

Accelerating Sustainable Development Through Flexible Funding

Global | Duration: 2020 - 2025 | Implementing partners: UNOPS Geneva, EU Department of International Partnerships (DG INTPA)

The Challenge

Development and humanitarian interventions face significant obstacles in achieving the Sustainable Development Goals, with over one-third of SDG targets stagnant or regressing. Current funding mechanisms remain inadequate, often imposing restrictive timeframes, heavy administrative burdens, and discouraging necessary changes. Responses are often siloed, with interventions being implemented by sector, along with a divide between humanitarian and development funding, which makes integrated and comprehensive programming challenging. Funding remains predominantly controlled by international actors, with limited participation from local entities, hampering localization commitments. Traditional hierarchical partnership models prioritize international organizations, missing the opportunity to gather valuable contributions from local organizations, private sector actors, and academic institutions.

The Solution

UNOPS established the Lives in Dignity (LiD) Grant Facility to innovate with strategic granting approaches in order to better address these challenges. The aim, in line with UNOPS' operational mandate to find practical solutions to operational challenges, was to transform the EU's policy commitments on forced migration, as articulated in the [Lives in Dignity: from Aid-dependence to Self-reliance communique](#) (as well as their later Global Compact on Refugees commitments) into tangible, results-oriented interventions. The approach focused on using granting processes as mechanisms to operationalize policy goals through competitive selection processes. By establishing well-chosen grant selection criteria, UNOPS incentivized behavioural changes among humanitarian and development actors to address key challenges. The approach recognized that contexts are constantly changing, requiring flexible funding mechanisms that allow for course correction.

What Made This a Promising Practice?

The LiD Grant Facility tested an innovative approach to financing projects responding to situations of forced displacement, attempting to challenge traditional power dynamics in traditional humanitarian-focused interventions. By using grant criteria to incentivize the inclusion of local actors and promoting equitable partnerships, the facility empowered organizations typically excluded from decision-making processes. The adaptive management approach recognized the complex and uncertain contexts in which development interventions operate, encouraging necessary course corrections to maintain relevance. The facility's integration of multiple policy goals - including localization, participation, integrated programming, and whole-of-society approaches - demonstrated how grant mechanisms can operationalize global commitments while simplifying financing processes to be more flexible and contextualized.

The Response

- **Engaging non-traditional partners:** Initial barriers included complex language and processes unfamiliar to local NGOs, authorities, and non-traditional actors. The facility responded by reducing jargon, simplifying communication, and conducting targeted outreach through established local actor-oriented networks.
- **Risk perception with local partners:** Local entities have traditionally been considered high-risk partners. The facility addressed this by emphasizing the benefits local actors bring to projects in evaluation criteria, implementing risk-sharing through partnerships, and providing regular support throughout implementation.
- **Rigid funding structures:** Traditional inflexible agreements limited adaptive programming. The facility implemented allowable budget redistributions and facilitated quick approvals for necessary adjustments while maintaining a culture of trust between funders and implementing partners.

Key Results

Strategy and Selection Criteria:

- Develop a clear vision and theory of change anchored in policies with implementation gaps
- Design selection criteria that require proposals to address priorities identified by the target populations themselves
- Mandate partnership-based projects and encourage diversity of actors, including at least one local partner in each project
- Require integrated approaches addressing multiple thematic areas to break down sectoral silos
- Award additional points for projects including diverse stakeholders such as local authorities, academic institutions, and private sector actors

Diverse and Supportive Governance Structures:

- Establish advisory mechanisms that include representatives from target populations, local authorities, academic institutions, and networks of local organizations. Consider the appropriate level for these mechanisms, strongly aligning them with the project structure.
- Engage external experts with regional expertise and relevant lived experience in evaluation committees

Equitable Partnership Promotion:

- Consciously break down inherent power hierarchies through specific modalities, such as implementing direct contractual relationships for all partners with assigned budgets, reporting responsibilities, and result ownership
- Provide equal conditions for all partners and foster a culture of mutual respect and knowledge sharing
- Employ a multi-step application approach to clearly communicate expectations and strategic elements
- Conduct targeted outreach to non-traditional actors through established networks

Flexible and Adaptive Programming:

- Create guidelines allowing for adjustments and amendments throughout implementation
- Maintain well-resourced, multi-disciplinary support teams to understand implementation challenges
- Facilitate responsive budget adjustments to address changing needs and contexts
- Integrate cross-project learning through thematic knowledge exchanges and communities of practice
- Approach monitoring as learning opportunities with local expert participation

Lessons Learned

The LiD Grant Facility demonstrated that grant design and management present significant opportunities to advance sustainable development. Strategic selection criteria can incentivize development actors to implement global policy commitments on localization, participation, and integrated programming. Equitable partnership models that eliminate hierarchical relationships empower organizations typically excluded from decision-making processes. Flexibility throughout the grant lifespan creates an environment where innovation can thrive, learning from failure can occur rapidly, and course corrections maintain project relevance in changing contexts. Future initiatives should continue exploring ways to engage more diverse partners, particularly from the private sector, while further simplifying requirements to allow greater focus on delivery rather than administrative compliance.



LiD Lives in Dignity GRANT FACILITY

The Lives in Dignity (LiD) Grant Facility was an EU-funded initiative managed by UNOPS that promoted development-oriented approaches in forced displacement settings. With €24 million allocated between 2021–2025, the Facility supported 14 innovative, multi-stakeholder projects across Africa, Asia, and Latin America. Its flexible funding model empowered local actors, strengthened partnerships, and fostered integrated programming across five key areas: livelihoods, service delivery, housing and spatial planning, protection, and disaster- and climate-related mobility. The Facility prioritized community-led solutions, localization, and social cohesion, advancing sustainable development for both displaced populations and host communities. **Find out more at** https://international-partnerships.ec.europa.eu/policies/programming/programmes/lives-dignity-grant-facility_en