POOLED FUNDS: THE NEW HUMANITARIAN SILVER BULLET?

NORWEGIAN REFUGEE COUNCIL

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List of Acronyms

ABADEI	Area-based Approach for Development Emergency Initiatives Strategy
ACReMAP	Anti-Corruption and Results Monitoring Action Program
ADB	Asian Development Bank
AHF	Afghanistan Humanitarian Fund
AHTF	Afghanistan Humanitarian Trust Fund
AITF	Afghanistan Infrastructure Trust Fund
ASIST	Advisory Services, Implementation Support, and Technical Assistance
BRCiS	Building Resilient Communities in Somalia
CBPFs	Country-based Pooled Funds
CERF	Central Emergency Response Fund
CHAF	Canadian Humanitarian Assistance Fund
CISU	Civil Society in Development
CRGR	Concertación Regional para la Gestión de Riesgos
DEC	Disasters Emergency Committee
DERF	Danish Emergency Relief Fund
DG ECHO	European Commission's Directorate General for European Civil Protection and Humanitarian Aid Operations
DREF	Disaster Response Emergency Fund
ECW	Education Cannot Wait
ERC	Emergency Relief Coordinator
EU	European Union
FbA	Forecast-based Action
GBV	Gender-based violence
GHD	Good Humanitarian Donorship
HACT	Harmonized Approach to Cash Transfers
HC/RC	Humanitarian Coordinator/Resident Coordinator
HIF	Humanitarian Innovation Fund
HRP	Humanitarian Response Plan
IASC	Inter-Agency Standing Committee
ICR	Indirect Cost Recovery
ICRC	International Committee of the Red Cross
IDA	International Development Association

IFRC	International Federation of Red Cross and Red Crescent Societies
INGOs	International non-governmental organisations
IOM	International Organization for Migration
IsDB	Islamic Development Bank
L/NNGOs	Local non-governmental organisations/national non-governmental organisations
LOTFA	Law and Order Trust Fund for Afghanistan
MEAL	Monitoring, evaluation, accountability, and learning
MFA	Ministry of Foreign Affairs
MPTF	Multi-Partner Trust Fund
MPTFO	Multi-Partner Trust Fund Office
NEAR	Network for Empowered Aid Response
NNGOs	National non-governmental organisations
NGOs	Non-governmental organisations
NRC	Norwegian Refugee Council
NSIA	National Society Investment Alliance
OCHA	Office for the Coordination of Humanitarian Affairs
OIC	Organisation for Islamic Cooperation
PFWG	Pooled Funds Working Group
RCW	Recurrent Cost Window
RESILAC	Inclusive Economic and Social Recovery around Lake Chad
RHFWCA	Regional Humanitarian Fund for West and Central Africa
RhPF	Regionally-hosted Pooled Fund
SFB	Start Fund Bangladesh
STFA	Special Trust Fund for Afghanistan
WHS	World Humanitarian Summit
WPHF	Women’s Peace and Humanitarian Fund
UK	United Kingdom
UN	United Nations

Executive Summary

Pooled funds are becoming an ever more popular tool in the humanitarian financing toolbox. With growing humanitarian needs, there are attempts to find better and more creative ways to get funds to frontline responders, including by using pooled funds. Over recent years, pooled funds have grown in number and size. There are now more pooled funds than in the previous decade and the amount of money allocated to pooled funds has been increasing. More donors are contributing to a range of pooled funds for a variety of reasons. In 2021, contributions to OCHA-managed Country-based Pooled Funds (CBPFs) totalled USD 1 billion, marking a significant increase from previous years.

Although pooled funds still represent a relatively small percentage of overall global humanitarian financing, they could potentially re-shape the humanitarian financing landscape. A pooled fund is often suggested as the solution to getting funds to actors responding to needs, making them seem like a potential silver bullet to address funding challenges. A pooled fund was rapidly set up in 2021 in Yemen to alleviate hunger and prevent famine; there have been numerous discussions around the creation of a pooled fund to support durable solutions; and the number of pooled funds in Afghanistan has been growing over the years.

In the context of growing humanitarian needs, there are often challenges in getting adequate funds quickly to responders. Different approaches are being continuously explored in humanitarian financing to better meet those needs and to get funds to frontline responders. Pooled funds are increasingly seen as a potential solution – for a variety of reasons explored in the study – to address different problems facing humanitarian response, funding gaps, and to get money more quickly to responders. These funds do not provide the one easy solution that a "silver bullet" does. However, they can help to address a range of other challenges facing humanitarian responses, such as supporting localisation, reducing administrative burdens, and enhancing coordination.

Pooled funds attract different humanitarian stakeholders for several reasons. Pooled funds enable funding decisions to be taken faster and closer to humanitarian needs. They can contribute to meeting "localisation" and flexible funding commitments under the Grand Bargain. They support coordination roles and functions and reduce the burden for donors by partly transferring risk (management), oversight, and compliance (including to sanctions) to an intermediary. Pooled funds are also useful to address thematic issues or "innovative" ways of anticipating and responding to humanitarian needs.

The study looks at how pooled funds have evolved, particularly in the last five years, and identifies how they could become more effective in benefitting various stakeholders. Even though pooled funds are often seen as a "simple solution," setting up different funds may carry additional 'costs' and may be resource intensive. Even though some pooled funds have remarkably improved over time, for example by ensuring more transparency, the knowledge and experience shared on pooled funds remains limited and uneven among actors in the humanitarian sector.

Over the past five years, there have been innovative attempts by pooled funds to advance some humanitarian policy discussions, such as supporting anticipatory action, encouraging localisation commitments, and addressing persistent gaps in response, such as gender-based violence programmes. Despite such improvements, **there are a number of additional ways in which pooled funds could become even more effective.**

There remain missed opportunities for increased coordination between different pooled funds at the country level to ensure more complementarity and better humanitarian outcomes. Clusters, for example, have taken on added responsibilities around pooled fund allocations over the years, but the relevant Inter-Agency Standing Committee (IASC) guidance around clusters has not been updated to include this new responsibility. While clusters can provide critical technical expertise to funding strategies and monitoring, for example, this added role in financing decisions can, at times, be seen by some as a conflict of interest for the cluster lead agency. Pooled funds act as 'donors,' but are not included in donor discussions, thus limiting the opportunities for sharing learning.

Sharing risks instead of simply transferring them remains a challenge, especially if more local and national organisations are to access more pooled funding directly. The need for more standardised and shared approaches to assess the capacity and due diligence of local and national organisations remains equally challenging. Pooled funds managers have a critical – yet under-recognised – role that could improve with a more straightforward career path in the humanitarian sector.

The humanitarian landscape offers numerous pooled funding options to NGOs, the Red Cross/ Red Crescent Movement, and UN agencies, reinforcing the complementary roles these actors play in humanitarian response. Supporting pooled funds across the different pillars of the humanitarian system will be essential to ensure that the best-placed actors can reach those most in need at different stages of a response.

The possible continued growth of pooled funds warrants further examination to better understand their current role in the humanitarian financing landscape and to consider what is needed for them to meet their potential. If the popularity of pooled funds continues to grow, there is a risk that some pooled funds may not be able to keep pace with the growth and demands placed on them unless further investments are made to ensure adaptations and enhancements. While not exhaustive, the study aims to contribute to future discussions on pooled funds, including how pooled funds can adapt to remain an effective tool in the humanitarian financing toolbox or an eventual financing silver bullet in humanitarian response and not just a passing trend.

Findings

1. **Recognise that pooled funds have essentially become 'donors' in their own right.** With a growing number of pooled funds distributing money, they have become formidable donors on the humanitarian landscape. However, traditional donors still seem to regard pooled funds as sort of 'second class' donors. As a result, donor coordination forums or policy discussions often exclude pooled funds, particularly at the country level, where such coordination could improve humanitarian responses.
    a. Given that the Good Humanitarian Donorship Initiative (GHD) will celebrate its 20th anniversary in 2023, it may be time to consider ways to bring the various pooled funds to the 'donor table' to help expand principled humanitarian financing to better address humanitarian needs.
2. **Find ways to better share risk and increase the flexibility of pooled funds to support the Grand Bargain commitments.** Many donors find pooled funds appealing because of their perceived flexibility and ease, often seeing them as a tool to meet the Grand Bargain commitments. Nevertheless, this flexibility is often not adequately passed down to the end recipient. Strict due diligence and compliance requirements prevent risk from being adequately shared, with many local and national organisations not able to meet the requirements.
    a. Consider ways in which actors can better share risk instead of transferring it to the end recipient.
    b. Build on existing good practices (such as the Start Network's tiered due diligence approach and the Start Fund Bangladesh's efforts to support its members' organisational development and address the inequitable percentage of indirect cost recovery (ICR) reaching local and national NGOs) to institutionalise support to local and national NGOs' capacity development so that pooled funds can better support the localisation commitments under the Grand Bargain.

c. Pooled funds should be used to further push the existing commitments to simplification and harmonisation endorsed by the Grand Bargain signatories. Donors and organisations managing pooled funds should ideally use the '8+3' reporting template across all pooled funds and for all funding recipients.

3. **More systematically share information, learning, and lessons across pooled funds.** Current sharing across pooled funds is mostly ad hoc, resulting in fund managers/ administrators and donors missing valuable opportunities. OCHA's recent creation of the Guidance, Learning, and Reporting Section should encourage greater learning across CBPFs and CERF.

   a. Find ways to bring different pooled funds together or convene a community of practice that could encourage more systematic ways to increase learning and share information both globally and at a country level. Such an initiative could possibly be hosted by donors or private foundations familiar with pooled funds, such as the IKEA Foundation or the Conrad N. Hilton Foundation, given their commitment to sharing learning with other donors.

   b. Bring together the different donor councils/ forums from various pooled funds to encourage sharing and learning across and within donors. Often, different representatives from the same donor will cover different pooled funds, generating slightly different approaches from within the same donors/governments, which can reduce the efficiency in supporting pooled funds.

4. **There is often a lack of coordination between pooled funds, and between pooled funds and donors, which could improve the overall effectiveness.** Too often, coordination between pooled funds and bilateral donors, especially at the country level or in responding to the same crisis, is left to individuals' initiative and goodwill. Improving coordination between all donors and pooled funds can potentially reduce gaps in terms of coverage of needs and duplication of efforts.

   a. Systematically improve coordination between pooled funds and between pooled funds and donors in a way that suits their working methods. For example, donors and pooled funds could mutually commit to coordinate as part of donor agreements. Terms of reference for advisory groups or project selection processes could also ensure that coordination has been attempted with other pooled funds.

5. **Review the role of clusters in pooled funding allocations.** The upcoming Inter-Agency Standing Committee (IASC) independent review of the humanitarian response to internal displacement presents an opportunity to consider the role of clusters in the allocations of OCHA's pooled funds. Given that the IASC does not refer to this task in the clusters' terms of reference, this added role has been slowly added to the clusters' plates without a systematic reflection of the costs and benefits of this extra work.

6. **Build a cadre of professional pooled fund managers and staff.** Pooled funds require consistent, high-quality fund managers and staff who have the right attitudes, qualifications, experience, and approaches to working with (potential) recipients. Despite the growing popularity of pooled funds, the calibre of staff does not always match what is required to oversee all aspects of a fund and advise relevant actors on strategic matters.

   a. Consider ways to make pooled fund management a career path in the humanitarian sector to attract and retain staff with the right skills, attitudes, and respect for the *Principles of Partnership*.[1]

   b. Consider creating a roster of experienced pooled fund managers to provide pooled fund management capacity in times of crises, along the lines of the rosters managed by NORCAP (such as CashCap).

Introduction

Pooled funds are becoming an increasingly common and popular power tool in the humanitarian financing toolbox. With more donors willing to contribute to different pooled funds, the amount of money generally keeps growing. For example, 22 donors contributed USD 413 million to 11 country-based pooled funds (CBPFs) in 2011. Ten years later in 2021, 39 donors contributed USD 1.13 billion to 21 CBPFs.[2] The Education Cannot Wait Fund, which received USD 25.7 million from four donors in 2016 when it was established, received USD 126.7 million from 15 donors in 2021.[3] On the NGO side, the Start Network, which began as the Consortium of British Humanitarian Agencies in 2008 with a GBP 8 million grant over two years to test the idea of an NGO aggregator,[4] was awarded GBP 35.8 million in humanitarian funding in 2020.[5] The Disaster Response Emergency Fund (DREF)[6] allocated CHF 17.47 million in 2009 in grants and loans to Red Cross and Red Crescent National Societies, with those allocations growing to CHF 41.88 million in 2021.[7]

Pooled funds still represent a small percentage of overall humanitarian financing globally.[8] Their growth, however, warrants a closer look to better understand their current role in the humanitarian financing landscape and to consider how they can meet their potential. Pooled funds are becoming a recurring solution in the humanitarian sector, but also in development and peacebuilding contexts. A trend seems to be to propose a pooled fund whenever a problem arises, but can they be considered a humanitarian's silver bullet? With this question in mind, the Norwegian Refugee Council (NRC),[9] commissioned this study to build on its 2017 study, *Understanding humanitarian funds – going beyond country-based pooled funds*.[10]

While silver bullets generally aim to solve a precise problem, humanitarian financing is used to try to solve a wide range of challenges. Growing humanitarian needs, which seldom receive adequate funding, is one of the biggest challenges: a problem unlikely to be solved by pooled funds. Pooled funds, however, can address a range of other challenges facing the humanitarian sector, such as the need for more flexible financing; getting more funds to local and national organisations faster, in line with the Grand Bargain commitments; and ensuring coordination to address gaps in humanitarian response. From a donor's perspective, pooled funds could be a silver bullet since they can reduce administrative and transaction costs, risk management, and can help meet donors' localisation targets under the Grand Bargain.[11] While currently, pooled funds may not be a silver bullet, this study explores how they are potentially re-shaping the humanitarian financing field.

As pooled funds have grown and advanced, the systems around them have also evolved, with significant changes and improvements continuing. If their popularity keeps increasing, some pooled funds risk not being able to keep pace with the growth and demands placed on them unless they make further adaptations and enhancements. While not exhaustive, the study aims to contribute to future discussions on pooled funds. The study explores how pooled funds have evolved since the 2017 study. It identifies ways in which pooled funds could be adapted to remain an effective financing tool for various stakeholders or even – eventually – a financing silver bullet in humanitarian response, and hopefully not just a passing trend.

Methodology and Limitations

The study is based on a literature review and semi-structured key informant interviews with more than 35 individuals from donors, non-governmental organisations, the Red Cross/Red Crescent Movement, researchers, and the United Nations (UN). The author interviewed the individuals in a confidential manner to ensure an open and frank discussion. Some key informants asked for discretion and anonymity in the report.

The study's original timeframe had to be adapted due to a later than planned start date and challenges in scheduling interviews. Several key informants were engaged in the Ukraine response, thus delaying interviews. Identifying the appropriate individuals for different contexts and funds also took longer than hoped. In some cases, despite several attempts, certain individuals could not be interviewed. The number of donor representatives interviewed was limited and often only involved one part of the government: a methodological limitation given that different government departments may contribute to pooled funds. Perceptions of different pooled funds could have benefitted from a broader set of views, but given time constraints, it was not always possible to gather such varied perspectives, which may have biased some of the findings.

The study is neither an evaluation nor a formal (or exhaustive) review of pooled funds. While it aims to reflect on changes around humanitarian pooled funds since the 2017 study, including policy implications, five years is a relatively short time frame in which to draw broader conclusions in terms of policy analysis. The findings will nonetheless hopefully provide a useful contribution to discussions on pooled funds and humanitarian policy discussions, but given the limitations, they are not comprehensive findings.

The Terminology of Pooled Funds

There is no commonly agreed definition of what constitutes a humanitarian pooled fund, which was also the case when the 2017 study was published. The absence of such a definition can be a factor in the perception that pooled funds are more or less popular, depending on how one defines a 'pooled fund.' Some of the definitions include the following:

- **ALNAP's *Shifting Mindsets*** refers to pooled funds as "where contributions from multiple donors are pooled and allocated to multiple agencies based on a proposal process."[12]
- The **UN's Funding Compact** defines development related pooled funds as "co-mingled contributions to multi-entity funding mechanism, not earmarked for specific United Nations entity; funds are held by United Nations fund administrator and fund allocations are made by United Nations-led governance mechanism for activities specifically aimed at promoting sustainable development of programming countries with the focus on long term impacts."[13]
- OCHA defines **Country-based Pooled Funds** as "multi-donor humanitarian financing instruments established by the Emergency Relief Coordinator (ERC). They are managed by OCHA at the country-level under the leadership of the Humanitarian Coordinator (HC). Donor contributions to each CBPF are un-earmarked and allocated by the HC through an in-country consultative process."[14]
- The **European Union's multi-donor Trust Funds**, often referred to as pooled funds, have "One or more donors pool their financial contributions in a trust fund set up to respond to major challenges, such as the specific needs triggered by natural disasters, conflicts or significant pandemics."[15]
- The **UN's Multi-Partner Trust Fund (MPTFO) Office** notes that "A pooled fund is a mechanism used to receive contributions from multiple financial partners and allocate such resources to multiple implementing entities to support specific national, regional or global development priorities."[16]

A **broad definition of pooled funds** that seems to be emerging from literature and key informant interviews is that a pooled fund involves pooling money from *more than one* donor in an entity. That entity then distributes the funds to multiple recipients on the basis of defined criteria. This study analyses pooled funds that fall under this broad definition.

The Grey Areas of Pooling

With the above definition in mind, there are certain types of funds that **cannot be classified as pooled funds for this study**, although they fall into the "grey areas" of what some might consider pooled funds. While the 2017 study included some of these funds, the emerging definition excludes many of them from this study. At the same time, since these types of funding modalities may be considered as a type of pooled funding by some, they warrant mention, if only to acknowledge the different ways in which funds may be considered to be pooled.

The consortia model

Consortia of organisations come together and use the funds of one or more donors to implement a project or programme of activities. The consortium model typically applies when organisations submit joint proposals to one or more donors. While consortia may be a donor-driven financing tool, consortia agree on different responsibilities, ways of working, and interventions to reduce duplication and, therefore, presumably address more needs.[17]

Consortia that are set up to jointly implement a programme with funding from one or more donors, could arguably be considered a pooled fund. Some examples of such consortia include the BRCiS Consortium (Building Resilient Communities in Somalia);[18] RESILAC ("Inclusive Economic and

Social Recovery around Lake Chad");[19] or the West Bank Protection Consortium.[20] While these and many others use funds from different donors, based on the ALNAP definition, these would not qualify as pooled funds, given that the money does not originate from a combined pool of funds. Instead, the funds are granted and used based on a proposal submitted by the consortium directly to the donor(s).

Funds supported by a single donor

There are also various funds that have been set up with the support of a single donor government to be able to pass funds quickly to different organisations. The 2017 study included several of them, but since funding originates from one donor only, they are not examined further in this study. Examples of such funds include the following:

- **The Canadian Humanitarian Coalition's Canadian Humanitarian Assistance Fund (CHAF)**[21] receives funds from Global Affairs Canada for small and medium-scale disasters. The government funds are then co-funded by the Humanitarian Coalition member delivering the response and funds raised by the Humanitarian Coalition.[22]
- **The Danish Emergency Relief Fund (DERF)**[23] was launched in May 2017 with funding from the Danish Ministry of Foreign Affairs (MFA). Initially managed by a consortium of Civil Society in Development (CISU), Save the Children Denmark, and the Start Network on behalf of the Danish MFA until the end of 2020, the DERF is now managed by CISU (the lead organisation) and Save the Children Denmark. Civil society organisations that have a strategic partnership with the Danish MFA are not eligible for DERF funds. The DERF seems to be a unique funding mechanism where one government has contracted an NGO to manage and distribute funds on its behalf.[24]
- **The Network for Empowered Aid Response (NEAR)**[25] recently launched its Change Fund.[26] A standby mechanism, the Change Fund is "supported by a locally-rooted early warning mechanism" and has "a simplified grant-making process and a community-centric, transparent approach," which can grant funds to NEAR members within eight days of declaring a new acute crisis.[27] The Conrad N. Hilton Foundation is supporting the fund. NEAR has had the ambition of launching a pooled fund for several years: the Change Fund could soon become a pooled fund.

National appeals mechanisms

National appeals mechanisms raise funds in their home country for their members working in different humanitarian crises. Some national appeals mechanisms, such as Swiss Solidarity,[28] will also raise funds for national responses. Others, such as the Disasters Emergency Committee (DEC)[29] in the United Kingdom, only raise funds for international responses. Some national appeals mechanisms may benefit from donations or receive match funding (to a designated amount) from their national government following an appeal launch.

National appeals mechanisms exist in many countries and can raise substantial amounts of funding. The Emergency Appeals Alliance[30] is an entity that brings many of them together. For example, by March 10, 2022, the 13 EAA members had raised over EUR 500 million for the Ukraine response.[31] In a way, these mechanisms look like pooled funds given that they raise money, which is then distributed to their members, largely via project proposals. However, these mechanisms are primarily focused on fundraising from the general public and private sector in their country, making them arguably more of a fundraising mechanism than a pooled fund mechanism.

The Appeals of Pooled Funds

Pooled funds appeal to different humanitarian stakeholders for many reasons, leading to their increased popularity. As some pooled funds have shown their added value and effectiveness, it has encouraged other donors to contribute to them. The Start Fund, for example, has been able to attract funding from private foundations like the IKEA Foundation and the Conrad N. Hilton Foundation. CBPFs have attracted more donors over the years. When the 2017 study was published, 27 donors were contributing USD 833 million to 18 CBPFs. Five years later, in 2021, 39 donors were contributing USD 1.13 billion to 21 CBPFs.[32] In 2017, the UN's Central Emergency Response Fund (CERF) had 58 donors contributing USD 515 million, which rose more modestly to USD 638 million in 2021 from 60 donors.[33]

Donors often contribute to pooled funds for different reasons. Funding recipients often view pooled funds as a source of hopefully quick and flexible funding, but that is not always the reality. Pooled funds are often the only way that local organisations can easily access funding, which is one of the reasons why the UN Secretary-General recommended in 2016 that globally, 15% of funds for inter-agency humanitarian appeals be channelled through CBPFs.[34] The following are among the different reasons that pooled funds appeal to various stakeholders.

Enabling decision-making closer to humanitarian needs

Some donors choose to support pooled funds to transfer decision-making power to those closest to humanitarian needs. Donors trust those with the best understanding of humanitarian needs to make the right decisions to use the available funds to respond to those most in need. These are also often donors that do not necessarily have personnel in humanitarian contexts. The **Start Fund**,[35] **CBPFs**,[36] and **CERF**[37] are examples of pooled funds that enable such allocation decisions to be taken by those closest to the needs.

Rapid funding to meet urgent needs

With the right systems in place, pooled funds can allow decision-making to be carried out relatively quickly. The **Start Fund**, for example, can make disbursements within 72 hours of a crisis and implementation of projects start in seven days.[38] The **Disaster Response Emergency Fund (DREF)**[39] of the International Federation of Red Cross and Red Crescent Societies (IFRC) can quickly provide loans or grants to national societies to respond to small, medium, or large-scale disasters. The **Yemen Famine Relief Fund** was quickly set up and allocated USD 450 million to nine organisations to avert a potential famine, with the money mostly spent within less than six months. The **CERF**, in addition to generally being quick compared to other funding and offering large amounts of funding, has instituted additional flexibility measures to further support rapid response (e.g. quick decisions by the Emergency Relief Coordinator (ERC), combined with the possibility of backdating spending by six weeks).

Meeting "localisation" commitments

Contributing to pooled funds can help donors achieve the Grand Bargain commitments, for example, reaching a "global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible."[40] When local/national organisations can access funds directly from a pooled fund, it reduces the overhead costs charged by an intermediary (such as a UN agency or international NGO), before passing the funds to a local/national organisation.

Local and national organisations can often more easily access funding through pooled funds than directly from institutional donors. For many institutional donors, providing direct funding to local and national organisations can be challenging for different reasons. Some donors may have limited capacity to manage the small size of grants that often go to local and national organisations. Some other donors, for example the European Union, can only give funds to organisations registered in Europe. Many donors may have a low tolerance towards risk, but do not have the means to carry out the necessary due diligence, assessments, and monitoring themselves. In such cases, they prefer passing that risk management to others, like pooled funds.[41]

All grants allocated under the IFRC's **DREF** go directly to Red Cross/Red Crescent National Societies, which are national entities, thereby contributing to the overall 25 per cent goal in the Grand Bargain. The NEAR's **Change Fund** aims to award USD 1.5 million in grants to local actors with the support of the Hilton Foundation's "commitment to support innovative, impactful financing mechanisms to improve humanitarian interventions."[42] As noted above, the ambition of NEAR's Change Fund is to become a pooled fund. **CBPF** funds allocated to national organisations have grown between 2016 and 2020,[43] but the percentage of funding that individual CBPFs give to national organisations can vary significantly. For example, in 2021, 65.1% of the Syrian Cross border CBPF went to national NGOs (NNGOs), while only 5.3% of the Central African Republic CBPF went to NNGOs.[44] There can be different reasons behind such variances. How the CBPF is managed in a country; how strictly NGOs' capacity is assessed; how much risk appetite exists; the capacity to manage risk; and how much capacity exists in local/national NGOs (L/NNGOs) are just a few examples of these variances.

The **Start Fund** provides funding to NNGOs that are its members. More than half of the members of the **Start Fund Bangladesh**[45], which started in 2017, are L/NNGOs. While the fund began with just one donor, it has been able to attract other donors, reaching its ambition to become a pooled fund. In 2021, 100% of the funds allocated by Start Fund Bangladesh went to L/NNGOs *(see further below)*.

A New Tool in DG ECHO's Financing Toolbox

The European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) started piloting contributions to the CBPFs in South Sudan and Ukraine in 2020. In 2021, DG ECHO decided to add the possibility of contributing to CBPFs to its financing toolbox following a thorough lessons learned exercise that identified the elements critical for the performance of CBPFs, including support to localisation, leadership, coordination, visibility, cost-effectiveness, timeliness, governance, and monitoring and reporting.

The lessons learned exercise proved that both CBPFs were useful tools in pursuing the Commission's strategy in both countries, as well as fulfilling certain Grand Bargain commitments, such as supporting localisation. There was also the recognition that, unlike with bilateral funding, pooled funds must respond to many different donors, as well as certain internal processes that OCHA has in place. DG ECHO, in line with the March 2021 Communication on Humanitarian Action,[46] decided to increase EU support to local responders, including through the expanded use of CBPFs and other funding mechanisms that prioritise local actors.

Moving forward, DG ECHO plans to assess its future contributions to CBPFs in line with its strategic priorities and interests. CBPFs are an important tool to achieve what DG ECHO cannot do itself, which is to fund local and national organisations that are not EU-based. By adding CBPFs to DG ECHO's financing toolbox, their contributions to CBPFs can contribute to meeting their Grand Bargain localisation commitments.

European Commission Contributions to CBPFs

	2020	2021	Total per country
South Sudan Humanitarian Fund	USD 3.3 million	USD 3.39 million	**USD 6.69 million**
Ukraine Humanitarian Fund	USD 1.2 million	USD 1.16 million	**USD 2.36 million**
Total per year	**USD 4.5 million**	**USD 4.55 million**	

NB: As of June 20, 2022, the European Commission had not made any pledges or contributions to any CBPFs in 2022, according to the CBPF Data Hub.

Source: CBPF Data Hub: https://cbpf.data.unocha.org/index.html#

Supporting coordination

Some donors view pooled funds as an important tool to support coordination roles and structures. For example, the coordination role of the Emergency Relief Coordinator (ERC) can be supported at the global level with contributions to the **CERF**. The coordination role of Humanitarian Coordinators/Resident Coordinators (HC/RCs) and, in some cases, the clusters, at the country level, can be supported by funding **CBPFs** and **CERF**. Some interviewees noted that how well an HC/RC is perceived to be using a CBPF to enhance coordination can be impacted by the technical/strategic fund management support provided by OCHA of the CBPF and by cluster coordinators (who may be implicated in the decision-making process).

Flexible funding

Perhaps the most appealing aspect of pooled funds for operational organisations is the flexibility and speed they can provide. In line with commitments made under the Grand Bargain, pooled funds can contribute to more flexible funding, which should help meet humanitarian needs faster and more easily. However, as also outlined in the Grand Bargain, "flexible funding requires accountability throughout the length of the transaction chain from donor to the field."[47]

While the donor's funds can come with few conditions and restrictions when disbursed to pooled funds, by the time they reach the end-user, most of this flexibility can be lost by virtue of the specific rules, regulations, and restrictions of the pooled fund. In other cases, donors may demand the pooled fund include certain conditions and restrictions. The result, at times, is that the desired flexibility of pooled funds can be overshadowed by accountability and risk mitigation demands, which can often be driven by donor requirements.

Reduced/Transferred administrative burdens and risks

Many donors value being able to pass large sums of money to a pooled fund instead of having to allocate numerous smaller grants to various recipients or to manage large grants in complex environments, thus reducing donors' administrative burden and risks. The result, however, is that the risks and administrative burdens associated with allocating smaller grants are passed on to the entity managing the pooled fund. That entity then often passes these risks and administrative burdens on to the fund recipients, which are implementing programmes.

The transfer of administrative burdens and risks is perhaps one of the most appealing elements of pooled funds for donors. It is also one of the more complicating factors for the pooled funds themselves. As more donors are drawn to investing in pooled funds, some may insist on strict(er) risk mitigation factors, therefore making pooled funds less flexible than they could or – ideally – should be.

A quick and relatively effortless way to spend

For some donors, pooled funds can be a quick way to spend large sums of money, particularly near the end of a fiscal year when funds need to be spent. Money transferred to pooled funds at the end of the year can be a windfall for the recipients and can generally be used the following year. It would be beneficial to receive the funds earlier in the year to allow pooled funds to plan allocations more efficiently to meet needs throughout the current year.

Support for thematic or "innovative" areas

Thematic pooled funds are another popular way that organisations and donors use pooled funds. The UN MPTFO manages a range of thematic pooled funds, some of which support or complement humanitarian programmes. The **Women's Peace and Humanitarian Fund (WPHF)**[48] "supports women's participation, leadership, and empowerment in humanitarian response and peace and security settings."[49] The **Special Trust Fund for Afghanistan (STFA)**,[50] created in October 2021, supports essential socio-economic and recovery programming for community resilience, with links to peace and humanitarian action.[51]

Education Cannot Wait (ECW), launched during the World Humanitarian Summit (WHS), is managed by UNICEF and aims to provide funding for education in emergencies and protracted crises.[52] The **Humanitarian Innovation Fund (HIF)**,[53] managed by Elhra, provides funding for different thematic focus areas to support innovation in humanitarian response.

Pooled funds are also becoming more responsive and innovative by offering new windows of opportunities. The Start Network launched the **Start Fund Anticipation**[54] window in 2017, which allows NGOs to work with forecasting agencies to respond earlier and mitigate for the anticipated impacts of crises. Given the difficulty NGOs have in finding anticipatory action funding, this window has proven to be an added value, attracting country donors like Germany. A new fund, **Start Ready**,[55] launched in 2022, complements the Start Fund to stretch resources across a pool of countries to respond to pre-agreed thresholds of risks.

The **Start Fund Bangladesh (SFB)** is looking at ways to support its members in terms of organisational development and to address the inequitable percentage of indirect cost recovery (ICR) reaching L/NNGOs.[56] By looking at gaps in organisational development and co-creating a road map to address those gaps, the hope is to create the evidence showing how L/NNGOs use the ICR and to potentially increase its percentage. While still in the early phases, the generated evidence could bring about global changes around ICR percentages for L/NNGOs.

CERF has been providing funding for anticipatory action[57] since 2019, which complements its regular Rapid Response funding and its Underfunded Emergencies Window. Amongst other innovative allocations, CERF was also able to take the experimental step of allocating funds for the COVID-19 response to NGOs via the International Organization for Migration (IOM) in 2020.[58] The allocation proved effective in many ways, and led to a range of considerations for any future allocations, as highlighted in an independent review.[59]

On the Red Cross/Red Crescent side, the **DREF** currently has 10% of its funds set aside for early action by National Societies based on forecast-based financing and is aiming to dedicate 25% to anticipatory action by 2025.[60] The **National Society Investment Alliance (NSIA)**,[61] a pooled fund run jointly by IFRC and the International Committee of the Red Cross (ICRC), can provide flexible “multi-year funding to support the long-term development of Red Cross and Red Crescent Societies.” In January 2022, ICRC launched its **Climate and Environment Transition Fund**,[62] a multi-year fund to help transition ICRC into a “climate-smart, adaptable and sustainable organisation.”[63]

Some Highlights of Changes in Humanitarian Pooled Funds since 2017

With pooled funds becoming more popular in a variety of ways, the past five years have shown notable changes and improvements. Looking at the more established group of pooled funds, improvements seem to have been made that make these funds more efficient. Several funds have adopted more easily accessible portals to track how much money was contributed by which donor and who received the funds. The CBPF[64] and CERF[65] Data Hubs and UNICEF's Transparency Portal for ECW[66] (and other UNICEF hosted funds) provide easier ways to understand the flow of funds over the years.

Among the most exciting changes of the last five years has been the shift towards more innovative financing initiatives, for example, anticipatory action (Start Fund and CERF), testing ways to share risk through due diligence processes (Start Fund), and finding ways to get more funds to local and national organisations (Start Fund, CBPFs, and DREF, for example).

The establishment of 'four strategic steers' by the previous ERC in 2019 to get more funds to areas requiring more attention, was an effective example of using the funding 'carrot' to address gaps identified in broader humanitarian policy discussions. There have also been more concerted efforts within funds to learn more systematically. Some of the changes that occurred in several of the pooled funds examined in the 2017 study are outlined below.

The Start Network and Start Fund

To date, the Start Network has expanded its membership from 42 national and international NGO members to 55. It has become a network of networks working to support locally-led structures more efficiently. It has grown its "family of funds" by adding different funding instruments, shifting to a more proactive financing approach.[67]

The Start Fund's speedy time frame remains the same as in 2017: within 72 hours of a crisis alert being raised by a Start Network member, funds can be released for a response of 45 days.[68] The Start Fund is also looking at whether they could move towards using the Grand Bargain "8+3" reporting model to simplify the reporting process for members.

Start Network members piloted the use of blockchain to see if it could support transparency, speed, and incorruptibility. While a pilot focused on financial transfers was successful, it was the start of further possible uses of blockchain. The lessons are being used in the development of the advanced financing facility.[69] The Start Network is also looking at increasing multi-year funding.

Start Fund COVID-19

Start Fund COVID-19 started in April 2020 when members flagged the need to respond to COVID-19, which was beyond the Start Fund's traditional reach. The mechanism allowed for "rapid funding to address neglected or underfunded aspects of the broader COVID-19 crisis at a local level" and allocated over GBP 7 million in 31 countries.[70]

Anticipatory funding

The Start Network has expanded the types of humanitarian needs to which it can respond and notably now can provide anticipatory funding. The **Start Fund Anticipation**[71] window, started in 2017, allows NGOs to work with forecasting agencies to react earlier to mitigate the anticipated impacts of crises. It is difficult for NGOs to find anticipatory action funding, but the window has proven to be an added value, attracting donors such as Germany.

Start Ready

Start Ready, launched in November 2021 at the 26th Conference of the Parties (COP 26) in Glasgow, complements the Start Fund. Networks of members work together to design and build risk financing systems. These networks can then apply for Start Ready coverage, which lasts for 12 months. During that time, risks in the countries are monitored. If a pre-agreed threshold is met, funds are released to members that have contingency plans to respond. The first risk pool should start in the first half of 2023, with funding from five donors.[72] At the end of the 12 months, lessons will contribute to adaptations.

Decentralising and supporting locally-led structures

The network is also shifting its model towards a decentralised system, with regional and national hubs managing their own funds. Start Fund Bangladesh, set up in 2017 *(see further below)*, started with funding from the United Kingdom (UK), but has recently secured further funding, making it a pooled fund. Building on the success of Start Fund Bangladesh, Start Fund Nepal's members are now piloting a country-based contingency fund that can respond to small- to medium-scale crises and provide anticipatory action.[73]

Making funding more accessible for L/NNGOs

The Start Network is also making different efforts to make funds more easily accessible for L/NNGOs, including by having a tiered due diligence model, instead of just a 'pass/fail' model. L/NNGOs will often comply with 80% of donors' requirements, which the Start Network is taking as sufficiently adequate to assume the associated risk. A pilot has been underway since 2020 to allow L/NNGOs to become Start Network members and access funds, even if they do not fully comply with due diligence requirements to see if the impact is significantly different without substantially increasing risk. In 2020, of the 14 L/NNGOs that went through the tiered process, 85% would have had difficulty meeting the requirements of a 'pass/fail' model.[74] The aim is to eventually have international and local actors officially recognise the tiered due diligence framework.[75]

In the 2021-2023 Strategy, improvements are being made to the tiered due diligence framework through a co-design process with members. The hope is to create an alternative model that can allow more NGOs to join Start, while streamlining compliance and identifying due diligence methods that can "meet the critical purpose of shared accountability and risk in a more inclusive and transformative way."[76] While many donors do not currently support the pilot, the hope is that there may be more interest once enough evidence is gathered.

Learning exchanges

The Start Fund convenes learning exchanges with its members after projects, bringing together the decision-makers and project implementers. They discuss the project and accountability questions, such as community perceptions.

Similarly, Start also convenes their donors in the Start Fund Council biannually, where they come together with staff to review their investment in the Start Fund, as well as to share and learn from each other. The Hilton Foundation, for example, recently contributed to four 'pooled funds' including the Start Fund, and has been sharing some of their learning with other donors.

The Hilton Foundation's Investment in Pooled Funds

The Conrad N. Hilton Foundation has recently ventured into providing money for pooled funds with an aim to examine different approaches to deploying funds for disaster and humanitarian response to maximise its impact. A total of USD 10 million was provided to four networks, each receiving USD 2.5 million:

1. The Start Network's Start Fund.
2. Save the Children's internal Humanitarian Fund, which pools funds to distribute to different Save the Children operations. Launched in 2021, the Humanitarian Fund pools money from different Save the Children members and then distributes that to Save the Children operations. Allocations were made to support responses with the highest needs, to support anticipatory action and emergency preparedness and through three funding windows: the Underfunded Window; the Hunger Window; and the Gender, Accountability and Localization (GAL) Window.[77];
3. Concertación Regional para la Gestión de Riesgos (CRGR)[78], a Latin American network, will distribute funds to its members in different countries with the funds being administered by the CRGR member Provida.[79] The objective is to use the funds to respond to humanitarian emergencies in Central America where CRGR is present (El Salvador, Guatemala, Honduras, and Nicaragua). Having pre-positioned funds, which then can be made available to respond to emergencies, is an innovation for CRGR and Provida, made possible with the Hilton Foundation support. A process has been developed for applying for funds, as well as for improving monitoring, evaluation, accountability, and learning (MEAL).
4. The NEAR Change Fund, which provided its first allocations to NEAR members in March 2022.

With just one donor, CRGR and NEAR are not yet pooled funds, but could attract more donors in future.

The Hilton Foundation allocated an additional USD 1 million for a third-party evaluator to ensure an active learning component to help the foundation consider whether to continue investing in pooled funds. The learning component should allow the Foundation to share the lessons with other donors. By mid-2023, the funds should have been spent and the learnings wrapped up.

Start Fund Bangladesh

Created in 2017 with GBP 10 million from UK Aid as a rapid emergency response fund, Start Fund Bangladesh (SFB) has recently secured additional donors, making SFB one of the newer pooled funds.[80] From its initial 20 international NGO members, the Fund went through a one-year three-stage selection process, which resulted in 27 local and national NGOs (L/NNGOs) now also being members of the SFB. The plan is to onboard an additional 22 L/NNGOs by 2023.

In terms of governance of the SFB, and in line with Grand Bargain commitments and the Start Network's vision for a locally led humanitarian system, there are ongoing steps to ensure greater representation of local and national NGOs. For example, the Executive Committee has seven members from L/NNGOs and six from INGOs. The project steering committee, which decides on allocations, already comprises 60-70% L/NNGOs.

In terms of funding practices, the SFB has seen an increase in the proportion of funding allocated to L/NNGOs. From 2017 to 2019, about 55% of the funding went to local organisations; in 2020, around 80% of the funds went to local organisations; and in 2021 and up to March 31, 2022, 100% of the funds have gone to local and national organisations. When there are local or small-scale disasters, the size of the funding envelope may not be very large and/or there may not be many INGOs present in the area of response, making INGOs less likely to apply for funds. There has also been an effort to have funds transmitted to NGOs at the national level, thereby avoiding passing through the headquarters of INGOs.

A recent initiative by the SFB is trying to provide more support to the organisational development of local organisations, given that capacity development is often inadequately funded. Working with a facilitator, staff at different levels in the six smallest organisations of the SFB identified gaps, strengths, and what is needed to fill the gaps to support organisational development. Using a road map they developed, which also shows how the ICR can be used, at least three of the six organisations have been able to raise more money for their organisational development. The hope is to compile evidence to show how L/NNGOs are using the ICR to support their organisational development and to potentially influence global discussions around ICRs.

Start Fund	2017[81]	2021 (or 2020)
Members	42 Start Network members (INGOs and NNGOs).	55 Start Network members (INGOs and NNGOs).
Focus of grants	"To respond to the kind of small-scale crises that often pass unnoticed – but which affect millions of people each year...."[82] The Fund can also be activated for under-served emergencies and cyclical crises.[83]	Focuses on three types of humanitarian needs: • Underfunded small to medium scale crises. • Spikes in chronic humanitarian emergencies. • Forecast and early action for impending crises.[84]
Total Amount	Annual disbursement of approximately GBP 9 million.	GBP 16.3 million (in 2020[85]).
Donors	• UK Aid, Irish Aid, the Government of the Netherlands, and the European Union. • The EU is providing a EUR 1.1 million grant for the new "Start Fund Anticipation Window," launched on 30 November 2016.[86]	United Kingdom, Ireland, the Netherlands, Germany, Jersey, the IKEA Foundation, and the Conrad N. Hilton Foundation.[87]
Grant Types	Small-scale grants for small to medium emergencies. Funding is limited to GBP 300,000 per member agency for any emergency.[88]	• Funding is limited to GBP 300,000 per member agency for any emergency.[89] • Grants of up to GBP 10,000 for at least two members working in partnership for Analysis for Action Grants from Start Fund Anticipation to conduct inter-agency risk analysis in preparation for raising a Start Fund alert.[90]
Activation	Any of the 42 members can raise an alert by sending an "alert note." Allocations are informed by a needs assessment done by ACAPS.[91]	Members report a crisis to the Start Fund team, and a third-party note is requested for help with the allocation decision.[92]
Decision-making Process	The Allocation Committee decides to activate the fund for a crisis. A rota system ensures all members can participate. Rotas last 8 weeks and rotate throughout the year. Project selection is done within 72 hours of being alerted to crisis, by Network member staff who are as close to the location of the crisis as possible.	A subset of the Start Fund committee representatives, part of the rota system, or the Start Fund team decide to allocate. Project selection is made by nominated in-country colleagues, including partner staff, to decide on project selection.[93] Proposals are submitted within 48 hours of an alert being raised, a decision taken thereafter, and funds transferred 72 hours after the alert. Where the transfer falls on a non-business day, projects can be backdated to the date of approval.
Project Timeframe	Project implementation begins within 7 days of the funding decision and are completed within 45 days. Report to be submitted 60 days after funds transferred.[94]	The speedy time frame remains the same: within 72 hours of a crisis alert being raised by a Start Network member, funds can be released for a response of 45 days. Learning and evaluation are down within 60 days, with reporting required within 75 days, or no later than 30 days after implementation.[95]

Disaster Response Emergency Fund (DREF)

The IFRC's Disaster Response Emergency Fund (DREF) prides itself on being "the quickest, most efficient and most transparent way of getting funding directly to local humanitarian actors – both before and immediately after a crisis hits."[96] Established 35 years ago, the DREF now has two pillars: 90% of the fund is allocated to responses and 10% goes to anticipatory action or Forecast-based Action (FbA),[97] which relies on early action triggers to take action before a crisis. Started in 2018, the anticipatory action window can release funds automatically upon meeting certain thresholds. The goal is to scale up the anticipatory window to 25% over the next three to four years.

The main focus of the DREF is on localisation and responding to small and hidden crises via National Societies. This localisation focus is a potentially big draw for several donors looking to meet their Grand Bargain localisation commitments. The DREF also has a loan capacity for more significant crises, which is available to National Societies and IFRC. The loan is repaid once the Emergency Appeal receives donors' contributions.

- **In 2017** the DREF supported 111 emergency operations in 75 countries, allocating almost CHF 23.96 million.
- **In 2021** the DREF supported 136 emergency operations in 87 countries, allocating almost CHF 41.88 million.[98]

In December 2020, the DREF launched its *Strategic Ambition 2021-2025* to make the DREF "the preferred, simplest, and fastest way for National Societies to access reliable international, short-term funding for community action in all kinds of disasters when needs exceed the resources available at the national level."[99] While the DREF has usually had about CHF 30-35 million available in the fund, the ambition is to reach CHF 100 million in the fund by 2025, while keeping the administration and coordination costs at a maximum of 5% of annual allocations.[100] There are also plans to make the fund leaner and more efficient, including by launching a digital request process.

In March 2022, IFRC set up a new DREF Council, an independent body with up to 20 high-level representatives from major donor governments, their corresponding National Societies, and chosen experts to advise on the DREF's development and to make sure the DREF remains relevant to donors and the people that the DREF supports. The Council will allow for key donors to provide strategic insight and advice on the Fund's management and performance; provide guidance to ensure the DREF remains relevant to humanitarian trends and challenges; and promote peer-to-peer advocacy to raise the profile of the DREF.[101] This strategic engagement with donors, combined with the ambition to grow the DREF, could make it a formidable pooled fund contributing to the localisation agenda in the coming years.

National Society Investment Alliance (NSIA)

Another tool in the Red Cross and Red Crescent's approach to localisation is the **National Society Investment Alliance (NSIA)**. A pooled fund, run jointly by IFRC and ICRC, the NSIA aims to provide flexible "multi-year funding to support the long-term development of Red Cross and Red Crescent Societies." Set up after the World Humanitarian Summit, the NSIA aims to promote increased localisation of response in line with the Grand Bargain. Two types of funding are available through the NSIA:

1. **NSIA Accelerator:** provides up to CHF 1 million for the organisational development and sustainability of National Societies over three to five years.
2. **Bridge awards:** up to CHF 50,000 for one year to prepare National Societies for the NSIA Accelerator or other investments.[102]

In **2019**, the first NSIA call for proposals saw two Accelerator investments and eight Bridge grants awarded to 10 National Societies for total allocations of CHF 1.6 million.[103] In **2021**, the NSIA provided Accelerator funding to three National Societies, which had previously received Bridge funding, and six other National Societies were awarded Bridge funding, reaching total allocations of CHF 2.1 million. The **2021** allocation was the largest to date and was funded by the Governments of Switzerland, the United States, Canada, and Norway.[104]

ICRC's Climate and Environment Transition Fund

ICRC launched the **Climate and Environment Transition Fund** in January 2022, a multi-year pooled fund to help transition ICRC into a "climate-smart, adaptable and sustainable organisation."[105] Considered one of ICRC's innovative financing mechanisms, the fund seeks to invest in decarbonising ICRC premises as a first track starting in 2022, with a second track beginning in 2023 that will include broader climate and environment activities. With an initial investment of CHF 15.3 million, which consists of a seed loan from ICRC, it is expected that CHF 30-50 million and up to 140,000 tons of carbon emissions could be saved over 20 years.

Education Cannot Wait (ECW)

Education Cannot Wait, the first global fund dedicated to education in emergencies and protracted crises, was a relatively new fund at the time of the first study, having just been established at the WHS.[106] In 2016, ECW had four donors and had received USD 25.7 million. Its total disbursements in 2016 of USD 560,000 went entirely to UN agencies. Interestingly, as the fund has grown, reaching USD 126.7 million from 15 donors in 2021, UN agencies have remained the largest recipient of funds each year.[107]

ECW has three windows through which it provides funds:

1. **Emergency Response window:** offers rapid response to education in sudden-onset emergencies and escalating crises.
2. **Multi-Year Resilience window:** allows investments in countries affected by protracted crises and facilitates "joint humanitarian and development multi-year programming and financing."
3. **Acceleration Facility window:** analyses evidence to inform best practices, scale-up innovations and turn investments into concrete public goods.[108]

ECW funds can start a few hours into a crisis, with humanitarian response funds lasting 6-12 months. Funds to bridge humanitarian and development response can start eight weeks into a crisis and last one year or three to four years. Development assistance funding can start one year into a crisis or longer and last between four and 10 years.

Country-based Pooled Funds (CBPFs)

Over the past few years, CBPFs have continued to grow and professionalise. When the 2017 study was published, 27 donors were contributing USD 833 million to 18 CBPFs. Five years later, in 2021, 39 donors were contributing USD 1.13 billion to 20 CBPFs. This growth is a consequence of CBPFs' contributions to supporting responses, as well as enabling donors to meet Grand Bargain commitments, including reducing earmarking, harmonising reporting, and supporting localisation. While the amount of money contributed to CBPFs has grown, the percentage of allocations (which includes sub-granting) to different partners has not changed dramatically. INGOs remain the largest recipient of funds from CBPFs, with just a one per cent drop from 2017 to 2021. Allocations to national partners increased by 5% from 2017 to 2021, while funding to UN agencies dropped by 4% in that period.[109]

For the past few years, OCHA has steadily worked to improve CBPFs, including by testing new flexible approaches in response to the COVID-19 emergency and by working together with NGOs to adopt new ways of working and enhanced governance structures at both the global and the country levels, notably through the OCHA-NGO Dialogue Platform. Several key changes in CBPFs' approaches to grant management and governance stem from findings of a joint study undertaken in 2019 by NRC and OCHA, *Country-based Pooled Funds: The NGO Perspective*[110] and inputs provided by its fund managers over the years.

While CBPFs have grown considerably, OCHA's staffing of CBPFs has not necessarily kept up with the growth. Experienced fund managers remain a relatively small pool of people and has yet to become a clear career path in OCHA, which risks potentially missing the critical skills required for effective fund management. There also remains a lack of fund managers and other specialist fund staff in the surge capacity available and, as of yet, no standby roster provides the necessary staff to support a CBPF. It should be noted that CERF allocations are also managed by the same OCHA staff in-country that manage CBPFs so the staffing issues also apply, at least in part, to CERF. These gaps will be critical to fill if OCHA is to keep pace with the growth of CBPFs (and CERF) in the years to come.

OCHA has recently explored ways of expanding pooled fund services. In late 2020, the idea of setting up a Regionally-hosted Pooled Fund (RhPF) was launched. The first RhPF was established for the Sahel in 2021,[111] with the first funding envelope launched in Niger in July 2021.[112] The Regional Humanitarian Fund for West and Central Africa (RHFWCA) has several objectives, including to support urgent humanitarian needs in one of six countries in the region and to reach those in underserved locations and to respond to new and emerging crises.[113] The RhPF can enhance responses to emergencies of a regional or cross-border nature and expand access to direct funding for NGOs.

While originally quite ambitious in its scope, with the possibility of creating a regional envelope in line with Grand Bargain commitments to decrease the degree of earmarking and increase the flexibility of funding, what developed later has not yet fully lived up to the expectations. The funding envelopes launched so far (Niger and Burkina Faso) have been covering individual countries, with the analysis of priorities also coming from the country level. There is a common perception that the "regional" element of the RhPF has not been fully realised yet.

Comparing CBPFs in Numbers from 2017 to 2021

CBPF	2017	2021
Number of CBPFs	18	21
Number of Donors to CBPFs	27	39
Contributions to CBPFs	USD 833 million	USD 1.13 billion
Number of people targeted	83.9 million	117 million
Allocations made	USD 698 million	USD 1.03 million
% of Allocations to INGOs	43%	43%
% of Allocations to national partners (including national NGOs, government/others, and private contractors)	30%	35%
% of Allocations to UN agencies	26%	21%
% of Allocations to Red Cross/Red Crescent Societies	1%	1%

NB: The above allocation amounts include the total funding provided to organisations either as a primary recipient or sub-grantee. Some organisations may sub-grant part of their funds to another organisation.

Source: CBPF Data Hub: https://cbpf.data.unocha.org accessed June 20, 2022.

CERF

As noted above, CERF has been providing funding for anticipatory action since 2019, which complements its Rapid Response and Underfunded Emergencies Windows. In 2019, the then ERC identified four priority areas (or 'strategic steers') that were chronically underfunded, communicating that these should be considered in preparing CERF applications for underfunded emergencies and rapid response grants. The four areas were:

a. "Support for women and girls, including tackling gender-based violence, reproductive health and empowerment.
b. Programmes targeting disabled people,
c. Education in protracted crises and
d. Other aspects of protection."[114]

CBPF allocation strategies also considered the above four areas.[115] While this soft push from the ERC resulted in increased funding to the priority areas, the longer-term outcomes were harder to measure. There was greater visibility for the issues, which will now be placed into a package around effective programming to avoid excessive earmarking for various issues.

In response to the COVID-19 emergency, CERF undertook four innovations to respond to the global pandemic:

1. Block-grants of USD 95 million to UN agencies at the global level to maximise speed and flexibility.
2. Allocating USD 25 million in funding for NGOs[116] to support frontline responders.

3. Earmarking USD 5.5 million to GBV programming from the Underfunded Emergencies Window, which had a "catalytic effect" of nearly USD 22 million dedicated to GBV activities; and
4. Flexibility in adjusting CERF projects to enable adaptation.[117]

In addition, the ERC allocated CERF funding to address some of the secondary impacts of the epidemic, with an allocation of USD 80 million for food insecurity and an allocation of USD 25 million for GBV programming. The first allocation was innovative because it also focused on cash programming. The second allocation required the two UN agencies (UNFPA and UN Women) to channel at least 30% of the funding to local women-led organisations (they ended up planning to transfer 40% or USD 10 million).

The allocation to NGOs, the first of its kind for CERF, was channelled by IOM. It showed that "CERF can fund front-line organisations, without following the typical UN agency-partner model" and could be a "new potential tool in its [OCHA's] financing toolbox," as highlighted in an independent review.[118] The review, however, also noted that the allocation did not solve the bigger problems in the humanitarian financing architecture of how to get funds to frontline organisations promptly and so pointed to several strategic considerations for OCHA and CERF.[119]

Comparing CERF in Numbers from 2017 to 2021

CERF	2017	2021
Number of Donors to CERF	58	60
Contributions to CERF	USD 515 million	USD 638 million
Allocations made	USD 418 million	USD 548 million
Allocations to Rapid Response	USD 273 million (65%)	USD 413 million (75%)
Allocations to Underfunded Emergencies	USD 145 million (35%)	USD 135 million (25%)

Source: CERF Data Hub: https://cerf.data.unocha.org

Considering the Recent Evolutions

The diversity of pooled funds that are run by, and are accessible to, NGOs, the Red Cross/Red Crescent Movement, and UN entities shows the broad appreciation for pooled funds. The wide variety of pooled funds across the humanitarian sector allows for timely funding to respond to humanitarian crises or, in some cases, to contribute to improving the organisations' capacity to operate more effectively and efficiently. The increase in donors contributing to pooled funds is a sign of that appreciation, although some donors are more enthusiastic about pooled funds than others. There also seems to be an increasing tendency to create pooled funds as 'a quick fix' for different challenges or themes that emerge, but without always considering that adapting existing financing tools or funds could be more effective and efficient.

Not always a simple solution

While the increase in the popularity of pooled funds is positive, there is a risk that pooled funds are becoming a 'simple' solution without considering the associated 'costs' (not just financial) with setting up different funds. There are numerous systems and processes that require further development before a pooled fund can operate effectively. There is an incredible wealth of experience and lessons that have been identified and learned across different pooled funds. However, those lessons are often shared only when individuals know each other and choose to interact. As observed in the 2017 study, there is very little systematic sharing of lessons, experience, or even tools across pooled funds, leading to extra and unnecessary work. Most interactions between those working on particular pooled funds has been on an individual basis or through connections made by others. As one key informant put it, "I think we have global amnesia. We maintain little institutional knowledge and learning, nor is there a systematic way to improve based on lessons learned."

The Conrad N. Hilton Foundation's systematic approach of learning from its first investments in pooled funds to inform future possible investments, could be a valuable means for others to learn from their findings. In addition, the recent creation of the Guidance, Learning, and Reporting Section in OCHA is a welcome addition to encourage greater learning across CBPFs and CERF. However, within the broader pooled funding landscape, there remain missed opportunities to gain experience across pooled funds and to share lessons between fund managers/staff and managing entities.

Improvements in ways of working

Based on the changes over the last five years, it is clear that several pooled funds have tried to improve their ways of working and the activities they fund. The Start Fund, for example, has built on learning from past experiences to bring in improvements in their processes and ways of working and is looking to make their systems more automated. The Start Network also looked at how to use blockchain as a secure way to transfer resources. In terms of improved transparency, OCHA's Data Hubs for the CERF and CBPF provide more transparent and easily accessible ways to understand and track funding contributions and allocations compared to five years ago, and UNICEF has developed a beta version of a transparency portal for its funds, including ECW.

In terms of governance, since 2020, the CBPFs' Pooled Funds Working Group (PFWG) – which brings together UN agencies, donors, and NGOs to promote effective coordination, advise on global policy, and discuss the effectiveness and efficiency of the management and accountability of CBPFs – has started to meet more regularly throughout the year. The PFWG is playing a key role in some strategic processes, such as the ongoing revision of the CBPF Global Guidelines. Building on the PFWG example, the NGO role as observers in the CERF Advisory Group could be formalised, further supporting complementarity between the two funds.

Responding to identified gaps and policy issues

Where there is a willingness to adapt to changes in the operating environment, pooled funds can be a useful tool. Pooled funds have taken some of the ongoing policy discussions and debates and put money towards putting them into practice. For example, anticipatory action has been funded through the Start Network, DREF, CERF, and Save the Children's Humanitarian Fund. Gap areas in responses, like GBV, were given particular attention through the priority areas identified by the former ERC for CERF allocations and through subsequent earmarking by CERF. The Famine Relief Fund was quickly set up and got a considerable amount of money disbursed and spent, thus helping to avert famine in Yemen.

Case Study:
(Yemen) Famine Relief Fund (FRF)

The Yemen Famine Relief Fund,[120] described as "the biggest Yemen donor nobody has heard of"[121] by The New Humanitarian, remains a quiet and seemingly quite effective pooled fund on the humanitarian scene. Set up rapidly in 2021 with funds from two donors "to alleviate hunger and prevent famine,"[122] the FRF was registered as a limited company in Bermuda. The Director is a US philanthropist and the Fund was co-managed by a former NGO CEO and a former OCHA Director. Several staff members working for the FRF had previous humanitarian experience in Yemen, with some being seconded from OCHA to UNOPS as part of the UNOPS humanitarian advisory team to the FRF. The fund's philosophy was to quickly inject as much money as possible in a limited time frame to alleviate hunger and prevent famine.

Organisations that could absorb significant amounts of money and provide the needed responses to prevent famine were directly contacted by the Fund and invited to apply for funding. This approach enabled the team managing the FRF to focus on accountability rather than project development and oversight. Organisations received a short standard agreement and a short timeframe to implement projects. The agreement required monthly reports. Some organisations that received funds are apparently continuing the monthly data collection, even after the funding was spent.

Some organisations refused to take money from the fund, given the perceived lack of transparency around its governance, as well as the source of funding,[123] which came from Saudi Arabia[124] and the United Arab Emirates.[125] Nine international organisations received funds from the FRF. Each of the organisations reported on receiving those funds via the Financial Tracking Service.[126]

Overall, the FRF achieved what it set out to do: get large amounts of funds to organisations that were able to contribute to the prevention of famine. One INGO staff who was closely involved in managing a project funded by the FRF, noted that the key to the Fund's success lied in the contextual knowledge of the staff managing the Fund, but also in the flexibility that the Fund granted to its partners. Indeed, due to the very short timeframe, some of the projects had to be adjusted (in terms of activities and areas of operation) and even slightly extended. The process to go through these changes was considered to be much lighter and faster than is the case for many other pooled funds.

While many pooled funds are an excellent source of funding for local and national NGOs, it is unlikely that many of them could operate at the scale required in such a situation where a large, quick, and punctual response was necessary to prevent famine. The apparent success of the FRF makes a clear case for the need to have complementarity in funding approaches, with some funding sources (or pooled funds in particular) being able to target smaller organisations, which may be local and national. In comparison, other pooled funds can target larger organisations with the capacity to respond quickly and at scale.

COVID-19 saw pooled funds being used in innovative ways to respond quickly to the demands and needs caused by the pandemic. CERF's innovations showed that a focus on GBV led to an increase in funds for GBV activities. The need to get money to frontline responders was made possible through the decision to pass CERF funds quickly to NGOs through IOM. The Start Fund was able to adapt to the needs identified by its members by creating the Start Fund COVID-19.

Pooled funds can help fill the gap for minor emergencies or underfunded ones, which may not receive the requisite donor attention or funds. For example, the DREF focuses on small- to medium-scale disasters, which may get little media or donor attention and the CERF has an Underfunded Emergencies window. The Start Fund's members can bring attention to a minor emergency, allowing funds to be quickly disbursed.

Perhaps the biggest shift in pooled funds in the last five years has been the increased focus on these funds as a way to achieve the Grand Bargain commitments around localisation. IFRC's DREF has been a long-standing pooled fund allowing for rapid response. The strategy to promote the DREF as a tool for getting funding to national and local actors is a shift that may encourage more donors to contribute to it, potentially allowing it to reach its ambition of CHF 100 million by 2025. Following pilot contributions, ECHO can now donate to CBPFs, partly because they see it as a way to meet their Grand Bargain commitments to localisation. The Women's Peace and Humanitarian Fund (WPHF) supports local organisations that promote "women's participation, leadership, and empowerment in humanitarian and peace and security settings," as part of the overall goal for more gender-equal and peaceful societies.[127]

Coordination of financing at the country level: a critical missing piece

There are still numerous opportunities to increase coordination at the country level between different pooled funds, both at the strategic and technical levels, and to ensure more deliberate and better outcomes. There could also be greater coordination between bilateral donors and pooled funds to ensure that resources are used more efficiently and to avoid gaps in humanitarian responses.

While pooled funds essentially act as donors, they are not necessarily treated as such by bilateral donors. While bilateral donors will often have coordination discussions among themselves, they frequently do not include pooled funds. There is, for example, no reference in the current CBPF Guidelines to the humanitarian financing principles of the Good Humanitarian Donorship (GHD) Initiative. OCHA, CBPFs, or other pooled funds are not regularly included in GHD discussions, which could be a missed opportunity for improvements and sharing learning across donors and pooled funds.

At a country level, numerous pooled funds can be operating, each with its own focus, strategies, ways of working, timelines, and donors. They can have many of the same donors (although possibly from different parts of the same government) and potentially complementary strategies. The HC/RC will manage some of them, allowing a degree of coordination, if adequately supported strategically and technically by fund managers. Without systemic coordination between pooled funds, there will continue to be needs that go unmet and duplication of efforts. The case study of Afghanistan highlights recent positive attempts to try to coordinate, or at least share information, between the various pooled funds that are operating in the country.

Another missing piece of the coordination puzzle is between bilateral donors and pooled funds in a country. There remains a need for more consistent coordination being built into the ways of working of different pooled funds and increased coordination with donors, including at a technical level with fund managers.

Case Study: Afghanistan

One of the challenges seen when various pooled funds are operating in some countries is the lack of information sharing or coordination between different funds. Without such coordination, there is the potential duplication of efforts, gaps in response, and/or missed opportunities for more effective responses.

In Afghanistan, several pooled funds have been operating in recent decades. Since August 2021, some of the funds that have more of a development focus have had to suspend operations or rethink the way they operate, due to the changed political context. There are also new funds that have been established since August 2021, such as the Special Trust Fund for Afghanistan (STFA) which has explicitly stated in its Terms of Reference (thanks also to inputs provided by humanitarian partners), that it will "work in complementarity with the Afghanistan Humanitarian Fund and the Central Emergency Response Fund (CERF)," and link with the Humanitarian Response Plan through its targeting methodology.[128] The STFA will support the Area-based Approach for Development Emergency Initiatives (ABADEI) strategy, which is grounded in partnerships at the local level, and will focus on four thematic areas:

- Provision of Essential Services
- Community Livelihoods and Local Economic Activities
- Protecting Farm-based Livelihoods from Natural Disasters
- Community Resilience and Social Cohesion[129]

The UN Resident Coordinator Office recently called for a meeting with various pooled funds active in country to share information on the activities of the different funds with the hope of fostering complementarity among the activities being supported by pooled funds. The funds invited to the meeting were the following:

1. Afghanistan Humanitarian Fund (AHF), managed by OCHA, which also manages CERF allocations.
2. Special Trust Fund for Afghanistan (STFA).
3. The Asian Development Bank's (ADB) Afghanistan Infrastructure Trust Fund (AITF).
4. The World Bank's Afghanistan Reconstruction Trust Fund (ARTF).
5. The Afghanistan Humanitarian Trust Fund (AHTF), set up by the Organisation for Islamic Cooperation with the Islamic Development Bank.

The following is an overview of how these pooled funds are operating, or planning to operate, in Afghanistan. Others will also likely play a role in financing activities, such as ECW and the WPHF, given their focus.

Afghanistan Humanitarian Fund (AHF)

Afghanistan Humanitarian Fund	2017	2021
Established	**2014**	
Focus of Fund	**A CBPF with three objectives:** 1. "To support humanitarian partners (national and international NGOs and UN Agencies) to address the most pressing needs under humanitarian principles. 2. "To improve the relevance and coherence of humanitarian response by strategically funding assessed humanitarian action as identified in the Humanitarian Response Plan (HRP) process. 3. "To strengthen coordination and leadership through the function of the HC and the humanitarian cluster system."[130]	
Total Donor Contributions[131]	6 donors: **USD 38.8 million**[132] 1. United Kingdom: USD 16.1 million 2. Sweden: USD 8.36 million 3. Australia: USD 6.1 million 4. Korea: USD 5.9 million 5. Norway: USD 2.11 million 6. Switzerland: USD 200 thousand	20 donors (including private donations through the UN Foundation): **USD 270 million** **Top 5 Donors in 2021:** 1. Germany: USD 93.5 million 2. United Kingdom: USD 82.4 million 3. Netherlands: USD 23.1 million 4. Denmark: USD 16.1 million 5. France: USD 13.5 million
Allocations by Actor (who may or may not transfer funds to a sub-implementing partner)[133]	USD 44.9 million • International NGOs: USD 19.2 million • UN agencies: USD 13.7 million • National NGOs: USD 7.7 million	USD 165 million • UN agencies: USD 68.9 million • International NGOs: USD 66.6 million • National NGOs: USD 29.9 million

Source: Data extracted from the CBPF Data Hub in May 2022.

CERF

- **2017 Total allocations in Afghanistan:** USD 10 million (from the underfunded emergencies window)
- **2021 Total allocations in Afghanistan:** USD 92.73 million
  - Underfunded emergencies window: USD 12.5 million
  - Rapid response window: USD 80.23 million, including a unique USD 45 million CERF allocation made to prevent a collapse of the Afghanistan health system when other funding stopped. The allocation covered a three-month gap allowing other funding to be mobilised.

The two OCHA-managed pooled fund mechanisms jointly supported the scale-up of humanitarian responses and provided live-saving assistance.

Special Trust Fund for Afghanistan (STFA)

Established: October 2021 (set to end October 2026)

UNDP had been leading the Law and Order Trust Fund for Afghanistan (LOTFA), with over 20 donors over the years, and focused on the security sector and paying salaries for the police. When the August 2021 events took place, the LOFTA account had a balance of USD 230 million and attempts were made to try to repurpose the funds.

UNDP developed and launched an Area-based Approach for Development Emergency Initiatives Strategy, known as ABADEI in October 2021, a new crisis response initiative as part of the UN's overall response to "contribute to preventing a humanitarian catastrophe and the breakdown of the country's economy by supporting the most vulnerable populations and the collapsing micro business in Afghanistan."

UNDP opened a new trust fund with the Multi-Partner Trust Fund Office named the Special Trust Fund for Afghanistan (STFA) in October 2021, with the support of some staff from LOFTA. The Advisory Board of the STFA is chaired by the HC/RC. Starting with just UNDP and UNFPA signing the standard MPTF MoU in October, the STFA was able to start operating, with its first Steering Committee meeting held in mid-November 2021. STFA had 17 UN partner organisations as of May 2022, with more said to be joining, and has received USD 101.7 million from seven donors (including UNDP).[134] There has been close cooperation between the AHF and STFA regarding support during the set-up and a willingness to coordinate between the two pooled funds.

The STFA aims to put the humanitarian-development-peace nexus into action by ensuring coordination and complementarity between UN partners in different regions. Additionally, the STFA is looking into ways to support or pick up where humanitarian programmes may end. Given the longer-term funding horizon of STFA, there is the possibility to work on needed infrastructure, for example, while also supporting basic human needs. Putting these aims into practice will be the challenge in the coming months.

The hope is that, given the speed at which the STFA has been set up, the integrated and joint programming approaches followed by the participating UN agencies, and the allocated funds, donors will be convinced to provide more funds over the longer term. There have been several donor visits to see how it is working, with one donor noting that it provided the best example of UN reform in action.

The Afghanistan Infrastructure Trust Fund (AITF) administered by the Asian Development Bank (ADB)

Established in 2010, the fund "provides an opportunity for development partners and the private sector to finance infrastructure in Afghanistan."[135] A 2018 Fact Sheet on the AITF[136] notes that the fund had received USD 841 million in contributions by development partners; allocated USD 644 million to 10 investment projects and 7 technical assistance projects; and disbursed USD 270 million by December 31, 2018.

In December 2020 a project for *Improving the Development Effectiveness of the AITF* was approved with USD 750,000 from the ADB's Technical Assistance Special Fund.[137] The project, which is still active, aims to increase the number of contributors and commitments to AITF; make it more financially sustainable; expand financial modalities; strengthen its management and administration; and improve its visibility. The enhanced AITF will help the ADB implement its next country partnership strategy for Afghanistan, 2021-2025, which will align with the ADB's Strategy 2030 and the Government of Afghanistan's vision.

As of August 15, 2021 the ADB put "its regular assistance on hold," due to the prevailing security situation. In 2022, the ADB "will provide special support to the Afghan people, which will cover health, education, and food security and will be implemented through the United Nations agencies. The support will be implemented outside of the de facto government systems, and in line with ADB's fragile and conflict-affected situations and small island developing states approach." It is not clear, however, if this intended support in 2022 will be linked to the AITF, be in addition to the AITF funds, or in lieu of those funds.

Afghanistan Reconstruction Trust Fund (ARTF) (World Bank)

Established in April 2002, the ARTF is a multi-donor trust fund that operates under the World Bank administration with the intention of providing "a coordinated financing mechanism to enable the Interim Administration of Afghanistan to fund budget and priority sector [sic] and investment projects and programs."[138] The ARTF leverages funding in grant form from the International Development Association (IDA), the World Bank's concessionary lending arm, and complements multilateral programming through other international financial institutions, the UN Country Team, and donor partners' bilateral programming. With 34 donors contributing to the fund so far, the ARTF is the largest single source of funding for Afghanistan's development, financing up to 30 percent of Afghanistan's civilian budget, and supporting core functions of the government.

Originally, the ARTF allocations were made through four windows:

- The **Recurrent Cost Window (RCW)**, established in 2002, provides coordinated and predictable support to recurring civilian costs of government, helping to fill a gap between non-security expenditure needs and revenue collections. The RCW is recipient-executed, which means that the government leads and executes RCW programming.
- The **Investment Window**, which provides grant financing for national development programmes in the development budget in some key priority sectors such as agriculture, infrastructure, social cohesion, and women's economic empowerment.
- The **Advisory Services, Implementation Support, and Technical Assistance (ASIST)**, established in 2018, responds to the government's request for hands-on advisory services, implementation support, and technical assistance, especially in priority sectors of the national development strategy. ASIST initiatives are led and executed by World Bank personnel.
- The **Anti-Corruption and Results Monitoring Action Program (ACReMAP)**, which finances initiatives to enhance anti-corruption, safeguards, and results, monitoring efforts in the ARTF portfolio.

On March 1, 2022, the World Bank's Board of Executive Directors approved an expanded approach. USD 280 million were already transferred in ARTF funds in December 2021, with USD 100 million to UNICEF and USD 180 million to WFP to support the humanitarian response.[139] The approved expanded approach, which will allow the ARTF to fund UN agencies and international NGOs, will see a first decision on four projects of around USD 600 million to support urgent needs "in the education, health, and agriculture sectors, as well as community livelihoods, with a strong focus on ensuring that girls and women participate and benefit from the support."[140] Further allocations could be made depending on conditions and the decisions of donors.

Afghanistan Humanitarian Trust Fund (OIC with the Islamic Development Bank)

On February 13, 2022, the Islamic Development Bank (IsDB) approved the establishment of the Afghanistan Humanitarian Trust Fund (AHTF).[141] The establishment came after the Organization of Islamic Cooperation (OIC) pledged to set up a humanitarian trust fund for Afghanistan in December 2021.[142] The Charter of the AHTF was signed in March 2022 between the OIC and IsDB.[143] The same month, the Organization of Islamic Cooperation (OIC) welcomed the donation of USD 1 million made by the Republic of Nigeria to the AHTF.[144] There is little public information (as of May 2022) on how the AHTF will operate, how much money it has, or who will receive the funding.

A bigger pool of funds, but a limited pool of fund managers

Despite the increase in money going into humanitarian pooled funds, the pool of experienced fund managers around the globe remains relatively small. Creating a cadre of qualified pooled fund managers and staff who can support pooled funds will be critical if the growth of pooled funds continues. Having people with the right partnership and solutions-oriented approach and attitude to work with those applying for funds will be key. Having such an approach can be particularly crucial for supporting L/NNGOs that may not be familiar with the various requirements of different pooled funds.

Harmonising capacity assessments could save valuable time

Capacity assessments of local and national organisations remain essential when determining which are eligible to access CBPFs or bilateral UN funding. For INGOs, the assessments involve many of the same headquarters' documentation across countries, but they often need to be resubmitted for reassessments. While the new CBPF Guidelines and the UN Partner Portal will help reduce some duplication in processes, there remain opportunities for more harmonisation across the UN systems to make the capacity assessment process more efficient for all involved, including those managing funds and those trying to access funds. For example, much of what is assessed for NGOs by OCHA in terms of accessing CBPFs is similar to what the Harmonized Approach to Cash Transfers (HACT) – used by several UN agencies – evaluates. By sharing that information and better linking (grant management) systems, valuable time could be saved all around in completing partner assessments. However, the urgency of linking up the systems seems not to have been prioritised by policy and decision-makers.

Risk sharing over risk transfer

While pooled funds could provide more flexible funding, the reality is that, in many cases, the risk aversion and due diligence requirements of donors get transferred down the line instead of shared more readily. The Start Fund's tiered approach to due diligence and risk sharing could provide helpful evidence to encourage more risk sharing. If recognised more broadly, this approach could also contribute to sharing capacity assessments across actors and countries. Similarly, the ongoing initiative co-led by ICRC, InterAction, and the Netherlands on risk sharing could provide evidence and good practices to feed into this conversation.

The coordination 'carrot'

Several donors noted that they support CBPFs as a way to support coordination by HC/RCs and clusters. However, the role that clusters play in the allocation of CBPF and ECW funds was not originally envisioned when the cluster approach was created. The role of clusters in humanitarian financing has crept into the portfolio of clusters over the years, without the relevant Inter-Agency Standing Committee (IASC) cluster guidance being updated. While clusters can provide critical technical expertise to funding strategies and monitoring, for example, this added role in financing decisions can, at times, be seen by some as a conflict of interest for the cluster lead agency. For example, UNICEF hosts ECW and receives a sizeable amount of ECW funding, which is perceived as a conflict of interest by some. Engaging in processes around pooled funds can tend to dominate the workload of clusters, which can come at the expense of other critical cluster roles.[145]

There is inconsistency in how clusters approach the funding allocation role across clusters in a country or even across countries. The involvement of clusters in the process can also limit the funding of integrated cross-sector programming in some cases. As was highlighted in the Global CBPF evaluation, while CBPFs could have "an advantage over other donors in delivering integrated programming…it has been difficult to achieve…in part because of the siloed nature of both HRPs and the cluster system."[146] For example, 100% cluster attendance was required to qualify for pooled funding in one cluster in one context. In contrast, a lower attendance rate was adequate for another cluster. While engagement in a cluster's strategy and work is essential, disqualifying organisations for a less than perfect attendance record misses the fundamental point of cluster coordination.[147]

Conclusions

While not an exhaustive study, in looking at various humanitarian pooled funds, it is notable that many of the changes since 2017 have been around identifying ways to be more efficient, inclusive, and transparent in how they distribute funds. Additionally, there have been innovative attempts to further different humanitarian policy discussions, such as supporting anticipatory action, advancing localisation, and addressing persistent gaps in response, such as GBV activities.

The definition used of what constitutes a pooled fund has been a simple and basic one for this study: pooling money from more than one donor in an entity, which then distributes those pooled funds to multiple recipients. There is the potential to be more expansive and ambitious in how a pooled fund is defined and for a more common understanding of what constitutes a pooled fund, as various definitions are currently used.

Some areas could be addressed in future to help make pooled funds more effective, such as better sharing of capacity assessments across pooled funds to avoid duplication of efforts and enabling better knowledge transfer, simpler processes, and learning.

There are numerous pooled funds across the humanitarian landscape available to NGOs, the Red Cross/Red Crescent Movement, and UN agencies, reinforcing the fact that these actors all play complementary roles in humanitarian response. Supporting pooled funds across the different pillars of the humanitarian system will be essential to ensure that the best-placed actors can reach those most in need at various points in a response.

There are many ways in which pooled funds can continue to improve. With the increased interest of donors in pooled funds in recent years, there is a need to learn better across pooled funds to not repeat similar mistakes or reinvent the proverbial wheel (also a finding in 2017). Pooled funds are attractive to various stakeholders for a variety of reasons, but they are not always living up to those expectations. Pooled funds have the potential to be an even bigger and more flexible tool – or a more formidable power tool – in the humanitarian financing toolbox. Several operational and policy issues remain to be addressed for that to happen. Without fixing many of these issues, pooled funds may not be able to keep pace with the expectations facing them.

The following findings will hopefully contribute to the further improvements of pooled funds so that they can remain a widely favoured fixture in the humanitarian landscape.

Findings

1. **Recognise that pooled funds have essentially become 'donors' in their own right.** With a growing number of pooled funds distributing money, they have become formidable donors on the humanitarian landscape. However, traditional donors still seem to regard pooled funds as sort of 'second class' donors. As a result, donor coordination forums or policy discussions often exclude pooled funds, particularly at the country level, where such coordination could improve humanitarian responses.

    a. Given that the Good Humanitarian Donorship Initiative (GHD) will celebrate its 20th anniversary in 2023, it may be time to consider ways to bring the various pooled funds to the 'donor table' to help expand principled humanitarian financing to better address humanitarian needs.

2. **Find ways to better share risk and increase the flexibility of pooled funds to support the Grand Bargain commitments.** Many donors find pooled funds appealing because of their perceived flexibility and ease, often seeing them as a tool to meet the Grand Bargain commitments. Nevertheless, this flexibility is often not adequately passed down to the end recipient. Strict due diligence and compliance requirements prevent risk from being adequately shared, with many local and national organisations not able to meet the requirements.

    a. Consider ways in which actors can better share risk instead of transferring it to the end recipient.

    b. Build on existing good practices (such as the Start Network's tiered due diligence approach and the Start Fund Bangladesh's efforts to support its members' organisational development and address the inequitable percentage of indirect cost recovery (ICR) reaching local and national NGOs) to institutionalise support to local and national NGOs' capacity development so that pooled funds can better support the localisation commitments under the Grand Bargain.

    c. Pooled funds should be used to further push the existing commitments to simplification and harmonisation endorsed by the Grand Bargain signatories. Donors and organisations managing pooled funds should ideally use the '8+3' reporting template across all pooled funds and for all funding recipients.

3. **More systematically share information, learning, and lessons across pooled funds.** Current sharing across pooled funds is mostly ad hoc, resulting in fund managers/administrators and donors missing valuable opportunities. OCHA's recent creation of the Guidance, Learning, and Reporting Section should encourage greater learning across CBPFs and CERF.

    a. Find ways to bring different pooled funds together or convene a community of practice that could encourage more systematic ways to increase learning and share information both globally and at a country level. Such an initiative could possibly be hosted by donors or private foundations familiar with pooled funds, such as the IKEA Foundation or the Conrad N. Hilton Foundation, given their commitment to sharing learning with other donors.

    b. Bring together the different donor councils/forums from various pooled funds to encourage sharing and learning across and within donors. Often, different representatives from the same donor will cover different pooled funds, generating slightly different approaches from within the same donors/governments, which can reduce the efficiency in supporting pooled funds.

4. **There is often a lack of coordination between pooled funds, and between pooled funds and donors, which could improve the overall effectiveness.** Too often, coordination between pooled funds and bilateral donors, especially at the country level or in responding to the same crisis, is left to individuals' initiative and goodwill. Improving coordination between all donors and pooled funds can potentially reduce gaps in terms of coverage of needs and duplication of efforts.

   a. Systematically improve coordination between pooled funds and between pooled funds and donors in a way that suits their working methods. For example, donors and pooled funds could mutually commit to coordinate as part of donor agreements. Terms of reference for advisory groups or project selection processes could also ensure that coordination has been attempted with other pooled funds.

5. **Review the role of clusters in pooled funding allocations.** The upcoming Inter-Agency Standing Committee (IASC) independent review of the humanitarian response to internal displacement presents an opportunity to consider the role of clusters in the allocations of OCHA's pooled funds. Given that the IASC does not refer to this task in the clusters' terms of reference, this added role has been slowly added to the clusters' plates without a systematic reflection of the costs and benefits of this extra work.

6. **Build a cadre of professional pooled fund managers and staff.** Pooled funds require consistent, high-quality fund managers and staff who have the right attitudes, qualifications, experience, and approaches to working with (potential) recipients. Despite the growing popularity of pooled funds, the calibre of staff does not always match what is required to oversee all aspects of a fund and advise relevant actors on strategic matters.

   a. Consider ways to make pooled fund management a career path in the humanitarian sector to attract and retain staff with the right skills, attitudes, and respect for the *Principles of Partnership*.[148]

   b. Consider creating a roster of experienced pooled fund managers to provide pooled funds management capacity in times of crises, along the lines of the rosters managed by NORCAP (such as CashCap).

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