

**IASC's Operational Policy and Advocacy Group (OPAG) Meeting**  
27 May 2021

**TOPIC: HUMANITARIAN FINANCING**

**SUMMARY RECORD**

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**INTRODUCTION**

The Operational Policy and Advocacy Group (OPAG) of the Inter-Agency Standing Committee (IASC) convened on 27 May 2021. The primary objectives of this meeting were to: (i) review progress, barriers and what more needs to be done on funding flexibility, quality funding and cascading overheads/ indirect costs, and (ii) discuss the status of other RG5 priorities for the remainder of 2021 and agree on a way forward.

**SESSION 1: HUMANITARIAN FINANCING**

In his introductory remarks, the OPAG co-Chair, Mr. Geir Olav Lisle welcomed participants and presenters to the meeting, noting that funding flexibility and increasing the quality of funding are key IASC Principals priorities and link to the Grand Bargain workstreams. These are critical in supporting a timely and effective response. Mr. Lisle thanked RG5 for having developed and shared the paper on funding flexibility and the concept note on cascading of overheads/ indirect costs.

Mr. Jeremy Rempel, co-Chair of RG5, provided an overview of RG5 work on harmonization of systems, funding flexibility and cascading of overheads, and broadly spoke on quality funding.

He highlighted a key achievement on the adoption of nine flexibility measures intended to improve funding flexibility in the context of COVID-19, noting that this have been well received by field-based colleagues and by the Good Humanitarian Donorship (GHD). He indicated the need to regularize flexibility measures into standard practice throughout the COVID-19 response and beyond as aspect of an effective response.

He sought OPAG's support to approve the extension of the current measures for the duration of the COVID-19 response efforts. Mr. Rempel noted that as humanitarian operations in 2021 continue to be significantly affected by COVID-19 requiring flexible funding, several IASC members were currently undertaking formal internal reviews of current flexibility measures to better understand their efficacy and opportunities for their further improvement. In addition, he called for a harmonised and collective advocacy efforts on funding flexibility, to support engagement with donors. He argued that continued advocacy was crucial to maintain alignment between donor policy and the IASC to enhance the availability and use of quality funding. He highlighted five key advocacy points adopted by RG5: i) increasing volume of flexible funding in line with the Grand Bargain commitment, ii) increasing use of quality flexible funding does not sacrifice accountability, iii) IASC members have increased their documentation of the use of quality funding in line with donor requests to increase their visibility, iv) flexible funding enables adaptable humanitarian programming in high risk crises contexts, and v)

without an increase in quality flexible funding from donors, IASC members are limited in passing benefits to implementing partners. He noted complimentary work of the Grand Bargain with their shared objectives and priority on funding flexibility. Mr. Rempel underlined the need to improve consistency in practice throughout the humanitarian system, across donors, agencies, and partners, as well as maintaining and improving levels of flexibility between IASC members and increasing levels of flexible funding.

Mr. Luc Chauvin, Chief of UNICEF's Interagency Partnership Section, and member of RG5 sub-group on cascading costs provided an overview of RG5's workstream on indirect/overhead cost coverage, noting this was a tasking by the IASC Principals. He noted that to deliver on this key ask from the Principals, RG5 will analyse different operational contexts, including Lebanon and South Sudan, capturing good practice and feedback from implementing partners including local NGOs. As part of its methodology, RG5 will identify and adopt a broad definition of indirect costs and analyse how they are approached and applied in operational settings with the aim to identify best practice. They will build on existing reports and analysis, including the RG5 work on 'Money Where it Counts Protocol, developed by NRC. The process will be consultative, involving a broad range of IASC members as well as external partners, in particular local NGOs. The work is anticipated to be completed by end of quarter 3, 2021 with submission to OPAG.

## **DISCUSSION**

Members highlighted the need for funding flexibility to support an effective and adaptable response, thanking RG5 for their work. Members highlighted that the COVID-19 response had showed the efficacy of funding flexibility. However, despite this, flexible funding is still insignificant and is seen to be decreasing, with private donors more willing to grant flexible funding than bilateral donors. However, more needs to be done in engagement with donors to support institutionalization of funding flexibility measures.

There was consensus around the extension of the flexibility measures through 2021 and noted value in extending relevant flexibility measures beyond the COVID-19 response, with a potential to standardization/ permanence and noting their relevance beyond humanitarian funding. IASC members currently undertaking reviews on the efficacy of flexibility measures, committed to sharing results with OPAG once available.

Members also agreed to support collective advocacy with donors in support of strengthening flexible funding, as a prerequisite of effective programming in high risk environments, referencing donors' Grand Bargain commitment of 30% of funding to be flexible and calling on donors to be forward leaning on this issue with the ultimate objective of standardization of select key flexibility measures. Going forward, members urged RG5 to maintain clear terminology on flexibility measures and in addition, report on IASC members are currently implementing funding flexibility measures, and how it facilitates cascading of funding to implementing partners.

OPAG members noted that to meet localization commitments, humanitarian actors must increase the cascading of overheads to local partners. Participants suggested working towards an agreed definition on overheads, including with donors, considering the issue of cost recovery. Examples were shared of donors incentivizing pass-through in flexible funding by granting sufficient additional overheads and/or

embedding such pass through in contractual agreements. Members noted varying degrees of pass through overhead costs of between 4% to 50% of overall overheads. However, this continues to be a major challenge, given the limits on overheads granted. Members called for a harmonized approach on indirect/ overhead costs to enable standardization and system harmonization in partnership agreements.

### **Action Points**

- 1) Approve the extension of the current funding flexibility measures until end of the year and consider options to institutionalize beyond that point [**OPAG members and RG5**]
- 2) Strengthen advocacy with donors around flexible funding and ensure that these efforts are streamlined and complementary to Grand Bargain efforts [**OPAG members**]
- 3) Accelerate the mapping and development of guidance on cascading of overhead costs, including a consideration of the option to standardize such costs and cost recovery options [**RG5**]

## **SESSION 2: RG5 WORKPLAN- PROGRESS UPDATE**

RG5 co-Chair Ms. Alice Sequi shared RG5's key deliverables and achievements, clustered around three priority areas; quality funding, harmonized UN systems, and nexus financing, noting that work on quality funding was largely completed, while harmonized UN systems was ongoing, and nexus financing would be discussed in at the forthcoming OPAG meeting on 2 June 2021 dedicated to the nexus. She noted that there has been enhanced visibility and appreciation of the benefits of quality funding especially through multi-year and unearmarked/flexible funding, highlighting that presentations have been made to the Good Humanitarian Donorship (GHD) Initiative, among others. Going forward, RG5 is ensuring a complementary approach with the Grand Bargain, supporting the latter's objective of establishing a higher-level impact dialogue on quality funding. On harmonized UN systems, Ms. Sequi highlighted that RG5 is working towards an IASC agreement on the standardization of funding flexibility within partnership agreements, by building on the COVID-19 related IASC funding flexibility guidance. In addition, the results group is taking forward the Principals' action point of cascading of overheads, as well as seeking further buy-in from UN agencies on common cost classifications, based on NRC's [Money Where It Counts](#) protocol. On nexus financing, RG5 has collaborated with RG4 on a scoping paper on financing humanitarian-development collaboration and related donor advocacy messages that have a focus on quality funding.

### **DISCUSSION**

Members expressed their appreciation for the work of RG5 and called for continued engagement with donors. They observed that the improvement of IASC members' approaches needed to be complemented with innovative ways of generating resources in light of the current funding environment.

### **Action Points**

1. Deliver guidance on cost classification measures and report back to OPAG by Q4 [**RG5**]

2. Continue close collaboration with the Grand Bargain and the GHD with the objective to streamline efforts on quality funding. **[RG5]**
  
3. Reflect on innovative ways to generate more resources and close the funding gap and advise on the most appropriate platform to take this issue forward **[RG5]**

#### **AOB**

The next OPAG meeting will be on 2 June 2021 with a focus on Humanitarian Development Collaboration (HDC), including linkages to peace and Nexus Financing. The OPAG will also review the progress by Results Group 4.

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**ANNEX: PARTICIPANTS LIST**

<b>OPAG Co-Chairs</b>	Mr. Geir Olav Lisle, Deputy Secretary-General, NRC
<b>FAO</b>	Mr. Daniel Donati Mr. Patrick Jacqueson
<b>ICVA</b>	Ms. Mirela Shuteriqi
<b>ICVA - ACBAR</b>	Ms. Lisa K. Piper
<b>ICVA – COAST</b>	Mr. Reza Chowdhury
<b>ICVA - FRD</b>	Mr. Azmat Khan
<b>ICVA – IMC</b>	Ms. Mary Pack
<b>IFRC</b>	Mr. Frank Mohrhauer Ms. Alexandra Sicotte Levesque
<b>InterAction</b>	Ms. Kate Phillips-Barrasso
<b>InterAction – Catholic Relief Services</b>	Ms. Emily Wei
<b>InterAction – Global Communities</b>	Ms. Pia Wanek
<b>IOM</b>	Ms. Tristan Burnett
<b>OCHA</b>	Mr. Andrew Wyllie
<b>OHCHR</b>	Mr. Roberto Ricci
<b>SCHR</b>	Mr. Gareth Price Jones
<b>SCHR - Christian Aid</b>	Mr. Michael Mosselmans
<b>SCHR – Save the Children</b>	Ms. Leah Finnigan
<b>SR on HR of IDPs</b>	Ms. Kim Mancini
<b>UNDP</b>	Mr. Peter Batchelor Mr. Hugh Macleman
<b>UNFPA</b>	Mr. Ingo Piegler
<b>UN-HABITAT</b>	Mr. Filip Decorte
<b>UNHCR</b>	Ms. Annika Sandlund Mr. Guido van Heugten
<b>UNICEF</b>	Mr. Manuel Fontaine Ms. Meritxell Relano Ms. Segolene Adam
<b>WFP</b>	Mr. David Kaatrud
<b>WHO</b>	Mr. Rudi Coninx MR. Kevin Babila Ousman
<b>World Bank</b>	Ms. Sheila Kulubya
<b>Results Group 1 on Operational Response</b>	Mr. Andrew Wyllie, OCHA
<b>Results Group 2 on Accountability and Inclusion</b>	Ms. Meritxell Relano, UNICEF
<b>GCCG</b>	Ms. Marina Skuric Prodanovic Mr. Wan Sophonpanich

**Presenters:**

**Mr. Jeremy Rempel** co-Chair RG5 on Humanitarian Financing, Head Humanitarian Financing ICVA  
**Ms. Alice Sequi** co-Chair RG5 on Humanitarian Financing, Chief Pooled Fund Management Branch, OCHA  
**Mr. Luc Chauvin** Chief of the Interagency Partnership Section, UNICEF

**IASC secretariat:** Ms. Mervat Shelbaya, Head, IASC secretariat