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## IASC Results Group 5 - Humanitarian Financing

24 November 2020

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### Summary Record

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IASC Results Group 5 on Humanitarian Financing met on 24 November 2020 to discuss (i) localization, including in terms of funding to local partners; (ii) update on the RG5 workplan; (iii) debrief on the webinar between the RG5 and the GHD; and (iv) funding flexibility.

The below captures action points agreed upon and a brief summary.

#### Decisions

- The RG5 adopted the RG5 localization guidance, noting that a comment on pooled funds would be added.

#### Action Points

1. RG5 co-chairs to identify a local actor representative for the RG5, e.g. from AMEL. **[ACTIONED]**
2. RG5 members to consider formalizing the localization sub-group to follow up on RG5 localization guidance and ensure synergies with the RG1 localization sub-group; **[ACTIONED]**
3. RG5 leads to update their deliverables in the RG5 workplan, including by outlining the localization dimension, such as quality engagement of local partners, where applicable; **[IN PROGRESS, AS WORKPLAN ITSELF NOT FINAL]**
4. RG5 co-Chairs to invite the RG4 co-Chairs to the December RG5 meeting for a discussion on nexus financing. **[ACTIONED]**
5. IASC secretariat to follow up on sharing the [annotated bibliography](#) prepared for the 20 November RG5-GHD webinar with OPAG for information and posting it on the IASC website upon sharing with RG5 for redline comments; and advise on how to share the RG5 localization guidance with OPAG for information. **[ACTIONED]**
6. In terms of next steps to RG5-GHD webinar, NRC to report back to the RG5 upon engaging with Belgium as incoming GHD co-chair to encourage that quality funding be a priority in their co-chairs' workplan.
7. UNICEF to prepare an 'annotated bibliography' of all agencies' reports enhancing the visibility of unearmarked funding. **[ACTIONED]**
8. OCHA to share the analysis on funding to local actors with the RG5 that can be shared externally. **[ACTIONED]**
9. RG5 co-chairs to schedule a conversation with GB co-convenors for workstream 7/8 on quality funding at a future RG5 meeting. **[ACTIONED]**
10. RG5 co-chairs to share the final update of the use of funding flexibility measures with RG5. **[ACTIONED]**
11. IASC secretariat to request for RG5 endorsement of extension of [RG5 guidance](#) through 30 June 2021 with silence implying consent, and subsequently inform OPAG accordingly. **[ACTIONED]**

### **Localization – internal RG5 plans and linkages, as well as funding to local actors (RG5 co-Chairs)**

- The RG5 co-Chairs referred to the internal RG5 guidance shared with participants ahead of the meeting, noting that this may be shared with the OPAG for information, as it linked to the OPAG request of improving participation of local actors in IASC bodies. The RG5 guidance provides options on local actor participation in RG5, and local actor engagement in RG5 deliverables.
- CAFOD commented that engagement in deliverables could imply discussing draft findings and recommendations of research relating to local actors' expertise and background knowledge. In addition, a sustained dialogue was recommended with local actors in contexts where financing and localization had been discussed, such as Lebanon - where UNICEF undertook respective research; Bangladesh and South Sudan - where such a dialogue had revolved around country-based pooled funds.
- UNHCR provided an update on RG1's work on localization, noting that the sub-group was working on HC/HCT guidance on coordination to ensure enhanced inclusion in coordination structures, which would relate to financing. Coordination between RG1 and RG5 would be sought.

### *Localization within RG5 workplan*

- On **nexus financing**, DI noted that localization had featured in the country-level case studies on Cameroon, Bangladesh and Somalia, albeit not as an explicit focus of the study. The RG5 co-chairs noted that follow-up with the RG4 co-chairs was warranted in this area – a point echoed by UNDP.
- Upon CAFOD's query whether the follow-up to the country-level case studies would result in the crisis financing roundtable, and whether local actors may be invited, the RG5 co-chairs noted that follow-up would depend on the final format of the event as well input from the activity leads, however, dimensions of COVID-19 and local actors should be included.
- OECD highlighted that OECD/INCAF will be working on the DAC HDP nexus recommendation interim report in 2021, which may provide additional linkages with the financing aspect of localization, and engagement opportunities for RG4 and RG5.
- On **quality funding (multi-year, unearmarked and flexible)**, NRC/DI/FAO had published a mapping of donors' quality funding practices via the [quality funding practices catalogue](#).
- In terms of providing a concrete business case on quality financing, UNICEF noted that its [internal assessment on cascading funding to implementing partners](#) had been published in June 2020 and that the roll-out with a pilot was planned for early next year. The RG5 would be kept informed. ICRC as Grand Bargain (GB) co-convenor 7/8 noted that a discussion with RG5 was envisaged on cascading overheads that linked to risks and quality funding.
- Within the priority area of **simplification and harmonization of UN systems**, RG5 had issued the IASC guidance on [proposals for a harmonized approach to funding flexibility in the context of COVID-19](#), which had not explicitly referred to localization, but had more broadly focused on the point of cascading funding to NGOs.
- Regarding the area **cost classification**, the RG5 co-chairs referred to discussions in the pooled fund working group regarding staffing and overhead rates, especially the recent desk review and Q&A undertaken jointly with the GB workstream 2 on localization on enhancing the potential of

localization for pooled funds. In these discussions, linkages with RG5 had been suggested regarding a consistent approach to staff costs, overhead rates, and risk transfers. NRC noted progress undertaken with UNHCR regarding the cost classification protocol, as UNHCR had adopted the cost definitions of the [Money Where it Counts](#) protocol. As next steps, UNHCR is convening WFP, UNFPA, UNICEF to discuss the potential adoption and further harmonization in line with the cost definitions. NRC further noted that ECHO developed new budget templates, which seemed to be in line with the proposal in *Money Where it Counts*.

- CAFOD and the RG5 co-Chairs noted that the issue of cascading overheads, which was directly linked to localization may be taken into consideration for the 2021 RG5 workplan under the harmonization of UN system priority areas. Oxfam suggested that leads in the December discussion could reflect on the localization dimension when providing updates to the RG5 workplan.

#### *Localization, in terms of funding local actors*

- OCHA/FTS presented its research on humanitarian funding reaching local actors over the past 4 years. In terms of key messages, this highlighted the slight reduction of funding to local partners in 2020, with 2018 being the year when the highest funding had been recorded, i.e. when 3 % in the GHO and 8 % in overall funding reached local/national actors. In addition, since 2018, there is a clear trend of local/national partners being increasingly funded inside the HRPs/ appeals rather than outside HRPs/appeals, with the ratio of funding towards local/national partners as part of the GHO increasing from 22% in 2019 to 46% in 2020 versus overall funding to local/national globally.
- OCHA/FTS highlighted the scarcity of reports received from NGOs, except for in the context of country-based pooled funds.
- The RG5 co-chairs commented that the trajectory did not seem to be on an upward trend in relative and absolute terms, although 2020 had not ended yet, and that part of the matter was related to NGO reporting.
- CAFOD wondered how more timely data could be provided, referring to examples of country-based pooled funds efforts on providing disaggregated data on passthrough to national actors, and UNICEF that started doing the same in June for the COVID-19 response. In response, OCHA highlighted that beyond NGO reporting, it was important to ensure the capacity of local actors to engage within the GHO responses. UNICEF referred to internal discussions on the frequency of such reporting.
- CAFOD expressed interest in sharing this analysis with external actors, including Charter4Change and NEAR.

#### **Debrief from the GHD-RG5 meeting (RG5 co-chairs)**

- Overall, the RG5 co-chairs emphasized that all of RG5's priority areas other than quality funding had been referenced, i.e. nexus financing and simplified UN systems, which underscored the relevance of RG5's thematic areas. They noted that a joint summary record would be disseminated to participants of the 20 November GHD-RG5 webinar.
- They commented that while quality funding was not in the workplan of the current GHD co-Chairs, RG5 members may consider **following up with the incoming GHD co-chairs**, Belgium and Finland, and Belgium offered to share their extensive quality funding experience with other donors – a point

on which OECD commented that Belgium's DAC Peer Review 2020 had just been issued highlighting Belgium's high scores as a humanitarian donor.

- The RG5 co-chairs further referred to the different levels of donors' buy-in on quality funding, commending RG5's evidence-based responses to some GHD members' calls for **additional evidence** on the benefits of quality funding, which may facilitate donors' internal follow-up with their political constituencies on these issues - a point echoed by Oxfam and NRC. The RG5 co-chairs added that humanitarian organizations may consider engaging the donors on package the existing evidence for different constituencies.
- FAO and CAFOD highlighted some GHD members' references to the **need for timely information on where quality funding** was being channeled for **visibility purposes to inform their own public and parliaments** on the use of funding. In reference to UNHCR's periodic report on unearmarked funding which had been referenced during the webinar, UNICEF underscored that various agencies had issued similar reports like UNHCR, and offered to prepare an 'annotated bibliography' of existing reports enhancing the visibility of unearmarked funding. OCHA referred to the difficulty of identifying quantitative data on the use of flexible funding for the GHRP progress report.
- UNDP wondered how the RG5/GHD's discussion referred to donors' other multi-lateral and bilateral funding as GHD funding was also included in donors' DAC commitments. To this end, recommendations in the ministerial INCAF meetings could reference the need for also humanitarian commitments being in line with the DAC recommendations, including in non-OECD-led forums. OECD acknowledged UNDP's comment, noting current traction around DAC recommendations referring to ODA, which included both humanitarian and development funding. The RG5 co-Chairs concurred that some more analysis on the connection between current IASC flexible funding measures and DAC recommendations may be useful.
- NRC noted the positive development that various GHD members had referred to a political dialogue organized by Grand Bargain's workstream 7/8.
- Oxfam highlighted that some GHD members had underscored the linkages between quality funding and quality partnerships in respect to risk-sharing and financial transparency.
- CAFOD underscored that various GHD members had highlighted the importance of cascading overheads to local actors.

#### **Funding flexibility follow-up on status of current measures and agree on next steps for discussion before year-end (RG5 co-chairs)**

- Mr. Jeremy Rempel proposed that the nine funding flexibility measures in the related [RG5 guidance](#) be extended to 30 June 2021. No objections were raised to the proposal in discussion. The co-chairs will follow-up with RG5 members as needed to confirm support for the extension and inform OPAG of the recommendation to extend the current guidance.