COOPĒRATION CANADA

Transitioning Power, Partnerships and Financing in International Cooperation

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nexus cooperation

In partnership with Canada

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Any remaining errors or omissions are the responsibility of the authors.

Acronyms

AEDIJ	Anti-Racism, Equity, Diversity, Inclusion and Justice
CHAF	Canadian Humanitarian Assistance Fund
DAC	Development Assistance Committee (OECD)
FIAP	Feminist International Assistance Policy (Canada)
FIT	Fund for Innovation and Transformation
GAC	Global Affairs Canada
GCTI	Grants and Contributions Transformation Initiative (Canada)
HC	Humanitarian Coalition
ICN	Inter-Council Network of Provincial and Regional Councils
INGO	International Non-Governmental Organization
KII	Key Informant Interview
LNA	Local and National Actor(s)
LRPF	Local Response Pooled Fund (South Sudan)
MCIC	Manitoba Council for International Cooperation
MoFA	Ministry of Foreign Affairs (Scandinavian countries)
NGO	Non-Governmental Organization
NSDO	Nile Sustainable Development Organization (South Sudan)
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
RBM	Results-Based Management
SDG	Sustainable Development Goal
SMO	Small and Medium-Sized Organization
UN	United Nations
WUSC	World University Service of Canada

Executive Summary

The international cooperation sector is in a period of profound transition. Global aid budgets are falling. Conflicts, climate impacts and economic shocks are increasing needs faster than financing is expanding. The traditional Official Development Assistance (ODA) model, where resources are channelled through donor-controlled projects and compliance-heavy mechanisms, is proving increasingly limited in addressing today's challenges. Within this changing landscape, new approaches are emerging that shift responsibility, authority and accountability closer to those who experience and drive impact.

Within this shifting landscape, delegated financing and innovative types of partnerships represent two of these approaches. They offer practical tools to advance equity and shared ownership in international cooperation. Delegated financing refers to the transfer of authority over resources to those closest to the work through more equitable partnerships that emphasize trust, flexibility and shared governance. Innovative partnerships involve new forms of collaboration that break with hierarchical, compliance-heavy models in favour of reciprocity, risk-sharing and adaptability.

Methodology

This study, commissioned by Cooperation Canada and undertaken by Nexus Cooperation Inc., examined six existing models that illustrate different approaches to delegated financing and partnership. The analysis was informed by desk research, ten key informant interviews and a validation workshop held on 23 September 2025.

The six models analyzed were: the Equality Fund, the Canadian Humanitarian Assistance Fund, the Fund for Innovation and Transformation, the Local Response Pooled Fund South Sudan, the Mulago Foundation and Scandinavian Ministry of Foreign Affairs framework agreements.

Each model was assessed using four criteria: delegated responsibility, innovative financing mechanisms, power shift and replicability, while integrating Anti-Racism, Equity, Diversity, Inclusion and Justice principles.

Insights

Four common areas emerged across the models, each providing insight into delegated financing and innovative partnerships.

a. **Invest in trust and delegation:** Effective delegation depends on up-front investment in governance and relationship-building rather than compliance mechanisms alone. Trust must be built deliberately before authority can be exercised responsibly.
b. **Define impact locally:** Delegation works best when impact is defined by those experiencing change. Accountability for impact that flows outward to communities that have defined that impact can strengthen both learning and sustainability.
c. **Reimagine donor roles:** Donors can add value as conveners, capacity builders and enablers rather than controllers of funds. This shift requires adaptation of internal systems and culture.
d. **Reframe Risk:** Risk can be managed through shared governance, proportionate oversight and phased commitments. Distinguishing between essential fiduciary safeguards and discretionary administrative requirements enables greater flexibility.

These insights point to a broader conclusion: delegated financing models are not yet system-wide solutions, but they are laboratories of change. They show that it is possible to move authority closer to local actors, create more equitable partnerships and deliver sustainable outcomes even in an era of shrinking public finance.

Recommendations – Bold Moves for the Future

The findings point to deeper shifts needed across the aid ecosystem. Progress will depend on action by both donors and civil-society actors.

For Donors

- **Redefine accountability:** Move toward reciprocal frameworks where communities and partners assess donor performance alongside program results.
- **Reform funding instruments:** Replace rigid contribution agreements with compacts or framework arrangements that define shared purpose, decision rights and flexibility within clear guardrails.
- **Invest in partner readiness:** Treat organizational capacity, governance design and accompaniment as legitimate investments rather than administrative overhead.
- **Embrace equivalence of contributions:** Recognize financial resources as one form of capital among others. Legitimacy, networks and lived experience carry equal value in achieving outcomes.

For and partners

- **Institutionalize shared governance:** Include local partners as full participants in decision-making structures with defined roles and voting rights.
- **Measure power shifts:** Track indicators such as the percentage of decisions delegated to local actors and satisfaction with decision authority.
- **Reframe funding relationships:** Pilot co-investment models where portions of funds are managed directly by local partners under co-developed accountability frameworks.
- **Rethink organizational purpose:** Align strategies, leadership development and success measures with evolving roles as enablers and stewards within a more distributed system.

The models examined here suggest a future architecture for cooperation that operates less as a hierarchy and more as a lattice, where value, authority and accountability are shared across actors pursuing common outcomes. Together, they point to a system in transition, between ODA and what follows, where the rebalancing of power, partnership and financing will shape the next generation of international cooperation.

1. Context

The international cooperation sector is undergoing a period of fundamental change. Transformed by evolving community expectations, digital transformation (i.e., artificial intelligence), emerging policy priorities, shifting funding landscapes and mounting financial pressures, new thinking and approaches to articulate a future vision are required. Long-standing debates about the effectiveness of aid, the need to shift power and the role of concessional finance have now converged with shifts in domestic priorities of countries that provide Official Development Assistance (ODA). Low economic growth and affordability pressures are affecting ODA allocations. Geopolitical realignments combined with accelerating and recurring global crises, for example caused by climate change, are reinforcing the limits of the traditional ODA model.

While ODA provides a useful entry point for a conversation on delegated financing, it is not the only one. A longer-term assumption is that international cooperation will not revolve around ODA in its current form. Many recent examples exist of international non-governmental organizations (INGOs) that are attempting to reconfigure their roles as a response to sector commitments and reforms[1,2] or in response to the collapse of deep cuts to ODA in the United States and across Europe.[3] Analysts describe this as a permanent shift, with no realistic prospect that funding levels will return to earlier peaks. As noted in a recent report on the future of aid, [4]

> That the aid system is in crisis is impossible to ignore, but the funding shock has also precipitated a deeper conversation about what aid is and where it should go next.

The International Cooperation Landscape

Global aid budgets are contracting as needs expand. Conflicts, climate shocks and economic pressures are driving a growing gap between available financing and global demand. In 2024, all four of the largest providers of ODA (i.e. the United States, the United Kingdom, Germany and France) reduced their aid budgets in the same year for the first time in nearly three decades.[5] According to the Organisation for Economic Cooperation and Development (OECD), ODA declined by 9 percent in 2024 and is projected to fall by another 9 to 17 percent in 2025.[6] Least developed countries could lose between 13 and 25 percent of bilateral ODA, with sub-Saharan Africa facing an even sharper 16 to 28 percent decline.[7] The steepest cuts are expected in health, humanitarian response and education.

At the same time, the number of people needing humanitarian assistance has quadrupled since 2015, reaching roughly 300 million in 2024—the highest level ever recorded.[8] Climate-related displacement is following the same trend, with the World Bank warning that up to 200 million people could be displaced internally by 2050.[9] Developing countries now face an estimated annual shortfall of US$4 trillion to meet the Sustainable Development Goals (SDGs).[10]

These are not temporary adjustments. They signal a systemic contraction in international public finance at a time when needs, from conflict to climate shocks and human rights violations are increasing. Even sector leaders acknowledge this uncertainty: a 2023 scenario-planning exercise by Cooperation Canada and the International

1 Christian Aid (2025). Stepping into the future: Transforming Christian Aid to shift power to partners and communities. 29 April 2025.
2 Oxfam Canada (2021). Shifting Power in our Movement. 18 May, 2021
3 Miolene, E. (2025). After the aid cuts: What's next for INGOs? Devex, 29 Augus, 2025
4 Kennedy, E., Maietta, M., & Santana, M. (2025). Future of Aid 2040: Unpacking the Aid System – Laying the Groundwork for Transformation. Inter-Agency Research and Analysis Network (IARAN) & Centre for Humanitarian Leadership (CHL).
5 OECD (2025). Cuts in Official Development Assistance: Projections for 2025 and the Near Term. Paris: OECD.
6 Ibid.
7 Ibid.
8 OCHA (2023). Global Humanitarian Overview 2024. United Nations Office for the Coordination of Humanitarian Affairs.
9 World Bank (2021). Groundswell II: Acting on Internal Climate Migration. Washington, DC: World Bank.
10 UN (2025). Global leaders launch the "Sevilla Platform for Action" to accelerate financing for sustainable development. United Nations Department of Economic and Social Affairs.

Development Research Centre set out four possible trajectories for the international cooperation system by 2030, underscoring that while the label "ODA" may change, the conditions for success remain the central concern.[11]

Transitioning to More Delegated Authority

Over the past two decades, successive international agreements have established delegation and local ownership as central principles of effective cooperation. From the Paris Declaration (2005) and Accra Agenda (2008) to Canada's Feminist International Assistance Policy (FIAP) (2017) and the Grand Bargain (2016, reaffirmed 2021), these frameworks collectively commit donors to align with partner country priorities, strengthen local leadership and channel more resources directly to local actors.

Financing models that transfer authority, or delegate responsibility, closer to where development takes place have shown they can deliver greater efficiency, responsiveness and sustainability. This is supported by evaluation evidence. Country-Based Pooled Funds, managed by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), have been assessed as among the most effective tools for locally led humanitarian action, directing resources quickly to national NGOs and local authorities.[12] The Global Fund to Fight AIDS, Tuberculosis and Malaria has institutionalized delegation through its country coordinating mechanisms, which helps ensure that national stakeholders set funding priorities. Independent reviews confirm that this approach aligns resources with local strategies and produces measurable outcomes: since 2002, Global Fund investments have reduced combined deaths from HIV, TB and malaria by 61 percent, saving an estimated 65 million lives.[13] Further, commitments to moving ODA as close as possible to local actors was on display at the recent Financing for Development summit in Seville, Spain, where the Seville Commitment highlighted that new arrangements based on trust, flexibility and local decision-making are essential. These examples demonstrate that delegation is more than an abstract principle. Delegation is an increasingly proven approach to managing limited resources effectively.

The Canadian Context

In Canada, these global shifts are mirrored by internal reform. Global Affairs Canada (GAC) is implementing a multi-year Transformation Initiative (2023–2026) to strengthen organizational culture, policy capacity and grant-management systems. A key pillar is the Grants and Contributions Transformation Initiative (GCTI), launched in 2024 to streamline funding delivery, reduce administrative burden and make procedures more predictable and transparent.[14]

Cooperation Canada and its members have played a proactive role in this process, serving as co-chair of the Civil Society Policy Advisory Group and as a member of the GCTI Partners Advisory Group. Through these platforms, the sector has provided critical feedback to ensure that modernization efforts reflect the realities of Canadian organizations implementing programs at home and abroad.[15]

Looking Ahead

Shrinking ODA budgets and evolving donor priorities make it imperative to identify models that sustain results while sharing authority more equitably. The Seville Commitment underscored that cooperation will increasingly rely on diverse financial source, such as domestic revenues, philanthropy, climate funds and regional mechanisms, alongside traditional aid.

11 Cooperation Canada and International Development Research Centre (2023). A Transforming International Cooperation System: Scenarios for 2030. Ottawa. The report presents four possible scenarios for how the international cooperation system could evolve by 2030, developed through consultations with Canadian and international stakeholders. The scenarios are not predictions but tools to explore uncertainty and to identify the conditions under which cooperation might succeed.

12 UNOCHA (2024). Country-Based Pooled Funds and Regional Humanitarian Pooled Funds: 2024 Review. United Nations Office for the Coordination of Humanitarian Affairs.

13 The Global Fund (2024). Results Report 2024. Geneva: The Global Fund to Fight AIDS, Tuberculosis and Malaria.

14 See: **Transforming Global Affairs Canada**

15 Cooperation Canada (2024). Annual Report 2023–2024. Ottawa: Cooperation Canada.

During the Validation workshop, participants further noted that delegated financing should be understood within a wider financial ecosystem, not only within ODA. Similar principles of shared authority and accountability apply across domestic and international public funds, including social finance mechanisms, employment and skills programs, or even sectors such as trade and defense that are increasingly linked to development outcomes. Recognizing this broader space underscores that delegated financing is not limited to aid reform but part of a larger evolution in how public resources are governed and shared.

2. Understanding Delegated Financing and Innovative Partnerships

Defining Delegated Financing

There is no official definition of "delegated financing" in the OECD Development Assistance Committee (DAC) framework. Elements of an existing understanding of "delegated financing" are present in different international declarations adopted over the last two decades.

During the Validation workshop, participants emphasized that what matters most is not reaching consensus on a single definition, but understanding why delegation and innovation matter in the first place. Delegated financing is ultimately a response to inefficiencies and inequities in existing aid models - an attempt to align resources, authority and accountability more closely with those who experience and drive change. This rationale provides the foundation for the definitions that follow.

The Paris Declaration on Aid Effectiveness (2005) focusses on the principles of ownership and alignment between countries that provide ODA and those that receive it. This Declaration states that "partner countries exercise effective leadership over their development policies" and that donors should "base their overall support on partner countries' national development strategies, institutions and procedures."[16]

The Accra Agenda for Action (2008) went further, urging donors to use country systems as the default option for aid to the public sector.[17] More recent commitments, such as the Grand Bargain (2016, reaffirmed in 2021), pledged that 25 percent of humanitarian funding should reach local actors as directly as possible.

Canada's FIAP (2017) recognizes that local women's organizations and movements are best placed to identify barriers and lead change. By pledging direct support for local stakeholders and partnerships that advance gender equality, the FIAP reflects Canada's aspiration to shift resources and decision-making closer to those most affected. Global Affairs Canada's GCTI is meant to implement actions that put this aspiration in practice.

Together, these frameworks establish clear intent to shift authority closer to partner countries and local actors. Yet none provide a precise operational definition of delegated financing, highlighting a core challenge: moving beyond broad principles toward practical models that put these commitments into practice. The OECD DAC itself has acknowledged this gap: its Development Co-operation Report 2023 noted that the aid system is under strain and requires fundamental rethinking, particularly around how power and resources are shared with local actors.[18]

Canadian civil society has echoed this concern. Cooperation Canada's Shifting Power in International Cooperation report stressed that change requires more than technical reforms, calling for a rebalancing of relationships between donors, governments and civil society in both the Global South and North.[19] This is demonstrated by the actual flow of

16 P.3, OECD (2005), Paris Declaration on Aid Effectiveness, OECD Publishing, Paris, **https://doi.org/10.1787/9789264098084-en**
17 OECD (2008), Accra Agenda for Action, OECD Publishing, Paris, **https://doi.org/10.1787/9789264098107-en**.
18 OECD (2023). Development Co-operation Report 2023: Debating the Aid System. Paris: OECD Publishing.
19 Cooperation Canada (2023). Shifting Power in International Cooperation. Ottawa: Cooperation Canada.

resources: an independent ODI review of the Grand Bargain found that only about 3 percent of humanitarian funding reached local actors directly, far short of the 25 percent commitment.[20]

Understanding Innovative Partnerships

Similar to delegated financing, there is no single official definition of "innovative partnerships" in development policy. The OECD broadly frames innovation in cooperation as encompassing "new policies, partnerships, business models, practices, approaches, behavioural insights and methods of development co-operation across all sectors." In this sense, innovative partnerships are less a formal category than a way of working: collaborations that cut across traditional boundaries, bring in new actors, or deploy new methods to deliver results.[21]

In this report, the search for innovative partnerships looked for cases where collaborators came together differently, building partnerships that were not based on a "traditional rulebook." Examples epitomized principles of mutual respect, shared power and reciprocity, which have been referred to as "equitable partnerships."[22] In many instances, these approaches did not produce delegated financing in the strict sense. But they did generate new blueprints for collaboration: governance boards that include local actors, philanthropic–government platforms designed to crowd in resources, or fellowships and accompaniment models that build partner readiness before funding begins. These examples are valuable, as they illustrate the range of relational and structural innovations that can create conditions for more equitable partnerships, whether or not full delegation is achieved (this is further discussed in Sections 4 and 5).[23]

For the purposes of this report, innovation in partnerships can be understood as a deliberate departure from hierarchical funding relationships toward more equitable forms of collaboration.

Delegated financing, when carried to its logical conclusion, necessitates such partnerships. Shifting authority closer to local actors requires arrangements that are not only financial but also relational: partnerships built on trust, risk-sharing and shared governance. This is why commitments on aid effectiveness and localization, from Paris and Accra through the Grand Bargain and Canada's FIAP, consistently link the principle of delegation with calls for new forms of partnership. The two concepts reinforce each other: delegation changes where decisions are made, while innovation in partnerships changes who is involved and how those decisions are carried out.

Delegated Financing – Proposed Definition

Earlier understandings of delegated financing and innovative partnerships, shaped by traditional ODA frameworks of ownership and alignment, stop short of capturing what is required now and in the future. In a context of shrinking aid budgets and rising global developed needs, delegated financing and the partnerships that they necessitate should be understood more broadly, as building more equitable partnerships that share risk, strengthen local leadership and enable flexible, adaptive use of resources.

Key stakeholder interviews conducted to prepare this report reinforced that current definitions are not fit for purpose in a context of systemic ODA contraction and shifting priorities. Stakeholders stressed the need for approaches that (1) embed long-term trust, (2) enable pooled or flexible funding instruments and (3) open space for new forms of partnership that can channel resources at scale.

During the validation workshop, participants noted that the language used to describe these models -particularly terms like "delegated financing" or "delegated authority" - may itself be part of the problem. These terms can imply hierarchy or control rather than shared ownership. For the purposes of this report, they are used as a starting

20 Metcalfe-Hough, V., Fenton, W., Willitts-King, B., & Spencer, A. (2021). The Grand Bargain at Five Years: An Independent Review. London: ODI Humanitarian Policy Group.
21 OECD (2017). The OECD Development Assistance Committee: Enabling Effective Development. Paris: OECD Publishing.
22 International Council of Voluntary Agencies (ICVA). Equitable Partnerships and Localisation – 'Grab and Go' Pocket Guide. Geneva: ICVA, April 2025.
23 A parallel can be made to the Trust-Based Philanthropy Project (2020), What is Trust-Based Philanthropy? **https://www.trustbasedphilanthropy.org**. While framed in a philanthropic context, the principles of multi-year funding, reduced reporting, and investment in partner capacity resonate with the broader search for more equitable partnerships in international cooperation.

point to reflect the language currently available in policy and practice, while recognizing that the sector is still evolving toward terminology that better captures principles of equity, reciprocity and shared stewardship. This shift in terminology is not merely semantic; it is a necessary step toward transforming relationships of power and accountability in the system. Emerging alternatives such as shared decision-making, co-created financing, or mutual accountability frameworks may provide more accurate descriptors for the direction in which the sector is evolving.

Participants also observed that the term "delegation" can be uncomfortable for some public funders, who prefer to speak of "ownership." While the two concepts overlap, ownership often implies partners' responsibility for outcomes within donor-defined parameters, whereas delegation involves transferring decision-making authority itself, which in some cases is legislatively not permissible. Recognizing this distinction is important: progress toward shared ownership may be a necessary step on the path toward true delegation.

Therefore, keeping in mind these considerations, for the purpose of this report, delegated financing was considered according to the following definition:

> Delegated financing in international cooperation refers to shifting authority over resources to those closest to the impact, through more equitable partnerships that go beyond traditional aid modalities.

This definition expands on a more traditional understanding of delegated financing by alluding to the following principles:

1. **Local authority and ownership** — resources are aligned with partner priorities, with decisions taken by those directly affected.
2. **Flexible and adaptive mechanisms** — funding models are designed to adjust rapidly to changing contexts and crises.
3. **Trust-based, equitable partnerships** — delegation requires relationships that move beyond hierarchical "donor–recipient" structures to shared governance.
4. **Innovative collaboration across sectors** — philanthropic, governmental and civil society partners share risk and resources, enabling larger-scale, more sustainable results.

These evolving definitions and debates highlight both the promise and the ambiguity of delegated financing. They clarify why delegation and innovative partnerships matter, but they do not yet show how authority can be transferred in practice or what success will look like when defined by those receiving funds. Generating this evidence is critical for shaping whatever comes next in international cooperation, as the traditional ODA model gives way to new arrangements. What this research begins to show are the conditions under which delegation is more likely to succeed, a question taken up in the next section through models and stakeholder perspectives.

3. Methodology

This report draws on a methodology combining desk research, targeted interviews and comparative analysis of select delegated financing models. The objective was to build a balanced evidence base to understand how delegated financing and innovative partnerships are currently being practiced and to identify the conditions under which they may succeed in the future. The report was validated and refined through a sector-wide workshop held on 23 September 2025, where participants reviewed the preliminary findings and provided feedback that informed the final analysis.

The research began with a comprehensive document review. Academic literature, OECD-DAC policy documents, evaluations of pooled financing mechanisms and reports from bilateral and multilateral donors were analyzed to understand how delegated financing has been framed and implemented.

Criteria for Model Selection

Given the large number of initiatives that could be considered under the umbrella of delegated financing and innovative partnerships, clear criteria were identified to focus the analysis. Working with Cooperation Canada, four criteria were used to select and assess models of delegated financing and innovative partnerships.

1. **Delegated responsibility:** The model should seek to transfer distinct ownership and accountability for decision-making to the partner. This includes flexibility in how funds are used and decisions over how results are achieved. Delegation does not require unlimited flexibility: funds may be earmarked for certain purposes, but the partner retains meaningful authority to determine how outcomes are pursued within clear, pre-agreed parameters.
2. **Innovative financial mechanisms:** The model should demonstrate unique or non-traditional financing arrangements that go beyond compliance-heavy funding. This includes equitable sharing of resources between partners and emphasizes results in a proportionate manner to financial and narrative reporting.[24]
3. **Power shift:** The model should show intent to center communities and local stakeholders as the starting point, rather than the donor. This could be through shared decision-making, inclusive governance structures, or explicit measures to advance equity and inclusion.
4. **Replicability:** The model should offer lessons that can be adapted in other contexts. Some initiatives may arise from unique circumstances, but the analysis considered whether elements of design or governance could realistically be replicated by other funders or implementers.

A further consideration was how applicable the model would be in a Canadian context, in particular in an association with a membership as large and as diverse as Cooperation Canada's.

On the basis of these criteria, a long list of 15 models was reduced to six (see section 4). These models were evaluated through key informant interviews (see Annex A), using a standard interview guide that was adjusted according to the interview (see Annex B). Ten interviews were conducted with representatives of Canadian civil society organizations, international NGOs, philanthropic funds and current or former public servants (see Annex A for complete list). These conversations provided first-hand perspectives on the strengths and limitations of delegated financing models.[25] They also offered insight into how organizations are navigating current constraints, including the contraction of ODA budgets and shifts in donor priorities.

Finally, a comparative analysis was carried out across a short-list of models (see Section 5). Each model was examined in terms of how decision-making authority was delegated, what kinds of partnerships supported this delegation and what evidence exists about outcomes. The analysis drew on published evaluations, interview insights and, where available, financial and governance data.

Integrating AEDIJ Principles

An important element of the methodology was the integration of anti-racism, equity, diversity, inclusion and justice (AEDIJ) principles. A key explicit consideration in defining the criteria and in the subsequent interviews was to project towards a future where "northern" organizations, whether donors or NGOs, are not at the centre of the development process.

With this in mind, the third criteria sought to specifically understand how equity and power dynamics are addressed and operationalized in each of the models. Interviews with stakeholders included analysis on:

- how does the partnership model address power imbalances;
- how equity and inclusion are embedded in the design or implementation of this model; and
- who is involved in decision-making at key stages (design, budgeting, evaluation) of the model.

24 This study did not assess 'innovative financing' such as results-based financing, blended finance, social impact bonds, but rather sought to assess the partnership element of the financial arrangement.

25 During the Validation workshop, participants suggested adding or referencing additional models led by NGOs or Southern civil-society actors to illustrate how delegation can emerge from within the sector itself, not only through government or philanthropic initiatives.

All stakeholders interviewed reiterated that without explicit attention to equity and justice, delegated financing risks reproducing existing hierarchies under new institutional forms.

This approach ensures that the report does not treat delegated financing as a purely technical innovation but situates it within broader debates about shifting power in international cooperation.

Limitations

The methodology also faced limitations. First, many models are relatively new and lack independent evaluations. This constrains the evidence base on the development outcomes of the selected model. Second, the sample of interviews, while diverse, cannot represent the full range of perspectives across Canada or globally. Thirdly, no formal evaluation of the models was undertaken by the consultants during the review period; therefore, the report is unable to quantitatively assess the question, "What is the impact of these models operating differently?" Finally, this changing context of international cooperation means that many delegated financing models are themselves evolving, making findings necessarily provisional. The future direction of the system is still uncertain. As noted in Section 1, the real question may be less about what ODA is called in the future and more about the conditions under which cooperation can succeed. The findings of this research should therefore be read as provisional but forward-looking: they offer early evidence of those conditions.

Looking Ahead

This methodology was to describe existing mechanisms and to inform future practice. By applying clear criteria and integrating AEDIJ principles, the research identifies models that are most relevant to the Canadian context and to the broader transformation of international cooperation. The next section presents the selected models in detail, highlighting how authority is delegated, what kinds of partnerships support this delegation and what lessons can be drawn. Section 5 then returns to an analytical lens, drawing out the conditions under which delegated financing is most likely to succeed.

4. The Models

Six models were studied as case studies of alternative ways of conceptualizing and implementing international cooperation programs and partnerships. Full descriptions of how the models met or did not meet the various criteria mentioned above can be found in Annex 1. Below is a brief description of the models. All of the models gave insights into shifts in relationships, agreements and partnerships, which is fully analyzed in Section 5: Comparative Analysis.

Equality Fund

Description of the model

The Equality Fund is a sustainable funding platform that advances gender equality and supports women and girls in the Global South. Launched in 2019 through a 15-year, $300 million agreement with the Government of Canada and backed by philanthropic, private sector and civil society partners, the Fund blends public and private resources to create a long-term, endowment-style model for grant making. Designed to shield women's rights organizations from the "starvation cycle" of Canadian aid, where funding is often cut due to shifting political priorities, the model also seeks to attract new resources and build a more sustainable, scalable approach. Led by a consortium of the Equality Fund, World University Service Canada and the Toronto Foundation, it combines gender-lens investing, capacity building and fund mobilization to ensure lasting impact.

Humanitarian Coalition – Canadian Humanitarian Assistance Fund (CHAF)

Description of the model

The Canadian Humanitarian Assistance Fund (CHAF) is a rapid response drawdown fund managed by the Humanitarian Coalition (HC), a consortium of Canadian humanitarian NGOs. Launched in 2014, CHAF was designed

to fill funding gaps in response to "neglected" or small-scale disasters, particularly those that failed to trigger large-scale international appeals. Over time, the model evolved through several iterations. Until recently, project-level sign-offs from Global Affairs Canada (GAC) was required for activations, even when response speed was critical. In 2025/2026 a pilot is anticipated to be launched to transform the model. Conceptually, what has been proposed is that instead of relying on GAC for case-by-case approval, CHAF activations are now triggered automatically by UN or International Federation of Red Cross and Red Crescent Societies coordinated appeals, provided they meet agreed thresholds. This pilot marks a deliberate test of delegated authority and external validation in a humanitarian financing context. HC has worked over the first 4 iterations of the CHAF to reduce this time. The fund is financed through a collaborative model: 90% by GAC, 5% by HC member agencies and 5% by the HC Secretariat.

The Fund for Innovation and Transformation (ICN-FIT)

Description of the model

The Fund for Innovation and Transformation (FIT), launched in May 2019, supports Canadian small and medium-sized organizations (SMOs) in testing innovative solutions to advance gender equality in the Global South. A program of the Inter-Council Network of Provincial and Regional Councils (ICN), funded by Global Affairs Canada and administered by the Manitoba Council for International Cooperation (MCIC), FIT empowered civil society organizations, social enterprises, post-secondary institutions and private sector actors to experiment with new approaches that promote women's and girls' empowerment. Grants of $150K–$250K were provided over 6–15 months to test solutions in partnership with local organizations. SMOs and their partners were able to take risks, iterate and adapt as they were testing their solutions. Beyond the funding, FIT fostered collective learning by creating knowledge-sharing spaces where the SMOs and their local partners could learn from others. FIT shared the SMOs' learnings with the broader sector and encouraged SMOs to do this as well. In total by the end of the program in 2026, FIT will disburse over $12 million to 60 Canadian SMOs working with partners across the Global South.

Local Response Pooled Fund (LRPG) – South Sudan

Description of the model

The LRPF – South Sudan launched in 2021, is a locally-led humanitarian funding platform created by South Sudanese civil society to shift decision-making and resources directly to local and national actors (LNAs). The platform was started with 11 smaller organizations within its loose network and now supports over 120 LNAs and 205 members. By empowering national NGOs to lead responses, LRPF promotes more responsive, sustainable and accountable humanitarian interventions. The fund addresses barriers faced by local organizations, such as limited funding access and capacity constraints, while advancing the Grand Bargain's goals of increasing local leadership, community participation and funding visibility.

Functioning as both a network and a platform, LRPF amplifies LNA voices and provides accessible funding mechanisms. It is hosted by the Nile Sustainable Development Organization (NSDO), which manages operations and office space. LRPF established a governance board with support from Save the Children. Originating from a local initiative, the fund operates independently, with the Board providing overall governance, oversight of the Secretariat's performance and key decision-making. This demonstrates a practical model for locally-led humanitarian action in South Sudan.

Mulago Foundation

Description of the model

The Mulago Foundation is an American privately funded family foundation that invests in high-impact organizations addressing poverty. Operating like a philanthropic venture fund, Mulago prioritizes measurable impact over traditional financial returns and supports solutions rather than isolated projects. It provides primarily unrestricted funding, minimal bureaucracy and hands-on engagement to enable innovation and growth. Through programs

like the Rainer Arnhold Fellowship, Mulago accompanies leaders and organizations through a structured "scaling for impact" process, helping them refine solutions, prove scalability within their own operations and expand impact exponentially through replication by others.

Scandinavian Ministries of Foreign Affairs (MoFA)

Description of the model

Several Scandinavian country governments (Norway, Finland, Denmark) have partnership frameworks between their Ministries of Foreign Affairs (MoFA) and international Non-Governmental Organizations (INGOs), which are built on principles of mutual trust, strategic alignment and long-term collaboration, with a strong emphasis on development effectiveness and accountability. These are multi-year frameworks which align to the government's foreign policy priorities as well as the NGO's strategic vision. Most have significant alignment to large international commitments (i.e. Grand Bargain) built into the outcomes. Most of these partnership programs have been in place for decades and are seen by the governments as an obligation to keeping their civil society strong. Across the Scandinavian countries, the number of organizations that receive a partnership agreement ranges between 6 – 23 organizations and the recipients are not fixed.

During the Validation workshop, participants highlighted the value of including the Scandinavian partnership frameworks as a contrasting example to philanthropic and privately financed models. These approaches demonstrate that flexibility and delegated decision-making are possible even within systems managing public funds. They also provide an important reference for Canada's own discussions on accountability, risk and trust in publicly financed cooperation.

5. Comparative Analysis

Certain patterns emerge consistently across the models reviewed in Section 4. This section distills those patterns into four themes that are central to whether delegation advances equity and produces sustainable results:

1. **Trust and degree of delegation:** how far authority is genuinely transferred and how that trust is established and maintained.
2. **Defining impact:** who decides what counts as impact.
3. **Role of the donor:** whether donors act primarily as controllers of funds or as partners, conveners and enablers of innovation or enablers of a more equitable ecosystem of actors.
4. **Risk:** how risk is framed, who carries it and whether practices support or undermine genuine delegation.

Each theme is examined through initial assumptions about why it matters, followed by analysis from the models and interviews and a reflection on what conditions make replication possible. The intentional shifting of power is considered across all four themes, ensuring equity and local ownership remain a central reference point.

The analysis developed here provides the foundation for Section 6, which draws lessons from these themes into recommendations for practice and policy.

Trust and the Degree of Delegation

Assumptions: Effective delegation depends on trust. Trust is built through up-front engagement, long-term relational investment and governance arrangements that allow authority to be exercised by those closest to the work.

How models demonstrate trust

- **Equality Fund:** Trust is embedded in participatory governance. Local feminist organizations sit at the decision-making table, with the government donor, supported by back-end administrative systems managed temporarily by a 3rd-party that provide fiduciary credibility without re-centralizing power.

- **CHAF pilot:** Trust is expressed through acceptance of third-party criteria for eligibility and allocations, which allowed quicker responses from CHAF while reducing GAC micromanagement of individual projects.
- **Mulago Foundation:** Trust is created through significant and intense up-front investment. A year-long fellowship ensures alignment before funding begins, followed by minimal paperwork and long-term relationships managed through ongoing dialogue.
- **ICN–FIT:** Trust is fostered through training and support to small Canadian SMOs and their partners. This helps them adapt to systems that might otherwise be exclusionary, allowing local actors to enter into delegated arrangements on stronger footing.
- **Scandinavian frameworks:** Trust is built through language and a culture of partnership. It is identified as the bedrock of the government donors' relationship with civil society; a starting point rather than something evolved over time. Oversight is front-loaded through rigorous vetting, then balanced by ongoing professional dialogue and flexible handling of disputes, rather than prescriptive control.
- **South Sudan LRPF:** Trust is placed in local governance arrangements, backed by administrative support from a Secretariat that ensures accountability without undermining local leadership. Operational decision-making sits with local governance bodies: General Assembly (205 members), Steering Committee and Board of Trustees.

Equity and power shift: The critical question is where trust is placed. In most models, the ambition is to move the locus of trust away from Northern intermediaries and toward local actors themselves. Mulago and the South Sudan LRPF illustrate this shift most clearly, while others show hybrid arrangements where time-bound (i.e. temporary) back-end support remains.

Replicability cue: Up-front investment and language that frames relationships as partnerships are important to building durable trust for delegation.

- **Significant up-front investment:** Time, financial and human resources are required to build the foundation for trust.
- **Language matters:** framing relationships as partnerships rather than compliance mechanisms shapes expectations.
- **Intentional, equitable governance:** Governance can enable delegation, but by itself does not guarantee a power shift; without intentionality, boards can recentralize authority or weigh more heavily to the funder/donor.
- **Beware of creeping requirements:** Over time, added annexes and indicators risk eroding the lean, flexible nature of the model.

Who Defines Impact and What Is That Impact?

Assumption: The closer impact is defined by those who experience change, the greater the possibility for genuine delegation and power shift. Moving away from donor-driven performance frameworks toward community- and partner-defined outcomes creates space for different kinds of impact.

> It is important to identify models that offer alternative ways of measuring results, impact and accountability—models that remain rigorous but differ from traditional Government of Canada methods.

How models understand impact

- **CHAF pilot:** Impact was defined collectively by HC members within a single scale of disaster response. This narrowed scope allowed decisions to be taken rapidly, while still respecting coalition-wide criteria.

- **ICN–FIT:** Small and medium organizations were encouraged to define success based on community perspectives rather than rigid logic models. Some MCIC programs explicitly rejected results-based management in favor of community-defined outcomes, reflecting a deliberate effort to privilege local voices.
- **Mulago Foundation:** Impact is not measured by activities or spending but by the potential for scale. Mulago looks for models that can be replicated by others—especially governments or local actors—and expects organizations to evolve toward enabling system-level change. Its fellowship program reinforces this by requiring partners to articulate a measurable mission and a theory of change that is simple enough to be replicated affordably.
- **Equality Fund:** Here the tension between donor requirements and partner-defined outcomes is most evident. GAC's formative evaluation of the Equality Fund in 2024, highlighted this tension.[26]

> "The lack of predetermined themes or outcomes was a strength of the program, but also posed challenges to achieving and communicating high-level, strategic results.[27]

The Fund operates with an elaborate five-level outcome framework and multiple quantitative indicators to satisfy GAC. At the same time, it strives to avoid imposing rigid metrics on feminist organizations, using tools such as a change matrix to capture qualitative progress. This dual system illustrates both the challenge and opportunity of reconciling donor expectations with feminist monitoring and evaluation approaches.

Equity and power shift: At stake is not only what impact is measured, but who has authority to define what "success" looks like. Mulago and FIT place definition in the hands of grantees and communities. The Equality Fund reflects the compromise many initiatives face: negotiating between donor demands for quantitative roll-ups and partner priorities for qualitative, context-based change. The power shift occurs when measurement frameworks move away from accountability upward to donors and toward accountability outward to communities.

Replicability cue: Minimum evidence standards for donors that encourage local definitions and ownership.

- **Lower evidence standards:** Donors can require minimum evidence standards without prescribing indicators in detail. This allows partners to define what matters in their own context.
- **Flexible tools:** Such tools (e.g., change matrices, adaptive MEL) can bridge quantitative and qualitative approaches, provide accountability while respecting local definitions of success.
- **Systems-change requires flexible approaches:** Replicating systems-change results can be challenging if actors are working towards unknown futures, which might require donors to adopt more flexible systems and tools that capture emergent outcomes and long-term transformative shifts, rather than relying on predefined metrics.

Role of Donor: Innovation in Structure and Financing

Assumption: Delegated financing allows donors to evolve from compliance enforcers towards more genuine partnership. In this new state there are several opportunities for evolution of the role of the donor. The donor's role can be to fund and to create the enabling conditions for trust, flexibility and sustainability. A complementary contribution with far-reaching impact is the investment in partners' readiness to assume greater leadership, influence funding flows and drive systems change on their own terms. Readiness goes beyond capacity building; it is not about

26 Global Affairs Canada (2024). Formative Evaluation of the Partnership for Gender Equality. Evaluation Division (PRA). Ottawa: Government of Canada.
27 Quote from interview with Louise Holt, Assistant Deputy Minister (retired), Global Affairs Canada, 9 July 2025.

filling gaps to fit existing systems, but about equipping partners to step into new roles of power, agency and long-term sustainability. Several other impactful practices can be the convening of wider coalitions, especially with non-traditional partners such as philanthropists and adopting financing instruments that are fit for purpose.

How models show donor roles in transition

- **Equality Fund:** The partnership with GAC highlighted the limits of existing instruments. Treasury Board authorization required annual reporting and multiple departmental approvals, forcing both GAC and the Fund to create extensive workarounds. While this demonstrated determination to make the model work, it also exposed how risk- and compliance-driven systems often undermine power-shifting objectives. At the same time, the Equality Fund example shows how the donor invested in 'readiness' for a future state of the donor and the Equality Fund. GAC allowed for an investment in a design/build phase, approving internal capacity strengthening and administration costs, which by traditional GAC standards are considered ineligible. These investments and approaches focussed on systems change outcomes, through a strengthened Equality Fund. Further, GAC acts as an enabler and convener, leveraging public money to crowd in philanthropic and international partners and repositioning GAC as a catalyst rather than sole funder.
- **CHAF Pilot:** GAC broadened CHAF's mandate to include medium-scale disasters, allowing greater flexibility. While this was a step forward, it also shifted CHAF away from its original design as a rapid response to under-funded emergencies. The change illustrates both the opportunity and the risk of donor-led adjustments: innovation can increase scope, but it may also affect the original intent.
- **ICN–FIT:** The FIT program, managed through a contribution agreement, gave SMOs greater flexibility than CHAF to adapt to learning and shifting contexts. The model also invested in capacity support, helping smaller organizations navigate donor systems and integrate gender equality. This proactive accompaniment showed how donors can build readiness rather than simply demand compliance.
- **Comparing CHAF and ICN-FIT:** These are two different levels of delegated financing, from the same funder (GAC). While having very different mandates, ICN-FIT and CHAF are similar in terms of importance to a government policy priority, reputability of the hosting entity (HC, MCIC) and value of the disbursements. In the case if ICN-FIT, GAC seems to have allowed for a delegation of finance and decision making to MCIC in the decisions related to programming and impact, whereas such a level of delegation to the HC has evolved over several iterations of the CHAF and does not yet seem to be at the same level as with MCIC.
- **Mulago Foundation:** Although a private actor, Mulago demonstrates a donor role focused on partner readiness and long-term accompaniment. Accountability is grounded in results and scalability rather than receipts, showing an alternative model where the donor can invest in the nurturing of organizations - or ideas in this case – to better enable them to deliver at scale.
- **Scandinavian structured frameworks:** Ministries of foreign affairs in Denmark and other Scandinavian donor-countries have in place structured framework agreements with trusted partners, based on an up-front assessment of those partners capacities. These provide longer time horizons and more flexibility than project-based funding and have not only proven to be more efficient for the partner, allowing more focus on impact than compliance, but also more efficient for the donor, allowing more focus on strategy than compliance.

Equity and power shift: The critical issue is whether donor roles reinforce or loosen control. In some cases, donors remain locked into compliance-heavy frameworks that slow down innovation and reproduce dependency. In others, donors have embraced new roles as conveners, capacity builders and champions of systems change. Where authority is genuinely delegated, the donor accepts less control over short-term results in exchange for longer-term, locally defined impact.

Replicability cue: Delegated financing requires donors to act as enablers—investing in partner readiness, reducing compliance barriers and leveraging wider coalitions.

- **Culture shift is foundational:** moving from "grantor–grantee" dynamics toward partnership cultures built on shared risk and joint problem-solving.
- **Donor convening power is a distinctive asset:** public funds can attract private, philanthropic and multilateral partners when positioned strategically.
- **Accompaniment matters:** capacity support (as in ICN-FIT and Mulago) is replicable and often decisive for enabling smaller organizations to succeed in delegated arrangements.
- **Instruments must be reformed:** Rigid grant and contribution tools require reform to allow true delegation. Without improved or new instruments, delegation risks being undermined by administrative workarounds.

Risk and Delegation

Assumption: Risk can be managed more effectively through upfront investment, clear guardrails and shared accountability. In traditional ODA models, risk is primarily defined in financial or fiduciary terms, leading to tight compliance requirements, contribution agreements and donor-centric oversight. In delegated financing, risk is reframed: rather than being held solely by the donor, it is distributed and managed through design choices such as governance arrangements, upfront investment in partner capacity and the language of contracts themselves.

How Risk Is Managed in Practice

- **Equality Fund:** The initiative was regarded by GAC as one of the riskiest undertakings in its history - a single large transfer, an untested governance model and mechanisms for philanthropic leverage. To manage this, GAC used a contribution agreement as the contractual instrument, with strong checks and balances. Oversight included multiple audits, special reviews and high-touch engagement by four dedicated GAC staff. Yet the agreement also recognized the long-term nature of the initiative, allocating five years to organizational development. Risk was not removed but reframed: heavy up-front support and oversight is meant to gave way to more flexibility as the fund matured.
- **ICN–FIT:** Risk was lowered through significant investment in partner capacity at the front end. Applicants had access to technical support for gender integration, budgeting and monitoring frameworks, which enabled them to meet accountability standards without distorting their own models. By leveling the playing field, ICN–FIT treated capacity support as a risk management tool, not a compliance burden.
- **South Sudan Local Pooled Fund:** Risk management was embedded in governance; decisions and oversight were shared with local actors, reducing donor exposure by dispersing responsibility. Rather than centralizing accountability in Ottawa or New York, the model relied on local boards and transparent, collective decision-making to mitigate political and fiduciary risk.
- **Mulago Foundation:** Mulago frames risk in venture-capital terms, i.e. the chance that money will not generate impact. Its board is highly tolerant of this kind of risk, seeing its role as identifying and de-risking ventures. Oversight is built through relational depth: fellows spend a year in close accompaniment before joining the portfolio and engagement continues through frequent contact, site visits and annual milestone reviews. Compliance is minimal (i.e." results, not receipts"), with accountability defined in terms of impact achieved and scalability demonstrated, rather than financial stewardship.
- **Danish Ministry of Foreign Affairs:** The Danish model relies on the principle of tilsyn, a form of active, professional oversight that combines due diligence with judgment and regular engagement. Relationships with civil society partners are built on mutual trust, underpinned by rigorous up-front assessment and shared strategic focus. Flexibility is embedded through framework agreements that allow partners to adapt within broad parameters and through unallocated funds reserved for shifting priorities. This balance enables higher trust without losing accountability.

Equity and power shift: Reframing risk is central to the power shift agenda. When donors equate risk with financial exposure alone, the default response is to retain control, limiting delegation. By contrast, when risk is defined more broadly and managed through partnership, donors can let go of day-to-day control. Trust-based models show that risk is not inherently greater when authority is delegated, but that it is managed differently. The real question is not "how risky is delegation?" but "who is allowed to carry risk and under what terms?"During the Validation workshop, participants noted that genuine delegation cannot occur if responsibility for outcomes is transferred without corresponding decision-making authority. Governments often seek to share or offload risk while retaining control, creating tension between accountability and empowerment. For delegation to be credible, both power and risk must move together, shared through governance, transparency and trust rather than through compliance alone.

Replicability cue: Risk can be managed through design (e.g., upfront investment, clear guardrails and shared governance) without reverting to donor control.

- **Phased commitments:** Donors can use phased commitments (e.g., Equality Fund's five-year organizational runway) to mitigate start-up risks while signaling long-term trust.
- **Capacity building:** Capacity support should be recognized as a legitimate risk management tool.
- **Equitable governance:** Governance arrangements that distribute decision-making (e.g., pooled funds, independent boards of directors) are replicable mechanisms for balancing accountability and flexibility.
- **Risk as linked to impact:** Philanthropic approaches like Mulago illustrate how reframing risk as the likelihood of achieving impact, rather than compliance with a contract, can enable greater tolerance for innovation. This mindset is not fully transferable to public funders but demonstrates a direction to redefine accountability.
- **Culture shift:** Framework agreements, as practiced by the Danish MFA, show that professional oversight combined with flexible instruments can maintain accountability while avoiding micromanagement. This balance is replicable if donors invest in adequate staffing and cultivate a culture of trust-based monitoring (tilsyn), rather than relying too heavily on reporting structures anchored in compliance requirements.
- **Language in contracts matters:** Contribution agreements, grant instruments and "qualifying disbursements" each carry implicit assumptions about where risk sits.
- **Essential vs discretionary risk:** Essential practices safeguard fiduciary integrity, transparency and human rights. Discretionary practices, such as rigid pre-approvals or overly detailed budgets, should be questioned and can be redesigned to allow greater flexibility and ownership (see text box).

Essential vs. Discretionary Risk Practices

In delegated financing, the treatment of risk often determines how much authority can be transferred. A key replicability lesson is the importance of distinguishing between essential and discretionary risk practices.

- **Essential risk practices are non-negotiable safeguards:** fiduciary due diligence, proportionate audit/reporting, conflict-of-interest and anti-corruption measures and protection standards (e.g., gender equality, safeguarding from exploitation and abuse). These ensure accountability for public funds and compliance with international obligations.
- **Discretionary risk practices often reflect donor habit or institutional inertia:** line-by-line budget approvals, rigid log frames, overlapping reviews, or restrictive cost categories. These requirements can stifle flexibility without improving accountability.

6. Insights and Recommendations

Three Insights

The changing landscape of international cooperation underscores that the traditional model of ODA is giving way to new forms of cooperation. As noted in Section 1, the real question is not whether ODA survives in its current form, but under what conditions future cooperation can remain effective and equitable. During the Validation workshop, participants emphasized that shifting power within the aid system should not be driven by the urgency of funding, but by the imperative to centre the voices and perspectives of those closest to impact. Section 2 highlighted that neither "delegated financing" nor "innovative partnerships" are formally defined in existing frameworks. They remain unclear concepts, often interpreted through donor-centric perspectives. During the Validation workshop, participants reiterated that the central question is not necessarily how to define delegated financing, but why it matters. Delegation is a means to achieve more equitable, efficient and lasting results — a way to align decision-making with those closest to impact and to make cooperation itself more effective. This report has therefore proposed working definitions that place equity, local authority and adaptability at the center. Sections 3 and 4 described how a study was undertaken of six different models. The analysis in Section 5 showed that delegated financing only advances equity when the transfer of authority is intentional, when partnerships within those models are more equitable. Trust, impact centricity, the role of the donor and risk practices must be understood as interdependent conditions: each can reinforce or undermine the others.

Three broad insights emerge from the preceding analysis and frame the recommendations that follow.

Delegation as a laboratory for system change: Delegated financing models gives a glimpse of what transformation is possible but remain innovative because they are not widespread and they are alternatives to the status quo.

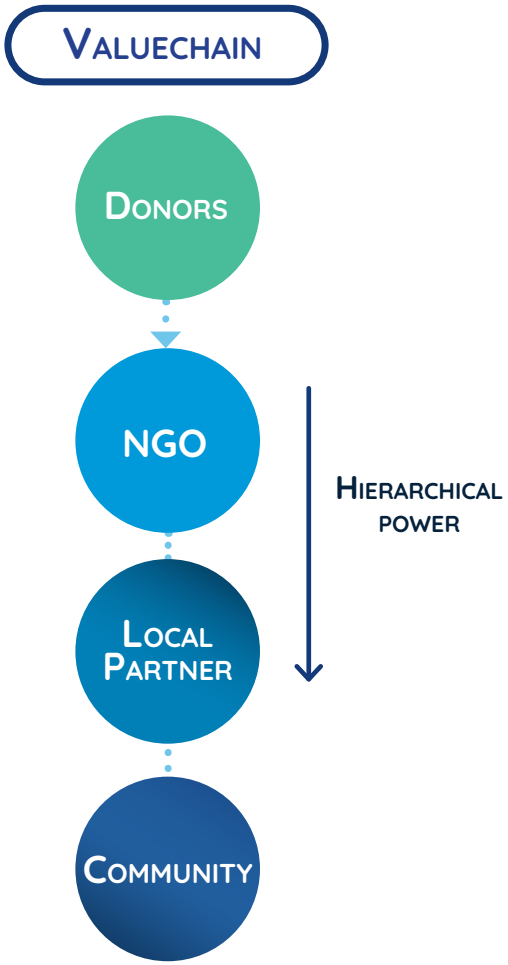
Across the cases studied, delegation occurs as process-level, micro shifts in power between donors, intermediaries and local partners. These are not yet systematized approaches. Their real significance lies in the practices they reveal. New forms of governance, accountability and partner support that can influence how the broader system thinks about ways of working. These are signals of disruption in the traditional model, pointing toward more durable forms of systems change. These micro-shifts in the case-studies examined here function as laboratories, demonstrating arrangements that could be scaled or adapted more widely if enabling conditions were in place.

Trust requires upfront investment: Delegated authority and financing benefits from deliberate upfront investments, with opportunity costs that should be recognized but have not yet been sufficiently researched.

The models studied often involve significant investment in governance structures, partner accompaniment, or organizational development before funding begins. These resources could, in theory, have been used for immediate service delivery to meet development goals, for instance to build a school, provide agricultural inputs, or expand a health program. Instead, these financial resources were invested in re-shaping relationships and building long-term capacity. Whether these upfront costs yield greater development results over time is a question that requires further study. What is clear from the models analyzed is that such investments create the conditions for more trusting relationships, which can lead to more sustainable and scalable impact.

From hierarchy to lattice: Delegated financing provides hints to where a systemic shift in the architecture of cooperation could take place.

Traditional ODA could be understood through a linear value chain: donors provide resources and define priorities; intermediaries (such as INGOs) manage contracts and absorb risk; local partners implement programs within donor parameters; and communities receive services or are at the center of a proposed change of state.



Value in this chain has been defined largely in terms of where power is seen to be most concentrated and whose accountability and visibility is understood to be more pressing and important. A significant portion of the system's energy is directed upward toward compliance rather than outward toward impact. Roles in the chain are defined by a hand-off of the 'product;' these roles have historically been fixed and systems have been built around maintaining these roles.

The models examined in this report suggest an alternative. Delegated financing and equitable partnerships propose that power and roles of actors within the chain can and should be redefined and not just shifted. A conceptual way to think of it is abolishing the chain and reenvisioning the ecosystem as a lattice, where value is created at multiple nodes and authority is distributed rather than concentrated.

In this new model, hierarchy is done away with and each entity can play a role that is defined with each opportunity, rather than presumed. The entirety of the model centers around stewardship. Each actor is a node on the same plane, where connection is defined by compacts and not hand-offs. Power is issue-bound, time-bound and shared, while division of labour is explicit and dynamic.

As such, the principles that underpin this model are:

- **Non-hierarchy** — No actor sits above another; authority follows the task, not the organization.
- **Reciprocity** — All relationships are grounded in mutual purpose, responsibility and accountability.
- **Role pluralism** — Any actor can hold multiple roles, but none outranks another.
- **Capital parity** — Financial resources are placed on equal footing with other forms of capital (e.g. community knowledge, delivery capacity, networks and legitimacy) without supremacy.

Aside from the way that this model provides a conceptual way to re-center power, this architecture matters because it may deliver more development impact per more limited resources. By reducing transaction costs, enabling adaptive decision-making and aligning resources with locally defined priorities, networked approaches could allow limited funding to achieve more. Feedback loops replace one-way reporting, ensuring that evidence of what works circulates through the system. Accountability flows not only upward to donors but also outward to communities.

During the Validation workshop, participants emphasized that civil society organizations must be recognized as agents of transformation in their own right. The shift toward delegated financing will depend as much on how NGOs redefine their roles and internal practices as on how governments reform funding instruments. Canadian NGOs bring deep relationships, contextual understanding and convening power that can accelerate more equitable partnerships. Recognizing and strengthening their capacity to act as enablers, co-investors and advocates for locally led action is therefore central to advancing delegation and innovation in practice.

The shift is not complete and in most models remains partial or experimental. But the direction is becoming clear: the future of cooperation will be less about sustaining a traditional donor–recipient chain and more about cultivating systems where value, authority and accountability are shared. Delegated financing through more equitable partnerships is one pathway toward that lattice model and the recommendations that follow identify the conditions per actor in the network needed to accelerate the transition.

Recommendations

The purpose of this report is to provide information and analysis that will inform advocacy towards donors, with an initial emphasis on the Canadian government, as well as civil society organizations, notably NGOs and fund managers registered in Canada undertaking international work. As such, recommendations will focus on these two stakeholder groups. Participants emphasized during the Validation workshop that progress on delegated financing requires change on both sides of the partnership equation. Donors and civil society organizations must evolve in parallel — donors by reforming instruments and culture and NGOs by redefining their own roles, governance and accountability.

Therefore, the following two sets of recommendations should therefore be read together, as complementary actions within a shared transformation. The recommendations are presented in two layers: foundational shifts that can be acted on today within existing constraints and bold moves that point to the deeper transformations needed for a future which privileges delegated financing and equitable partnerships.

For Donors (Governments, Foundations)

Foundational shifts for today

- **Reform funding instruments:** Move beyond rigid contribution agreements and log frames; pilot fit-for-purpose tools such as structured frameworks or multi-year agreements that enable adaptive management, allow partners to define relevant indicators and focus on minimum evidence standards
- **Distinguish essential from discretionary risk:** Retain fiduciary and safeguarding checks, but drop redundant budget approvals or duplicate audits.
- **Enable partner readiness:** Move beyond compliance to invest in partner leadership, agency and governance design through flexible funding, proactive support and strategic convening.
- **Leverage convening power:** Shift donor values, culture and systems to bring together all stakeholders, including other funders and voices currently absent from the global table, to enable public funds to catalyze collaboration, share risk and amplify diverse perspectives.
- **Build trust through self-reflection:** Assess donor culture vis-à-vis other stakeholders and commit to immediate shifts in transparency (e.g. of constraints) and reciprocity.

Bold moves for the future

- **Equivalence:** Donor's money is recognized as one contribution among many (others may bring legitimacy, lived experience, data, or delivery capacity). This requires evolution in donor culture, prioritizing trust and mutual accountability, risk tolerance and contracting, for example replacing with compacts that define shared purpose and decision rights rather than unilateral obligations on the recipient.
- **Democratize accountability:** Redesign accountability frameworks so that feedback flows both ways, Communities and partners evaluate donor performance as much as donors evaluate program delivery. This creates a culture of reciprocity and builds donor legitimacy within the ecosystem.
- **Elevate mutual success as the metric:** Adopt success measures that track power shifts and relational quality alongside traditional outcomes. For example: percentage of funds managed locally, satisfaction with decision-making authority, or effectiveness of collaboration.
- **Transforming donor identity and value:** As the lattice ecosystem evolves, donors must intentionally rethink the value they bring beyond financial capital. This involves building new capabilities in convening, systems stewardship and adaptive partnership, while positioning themselves as co-creators of resilient ecosystems rather than controllers of projects.

For Civil Society (INGOs, Canadian NGOs, Fund Managers)

Foundational shifts for today

- **Demonstrate performance and share learning:** Systematically capture how delegated financing and shifted decision-making function in practice, enabling replication and adaptation of successful models across contexts. Use this evidence to strengthen credibility with funders and to demonstrate that shared authority can deliver stronger, more cost-effective results.
- **Establish transparency protocols:** Make budgets, allocation criteria and decision rationales accessible to all partners. Embed reciprocal feedback loops where NGOs are evaluated by local actors to balance accountability in both directions.
- **Redefine organizational role:** Transition operationally and with intention from acting primarily as contract holders to serving as enablers, providing fiduciary assurance, technical support and solidarity to accelerate locally led leadership and systems change.
- **Advance shared governance:** Institutionalize the inclusion of local partners in decision-making bodies (with the effective supports), ensuring their participation carries meaningful voting rights and influence.
- **Institutionalize accompaniment:** Provide targeted staff support, mentoring and peer learning opportunities to strengthen smaller partners' ability to navigate donor requirements and sustain effective engagement.

Bold moves for the future

- **Redesign decision-making spaces:** Create joint governance forums that bring donors, NGOs and local partners into the same room for program design and budget allocation. Pilot rotating facilitation to normalize shared stewardship and dismantle hierarchical habits.
- **Reframe funding relationships:** Shift from a "subgrantee" mindset to a co-investment model by delegating a portion of funds directly to local actors under co-designed accountability protocols. This reframing signals parity and builds trust.
- **Start measuring power shifts:** Track progress through indicators such as "percent of decisions delegated to local actors" or "partner satisfaction with decision authority." Measurement turns principles into practice and provides evidence for scaling.
- **Rethink organizational purpose and role:** As authority, resources and decision-making evolve between actors (or stewards), invest in a deliberate rethinking of the INGO's purpose and strategy. Define new measures of success, cultivate competencies in convening, stewardship and systems change and align leadership development with the organization's evolving role in the ecosystem.

Annex 1: The Models

Equality Fund

What type of delegated authority does this model encompass?

- Advances delegated responsibility by shifting decision-making to feminist organizations through a feminist grant making model that emphasizes trust, flexibility and accountability to feminist movements.
- A decentralized governance structure exists which centers around the partners and not the donor.

How is delegated financing used in this model?

- Delegated financing, in the strict sense, is not present in the Equality Fund model—the primary donor (Global Affairs Canada (GAC)) contracts directly with the Equality Fund and does not delegate financing authority downstream. However, the model does represent a significant departure from standard Canadian government practice in how resources are structured and managed, introducing a more flexible, institution-building financing arrangement, blurring the line between traditional donor control and delegated autonomy.
- At the budget level, Treasury Board approval was secured to allow funding for activities normally ineligible under traditional aid frameworks, such as organizational start-up costs, capacity building and administrative expenses. This flexibility was critical to establishing the Equality Fund as a sustainable institution rather than a time-bound program. The financing approach was designed to evolve over time: a five-year phased budget shifted from initial investments in institutional capacity toward ongoing resource management.

What is the innovative partnership or practice in this model?

The innovation of the Equality Fund lies less in a single mechanism and more in how it reshaped the donor–partner relationship. The model pushed GAC to shift long-standing practices in three ways: prioritizing results over strict compliance and risk management, creating space for local partners to define their own priorities and impact and embracing a role to crowd-in additional funding.

This required a systems-level change within government. Traditional accountability and compliance frameworks, deeply entrenched in financial management systems were not designed to support a model that shifted power and ownership to women's rights organizations. Negotiating these tensions was difficult and required political will from the highest levels.

Equally important, the Equality Fund positioned GAC not just as a funder, but as a convener and collaborator. By leveraging Canada's $300 million commitment, the Fund became a platform to attract and align diverse sources of funding, from philanthropic foundations to bilateral donors like the UK's Foreign, Commonwealth & Development Office, to private sector and civil society partners. This crowding-in role expanded GAC's influence beyond financing, encouraging it to reimagine its role as a coordinator and contributor to a shared agenda.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

Several interlocking conditions enabled the Equality Fund model to take root:

- **Strategic re-think of the landscape:** At the time, there was no direct Canadian funding channel to grassroots women's organizations, while international shifts, such as Sweden's adoption of a feminist foreign policy, signaled new possibilities. A small legacy gift provided seed resources, while a visionary Board and leadership at Match Fund, with strong mission alignment and issue expertise, asked what was possible in that moment. **Policy shift:** In the broader context, the Feminist International Assistance Policy itself represented a significant policy shift, bringing about positive change beyond gender equality alone. The government began emphasizing

development results and impact rather than the older model of simply whether activities were completed on time and within budget. This was part of a broader push to measure results differently, including introducing overarching KPIs within a standardized framework, which was a big shift in how GAC worked with partners.

- **Political alignment and pressure:** High-level political will, from ministers up to the Prime Minister, helped push the initiative forward. At the same time, civil society pressure and advocacy were necessary to ensure this commitment translated into reality.

Humanitarian Coalition – Canadian Humanitarian Assistance Fund

What type of delegated authority does this model encompass?

- From 2014 to date, the extent of delegated authority is that the Humanitarian Coalition (HC) Secretariat manages member selection and fund disbursement using several different selection methods.
- Based on lessons learned which point to improved efficiencies needed from the donor and more trust in the HC process, a pilot has been proposed for pre-approved triggers: Authority to activate responses would rests with HC based on external appeals (UN/ International Federation of Red Cross and Red Crescent Societies), removing GAC from day-to-day decisions.

How is delegated financing used in this model?

- CHAF 5 is funded via a $20 million grant agreement over four years, disbursed in $5 million annual tranches. Funds are distributed through annual advances, giving the HC Secretariat the autonomy to spend and report retrospectively once activations are triggered.
- Funds are accessed and spent without GAC pre-approval, as long as activations meet agreed conditions.
- For smaller-scale responses (<$100K), GAC has agreed to reduced proposal and reporting burdens, with HC exploring annual roll-up reporting rather than project-specific deliverables.
- An HC-developed scoring and rotation system governs which members respond to which appeals, ensuring fair access across the coalition.
- This financing structure supports rapid humanitarian response and tests multi-tiered delegated financial governance.

What is the innovative partnership or practice in this model?

- A hybrid model combining public accountability with the agility of NGO-led response.
- CHAF 5 is an intermediary-managed drawdown fund that combines external validation (via global appeal systems) with internal governance and allocation (via the HC Secretariat) and more flexible donor engagement (via GAC's pilot structure).
- Delegated authority is based on third-party appeals (i.e. UN or International Federation of Red Cross and Red Crescent Societies appeals)
- Shared governance between GAC, the HC Secretariat and members, formalized through grant annexes rather than rigid contribution agreements.
- Built-in equity mechanisms to prevent capture by larger or more visible HC members.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

- **Trusted consortium partner with strong brand:** In 2005, the HC informally started for collective fundraising during emergency responses, with formal incorporation in 2009 with five founding partners developed the HC. As such by 2014, there was already a brand and pre-vetted capacity with known geographic coverage that the Canadian government could tap into to implement a drawdown fund.
- **Clear scope:** The Canadian government, a small donor in a large pond, was looking to fill a niche with a new drawdown fund and identified the unmet need related to smaller-scale, rapid-onset events.

- **Media and mobilization architecture:** The Canadian government already partnered with the Coalition on matched public appeals for large disasters; CHAF complements that system by covering lower-visibility crises, leveraging the same coordination infrastructure.

The Fund for Innovation and Transformation

What type of delegated authority does this model encompass?

- The FIT model represents a form of delegated authority in which the Inter-Council Network (ICN) provided strategic oversight while the Manitoba Council for International Cooperation (MCIC) assumed full responsibility for day-to-day administration. What distinguished this delegation was both the degree of trust placed in the intermediary and the flexibility of the funding approach.
- From the donor side, GAC supported a "fail fast" philosophy, accepted higher levels of risk and did not require the SMOs to use a traditional Results-Based Management (RBM). The intermediary took on the RBM for the whole program. Instead, organizations could use alternative testing frameworks and define success based on community perspectives.
- The structure also highlighted the importance of adaptability: monitoring and evaluation were framed less around rigid targets and more around learning.

How is delegated financing used in this model?

- GAC disbursed a significant envelope of project and operational funds to MCIC, which acted as the fund host on behalf of ICN. This arrangement allowed GAC to rely on a trusted intermediary with specialized expertise, reducing the administrative burden on the funder while ensuring effective program delivery. Due to the short time frame of the program fund and its start up during the pandemic, FIT staff were empowered to make ongoing adjustments to FIT's internal processes, as well as to support funded SMOs and help strengthen their capacity over the course of various intakes.
- Within this framework, SMOs had autonomy over the funds they received. They were responsible for using resources to test innovative solutions, but this autonomy was balanced by accountability measures, including progress reporting, financial controls and participation in FIT's knowledge-sharing activities.

What is the innovative partnership or practice in this model?

- The innovative practice in the FIT model lies in its deliberate rethinking of how funders partner with SMOs. Rather than simply disbursing funds, FIT provided intensive accompaniment, capacity-strengthening and mentorship that leveled the playing field for organizations with varying levels of experience engaging with frameworks like results-based management, developing theories of change, etc. This approach actively supported decolonization by reducing the burden of compliance-heavy processes that often disadvantage smaller organizations. For example, FIT offered proposal writing assistance through consultants to review it and make suggestions, which may have leveled the opportunity for SMOs. FIT also allowed and encouraged SMOs to budget for local expertise (e.g. local gender specialists and local mel consultants) to assist with testing design and reporting.
- Lighter-touch check-ins, rather than extensive reporting, fostered a relationship-based engagement where support emerged organically instead of being driven solely by compliance.
- FIT fostered an environment of experimentation by adopting a "good enough" approach. Instead of pushing for polished, long-term programs, SMOs were encouraged to move quickly into action, adapt and learn from iteration. This stage-gated experimentation, coupled with close accompaniment, created a genuinely supportive ecosystem for innovation.
- FIT also sought regular feedback on processes and approach and attempted to implement suggestions where feasible and made sense.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

- In 2017, the Canadian government committed $100 million to the SMO Initiative to support gender equality, following ICN advocacy highlighting the critical role of SMOs and grassroots actors in global development. FIT was established as one of three components of this initiative, focused on testing short-term, innovative solutions.
- Organizational capacity was another enabling condition. MCIC, guided by an experienced Board, decades of expertise managing provincial funding to its members, established a dedicated FIT working committee and was able to incorporate the program into its operations by expanding staff and infrastructure. FIT leveraged MCIC's expertise and organizational resources, allowing it to focus on building FIT-specific systems and support for SMOs. FIT further leveraged the ICN's networks to reach SMOs across the country.

Local Response Pooled Fund – South Sudan

What type of delegated authority does this model encompass?

- The LRPF model embodies a form of delegated authority that shifts decision-making and resource control directly to national NGOs. The LRPF's governance structure, which includes member organizations in decision-making processes, fosters ownership and accountability, distinguishing it from traditional donor-driven models. For example, governance is led through a General Assembly and Steering Committee. By pooling donor resources, LRPF enables member organizations to allocate funding flexibly and efficiently, reducing duplication and increasing responsiveness.
- The model incorporates peer learning and mutual accountability, fostering collective risk-taking, shared standards and collaboration across local organizations. Beyond project financing, LRPF invests in institutional development and capacity building, strengthening the long-term resilience and leadership of national NGOs. This delegated authority has elevated the voice and visibility of national NGOs in policy and funding spaces and fostered inter-organizational solidarity, allowing local organizations to shape humanitarian responses directly while supporting one another in times of crisis.

How is delegated financing used in this model?

- The LRPF model channels funds from the Secretariat to member organizations. Implementing partners manage funds directly while the Secretariat maintains accountability and risk oversight. Initially, from 2021 to 2024, funds were channeled through Save the Children; since 2025, LRPF has been legally incorporated and assumes full financial responsibility, allowing it to receive and manage donor funding independently.
- At the partner level, LRPF uses a tiered risk management approach: local implementers are categorized based on capacity, including factors such as operational readiness and speed of emergency response. Financing is then delegated according to these assessments, ensuring that funds are used effectively while balancing risk. This structure allows LRPF to provide flexible, locally controlled funding while maintaining prudent oversight and supporting organizations of varying capacities.

What is the innovative partnership or practice in this model?

- The innovative practice of the LRPF model lies in its "localization within localization" approach, which centers national and community-level actors in decision-making and humanitarian response. Unlike traditional models that typically start at the international level, LRPF operates through South Sudanese organizations, supporting both community-based groups and national NGOs to design, implement and evaluate projects that address priority needs at the grassroots level. This includes the LRPF's call for proposal where national NGOs themselves proposed interventions based on the need observed on the ground rather than a restricted call which dictates the project design and outcomes. This approach ensures flexibility, local ownership and sustainability, as interventions are proposed by the communities themselves rather than dictated by external donors.
- The model also demonstrates an alternative role for intermediary organizations. Save the Children supported LRPF in its early years as a guarantor, host and advisor, providing technical expertise, administrative support and credibility while deliberately leaving leadership and decision-making with the South Sudanese organizations.

This partnership preserved local authority, strengthened capacity and allowed the fund to operate independently over time. This approach provides an example of systems-level change, by offering a locally led alternative to traditional Western NGO intermediaries.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

- **Policy shifts and the localization agenda:** The LRPF emerged as a response to the global push for humanitarian localization, notably the Grand Bargain commitment to channel 25% of humanitarian funding directly to local and national actors (LNAs). Prior to the LRPF, only about 4% of donor funds in South Sudan reached LNAs, underscoring the need for structural change. This policy gap highlighted the necessity for mechanisms that empower local organizations to lead and manage humanitarian responses.
- **Funding ecosystem and access challenges:** Local organizations in South Sudan faced significant barriers to accessing funding, including stringent donor compliance requirements and limited capacity to meet international standards. The LRPF was conceived to address these challenges by providing a platform where national NGOs could directly access funds, thereby reducing dependency on international intermediaries.
- **Relationships and local leadership:** The LRPF was initiated by a coalition of South Sudanese NGOs, with support from the South Sudan NGO Forum and Save the Children. This grassroots leadership ensured that the fund was tailored to local needs and priorities.
- **Capacity building and trust development:** Recognizing the capacity gaps among local organizations, the LRPF emphasizes capacity strengthening as a core component. By investing in local systems and building trust within communities, the LRPF enhances the effectiveness and sustainability of humanitarian interventions.

Mulago Foundation

What type of delegated authority does this model encompass?

- Practices reflect a high-trust, low-bureaucracy model that gives significant decision-making power and autonomy to grantees.
- Mulago promotes streamlined processes. To minimize administrative burdens, Mulago does not accept unsolicited proposals. Instead, they proactively identify potential grantees through their networks and fellowship programs. Reporting requirements are kept minimal, focusing on annual milestones and impact methodologies.
- Mulago holds itself accountable for the impact of its funding, advocating that funders should be as responsible for outcomes as the organizations they support. This philosophy aims to create a more effective and results-oriented philanthropic sector.
- Encourages crowding- in funding through encouraging grantees to identify who will ultimately “do” the work and who will “pay” at scale (often beyond the foundation itself).

How is delegated financing used in this model?

- Unrestricted, long-term funding reflects delegated financial authority; grantees are trusted to allocate resources strategically without needing constant funder approval. The Foundation believes that flexible funding fosters innovation and growth, allowing organizations to allocate resources as needed. Partners continue to receive funding as long as there is clear progress toward impactful scale.
- Mulago operates as a philanthropic venture fund, treating social impact as the return and cost-per-impact as the measure of efficiency. Its approach prioritizes measurable impact over profit, provides risk-tolerant and flexible capital in forms such as grants, equity, or loans and combines funding with strategic guidance, capacity building and networks. With a portfolio mindset, Mulago learns across organizations to strengthen future investments, while focusing on innovative and scalable solutions to systemic problems.

What is the innovative partnership or practice in this model?

- The Mulago Foundation's innovation is the way it blends a fellowship accelerator with a philanthropic foundation, making relational support central to its model. Rather than funding projects, Mulago identifies entrepreneurial leaders tackling poverty with scalable ideas and brings them into the Rainer Arnhold Fellowship, its on-ramp to any funding. Fellows receive seed capital alongside intensive accompaniment: hands-on design and strategy support, mentorship from faculty and ongoing collaboration over a year. This process allows Mulago to deeply understand both the solution and the founder's capacity—leadership, learning culture, fundraising and governance—before considering them for longer-term portfolio funding. Grants are then structured not as payment for activities, but as "bets" on the organization's future potential for exponential impact, reflecting a partnership rooted in trust, accompaniment and sustained engagement.
- Further, the centricity of the Foundation's focus on impact is unique: The Mulago Foundation's focus on impact reflects their belief that philanthropy should be as accountable and results-driven as a successful business. They define impact as measurable, tangible change directly linked to specific interventions and see it as the ultimate indicator of success. By prioritizing organizations that rigorously track and demonstrate outcomes, Mulago ensures that resources are used effectively to create meaningful, scalable change.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

- Mulago has developed clear, consistent frameworks for defining mutual success; evaluating scalability starting from impact, shaping strategies for scale and identifying the core organizational capacities needed for long-term sustainability.
- The model depends on building deep, trust-based relationships through significant upfront investment in getting to know organizations. Instead of proposals, Mulago's team conducts its own research and prepares investment memos, reducing the burden on partners while creating a strong foundation of trust and understanding that sustains the partnership.

Scandinavian Ministries of Foreign Affairs

What type of delegated authority does this model encompass?

- Framework agreements are based on program funding (not project funding) with relatively flexible terms, allowing partners to allocate resources within agreed strategic objectives without needing prior approval for each expenditure or project change.
- Some agreements have a risk-based oversight approach, granting more delegated authority to well-established and high-performing INGOs with strong governance and fiduciary systems; new or smaller partners may face more direct control or conditional funding arrangements until capacity is proven.
- The contracting approach aligns with the overall approach of trusting the partner, focusing on essential information and aiming to reduce burden on all stakeholders.
- For example, Denmark has adopted a highly streamlined and flexible partnership model that replaces traditional contracts with a single annual commitment letter supported by standardized public guidelines. Partners receive one annual commitment letter covering their full allocation and in return submit only one results report, one financial report and one audit note per year. The approach eliminates fragmented bilateral agreements and significantly reduces administrative burden while maintaining accountability.

How is delegated financing used in this model?

- Framework agreements include provisions that allow INGOs to adjust activities or budgets quickly in response to unforeseen risks or opportunities (including research that can maximize impact), without needing lengthy approvals.

- Unearmarked funds – Allowance for organizations to reserve unallocated funds in their budgets from the outset and then allocate them as needed throughout the period. No approval process, only an alert to the donor of use.
- No firm ceiling set on costs (Denmark), aligned with the protocol Money Where it Counts, in order to utilize a more transparent cost structure system. Rationale: Partners are diverse and strict policies don't work in different contexts. The donor feels that they are not best placed to develop a single standard for what activities cost or what overhead levels are appropriate.
- Flexibility given to partners to allow funds towards co-financing and mobilization of funding from other institutional donor, provided that engagement falls within the overall objectives of the partnership

What is the innovative partnership or practice in this model?

Denmark

- The innovative practice in this model is the deliberate framing and operationalization of funding relationships as true partnerships rather than hierarchical "grantor–grantee" arrangements. This is embedded in the cultural of the donor's bureaucracy, emphasizing mutual trust, shared strategic focus and collaborative accountability, rather than strict top-down control. While responsibility for public funds remains clear, especially in cases of irregularity, the default approach is rooted in trust and partnership, enabling greater flexibility without undermining accountability.
- An example of this, in the case of Denmark, is its redefinition of monitoring through the concept of tilsyn. Unlike traditional Monitoring and Evaluation equating to oversight, tilsyn is understood as an obligation to support partners through continuous engagement—regular dialogue, contextual understanding and joint problem-solving—rather than as a narrow compliance exercise. While this approach requires a different type of investment from the Ministry, it streamlines administrative work by replacing multiple technical agreements with a single consolidated framework, freeing capacity for more meaningful, trust-based engagement with partners. This reflects a cultural of partnership-centered accountability, balancing efficiency with deeper relational monitoring.
- The partnership model provides significant operational and financial flexibility, made possible by a rigorous upfront due diligence process that builds trust and justifies autonomy. NGOs can shift activities or reallocate funds across countries within a five-year period with minimal approval.

Finland

- The Finnish model emphasizes trust and long-term partnership under its civil society strengthening program-based support, allowing Finnish NGOs flexibility to determine where they operate and how they deliver results. Unlike larger bilateral programs, this model operates on a smaller scale and prioritizes trusting NGOs' judgment on where Finnish support can add the most value in advancing development policy goals.
- While precise calculations are challenging, the model is considered highly cost-effective because its impact extends beyond program-specific outcomes. Ministry of Foreign Affairs (MFA) funding supports tools, methodologies and training that benefit the broader sector, enhancing capacity in areas like gender equality. Although the funding is limited, it is strategically valuable and can be used to leverage other funding.

What conditions enabled this model to be created (e.g. policy, funding ecosystem, relationships)?

- Denmark has shifted to a centralized, flexible development cooperation model that reduces silos and administrative burden by consolidating multiple agreements into a single strategic partnership framework. A central office ensures quality and best practices, while other departments can contribute funds without managing implementation directly, allowing for scalable partnerships and improved coordination. This approach streamlines NGO reporting and dialogue, freeing time for strategic discussions, alignment and knowledge-sharing rather than compliance-focused management.

- Over the last two decades, Finland's MFA has worked towards developing different funding modalities for different sized partners, with the overarching aim to have a more strategic approach to development cooperation. Over the past two decades the number of organisations receiving program-based support has increased. This shift aimed to enhance the effectiveness and coherence of Finland's foreign aid by consolidating various funding mechanisms and fostering closer collaboration with civil society organizations. The MFA recognizes the importance of supporting civil society organizations as key partners in promoting sustainable development and strengthening active and diverse civil societies in partner countries. This evolving landscape laid the groundwork for the development of partnership frameworks that emphasized mutual trust, impact and effectiveness and long-term collaboration between the Finnish government and civil society organizations.
- Norway's humanitarian civil society partnership frameworks were established within a policy environment that emphasized multilateralism, human rights and civil society engagement. The Ministry of Foreign Affairs initiated pilot projects for multi-year cooperation agreements with selected humanitarian organizations in 2009, aiming to improve coordination between humanitarian, transitional and long-term development assistance. This approach reflected a commitment to flexible, trust-based partnerships that could adapt to changing humanitarian needs.

Annex 2: Key Informant Interviews

Institution	Name
Global Affairs Canada (former)	Louise Holt
The Equality Fund	Katharine Im-Jenkins
Humanitarian Coalition	Bren Melles
ICN-FIT/MCIC	Janice Hamilton
Local Response Pooled Fund – South Sudan	Rombek Rombek (Chairperson) Gabriel Galuak Chol
Mulago Foundation	Kevin Starr (CEO) Sanat Daga
Scandinavian MoFA framework agreements	Plan Finland • Annukka von Kaufmann, Director of Programs and Partnerships Ministry of Foreign Affairs, Denmark • Jonas Lundsgaard Palmstrom, Head of Section, Dept for Humanitarian Action and Civil Society -

Annex 3: Interview Guide

Key Informant Questionnaire:

Exploring Innovative Partnerships and Delegated Financing Models in Canada's International Cooperation Sector

June 2025

Background:

The research seeks to identify partnership models and innovative financial arrangements which 1) promote delegated responsibility of the implementer in decision making and the flexible execution of partnership outcomes; 2) includes a unique financial model which enables the implementer to focus on quality, impact and ownership; 3) prioritizes systemic shifts in power or the explicit and active advancement of equity (vs passively doing so); 4) has the potential to be replicated (in whole or in part) by a variety of organizations. The research is intended to lead to the development of learning for Cooperation Canada members and advocacy for funders, including Canadian federal government officials.

Questions:

Phase 1 – Pre-interview

- Interviewees will be asked to share in advance any background documentation which describes the financing and partnership model, including what impacts and results have been achieved.

Phase 2 – Interviews

I. Delegated Responsibility and Flexible Execution

Goal: Understand how much autonomy and decision-making power is granted to the implementing partner.

1. Can you describe how responsibilities and decision-making authority are distributed within the partnership?

2. What level of flexibility do implementers have in determining how to achieve agreed outcomes?

3. Have there been any formal mechanisms (e.g. MOUs, governance frameworks) to support implementer autonomy?

4. How is trust built and maintained in the relationship between the funder and implementer?

5. In what ways has this model reduced or increased administrative or reporting burdens for the implementer?

II. Innovative Financial Model Supporting Quality, Impact and Ownership

Goal: Examine how the financial structure supports mission-driven outcomes rather than compliance or donor-driven activities.

1. How is funding allocated and disbursed? (e.g. up front, milestone-based, reimbursement)

2. Does the financial arrangement allow the implementer to prioritize long-term impact over short-term outputs? If so, how?

3. How is financial risk shared between funder and implementer?

4. What mechanisms are in place to encourage adaptive programming or course correction?

5. Have you seen changes in program quality or impact as a result of the financial model?

III. Intentional Power Shifting and Equity Advancement

Goal: Understand how equity and power dynamics are addressed and operationalized.

1. How does the partnership model explicitly address power imbalances (e.g. between Global North and South, donors and implementers)?
2. Can you provide examples of how equity and inclusion are embedded in the design or implementation of this model?
3. Who is involved in decision-making at key stages (design, budgeting, evaluation)?

IV. Replicability and Adaptability

Goal: Assess how scalable, adaptable and transferable the model is to other contexts or organizations.

1. What components of this model do you think are most essential or unique?
2. What contextual factors (legal, political, institutional) enabled this model to succeed?
3. What adaptations would be required to replicate this model in a different geography or sector?

Meta Questions

- What challenges or unintended consequences have emerged in this model?
- If you could redesign this partnership or financing structure from scratch, what would you keep or change?

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In partnership with Canada

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Land Acknowledgement

Cooperation Canada acknowledges the historical and ongoing oppression and colonization of all Indigenous Peoples, cultures, and lands in what we now know as Canada. The land on which Cooperation Canada's office is located is the traditional unceded territory of the Algonquin Anishnaabe People. We believe that social justice in Canada and globally depends on reconciliation with all Indigenous peoples, including the First Nations, Métis, and Inuit peoples, who are the original guardians of the land we are grateful to be sharing.

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