IASC Results Group 5 on Humanitarian Financing met on 12 January 2021 to discuss (i) action points from the December RG5 meeting; (ii) Conversation with GB workstream 7/8 co-convenors on quality funding and complementary activities; (iii) 2021 RG5 workplan.

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

Decisions

- The RG5 decided on establishing a sub-group to work together with the GB co-convenors on RG5 contribution to the GB high-level political dialogue on quality funding, with participation from Save the Children, UNFPA, and InterAction.
- RG5 decided against the inclusion of a deliverable on the UN Partner Portal in the initial 2021 RG5 workplan. Inclusion of a deliverable can be reconsidered later in the year if it is evident that action from RG5 would add significant value to the development of the Partner Portal.

Action Points

1. GB WS 7/8 co-convenors to share the concept note for the high-level political dialogue with RG5 when ready. Based on the concept note, RG5 will consider how to best support preparation for the dialogue and meanwhile will encourage the sub-group to engage with co-convenors of GB WS 7/8. [ACTIONED]
2. IASC secretariat to follow up on background of Principals action point related to ‘cascading of overhead costs’ or ‘indirect support costs’ to clarify expectations. The RG5 workplan deliverable linked to cascading of overheads will be updated based on feedback from the Principals. [ACTIONED]
3. RG5 co-chairs will track progress on development of the UN Partner Portal in 2021 and return to members with a proposal to engage in the process if there is a tasking provided through OPAG or an opportunity for RG5 to support development. RG5 members engaged in UN Partner Portal development are invited to share updates with the Co-chairs as appropriate.

Conversation with GB workstream (WS) 7/8 co-convenors on quality funding and complementary activities (GB workstream 7/8 co-convenors – OCHA, NRC, ICRC, UNICEF; and Ms. Camille Pabalan, Global Affairs, Canada)

- The RG5 co-chairs highlighted that the objective of this discussion was to identify how RG5 and WS 7/8 can improve collaboration and ensure that the work of the two groups is complementary. In particular, the planned high-level political dialogue on quality funding by GB WS 7/8 was
identified as an opportunity for RG5 to contribute. NRC as part of the GB is drafting a concept note for this discussion. The RG5 co-chairs added that the RG5 would need to identify the specific objectives for contribution to this dialogue, e.g. political elements related to cascading.

- The RG5 co-chairs added that funding flexibility and cascading of benefits to local partners had been key elements of RG5 work on quality funding during the COVID-19 response, and work is ongoing in 2021 to assess and propose adoption of flexibility measures as standard practice.

- On cascading of quality funding to implementing partners, UNICEF emphasized that its study completed in 2020 had identified the blockages and moved forward on resolving some of the blockages. On 20 January, UNICEF will have an internal meeting on next steps of the study in terms of addressing additional low-hanging fruit, as well as longer term policy changes. Both WS 7/8 and RG5 will be kept in the loop.

- Ms. Camille Pabalan outlined the initiatives undertaken by the GB WS 7/8, including the progress acceleration workshop co-hosted by all co-convenors to identify the concrete actions in September 2020; research studies, i.e. the quality funding practices catalogue by NRC/FAO/DI; UNICEF’s internal assessment on cascading of quality funding; ICRC’s publication on added value of flexible funding; clarification of definition of multi-year and flexible funding within the GB by Canada and Sweden.

- Canada highlighted the upcoming priorities for WS 7/8: i) support a high-level political dialogue to address the quality of funding provided by donors, and to address donor concerns within quality funding; and ii) to address the barriers of cascading quality funding to frontline organizations, including by INGOs to local NGOs. The engagement with RG5 could help further clarify the political aspects of cascading quality funding which needed to be taken up by donors; as well as the technical aspects that humanitarian organizations could pursue.

- NRC commented that the high-level political dialogue may be preceded by three roundtables at the technical level, which could be divided into the different GB constituencies (donors, UN agencies, NGOs), discussing accountability, visibility and cascading of funding, or convened with the same group on sequenced discussions feeding into the high-level political dialogue. The expected outcomes of the political dialogue were under discussion.

- In response to UNFPA’s question regarding the date of the high-level political dialogue and planned participants, Canada and NRC noted that the objective was to convene it before the GB’s Annual Meeting in June 2021, and that the list of signatories to be invited remained to be determined. Oxfam highlighted the importance of engaging with local and national NGOs, including ensuring their direct representation at the roundtables and the dialogue.

- Overall, Oxfam commented that linking quality funding with localization was key, while NRC and UNICEF cautioned about adding too many elements to the political high-level dialogue, and preference to limiting the scope of issues to the GB commitments on quality funding.

- The RG5 co-chairs concurred with UNICEF that a circular debate over the need for additional evidence to support quality funding should be avoided. They raised the question whether this high-level political dialogue could be used to undertake advocacy with donors who had not been as forthcoming with flexible funding, in which case it is important to identify what kind of behind-the-scene messaging might be required.
UNFPA highlighted the importance of identifying a common definition of the terminology around quality funding to overcome issues such as i) that overheads were referred to as support or indirect costs by many organizations, and were calculated in different ways by agencies; ii) that ‘unearmarked’ was not used by UNFPA when referring to implementing partners; iii) ensuring accountability with changed procedures to enable the cascading of unearmarked funding – a point echoed by the RG5 co-Chairs; iv) that ‘multi-year cascading to partners’ constituted another barrier which was also outlined in UNICEF’s internal assessment.

The RG5 co-Chairs noted that the RG’s work on flexibility measures could possibly feed into the technical roundtable discussions; that the annotated bibliography on the benefits of quality funding prepared by RG5 ahead of the call with the GHD in November 2020 was now available on the IASC website; that a donor’s proposal to establish a ‘pot’ of flexible funding within agencies and then requesting agencies to take initial funding for emergencies from there could possibly address the issue of donors requiring visibility at the onset of an emergency.

WHO and Oxfam referred issues regarding the tracking of cascading on top of ensuring quality funding being channeled to local partners,

Canada expressed appreciation for the dialogue and agreed that it was important to identify specific elements of quality funding to be considered at the political level.

2021 RG5 workplan (RG5 Co-chairs)

Multi-year and unearmarked funding (quality funding)

- The RG5 co-Chairs noted that under the donor advocacy messaging deliverable, an additional comment would be added on RG5 contributing to the GB’s high-level political dialogue on quality funding in Q2, which was broader than COVID-19 as it directly linked to the work of the GB.

Nexus financing

- RG5 will develop some key messages based on DI’s synthesis report once it can be shared with the entire RG5.
- The names of contributing agencies in the nexus financing sub-group were to be amended upon Save the Children’s advice. (actioned)

Simplification and harmonization of UN systems

- Regarding the deliverable on the harmonization of partnership arrangements, RG5 considered this to be a completed deliverable, while noting additional work to be undertaken in 2021 regarding common guidance for the implementation of funding flexibility measures in partnership agreements beyond COVID-19.
- RG5 decided against including a new deliverable on the UN Partners Portal, in part because colleagues other than RG5 member representatives are largely taking this initiative forward within agencies, and the respective roadmap is currently being discussed among the five agencies. UNFPA FAO and UNICEF suggested to possibly share an update on progress toward development of the UN Partner Portal in a future RG5 meeting. The co-Chairs agreed with this direction, noting that a deliverable can potentially be added to the workplan later if there is a significant role for RG5 in supporting the development of the Partner Portal.
• The last deliverable was new and passed down from a Principals meeting on 30 November, and was reframed from ‘overheads’ to ‘indirect cost coverage’ for reasons listed by UNFPA during the discussion with the GB co-convenors. Upon UNFPA’s query whether this deliverable referred to the indirect cost UN agencies take from donors, or the indirect costs that are passed on to implementing partners, the RG5 co-chairs asked the IASC secretariat to follow up on the clarification. NRC commented that cascading was effectively not happening if the indirect costs granted by the donors were not passed on to implementing partners. UNFPA added that information on UN agencies’ indirect costs had already been mapped in the spring in preparation for the RG5 guidance on unlocking funding to NGOs.

• On the cost classification deliverable, NRC referred to the linkages of this items with the deliverable on cascading indirect costs.

• As for UNFPA’s query regarding the follow-up report on the funding flexibility measures outlined in the RG5 guidance on a harmonized approach to funding flexibility, the RG5 co-chairs explained that the extension was being recommended to allow time agencies to undertake their evaluations on funding flexibility. This could then feed into a more general IASC guidance on funding flexibility beyond the COVID-19 scope.

AOB

• RG5 co-Chair Ms. Marcy Vigoda informed RG5 that the February RG5 meeting will be the last one she is chairing given her new post as OCHA Head of Office in Ethiopia.