

Interim Key Messages

FLEXIBLE FUNDING FOR HUMANITARIAN RESPONSE AND COVID-19

IASC Results Group 5 on Humanitarian
Financing

March 2020

Endorsed by IASC Principals

Key Messages for the IASC Flexible Funding for Humanitarian Response and COVID19

One of the outcomes of the IASC Principals meeting on 23 March was an action to 'develop collective messages to donors on how they can better support the pandemic response and ongoing humanitarian operations, especially in terms of flexible funding', with this assigned to OCHA in collaboration with NGO partners.

The note below reflects recommendations made by the IASC RG 5 on Humanitarian Financing (co-chaired by OCHA and ICVA), together with inputs from the EDG. These key messages reflect IASC commitments and is aligned with Grand Bargain principles aimed at putting assistance into the hands of people in need and to improve the effectiveness and efficiency of humanitarian action.

OVERARCHING MESSAGES

- Donors are encouraged to pledge support, financially and politically, to the Global Humanitarian Response Plan for COVID-19. Initially, US\$2 billion are required between April and December 2020 for additional humanitarian interventions due to COVID-19. Additionally, the International Red Cross and Red Crescent Movement has appealed for CHF 800 million.
- Donors need to continue to support existing humanitarian response plans. If funding is diverted from those plans to tackle COVID-19 this would create circumstances in which cholera, measles and meningitis can thrive and in which even more children become malnourished; which would be the perfect breeding ground for COVID-19.

WHY FLEXIBLE AND SIMPLIFIED FUNDING IS KEY FOR THE COVID19 RESPONSE AND ONGOING OPERATIONS

- The humanitarian community is committed to both act now to stem the impact of COVID-19 by protecting those most at risk in already vulnerable humanitarian contexts and continue to support existing humanitarian response plans, in increasingly challenging environments. A commitment to maintain existing humanitarian operations is a critical element of the COVID-19 response to ensure that the most vulnerable do not become even more susceptible to the effects of the pandemic.
- To achieve these two goals effectively, flexibility in and simplification of funding arrangements, as well as sufficient cash liquidity are critical. Agreement on these points will help ensure operations can be sustained and adjusted as necessary, partners can be appropriately supported to do vital work, and operational agencies are able to free up human and financial resources for front-line work. This is an opportunity to more fully implement and accelerate Grand Bargain commitments to which we are all signatories and is consistent with the objective of sustaining and expanding operations.

HOW WE DEFINE FLEXIBLE AND SIMPLIFIED FUNDING

- There are two elements of flexible funding. First, the need for existing funding to be flexible enough to reprogram and use resources in ways that address priority program and operational needs (based on program criticality assessments) guided by the overarching humanitarian principle of humanity to save lives, protect health and alleviate suffering. Second, for both new funding negotiation and funds disbursement, as well as reprogramming existing resources, to ensure fast-track provisions that allow humanitarian partners to respond in a timely and agile fashion to the rapidly evolving needs of affected people in the environments in which we work.
 - Simplification refers to a lightning and fast-tracking of the normal processes and procedures in negotiation or renegotiation of agreements and disbursement of funding, and in
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simplified procedures with respect to due diligence, budgeting, reporting, evaluation and audit processes that allow us to effectively work with partners on the ground which are best placed to respond.

WHAT WE ASK OF DONORS, AND WHAT IASC MEMBERS ARE DOING THEMSELVES

- There are four broad areas for implementing greater flexibility and simplification. UN agencies – WFP, UNHCR, UNICEF, UNFPA and OCHA - are in the process of or have already introduced guidance across these areas with their partners, including some of the measures noted below.
- It is important to highlight the steps that IASC members are already taking and ask government donors to align to these as well, in as simple and harmonized a way as possible, minimizing the need to have in-depth project-by-project renegotiation that will require significant staff resource and delays in the response.
 1. **Budget flexibility/cost eligibility** – In consultation between parties, and with mutual agreement, activate or increase budget category or line item flexibility by up to 30%, as well as increase discretionary thresholds. Allow cost recovery on activities where expenses were incurred but due to changing circumstances could not be carried out (cancelled travel, etc.) or recouped, and for new expenses not foreseen (PPE). Sustained support to cover staff costs where operations are impacted, to the extent possible; including support for salaries for staff who are temporarily prevented from working and must adjust assignments. Funding (e.g. CERF) has been exceptionally provided as a block grant at a global rather than country level to recipient agencies to use in the most appropriate manner.
 2. **No-cost extensions** – Due to current operating constraints no-cost extensions would allow operations to continue albeit in a longer timeframe. Flexibility in match requirements and previous indirect cost rates may also be required as part of no-cost extensions.
 3. **Reprogramming of funds** – To enable an agile response to COVID-19 under existing funding, permit reprogramming to entirely new areas, with different outputs as required, but with the same outcome of protection and support to the most vulnerable communities. This may entail working with new partners, while taking into account the Duty of Care.
 4. **Simplified due diligence and risk management processes** – Due travel restrictions for international staff and the presence of local partners on the ground, we must consider alternative ways to obtain assurances and carry out some assessments, including where possible remote procedures (such as for audit work), simplified paperwork for payments, and simplified reporting.
- At the same time, recognizing the importance of oversight, due diligence and accountability, we as the IASC members commit to transparently report on how funds are reprogrammed, and also on what flexible funding allowed humanitarian partners to achieve. Recognizing the important role local and national responders will play in this response, IASC members commit to passing on this flexibility and simplification to all partners, including our local partners, who are critical enablers of the overall response, to the extent possible, in line with Grand Bargain commitments.

HOW SHOULD THIS BE TAKEN FORWARD?

1. An IASC principal letter to Directors-General of humanitarian departments and GHD group, outlining what IASC members are doing to simplify and make more flexible their own funding agreements with partners in as harmonized way as possible at this
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exceptional time, in line with Grand Bargain principles and asking that these same measures (as outlined above in points 1 to 4) be considered. This communication could also include a request for negotiations, allocations of funding and disbursement to be fast tracked, minimizing bureaucratic delays.

2. A message from the Grand Bargain Eminent Person to signatories on quality funding practices, including a request for speedy payment of contributions and simplified reporting, and to encourage broader uptake of flexible and simplified funding practices.
3. Pursue a technical-level discussion to ensure as much consistency as possible in how these four areas highlighted above are implemented at the field level between donors, UN agencies, RC/RC movement and partners, including strong communication with local and national partners.

*[IASC Results Group 5 on Humanitarian Financing]
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