IASC Results Group 5 on Humanitarian Financing met on 15 December 2020 to discuss (i) action points from the November meeting; (ii) letter of the Grand Bargain Eminent Person Sigrid Kaag; (iii) nexus financing; (iv) and RG5 workplan.

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

Decisions
UNDP, Oxfam, Save the Children, WFP, UNFPA, DI, and RG5 co-Chair ICVA agreed to establish a RG5 sub-group on nexus financing.

Action Points
1. RG5 co-chairs to identify a local actor representative for the RG5, e.g. from AMEL. [ACTIONED]
2. RG5 members to share their reports which enhance the visibility of unearmarked funding with following UNICEF colleagues: Jelena Jovanovic - jjovanovic@unicef.org and Beatrice Dhaynaut <bdhaynaut@unicef.org>. [ACTIONED]
3. IASC secretariat to schedule a conversation with the Grand Bargain (GB) workstream 7/8 co-convenors at RG5’s January meeting. [ACTIONED]
4. UNICEF to present on the pilot roll-out regarding its internal assessment on cascading quality funding to implementing partners at the January 2021 RG5 meeting. [DEFERRED TO LATER MEETING]
5. IASC secretariat to seek OPAG’s non-objection regarding the extension of the IASC guidance on flexibility measures through 30 June 2021. [ACTIONED – the guidance with revised date is posted online]
6. RG4 co-Chairs to share the financial pillar of the monitoring output of the DAC recommendation to inform RG5’s nexus financing discussions.
7. DI to share the nexus synthesis report with RG5 when available.
8. RG5 nexus financing sub-group to meet in January to identify and deliver on a RG5 nexus financing output, e.g. a RG5 product outlining the humanitarian implications of nexus financing based on DI’s synthesis report. [ACTIONED]
9. RG5 co-Chairs to update the RG5 workplan for 2021 and present for sign-off to RG5 at the 12 January meeting. [IN PROGRESS, SIGN-OFF PENDING]
10. IASC secretariat to schedule RG5 meetings every first Tuesday of the month through June 2021. [ACTIONED]

Pending Action points from the November meeting (RG5 co-Chairs)
• On RG5 co-chairs to identify a local actor representative for the RG5, e.g. from AMEL, the RG5 co-Chairs noted that Virgine Lefèvre is likely to join RG5 in the new year based on recent discussions. There was also a spot for a second local actor representative, which was open for discussion.

• On RG5 members to consider formalizing the localization sub-group to follow up on RG5 localization guidance and ensure synergies with the RG1 localization sub-group, the RG5 co-chairs commented that the group will aim to meet in early January to discuss second local actor representation in RG5, and review the RG5 workplan to see where a localization lens could be inserted.

• On IASC secretariat to follow up on sharing the annotated bibliography prepared for the 20 November RG5-GHD webinar with OPAG for information and posting it on the IASC website upon sharing with RG5 for redline comments, the IASC secretariat will proceed to submit the bibliography to OPAG for information as RG5 had expressed no respective objection. InterAction referred to its upcoming meeting with the Biden-Harris transition team on humanitarian reform issues, in which the implementation of the Grand Bargain commitments by the US will be highlighted, including on multi-year funding.

• As for NRC to report back to the RG5 upon engaging with Belgium as incoming GHD co-chair to encourage that quality funding be a priority in their co-chairs’ workplan, NRC commented that this point will be taken into consideration during the possible organization of a high-level political dialogue on quality funding by the Grand Bargain.

• Regarding the point of UNICEF to prepare an ‘annotated bibliography’ of all agencies’ reports enhancing the visibility of unearmarked funding, UNICEF asked RG5 members to share their respective reports to jjovanovic@unicef.org and Beatrice Dhaynaut <bdhaynaut@unicef.org>. OCHA noted that related efforts were now included in a specific section of OCHA’s annual report.

Letter from the Grand Bargain (GB) Eminent Person Sigrid Kaag (RG5 co-chairs)

• The RG5 co-chairs noted that the June 2021 GB Annual Meeting will be a critical point to identify the future structure of the GB (while the IASC structures in their current form would come to and by the end of 2021). The co-chairs noted that the GB Facilitation Group was conducting a series of consultations on the future of the GB with all constituencies to gather input on how to frame the way forward for the GB. In her letter to the Emergency Relief Coordinator (ERC), the Eminent Person had highlighted flexible financing and localization as the most transformative priorities. She further encouraged IASC partners to cascade flexible funding, including overheads to local partners, as well as to enhance the visibility of flexible funding in donor reporting to support donors to inform their constituencies. The RG5 co-chairs commented that the cascading of overheads had been mentioned in the Principals’ discussion and would be included in the RG5 workplan.

• Upon UNICEF’s and WFP’s queries related to the process of the ERC’s written response to the Eminent Person’s letter which had been sent to the ERC and IASC Principals, the IASC secretariat clarified that the ERC would send his own response to the EP, and that the recommendation would be to share the final response with the IASC Principals to inform their own letters. NRC commented that its Principal was to send an NRC response in support of the GB process and highlighting the importance of quality funding.
• The RG5 co-chairs referred to the recommendation of the high-level political dialogue, and the need to agree on the key asks to be discussed at the dialogue itself. To this end, agreeing on a clear division of labor between the next iteration of the GB and RG5 will be key. As the penholder of the GB concept note for a high-level political dialogue on quality funding, NRC outlined that this document would likely reaffirm the principles and characteristics of quality funding, as well as recommend an increased provision of quality funding. ICRC commented that achievable quality funding objectives for the next iteration of the GB would have to be identified.

• In terms of the GB process, WFP explained that on 1 February, the Sherpas of the Facilitation Group would meet with the Eminent Person. Between January and May 2021, proposals for the future of the GB will be developed.

Nexus financing (RG4/5 Co-chairs)
• The RG5 co-Chairs referred to the need of identifying a joint deliverable regarding nexus financing between RG4 on humanitarian-development collaboration and RG5. The RG4 co-Chairs noted that while RG4 included development members, RG4 outputs were humanitarian-related to enable a sign-off on products by the IASC.

• As for the nexus financing component, **RG4’s focus was on enabling humanitarian action** to be delivered as part of the nexus approach. To this end, the objective was to define the humanitarian contribution to the entire scope of nexus financing.

• The RG5 co-Chairs commented that RG5’s contribution should focus on **field-level nexus needs** linked to finance, including by compiling field-level financing feedback based on DI’s country case studies undertaken in Cameroon, Somalia and Bangladesh, the synthesis report of which would become available in early January 2021. DI commented that these country-case studies would likely contribute to humanitarian actors’ understanding of development actors’ opportunities and challenges in terms of financing. To this end, messaging could be framed about approaches to be encouraged.

• DI outlined four areas around nexus financing, which emerged from the country-level case studies:
  i) **development actors’ challenges to scale up flexible and risk-informed financing**, and the related need to be brought into the discussion early on, and stay engaged in deteriorating contexts. For humanitarian actors, this would in turn imply defining the broader recovery/resilience measures in areas left behind by departing development actors.

  ii) **The role of funding as incentive or disincentive for humanitarian/development collaboration.** For example, pooled funds and joint programs were encouraged in Cameroon/Bangladesh to strengthen humanitarian/development collaboration for the short/medium term.

  iii) **Partnership models of humanitarian and development actors alongside their funding models.** Specifically, development actors may need to consider partners beyond the traditional government systems. For humanitarian actors, this would imply defining their coordination with the government.

  iv) **The implications of the New Way of Working and Collective Outcomes on financing mechanisms supporting the delivery of the Collective Outcomes, as well as on burden-sharing between humanitarian and development funding.**
The RG5 co-Chairs highlighted the importance of identifying the audience of key messages (development actors from an advocacy perspective/humanitarian actors from an operational perspective). In addition, a possible next step may be to draft a RG5 product outlining the humanitarian implications based on DI’s synthesis report. The RG4 co-Chairs recommended that the focus be on what IASC members could do better, rather than focusing on non-humanitarian stakeholders.

Save the Children raised the question whether RG4’s and RG5’s nexus financing niche may be to identify enhanced access to funding by national and local actors, by referencing the report by GB workstream 2 on pooled funds and localization, including its proposals on how pooled funds could promote the localization agenda beyond the funding targets for national and local NGOs. The RG5 co-Chairs noted that identifying ways to integrate a localization dimension into all of RG5 deliverables was indeed a RG5 objective for 2021. To this end, it would be important to connect with RG4’s community of practice regarding the field-level demand. The RG4 co-Chairs commented that RG4 had connected with RG1’s localization sub-group, and aimed to reach out to GB’s workstream 2 on localization to ensure a coordinated consultation process vis-a-vis local actors as various IASC groups had localization aspects of their work. DI commented that another aspect of nexus approaches vs. localization may be to identify the division of labor between development and humanitarian actors regarding who would be best placed to engage in local actors’ capacity-building in crisis contexts.

The RG4 co-Chairs and DI concurred that one entry point for RG5 may be to link nexus financing to quality funding, particularly how quality funding components of multi-year funding, flexible funding, and unearmarked funding could support nexus approaches. DI highlighted existing evidence how quality funding supported nexus approaches.

**RG5 workplan (RG5 co-chairs)**

**Multi-year and unearmarked funding (quality funding)**

- The RG5 co-Chairs noted that the updated RG5 workplan had been shared with the group ahead of the meeting. On multi-year and unearmarked funding (quality funding), NRC noted that further to the completed deliverable of the quality funding practices catalogue, the focus in 2021 would be to advocate for donors’ contributions of quality funding, and the overall quality of donors’ funding. To this end, the focus should be on drawing on existing evidence, rather than creating additional evidence to the extent possible. These considerations would also feed into the GB’s high-level political dialogue on quality funding.

- Regarding the follow-up of UNICEF’s completed deliverable on its Internal Assessment on Cascading Quality Funding to Implementing Partners, UNICEF suggested that other UN agencies’ efforts in this regard be consolidated, particularly by building on the COVID-19 experience, and possibly via regular reporting. To this end, other UN agencies were invited to express their agreement for being listed as a co-lead in this RG5 deliverable. Upon UNICEF’s invitations for RG5 members to recommend local partners to engage in the pilot, the RG5 co-chairs emphasized Ms. Virginie Lefèvre’s expertise from AMEL in Lebanon. The RG5 co-Chairs added that the pass-through of
funding had also been captured in the *RG5 guidance on unlocking funds to NGOs*. In addition, the cascading of benefits in terms of reporting could also be captured under this deliverable.

- **As for the RG5 deliverable to *convene donors/UN agencies/INGO regulators around compliance and risk issues*, Save the Children advised that deliverable was deprioritized because it could not be organized due to reasons related to COVID-19, reduced capacity within both Save the Children and OECD. Should an opportunity emerge, Save the Children would advise RG5. The RG5 co-Chairs wondered whether there may be an opening to include some risk-related efforts as referenced in the letter by the Eminent Person in the RG5 workplan. ICRC advised that the RG5 may want to hold related efforts pending a discussion by the respective GB workstream in January, which may result in greater clarity on efforts that could be taken forward by the IASC in 2021.

**Simplification and harmonization of UN systems**

- **As for the deliverable regarding the *harmonization of partnership arrangements*, the RG5 co-Chairs referenced the extension of the *proposals for a harmonized approach to funding flexibility in the context of COVID-19* through June 2021, which was underway. In terms of next steps, a common understanding will be pursued regarding IASC members’ position with respect to enabling funding flexibility as a standard practice rather than a COVID-19 related measure.

- **As for the partially completed RG5 deliverable regarding *cost classification protocols* building on the ‘Money Where it Counts’ study, NRC commented that UNHCR adopted the cost definitions of the protocol for its 2021 partnership agreements and had convened a technical call with other UNPP participants (UNICEF, UNFPA, WFP) who expressed some preliminary interest in the initiative in line with harmonization efforts among UN agencies. In 2021, NRC will continue advocacy with donors, including ECHO, possibly to influence further alignment among UN agencies. The RG5 co-Chairs suggested a modification of this deliverable to make it more specific and achievable by RG5, by focusing on i) the adoption of common definitions in line with the Money Where It Country study; ii) agreement on a common overhead use.

- **On the additional Principals’ action point related to *cascading of overheads*, the RG5 co-Chairs noted that a lead agency will have to be identified regardless whether the deliverable was placed under the thematic area of quality funding or UN harmonized systems within the RG5 workplan; and specific actions may include a mapping of practices, and subsequently identify proposed collective action in an output. ICRC commented that harmonizing due diligence requirements and cascading of overheads are both areas relevant to risk-sharing. UNFPA added that INGOs were also intermediaries and would therefore also have to work on this issue.

- **Overall, the RG5 co-Chairs highlighted the need for UN leads in the RG5 thematic area of UN harmonized systems.**