



Investing in National Societies to Strengthen Local Action for a Global Response to Crisis

National Society Investment Alliance

Strengthen local action for global response

The gap between global humanitarian needs and available resources has never been wider. 'Business as usual' is not an option; a new approach is required. A key part of the solution is strengthening humanitarian action at local level.

National Red Cross and Red Crescent Societies are key humanitarian players in their own countries, and are thus at the core of improved humanitarian efficiency and effectiveness.

National Societies provide immediate life-saving assistance in disaster and conflict situations, and work to build individual and community resilience.

Auxiliaries to their public authorities in the humanitarian field, National Societies have unparalleled access to the most isolated and vulnerable individuals through their network of approximately 14 million volunteers across 170,000 branches worldwide.

Thanks to leadership and investment, today 1 out of every 22 people living in Burundi is a Red Cross volunteer.

In the midst of brutal inter communal violence in the Central African Republic, Red Cross volunteers not only maintained basic health services but actually expanded malaria and ART coverage to levels never before seen in the country.

The International Red Cross and Red Crescent Movement (the Movement), through its 190 National Societies, the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC), has an almost unique ability to identify, support and help the most vulnerable, including those who have been forgotten by the rest of the world.

Investment is needed

Many National Societies are strong and stable, but others are still a long way from reaching their potential. Further investment and support are needed to ensure that they develop as sustainable, independent humanitarian organizations, recognized and credible in their communities, and trusted partners for the delivery of principled and effective humanitarian action. The range of needs among National Societies is diverse.

Grand Bargain

Under the umbrella of the Grand Bargain, governments and international organizations have committed to “increasing and supporting multi-year investment in the institutional capacities of local and national responders”. The establishment of an investment alliance that implements this commitment in reality reflects the IFRC and ICRC dedication to: “work together, and with donors, to scale up our investment in the operational and functional capacity of National Societies”

National Society development is defined as deliberate work to achieve and maintain an organization that consistently delivers, through volunteers and staff, relevant country-wide services to vulnerable people sustained for as long as needed and that contributes to the strength of IFRC and the Movement. National Society leaderships are responsible for the development of their own organizations. National Society development reflects two interlinked types of work:

- Capacity strengthening aims to enhance a discrete area of a National Society’s functional or technical capacity.
- Organizational development takes a whole organization perspective to strengthen the National Society.

A new joint initiative: National Society Investment Alliance

In order to realize the Movement’s full potential, the ICRC and the IFRC have committed to work together to increase investment in National Societies. A joint investment fund, the National Society Investment Alliance (hereafter, the Investment Alliance), is being launched to invest in capacity-strengthening and organizational development, and to provide finance, support and education.

Purpose of the Investment Alliance

Engaging in medium to long-term organizational development in many different contexts is challenging. The Investment Alliance aims to ensure significant multi-year financing and support for National Red Cross and Red Crescent Societies, with a particular focus on medium, high and very high-risk contexts. This may include support for organizational development, technical and functional capacity development and increasing resource-mobilization capacity in order to:

- enhance the relevance, safe access, quality and sustainability of National Society services in line with the mission and priorities of the Movement and with its Fundamental Principles;
- strengthen leadership, governance and systems at all organizational levels within National Societies so that they are accountable, transparent and principled; and
- increase National Societies’ capacity to create adaptive financial and business development strategies and to generate diversified resources for enhanced organizational sustainability and stability.

Expected outcomes

With the support provided, the following measurable results will be achieved:

- enhanced and sustainable National Red Cross and Red Crescent Society capacity to ensure rapid and sustained delivery of relevant humanitarian services at national and local levels;
- greater humanitarian impact and resilience at community level; and
- increased learning and better coordination of National Society development among Movement components and the wider humanitarian sector.

Our approach

The Investment Alliance harnesses the Movement’s decades of experience in organizational development and capacity-strengthening. It is anchored in the IFRC National Society Development Framework (2013), which calls for holistic change driven by the National Societies themselves. The IFRC, in line with its statutory mandate, brings its expertise to bear on the development of relevant and sustain-able domestic humanitarian organizations and capitalizes on its convener/coordination role to galvanize the full expertise of Movement components and humanitarian partners in this domain. The ICRC, in line with its conventional and statutory mandates, as well as its core competencies, contributes its long experience of working in situations of armed conflict and other situations of violence, especially, which includes ensuring that National Societies have the capacity to maintain access and remain safe and secure when delivering services in volatile and insecure contexts.

Key lessons learned that have been integrated into the design of the Investment Alliance include:

- **National Societies' ownership of their own development:** Funding will be application-based and allocated to plans developed and owned by National Societies that demonstrate concrete leadership in terms of governance and management. The National Society itself must take a key role in coordinating the support given.
- **Holistic approach to National Society development:** The Investment Alliance will encourage and support National Societies in addressing the complexity of organizational development, which depends on a whole range of interlinked factors. For example, a Society's ability to mobilize resources cannot be addressed if the Society does not have a clear identity and effective humanitarian services that are widely known in the community.
- **Synergizing expertise:** The Investment Alliance will facilitate access to expertise across the Movement and beyond (locally and globally) to ensure that recipient National Societies have maximum opportunities to access support.
- **Ensuring coordination:** The Investment Alliance will harness the complementarity of Movement action, as well as each component's mandate and role, core competencies and specific expertise. This builds on the spirit and the plan of action of the Movement's Strengthening Cooperation and Coordination (SMCC) initiative, which was launched at the 2013 Council of Delegates.
- **Increased and sustained investments:** The Investment Alliance aspires to be considerably larger than previous investment facilities, enabling the Movement to make long-term, significant and targeted investments in National Societies. As long as eligibility criteria are met, the Investment Alliance will finance the development of business plans for major investments.
- **Complementary funding:** The Investment Alliance aims to complement existing funding and capacity-strengthening efforts undertaken by the ICRC, the IFRC and many National Societies, allowing the recipient National Society to think and implement in a far more sustainable, holistic and coordinated manner. The Investment Alliance aims to tap into new sources of funding.
- **Measuring impact:** A framework for measuring National Society development progress will be put in place to demonstrate impact, focusing in particular on the organizational sustainability of initiatives.

Structure and oversight

The Investment Alliance aims to be simple, streamlined and cost-efficient. It will be jointly managed and overseen by the IFRC and the ICRC, and hosted at the IFRC.

A Steering Committee will be established, comprising an equal number of senior-management representatives from each organization. The Investment Alliance prioritizes humanitarian needs, accountability and transparency.

A Stakeholder Advisory Group, which will include National Society representatives and external experts, as required, will be set up as part of an

effort to ensure continuous learning and improvement of the Investment Alliance itself and wider National Society development approaches.

A small Secretariat will be set up to manage the Investment Alliance on behalf of the Steering Committee. Dedicated ICRC and IFRC staff will support the Steering Committee and the Secretariat.

Forms of Support

Investments are demand-driven, as National Societies themselves determine the objectives and support needs.

The Investment Fund will not provide funding to implement humanitarian and development programs as such.

National Societies will be chosen based on strict selection and eligibility criteria. The size of investment grants will vary but should not exceed Sfr 1 million to any one National Society. Matching financing will be sought, based on necessary stakeholder involvement.

Funding criteria

Selection and eligibility criteria will include:

- proven humanitarian and/or development need in an area where a National Society can add value;
- strong and credible National Society leadership that is clear about the change it seeks and strongly committed to reform;
- viable National Society development plan with a clear link to humanitarian impact;
- clearly defined measures of success;
- National Society integrity; and
- a focus on the sustainability of the impact of any investments.

Allocation decisions

Funds will be allocated in funding rounds that will each have defined criteria. The amount allocated for each funding round will be based on the funds received at the time. All allocation decisions will be made and overseen by the Steering Committee and shared publicly, in the interests of transparency. The decisions will be made in accordance with an investment strategy agreed for each funding round. Regional diversity as well as diversity in terms of the size and nature of the grants will be sought.

All allocation decisions will be overseen by the Steering Committee and shared publicly in full transparency.

Implementation, accompaniment, and learning

In addition to financing and grant oversight, the Investment Alliance will provide support in the form of technical assistance and mentorship, either from within the Movement or external sources, based on the needs of the National Society concerned. The latter will guide Investment Alliance management and stakeholders in identifying the support needed to plan and implement the investment.

Achieving measurable and sustainable capacity-strengthening and organizational development is challenging, particularly in contexts of high humanitarian risk. A dedicated web page will serve as a knowledge-sharing platform. The Investment Alliance's efforts will feed into ongoing sectoral reflections on capacity-strengthening under the Grand Bargain.

Financing rules

Accountability and transparency is key to the Investment Fund. Rules regarding financial and legal arrangements such as the use of the funds,

eligible expenses, and due diligence requirements before investment are currently being developed. They will be based on and no less demanding than those rules currently in use by ICRC and IFRC.

Size of the Investment Alliance

Given that the Investment Alliance is new and innovative in nature, the financial resources required for the first funding round amount to Sfr 5 million. The Investment Alliance aspires to grow significantly to match the demand for sustainable investment. The IFRC and the ICRC will ensure that management costs are kept to a minimum.

How partners can help

For the Investment Alliance to achieve results, it will require new, flexible and predictable funding.

It is important that contributions to the Investment Alliance constitute new funding to both institutions and do not compromise existing donor and partner support to the Movement's work in this area.

With the support of our partners and donors, together we can grow and maintain a robust Movement that can continue to support the world's most vulnerable people now and in the future.

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The Fundamental Principles of the International Red Cross and Red Crescent Movement

Humanity The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavors, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

Impartiality It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavors to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

Neutrality In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

Independence The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

Voluntary service It is a voluntary relief movement not prompted in any manner by desire for gain.

Unity There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

Universality The International Red Cross and Red Crescent Movement, in which all Societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.