For most local and national NGOs, funding, reporting systems, and compliance support all arrived through the same international intermediary. As those intermediaries cut back or withdraw, local actors inherit the responsibility for delivery and accountability — but not the infrastructure that carried it. They are now expected to meet the same donor reporting and due-diligence standards as a well-resourced INGO, with none of the systems that INGO used to meet them. Without a deliberate transfer of data capability, localisation will be measured not by what was localised, but by what quietly stopped being reported.

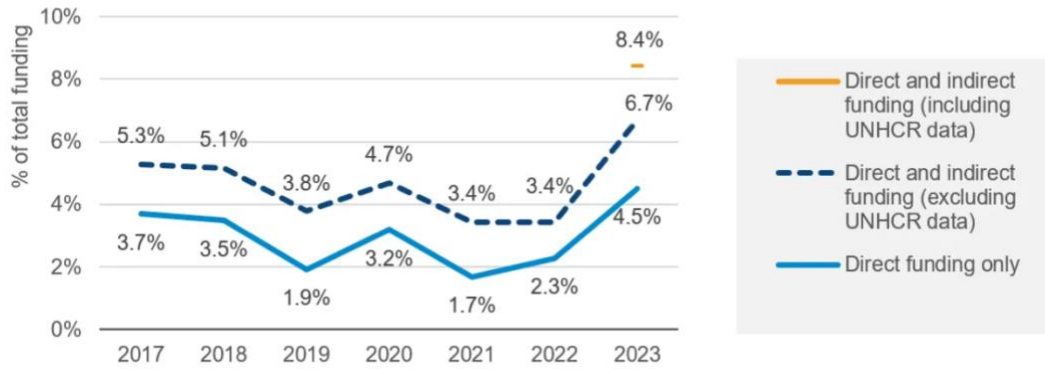
1. A promise the sector never kept

Localisation is not a new idea. It has been the stated direction of humanitarian reform since 2016, restated in the Grand Bargain 2.0 in 2021 and again in the 2023–2026 framework. The principle is sound and widely shared: local organisations are first on the scene, understand the context, stay after the international response leaves, and deliver more cheaply. The problem has never been agreement. It has been delivery.

¹UN OCHA, *Localization*; Inter-Agency Standing Committee, Grand Bargain 2023–2026 Framework. The 25% target was set at the 2016 World Humanitarian Summit. unocha.org/localization

²Development Initiatives, *Global Humanitarian Assistance — Funding to Local and National Actors*. Direct funding to local and national actors has remained in low single digits as a share of total humanitarian funding. devinit.org

³The Conversation (Jan 2026), *International aid groups are dealing with the pain of slashed USAID funding by cutting staff, localizing and coordinating better*. As of April 2025, 81 NGOs had closed at least one office. theconversation.com



Proportion and total volumes of direct and indirect funding to local and national actors, 2017–2023. Source: <https://devinit.org/resources/falling-short-humanitarian-funding-reform/funding-local-national-actors/>

The reason the 25% target never arrived is not bad faith. It is structure. Most local organisations have never received money directly from a donor; they receive it as a sub-grant from an INGO or UN agency that holds the prime contract.⁴ That intermediary does more than pass money down. It absorbs the donor's compliance requirements, translates them into something a local partner can act on, provides the reporting templates, and — crucially — employs the information management and M&E staff who turn raw field activity into an accepted donor report. Localisation, in practice, has always depended on that hidden layer of support.

2. The transfer that didn't happen

In 2025 the intermediary layer began to disappear. As international funding collapsed, INGOs and UN agencies cut staff, closed country offices, and ended the sub-granting relationships that local partners depended on. The responsibility did not disappear with them — it shifted downward. Local organisations are increasingly the ones expected to report directly to donors, pass due-diligence checks, and account for spend. But the systems that made that possible stayed with the departing intermediary, or were switched off entirely.

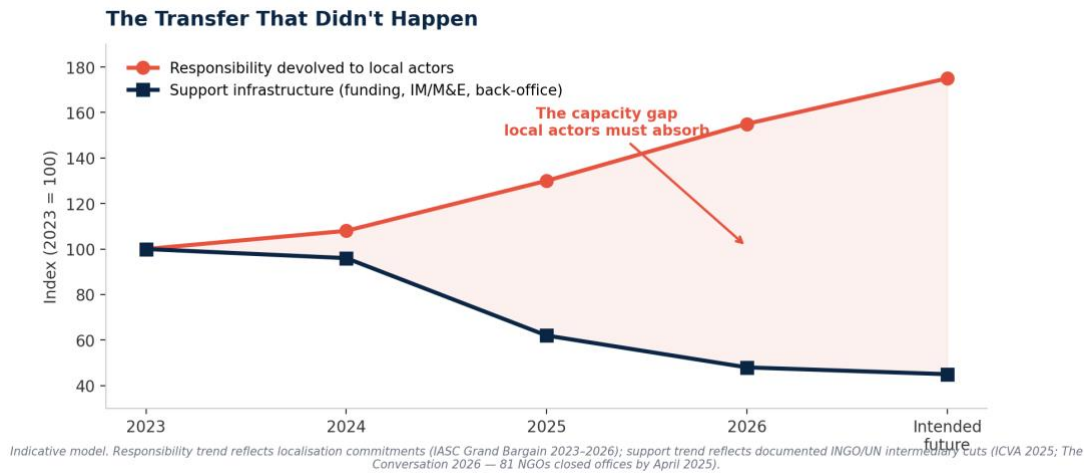


Figure 2. Indicative Model: Responsibility is being devolved to local actors faster than the support infrastructure that should travel with it. The shaded area is the gap local organisations must now absorb alone.

This is the part of localisation no one planned for. The sector has spent ten years arguing about the *percentage* of funding that should reach local actors, and almost no time on the *capability* that has to travel with it. A local organisation can be handed a grant tomorrow, but it cannot be handed, overnight, the reporting systems, the data discipline, and the

⁴Philippine Daily Inquirer (Apr 2025), citing ICVA analysis. More than 80% of NGOs receiving U.S. funding depended on intermediaries such as INGOs or the UN to channel resources. opinion.inquirer.net

compliance muscle that an INGO spent twenty years building. That gap is where good organisations doing real work start to fail — not on delivery, but on the paperwork that proves it.

3. Why this is dangerous, not just unfair

Donors have not relaxed their requirements to match the new reality. If anything, with less money to give, there is motivation to scrutinize it harder. Local organisations now face the same demands a well-staffed INGO faces — detailed financial reconciliation down to budget line items, documented procurement, beneficiary disaggregation, and audit-ready records — and the consequences of falling short are immediate. Kenyan NGOs have had funding suspended over financial reconciliation that did not hold up. An ECHO-funded project in South Sudan was terminated over procurement that was real but undocumented.⁵ The work was often done. It simply could not be proven to the standard required.

This is the quiet tragedy of badly supported localisation: it sets local organisations up to be blamed for a failure that is structural, not operational. When a capable local NGO loses a grant because it could not produce the reporting an absent intermediary used to handle, the lesson donors take away is "local actors aren't ready" — when the truth is that the sector transferred the responsibility and kept the tools. Every such failure becomes an argument against the very localisation the sector says it wants.⁶

4. What local organisations actually need

Local organisations do not need to be told to build a twenty-person M&E department they cannot afford. They need the capability that department used to provide, in a form one person can operate. That is what 5W-AI is built to give them — the data layer of an INGO, without the overhead of one:

- **Reporting that meets the donor standard, automatically.** Field activity is captured against the sector's 5W framework, then turned into donor-ready reports — so a small organisation submits with the polish of a large one.
- **Compliance and audit-readiness built in.** An immutable, timestamped audit trail and system-calculated achievement rates mean a local organisation can prove what it delivered — the documented procurement and financial reconciliation that donors now suspend funding over.

This is not about replacing local judgement with software. It is about making sure that when a local organisation does the work — as it has always done — it can prove it, report it, and keep the funding that depends on it.

Localisation will either be remembered as the moment the sector finally shifted power to the people closest to the crisis — or as the moment it offloaded responsibility onto organisations it had not equipped to carry it. The difference is the data layer. If your organisation is being asked to take on direct reporting and compliance for the first time, or you are a donor who wants localisation to actually succeed, let's talk: mark@5wai.live or 5wai.live .

Further reading

Development Initiatives, [Funding to Local and National Actors](#) · The Conversation (Jan 2026), [Aid groups dealing with slashed USAID funding](#) · ICVA (April 2025), [Donor Due Diligence & Risk Sharing Pocket Guide](#) · IASC, [Grand Bargain \(localisation\)](#).

⁵Indepth Research Institute (Aug 2025), *Donor Compliance Made Simple*. Documented cases include Kenyan NGOs with U.S. funding suspended over financial reconciliation, and an ECHO-funded South Sudan project terminated over undocumented procurement. indepthresearch.org

⁶ICVA (April 2025), *Donor Due Diligence, Compliance and Risk Sharing — 'Grab and Go' Pocket Guide*. Documents the duplication local actors face in answering multiple, non-harmonised donor due-diligence and reporting requirements. icvanetwork.org