National Society Investment Alliance
Annual Report 2019
We are pleased to share with you the progress and activities of the National Society Investment Alliance (NSIA) in 2019.

The year saw a change in pace for the NSIA, as highlighted throughout this report. The first call for proposals was completed, and ten National Societies were selected for funding. The largest of these, in Lebanon and Ukraine, are affected by protracted crisis and stand out for having leaders committed to taking the organisational development steps needed to ensure they can function sustainably as effective, principled, and resilient humanitarian actors. The funding they are receiving from the NSIA will help them boost their impact, particularly by ensuring they can increase their domestic income. In addition to these two substantial investments, eight Bridge grants were disbursed to National Societies for a diverse range of organisational development initiatives, creating a basis for potential future investment by strengthening the National Societies’ fundamentals.

We see now more than ever that Red Cross and Red Crescent National Societies are the first line of defence when shocks and crisis hit communities around the world. As part of a global humanitarian network, the International Red Cross and Red Crescent Movement, they draw on a network of knowledge and resources, but are rooted within the communities they serve. Too often however, the crucial ongoing role of National Societies only comes into wider view during times of crisis, when resources are focused on immediate response rather than building capacity beyond the emergency phase.

The NSIA seeks to address this by providing tailored investment to develop the capacity of National Societies over the long-term, in keeping with one of the core commitments of the Grand Bargain around localization of humanitarian aid: helping to ensure that National Societies are prepared and capable responders while also providing ongoing services within communities. In truth, while some National Societies are already strong and effective, many need investment and support if they are to realise their potential and fully meet growing needs. It is this gap that the NSIA seeks to fill.

There is still much to do to realise the potential of the NSIA. We saw from the 48 National Societies that applied for funding in 2019 that demand is real. There are many leaders in our network with the vision and commitment to develop and strengthen their National Societies, and who are seeking outside support to do so. In addition to expanding the investment it provides, the NSIA will continue to learn and adapt to ensure the support it offers is relevant, effective, and transparent.

In 2020 and beyond, we look forward to continuing to work with partners inside the Movement and beyond, strengthening and expanding the fund, and ensuring that as many National Societies as possible have the capacities to serve communities in need, now and in the future.
About the NSIA

Against a backdrop of evolving risk contexts and increasing needs, the National Society Investment Alliance (NSIA) is focused on supporting the development of Red Cross and Red Crescent National Societies as principled, effective and sustainable humanitarian actors.

Together, National Societies, the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC), have a unique ability to reach the most vulnerable people. Yet National Societies with limited capacities, or in situations of continual instability, can find it difficult to access the resources they need, and even accomplished humanitarian responders can struggle to mobilise investment in their organisational and operational development.

Too often, the crucial role of Red Cross and Red Crescent National Societies comes to international attention only during crisis, when existing capacities are overwhelmed, and needs are greatest. The NSIA seeks to change this by providing tailored investment to develop the capacity of National Societies to sustainably provide humanitarian services.

The IFRC and the ICRC jointly manage the NSIA to provide substantial, multi-year support to National Societies, especially those in contexts with heightened humanitarian needs or risks. The NSIA helps strengthen National Societies so they can increase their impact.
A demand-led fund, National Societies apply for funds to implement initiatives focused on the development of organisational and operational capacities, increasing their long-term sustainability as principled and effective local actors able to provide relevant services underpinned by adherence to humanitarian principles. The NSIA looks to identify and support strong leadership teams with a coherent vision for the development of their National Society and their humanitarian services, backed up by detailed plans for implementation, and realistic projections for how NSIA funds will lead to increased sustainability and impact.

Recognising that the development pathways of each National Society will be different, the NSIA offers two types of funding to National Societies. This model aims both to provide relevant support, as well as create a pipeline of opportunities for future investment and funding, whether from the NSIA or other sources.

**ACCELERATOR FUNDING**

**up to a maximum of 1 million CHF for three to five years:** for National Societies with a clear vision and existing plan for their organization’s development.

**BRIDGE FUNDING**

**up to 50,000 CHF over one year:** to support National Societies to develop an investment plan and increase their readiness for funding.

Lebanese Red Cross services have expanded in response to the influx of refugees from Syria. NSIA funds are now helping consolidate this growth.
The NSIA Office works closely with ICRC and IFRC field staff to support National Societies’ through contracting, implementation and reporting, actively managing the risks associated with developing capacity in fragile and emerging contexts. A Steering Committee of senior IFRC and ICRC representatives oversees the fund; providing strategic direction, developing the funding strategy, approving allocations against objective criteria, and ensuring the accountability of the fund. In 2019, the NSIA also established a Stakeholder Advisory Group, to better engage with and draw on the experiences of the Movement, with engagement from the leadership of the National Societies of Canada, Germany, Kenya and Lebanon, and additional members joining in 2020.

During 2019, the NSIA completed its first round of funding. This saw 48 applications resulting in support for ten exciting investment proposals from National Societies globally, covering a range of organisational development and capacity strengthening initiatives. In addition to the first awards, the fund has been working to strengthen its systems and processes, drawing on the joint resources of ICRC and IFRC to learn, adapt and work with partners to scale the level of support it is able to provide, recognising the demand for such funding from National Societies and the wider humanitarian system.

The NSIA Stakeholders

During 2019, the NSIA completed its first round of funding. This saw 48 applications resulting in support for ten exciting investment proposals from National Societies globally, covering a range of organisational development and capacity strengthening initiatives.
Fund Manager’s Overview

Kim Scriven, Fund Manager, NSIA

With the first call for proposals completed, and more importantly the first funds flowing into National Societies, 2019 marked an important year for the NSIA. It was exciting to engage directly with the first National Societies embarking on their journey with NSIA funds, as well as seeing the potential to support many others in future. While 2020 will bring new challenges and opportunities, it is important to reflect on progress to date, as we look both to grow and continually improve.

As the fund’s activities increase our day to day engagement with National Societies, it is inspiring to see such a diverse network unified by its shared humanitarian commitment. In particular, looking at the work of the NSIA in 2019, it is striking the extent to which the shared concerns of National Societies shine through, most clearly that of their leaders to secure the long-term sustainability and financial independence of their organisations as a basis for providing relevant and timely support to communities. This can be seen both in the ten National Societies selected for support, and among the 38 others who applied. Beyond the Movement, it also reflects a broader concern of local actors who too often find themselves reliant on short-term programmatic funding from international partners.

Focusing on the NSIA in 2019, although demand clearly outstripped available resources, it is still useful to identify what made the successful applications stand out. What we see is a focus on increasing income that is part of a holistic vision for the development of the National Society, driving towards an organisation that can sustainably manage resources and deliver services that respond to changing needs, and balancing short- and longer-term concerns.
In the case of the Lebanese Red Cross, who received the largest award in 2019, we see for example a focus on increasing income from private sources alongside efforts to digitally transform the National Society and expand their capacity to plan, monitor, evaluate and report on activities back to supporters locally and internationally. For the Nigerian Red Cross, who received a Bridge grant to renew their commercial first aid training, this is expressed across ‘three pillars’ of sustainability—encompassing community services, programmatic activities, and earned income, such as from workplace first-aid—a model developed by the National Society leadership with Movement partners in the country.

These examples from National Societies receiving funds through the NSIA also align with the Federations Strategy 2030 and guidance emerging from the IFRC Secretariat’s National Society Development team, stressing the importance of leaders designing programmes and structures in tune with the organisational mission and available resources, managing resources accountably and transparently, and building revenue streams that will remain stable in the future.

While it is apparent from the applications that financial sustainability is a major concern for many National Societies, the NSIA is open to funding a wide range of investment approaches that develop organisational and operational capacities. Whatever the central focus, the need to take a holistic approach and prioritise action based on an understanding of overall organisational development needs will remain important. It will be interesting to see how other prominent issues, such as branch development or programme development, feature in the next call for proposals.
Beyond the trends we see in the development efforts of National Societies, it is important we also look at the structures and the systems of the fund itself, and a number of steps have been taken based on learning in 2019. These including incrementally improving our assessment criteria, to take a more balanced view of the risks and mitigation measures for a given National Society, balancing these against the potential impact of the intervention. We are also streamlining our systems, by digitising our application process, and looking for efficiencies in our review and dispersal process.

Finally, as we generate more evidence and learning at the fund and investment level, it becomes increasingly important that the fund engages across the Movement and beyond to share experiences and draw on those of others, particularly through the National Societies we fund and our Stakeholder Advisor Group. This will help us ensure that the funds provided to National Societies are as relevant and effective as possible, and that we are able to secure the engagement and resources required to meet demand from National Societies, supporting their development as strong and effective local humanitarian actors.
How the NSIA works

The NSIA aims to provide National Societies with substantial, long-term support for their organisational and operational development. As a demand-led fund, National Societies are responsible for developing their own priority areas for investment, providing the evidence for their decision, and outlining how the investment will lead to a sustained increase in capacity and impact. Because many National Societies will not be ready for such substantial investment, NSIA has developed two parallel funding streams.

Accelerator funding for long-term development
- 3–5 year investment plans developed by National Societies
- for organizational development and improving sustainability
- funding for up to five years (reviewed annually)
- maximum funding of 1 million CHF over five years.

Bridge funding to support National Societies preparing for future investment
- support to develop a credible evidence-based investment plan
- increase readiness to apply for NSIA Accelerator or other sources of funding
- maximum 50,000 CHF for up to 12 months

The NSIA has developed a review process to assess the individual merits of specific proposals against a set of objective criteria. This includes both analysis of the proposals by the NSIA Office, field consultation with IFRC and ICRC staff, and interviews with National Society leaders. The process also seeks to ensure that National Societies receiving funds can adhere to the highest standards of integrity, and that any assurance risks are identified and mitigated through the selection and contracting process.

1. INITIAL ELIGIBILITY
Basic eligibility and relevance, screening for integrity issues and basic fulfilment of requirements (i.e. complete applications)

2. CONSULTATION
Extensive consultation with IFRC and ICRC field structures to triangulate and evidence proposal details.

3. STEERING COMMITTEE
Shortlisted proposals ranked and presented to the Steering Committee for review and final decision making

4. FUND DISPERSAL
following the agreement of the Steering Committee and a risk assessment, agreements are signed with National Societies
The NSIA in 2019

Given the anticipation around the launch of the first round of funding, and high expectations from National Societies, there was considerable interest in this first round. This was reflected in the number of applications, with 48 received from 47 National Societies.

Prior to the launch of the call for proposals, webinars were conducted with relevant ICRC and Federation teams in all regions, with information also directly shared with all National Societies.
Focus on higher risk contexts

In line with the universal humanitarian mandate of the International Red Cross and Red Crescent Movement, the NSIA is open to all National Societies passing an integrity screening. However, given the aim of supporting effective, sustainable humanitarian services particularly in the context of protracted crises, NSIA gives priority to those National Societies in contexts of heightened risk, as determined by the third party INFORM risk index.

First round application analysis

Looking at the proposals together, the strongest take a holistic approach, and covered several areas for development. Clear concerns also emerge from the proposals, with financial sustainability and independence at the forefront. This included efforts to develop national-level fundraising, statutory income from government, and income generating services such as workplace first-aid training, many of these specifically focused on branch level capacity.

For organizations applying for Bridge funding, the use of funds is directed towards earlier stage activities designed to prepare a National Societies for more substantial investment in future, from the NSIA or other sources. A broader set of concerns were seen in the applications, such as financial systems development, strategic planning and review, branch development and integrity, many seeking to use the funds to take initial steps such strategy development or developing a business plan. Stronger applications focused on the longer-term rather than immediate implementation, and evidenced the chosen area of focus.
Investments in National Societies

Following the call for proposals, ten National Societies were awarded funds: two Accelerator investments for between three and five years, and eight Bridge grants to National Societies at an early stage in their development process, to be implemented over 12 months.
OBJECTIVES

Overall: to ensure that in 2023, the National Society is able to maintain at least its 2018 level of national services through diverse and sustainable local funding.

Objective 1: Headquarters and local branches are able to monitor and report on accomplishments, challenges and needs.

Objective 2: The National Society is able to communicate effectively with the general public and other stakeholders about needs, its activities and how they can help.

Objective 3: The National Society is able to raise funds from the general public, the private sector, cost recovery, and income-generating activities.
The arrival of approximately two million refugees increased the population of Lebanon to an estimated 6.1 million people between 2010 and 2018—representing the highest number of refugees per capita in the world. Lebanon is already vulnerable to armed conflict and has a weak infrastructure, a fragile economy, and poor public services.

The Lebanese Red Cross annually provides 300,000 people, including refugees, with emergency medical services and is the country’s largest provider of blood transfusion services.

The National Society has faced challenges overcoming fragmentation between central management and local branches, dating back to the end of the Lebanese Civil War in 1990. It created the momentum for change with an internal reform process between 2014 and 2018 and the subsequent development of the Organisational Development Programme.

Today, the greatest challenge is financial sustainability, and it is within this context that NSIA is providing support the National Society to expand its private fundraising, build its Planning, Monitoring, Evaluation and Reporting (PMER) capacities, and expand its digital presence.

Building a successful Individual Giving Programme and increasing funding from existing sources requires a dedicated individual giving team, building staff capacity, online tools, and advertising.

After five years of rapid growth, the Lebanese Red Cross is now focused on making its ambulance, blood, primary health and disaster management services sustainable. National Society Investment Alliance support has come at exactly the right time.

— George Kettaneh, Secretary General
Lebanese Red Cross
OBJECTIVES

Overall: the expanded Resource Mobilization unit is able to support growing operational activities and sustainable growth in the National Society.

Objective 1: The National Society has all the necessary policies and strategies in place for the development of its resource mobilization unit; built on a five-year resource mobilization strategy, standard operating procedures, and fundraising action plan.

Objective 2: The National Society has established multiple fundraising channels, including from corporate, institutional (government & international), and from individual sources. To be achieved through fundraising action plan, established task-force, and the successful implementation of initial fundraising pilots.

Ukrainian Red Cross Society

Accelerator Investment
The conflict in 2014 left 3.5 million people in Ukraine needing humanitarian assistance and protection. The Ukrainian Government reports that there are 1.5 million displaced people, including 250,000 children, and UN reports claim 60% of people are living in poverty. The Government discontinued funding to the main Ukrainian Red Cross Society programme, the visiting Nurses Service, in 2017.

With clear leadership commitment to change, the National Society adopted a new strategy and a three-year development and capacity building action plan. It embarked on a process to revise its Statutes and Branch Organizational Capacity Assessments, restructure its governance and management structures, and to increase accountability and transparency and now delivers aid and services to the most vulnerable people in Eastern Ukraine through 25 regional and 330 local branches.

A study on fundraising in 2018 recommended investment in Resource Mobilization to reduce dependency on other Red Cross and Red Crescent Movement partners. NSIA is supporting development of the National Society’s Resource Mobilization capacities, which will provide sustainability by securing diverse funding, and by building structures and systems that effectively deliver quality services to vulnerable communities. The National Society is developing fundraising tools, and a fundraising task force to raise funds from corporates, other institutions, and individuals.

During times of crisis Ukrainian Red Cross Society provides hope and humanity, supported by strategic partnerships such as with the NSIA: long-term holistic investment including funding, expertise, and facilitation – What the NSIA is all about!

– Liliia Bilous, Director General URCS
Bridge Grants

In addition to two multi-year Accelerator investments, eight Bridge awards were made to National Societies to conduct work laying the foundations for potential future investment, from NSIA or elsewhere. In these plans there is again a strong focus on financial sustainability and independence, as well as governance and financial systems and the development of new strategies and plans.

- **Armenian Red Cross Society**

  The Armenian Red Cross will use the opportunity of a bridge grant to increase its capacity in domestic fundraising, prioritizing unearmarked funds. The proposal is to develop and implement a fundraising strategy for future development.

- **Comoros Red Crescent Society**

  NSIA bridge funding will support the National Society to strengthen governance and the financial capabilities of staff, to run a regional pilot to better organize the local prefecture, and develop a solid investment plan.

- **Colombian Red Cross Society**

  The Colombian Red Cross Society’s proposal envisioned a viable and strengthened Red Cross thanks to a scalable and sustainable Resource Mobilization strategy. The initial year of support will help them focus on developing and testing an approach to support branches in localized resource mobilization strategies and activities.

- **Malawi Red Cross Society**

  A NSIA bridge grant will enable the Malawian Red Cross to work with external business development expertise to support an assessment of proposed commercial income generation opportunities, developing the most promising into a further investment proposal.
Namibian Red Cross Society

Recovering from a period of crisis and under new leadership, the NSIA bridge funding, alongside assistance from the British Red Cross, is supporting the consolidation of accounts, strengthening of finance systems, and development of future plans for sustainable income generation.

Nigerian Red Cross Society

The Nigerian Red Cross has sought investment to help it seize the considerable opportunity to develop commercial first aid services in the country, increasing income available to provide services to vulnerable populations. This initial bridge funding will allow the NRCS to work with partners including the Netherlands Red Cross to conduct a detailed market analysis and develop a business plan.

Ugandan Red Cross Society

The Ugandan Red Cross has sought funds to improve the quality and reach of its first aid courses and related services, and develop this into an income generating service. This would include a commercial ambulance service with a cross-subsidization model. The bridge funding will allow URC to further develop its business plan and test the approach in initial branches.

Zambia Red Cross Society

After a period of change, the bridge funding will allow Zambia Red Cross to undertake a midterm review of their existing strategic plan, and to develop a Resource Mobilization and Partnerships development strategy with a view to potential future investment.
The NSIA and the Grand Bargain

Global humanitarian needs are rising, and crisis contexts continue to evolve and challenge the current approaches, capacities and operational model of the international humanitarian system. The Grand Bargain, launched at the World Humanitarian Summit in May 2016, provides a broad framework around which improvements in the effectiveness and efficiency of humanitarian action can be built.

In this context, investing in local action and the capacity of local actors has emerged as a key part of the solution to the challenges facing humanitarian action. The IFRC and the ICRC came together, creating the National Society Investment Alliance (NSIA) to realise the commitments made through the Grand Bargain in the context of the International Movement, by supporting the development of Red Cross and Red Crescent National Societies as effective, accountable and resilient local actors. Many of the ideas that inspired the NSIA can be traced back to the WHS process and outcomes. As well as the ICRC and the IFRC, the NSIA’s three existing donors—the Governments of Canada, Switzerland, and the United States—are all signatures to the Grand Bargain, with Switzerland also Co-chair of the localisation workstream alongside the IFRC.

Beyond the increased impact of National Societies as effective local actors, the NSIA supports the realization of important other Grand Bargain workstreams, particularly by providing quality multi-year commitments through Accelerator investments, and by supporting National Societies who often straddle the line between humanitarian and development action: responding in times of crisis, while working alongside governments and other partners to deliver change against the Sustainable Development Goals. With the increasingly protracted nature of crises and the limited development action in many contexts of high vulnerability, it is increasingly apparent that National Societies truly are at the nexus between humanitarian and development action.

Through the IFRC and ICRC, the NSIA will continue to document and share its efforts to deliver against the Grand Bargain commitments, as well as advocating for increased collective action and engagement.

Grand Bargain Workstreams

More support and funding tools for local and national responders

Enhanced quality funding

Enhanced engagement between humanitarian and development actors
2020 Appeal

The NSIA is appealing to donors to provide a total of CHF 5 million in support to National Societies during 2020, of which around 1.4m has already been provided.

The NSIA is appealing to donors to provide a total of CHF 5 million in support to National Societies during 2020, of which around 1.4m has already been provided. To date, the NSIA has received generous support from the governments of Switzerland, the United States and Canada. Contributions to the NSIA should be made up of new funding that does not compromise existing donor and partner support to the Movement’s work.

The NSIA reports annually to donors on the functioning of the mechanism, and implementation by National Societies, with a focus on demonstrating the impact of investments over time. At this crucial juncture, we call on partners to provide the additional financial support needed to grow this approach to enhancing local capacity. Working together we can deliver on commitments made as part of the Grand Bargain, provide predictable support for the development of local humanitarian actors, and enhance the capacities of responders in some of the world’s most challenging contexts.
A Red Cross Volunteer delivers meal bags in far-flung villages outside of Mongu, Zambia.
Financial contributions to the NSIA will, if met, support approximately five Accelerator investments and eight Bridge grants in 2020. Investments will be structured to provide a pipeline for National Societies through Bridge grants to future Accelerator support. The vast majority of funding to the NSIA flows in turn to National Societies. In addition, funds will be used to support a small NSIA Office, managing the day to day operations of the fund, ensuring the quality of the applications and selection process, and upholding the integrity and accountability of the mechanism.

The NSIA requires new, flexible funding to increase its efficiency, reduce administration costs, and provide a predictable line of support to National Societies.

Building on the progress since the fund’s launch, the NSIA is looking to learn and grow, scaling to support more National Societies and deliver long term impact.

Through 2020 the fund will focus on:

- launching a new call for proposals from eligible National Societies, building on learning and experience from the first pilot round, and on-boarding new investments in Q3 and Q4.
- support the existing portfolio of bridge and accelerator investments through delivery, monitoring and review, collaborating with the ICRC, the Federation, and others at the field level to increase accountability, promote learning and ensure National Society ownership.
- expand the engagement of the fund with partners in the Movement and beyond, in order to broaden the funding base and engage with a full range of capacity development and organisational development expertise, particularly through the Stakeholder Advisor Group.
Finances

The NSIA operates in accordance with the International Financial Reporting Standards (IFRS), in a manner which is transparent and with accountabilities clearly defined. Specific rules, such as use of the funds, eligible expenses and financial capacity review and risk assessment requirements prior to investment have been developed and are outlined to National Societies in the Guidelines to Applicants. Following the review of the 2019 Call for Proposals, the NSIA Office has further developed the risk management framework to assess a broader range of risk elements. In 2020 the NSIA will also undergo external review, in coordination with ICRC and IFRC audit functions.

The NSIA, and the funding it provides to Red Cross and Red Crescent National Societies, is made possible through generous contributions of partners. Thanks to the support of the governments of Canada, Switzerland and the United States, total funding of CHF 3,374,070 was made available to the NSIA during 2019.

FUND INCOME 2019

Reporting Period: 01 Jan 2019 to 31 December 2019

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<td>Opening Balance (at 01-Jan-2019) Swiss Government (2018)</td>
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<td>Swiss Government</td>
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<td><strong>Total Funding incl. Opening Balance</strong></td>
<td><strong>3,374,070</strong></td>
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From the funds received, the following allocations were made during the 2019 call for proposals: CHF 423,119 for Bridge grants; CHF 1,143,035 for Accelerator investments. The figures below include the funds allocated to National Societies and an additional 6.5% for Programme and Services Support Recovery (PSSR), in line with IFRC cost recovery policies. As per the fund regulations, transfers to Bridge recipients are based on the existing IFRC funding modality, which may include multiple tranches. For Accelerator awards, National Societies must complete the Federation’s Working With Project Partners (WWPP) risk assessment, which assess the risks and capacities of the National Society, before defining appropriate assurance measures. Funds are then agreed on an annual basis, with the subsequent year’s funding realised following an annual review and budget revision.

### FUND ALLOCATIONS 2019

**Allocations - Bridge Grants**

- Armenia RC: CHF 51,067
- Zambia RC: CHF 53,250
- Malawi RC: CHF 53,084
- Comoros RC: CHF 53,250
- Namibia RC: CHF 52,718
- Colombia RC: CHF 53,250
- Nigeria RC: CHF 53,250
- Uganda RC: CHF 53,250

**Total Allocations - Bridge Grants**: CHF 423,119

**Allocations - Accelerator Grants**

- Lebanese RC: CHF 750,825
- Ukraine RC: CHF 392,210

**Total Allocations - Accelerator Grants**: CHF 1,143,035

**Total Allocations**: CHF 1,566,154

### FUND MANAGEMENT

**Total – Management & Operations**: CHF 297,398

At the end of April 2020, the NSIA had CHF 1,231,909 available for future allocations to National Societies.
With special thanks to our donors, the governments of Canada, Switzerland and the United States. Without this support it would not be possible for the NSIA to provide investment to National Societies in order to build their capacities and increase their resilience as strong local actors operating in some of the world’s most challenging humanitarian settings.