Inter-Agency Standing Committee

88th IASC Working Group Meeting

**Discussion Paper on the Future of Humanitarian Financing**

10-11 March 2015

Host: FAO, Rome*, Queen Juliana Room (B324), Building B, 3rd Floor.*

Through its Task Team on Humanitarian Financing, members of the Inter-Agency Standing Committee (IASC), led by a Steering Group of CAFOD, the Food and Agriculture Organisation of the United Nations (FAO) and WorldVision International, initiated a 6 month research process to examine the Future of Humanitarian Financing (FHF). The FHF process included a series of 5 regional cross-sectoral dialogue events in late 2014/early 2015 which brought together individuals together individuals from local and international civil society, UN agencies and funds, local and international businesses, regional organisations and governments. Dialogue participants were invited to think about, debate and propose solutions to the current challenges in financing response to humanitarian needs. Insights and emerging consensus coming out of the five dialogues inform the core content and spirit of the report. Additional desk research and interviews with experts were also undertaken. Finally, an expert advisory group was convened to debate and comment on an initial draft of the report and feedback from IASC member agencies invited.

The Future Humanitarian Financing (FHF) dialogues are part of the suite of preparatory consultations leading up to the 2016 World Humanitarian Summit. The results of the FHF discussions have been synthesised into a report, which presents a survey of available evidence and ideas, accompanied by a set of practical recommendations for change which include both transformational and incremental change in the short, medium and longer-term, and are designed to stimulate further discussion. The analysis of challenges and solutions emerging from the FHF dialogues are characterised by complexity, contradiction and divergent interpretations which is unsurprising given the diverse nature of the humanitarian ecosystem. The analysis will require further consideration, research, investment and prioritisation. Indeed the purpose of the FHF has been to stimulate dialogue that will contribute to enhancing the adaptive capacity of humanitarian response and it is the sincere hope of the FHF Steering Group agencies that this dialogue will continue beyond the life-time of the initiative.

This 2 page paper outlines the vision of what the future of financing for humanitarian action, emerging from the FHF dialogues, will look like, and the 4 transformational changes which need to be addressed in order to realise that vision.

***In future, much of the cost of providing humanitarian assistance will be borne by local and domestic actors including affected governments, communities, civil society groups, businesses and regional organisations. The costs of financing supplementary international response will continue to come from international governments and private donors including individuals, foundations and corporate donors.***

***But there will be far greater diversity among donors including the rising middle classes in Middle Income Countries (MICs) who will play a major role in meeting the costs of post-disaster needs through voluntary giving. The interests and concerns of rising and emerging donors will challenge and re-shape modes of assistance and the relative influence of actors within the existing system and will support the rise of new responding actors.***

***Crisis-affected individuals will receive a ‘bundle’ of financial and material assistance through a variety of channels including commercial savings, loans and insurance; cash and material assistance from relatives and local collectives; government cash transfers and welfare payments; temporary access to subsidised or free goods and service provided by the domestic and international private sector; and finally, cash, material relief and access to services provided by domestic civil society organisations and international humanitarian actors, including the UN and international and regional NGOs.***

***Responses will be co-ordinated primarily by governments and regional inter-governmental organisations and will draw on international humanitarian standards, emerging norms around transparency and using new communications technology. Elsewhere, international actors will continue to provide classic principled humanitarian assistance in contested settings - where there is conflict, political instability or persecution of minority groups – substituting for a lack of domestic capacity or will to assist affected populations. Modes of assistance will be modernised and make greater use of more efficient technology and relief products and services.***

***Influenced by new global norms, treaties, and financing tools, governments and private sector actors will invest in mitigating the risks of climate change and building resilience to disasters, offsetting some of the rising costs of responding to climate-related disasters. In addition, with the technical and financing support of international development partners – including South-South cooperation - governments will invest in their capacity to manage and respond to disasters.***

The IASC Working Group may wish to consider and agree to the following:

1. as suggested in the Executive Summary, prioritise, research and invest in recommended actions under the 5 areas, notably, **re-balancing the division of labour, prioritising nationally-led response,**  embracing diversity, **building a progressive humanitarian enterprise** and **system upgrades**. (FHF Steering Group members will elaborate on recommendations as presented in the Executive Summary attached to these 2 pages);
2. consider key findings and recommendations to be prioritised and submitted to the High-Level Panel on Financing and to the Financing for Development process, through the IASC Principals.

Prepared by TT on Humanitarian Financing/CAFOD/FAO/WVI