

IASC Priority: Humanitarian Financing

Date: 13 December 2013

PROBLEM STATEMENT

Despite efforts in the past decade to develop new approaches to humanitarian financing, the system still lacks a predictable, coherent, consistent and robust flow of resources to support humanitarian action. Whether due to conflict, forced migration or natural disasters and compounded by factors such as population growth, urbanization, climate change, etc., humanitarian needs are increasing and existing funding cannot sustain responses to complex, concurrent, protracted as well as new crises. Since 2007, there has been a year-to-year downward trend in the percentage of funding versus needs. The proportion of humanitarian financing needs met in the consolidated and flash appeals, which include funding requirements for UN agencies and NGOs, in 2012 was the lowest in a decade.¹ This has an impact on affected populations, aid agencies, disaster-affected states and donors.

At the same time, new actors such as the private sector and emerging economies are interested in providing aid. This aid needs to be better understood, leveraged and utilized by a more effective IASC system. Several initiatives have been proposed and launched to engage these new partners, for instance by engaging emerging non-DAC donors.

While the Transformative Agenda has already yielded improvements on the humanitarian programme cycle, questions related to the quality of needs assessments, the prioritization of needs, and a clear strategic direction remain. Ensuring the effective structure and use of funding mechanisms is an important step towards resourcing principled humanitarian action in a predictable and consistent manner. Questions have been put forward, for example, as to which organizations most effectively benefit from pooled versus direct funding, why only a small proportion of humanitarian funding goes through pooled funds, and whether pooled funding increases coherence and collaboration between the agencies or not.

Added value of the IASC: The IASC's common review of existing funding mechanisms, as well as its engagement with traditional and emerging donors on policy change and innovation, will lead to greater efficiencies, in line with the aims of the Transformative Agenda.

KEY OBJECTIVE

Review the potential of the current funding architecture to respond to the evolving nature of humanitarian action in an effort to improve our ability to provide aid to those who most need it.

1. Support coherence among multiple initiatives on humanitarian funding and strengthen financing mechanisms and related tools so that they are accessible to those able to use them effectively and rapidly in support of broader resource mobilization efforts
2. Explore models to maximize the current funding base and to secure additional, flexible and predictable funding streams for humanitarian organizations, including by identifying new partnerships

TASKS FOR THE NEXT TWO YEARS

Objective 1:

- Review the impact of donor conditions, e.g. counter-terrorism clauses, visibility requirements, and other tied aid elements, on the programming environment and on risk management strategies, and suggest alternative options for funding agreements (in coordination with the task team on Principled Humanitarian Action)
- Inform policies on and evaluations of pooled funds; contribute to assessments on whether pooled funding increases coherence and collaboration between agencies, and whether it supports the humanitarian programming cycle
- Share information and coordinate with IASC organizations, task teams and other coordination bodies

¹ Global Humanitarian Assistance, *Global Humanitarian Assistance Report 2013*, p. 14 (based on UN OCHA FTS data).

Priority: Humanitarian Financing

Objective 2:

- Using the theme of humanitarian effectiveness as an entry point, contribute substantively to the discussions for the World Humanitarian Summit, by providing inputs and advice on issues related to humanitarian funding and financing
- Engage with the Good Humanitarian Donorship Group and new actors/partners, including non-DAC countries and the private sector, to establish and strengthen partnerships and leverage their commitments
- Strengthen existing partnerships between humanitarian organizations, donors and others, map new and potential partnerships, especially with emerging donors and the private sector, and identify best practices from the efforts of individual agencies to broaden their donor base
- Support the further exploration of strategic response planning costing models and system-wide resource-mobilization efforts

WG Sponsor: Nan Buzard, ICVA

Co-Chairs: Marzia Montemurro, ICVA, and Lisa Doughten, OCHA