

DONOR CONDITIONS Objective 2.1

Renegotiate donor requirements or conditions
that contribute to reducing the burden

Presentation to the IASC Task Team on Humanitarian Financing
on preliminary findings

Geneva, 27 May 2015

Study co-led by WFP and UNFPA - This document is designed as support to the oral presentation.

Introduction

January 2014 – Retreat of IASC HFTT

- HFTT discussions on increasing pressure from donors on agencies receiving humanitarian funding including limited predictability, transparency requirements, visibility, value for money, etc.
- HFTT identified one of its priorities for the 2014-15 workplan - “Renegotiating donor requirements and conditionalities that contribute to reducing the burden on recipient agencies”

Original steps that were planned:

- Identifying 5 top conditionalities and developing common messages.
- Determining which issues to take to donors/GHD counterparts as follow up to link with the GHD on humanitarian financing stream

Work done completed in 2014

Work done in 2014

- Identification of key conditionalities and grouping them
- Discussion of basic guiding principles related to conditionalities
- Mapping of guiding principles and linking them to identified conditionalities

Challenges:

- Initial reluctance of some agencies to provide inputs naming donors/linking them to conditionalities subsequently resulting in inability of producing messaging that would be targeted.

Retreat 2015:

- Agreement by HFTT member to provide more detailed information and for UNFPA and WFP to further develop methodology to do so.

Work in 2015 – Lessons learned

- Renewed commitment in relation to 2014
- Exercise involved various sensitivities for many agencies.
- Drawbacks of time and resources ('volunteerism')
- Methodology could have been further improved/ refined if full-time person devoted to effort (e.g. agency-specific interviews by one person would have been very time-consuming but also increased evenness of results)
- Respondents not always same as HFTT members → difficulties in understanding rationale and ultimate aim of exercise
- Turnover of members of the group
- Data findings could still be potentially uneven – need more responses.

Potential Respondents

UN Agencies

- FAO
- UNICEF
- IOM
- WFP
- UNFPA
- OCHA/FCS
- OCHA/CERF
- OCHA/OCHA
- WHO
- UNHCR

NGOs

- Handicap Int.
- Inter Action
- World Vision
- ICVA

Responses received to date:

7 of 10 potential UN respondents

1 NGO


Work in 2015 - Methodology used (I)

1. Compiled a list of top 10 donors and key emerging donors of each organization
2. Refined a survey matrix based on inputs from HFTT members including categories such as severity, size of donor and scope for improvement filled by the agencies
3. Refined an average impact of conditions into three quartiles (Considers only the top quartiles)
4. Identified top conditionalities and ranked them by scope for improvement

Work in 2015 – Methodology used (II)

The impact of conditions were defined from a 1 to 5 severity and averaged into three quartiles in order to prioritise the top quartile as being the top conditions.

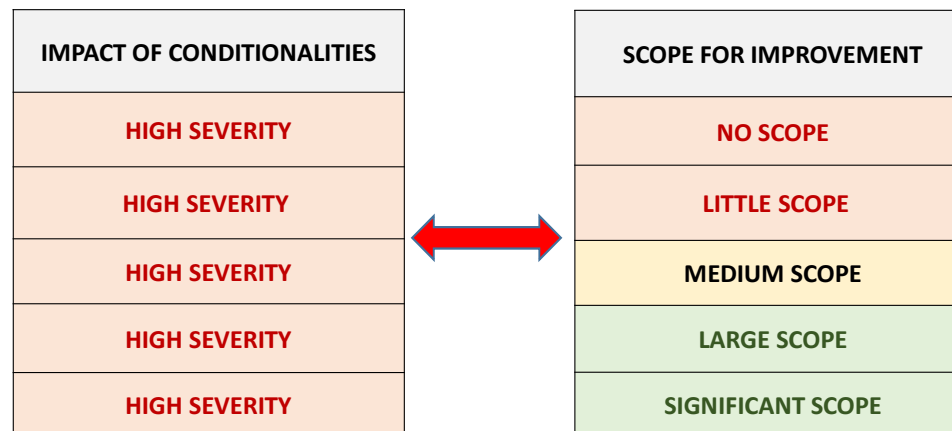
Objective: Focus only on the conditionalities with the most significant impact.



Quartiles	Severity of conditionalities	
THIRD Quartile	5	Significant impact (<i>Presents constraints to adequately fulfilling organizational objectives</i>)
	4	Large impact
MEDIAN Quartile	3	Medium impact
FIRST Quartile	2	Small impact
	1	Little impact

Methodology of the study (III)

1. Identify top conditionalities
2. Rank top conditionalities in order of scope for improvement.



Preliminary Findings (I)

Emerging trends from top conditions out of 14 ranked by severity of conditions:

Quartiles	Conditionality
HIGH IMPACT	Financial Restrictions
	Earmarking
	Reporting
	Risk Management
	Limited predictability
MEDIUM IMPACT	Disclosure/transparency
	Counter-terrorism
	Due diligence
	Environmental impact/Climate change
	Anti-corruption/fraud/misuse of funds
	Visibility
	Value for Money
SMALL IMPACT	Lobbying
	Restrictions on staff with donor country's nationality

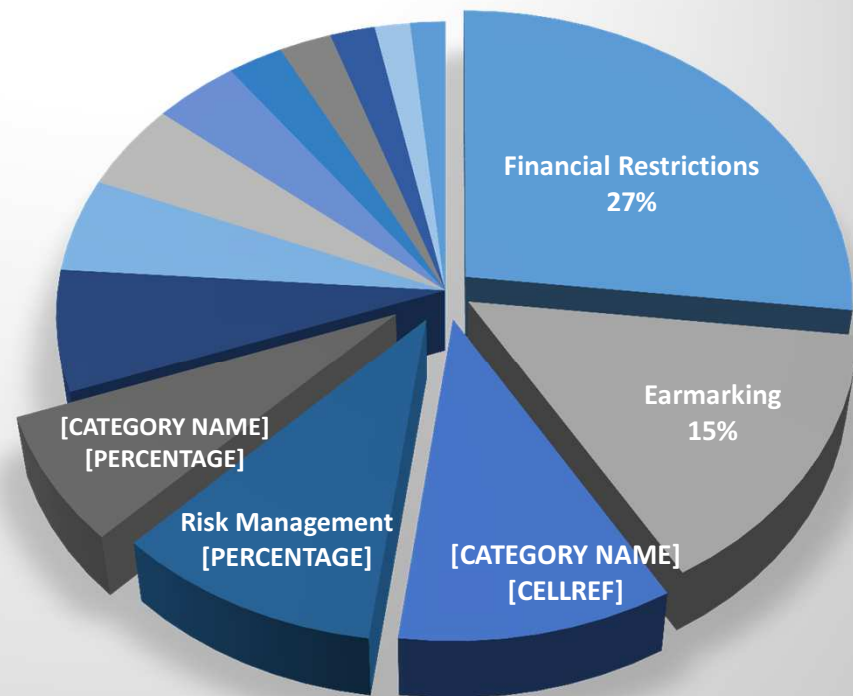
Preliminary Findings (II)

KEY EMERGING TRENDS:

- Financial Restrictions
- Earmarking
- Reporting
- Risk Management
- Limited Predictability

Total = 70% out of the 14 conditionalities*

* Percentage from sum of level of severity out of the 14 conditionalities



Conditionality	Humanitarian Principles	Details	Percentage of impact level
Financial Restrictions	Lack of flexibility, predictability and timely funding: 1,2,8	Unspent balances to be returned rather than used for similar activities- The probability of having to refund is significantly higher than the probability that donors agree on reprogramming	27%
		Spending deadlines (sometimes with no possibility of no-cost extensions)	
		Disbursement delayed or split up into tranches	
		Organisations have to request funding to cover immediate needs	
Earmarking	Lack of flexibility, predictability and timely funding: 1,2,8 Aid based on need assessment: 2,8	Project/Activity	15%
		Geographic Area	
Reporting	Flexibility, predictability, excessive reporting requirements: 1,8	Additional reporting requested which differs from the standardised reporting format	11%
		Disbursement from multi-year agreements are subject to approval of the reports by the donor	
Risk Management	Excessive reporting requirements: 1	Donors reserve right to stop transfers, claim repayment if contractual obligations are not met or if it emerges that funds are not being used for the agreed project	10%
		Request for aid diversion reports	
Limited Predictability	Lack of flexibility, predictability and timely funding: 1,2,8	Limited predictability and multi-year funding for most donors, which hinders the development of resilience and government capacity-building programmes	7%

Preliminary Findings (IV)

Level of impact ranked by its scopes for improvement:

Impact	Conditionality	Details	Scope for improvement
HIGH	Risk Management	<i>Request for aid diversion reports</i>	NO SCOPE
	Reporting	<i>Disbursement from multi-year agreements are subject to approval of the reports by the donors</i>	SMALL SCOPE
	Financial Restriction	<i>Unspent balances to be returned rather than used for similar activities- The probability of having to refund is significantly higher than the probability that donors agree on reprogramming</i>	MEDIUM SCOPE
	Reporting	<i>Additional reporting requested which differs from the standardised reporting format</i>	
	Risk Management	<i>Donors reserve right to stop transfers, claim repayment if contractual obligations are not met or if it emerges that funds are not being used for the agreed project</i>	
	Financial Restriction	<i>Disbursement delayed or split up into tranches</i>	
		<i>Spending deadlines (sometimes with no possibility of no-cost extensions)</i>	
		<i>Organisations have to request funding to cover immediate needs</i>	
	Earmarking	<i>Geographic Area</i>	LARGE SCOPE
		<i>Project/Activity</i>	
Limited Predictability	<i>Limited predictability and multi-year funding for most donors, which hinders the development of resilience and government capacity-building programmes</i>	SIGNIFICANT SCOPE	

Top 3 conditionalities among the first 5 contributors

Organization	Conditionality	Details
EU	Earmarking	Project/Activity
	Risk Management	Donors reserve right to stop transfers, claim repayment if contractual obligations are not met or if it emerges that funds are not being used for the agreed project
	Earmarking	Geographic area
UK	Counter-terrorism	Request to ban certain groups from implementing or benefitting from the project
	Reporting	Additional reporting requested which differs from the standardised reporting format
	Due diligence	Robust due diligence process- per theme, per humanitarian action + desk review
USA	Counter-terrorism	Standard counter-terrorism language cleared by legal departments
	Limited Predictability	Limited predictability and multi-year funding for most donors, which hinders the development of resilience and government capacity-building programmes
	Earmarking	Project/Activity
Germany	Risk Management	Donors reserve right to stop transfers, claim repayment if contractual obligations are not met or if it emerges that funds are not being used for the agreed project
	Limited Predictability	Limited predictability and multi-year funding for most donors, which hinders the development of resilience and government capacity-building programmes
	Earmarking	Project/Activity
Sweden	Financial Restrictions	Unspent balances to be returned rather than used for similar activities- The probability of having to refund is significantly higher than the probability that donors agree on reprogramming
	Due diligence	Each contribution shall be subject to internal and external auditing procedures
	Risk Management	Donors reserve right to stop transfers, claim repayment if contractual obligations are not met or if it emerges that funds are not being used for the agreed project

Questions for discussion with HFTT – next steps?

Determining appetite on part of IASC HFTT members for engagement with donors:

1. Keeping in mind that weighting of scope for improvement varied widely between different agencies -
 - a) Should we consider different types of engagement (e.g. geographic earmarking)?
 - b) Should scope of improvement (low to high) affect how we decide to engage with donors?
2. Do we wait for other responses to ensure sounder results? What about NGOs?
3. Relationship with other studies (Inter Action, ICVA)?
4. Do we approach the GHD?
5. Do we present only overall findings or specific findings related to individual donors?
6. Do we approach donors individually? If so, which ones and who?
7. Establish a smaller task force work on further developing messaging?