IASC Results Group 5 on Humanitarian Financing met on 11 May 2021 to discuss (i) Update on future of quality funding in Grand Bargain; (ii) OPAG prep – 27 May - Briefing on standardization of funding flexibility measures beyond COVID-19 + RG5 progress update, incl. update on cascading of indirect support costs/ overheads; and (iii) OPAG prep – 2 June — Nexus financing - scoping paper and advocacy messages.

**Action points:**

1. RG5 members who are also GB signatories encouraged to ensure that their agencies submit responses to the quality funding survey available [at this link](#) to be completed **before May 19, 2021.** [ACTIONED]
2. RG5 co-chairs to solicit comments on the OPAG background paper on funding flexibility by COB 18 May, and a questionnaire on funding flexibility to feed into OPAG background paper for completion by COB Friday, 21 May. [ACTIONED, see attached final version as submitted to OPAG]
3. Cascading overheads sub-group co-leads to share a concept note with RG5 for information. [ACTIONED – see attached]
4. UN RG5 members to share agency reports on cascading overheads with ehurley@unicef.org
5. IASC secretariat to circulate draft nexus financing advocacy messages for comments by **COB Tue, 19 May** [ACTIONED]

**Review Action points from April meeting: Funding flexibility measures:**

1. RG5 co-chairs to set up a dedicated call with RG5 members or their technical counterparts on discussing the way forward on funding flexibility measures, and to seek dates from RG5 members regarding internal review timelines. [ACTIONED, meeting happened on 3 May]
2. NGO RG5 member (TBD who) to draft questions, and lead consultation process on funding flexibility with national actors (via LHDF, Charter4Change via CAFOD, ICVA network), and ICVA to synthesize the responses. [outreach to happen after OPAG meeting]

**OPAG Preparations:**

3. RG5 co-chairs to draft a OPAG background document, incl. mapping of agencies’ internal reviews, and a set of donor advocacy messages, with RG5 feedback required by May 14th to allow for consolidation. [ACTIONED]
4. IASC secretariat to schedule a call with RG4 co-chairs to discuss next steps to be presented to the OPAG. [ACTIONED]

**Nexus financing**

5. Nexus financing sub-group meeting to deliberate advocacy messages based on the scoping paper. [ACTIONED, meeting happened on 4 May]
6. A future RG5 meeting will include an agenda item to discuss the role of RG5 in nexus financing and identify potential deliverables for the group.
7. FAO and RG5 co-chairs to decide on ECOSOC nexus financing side event. [ACTIONED – it was decided not to propose a side event]

**GBV**
8. IASC secretariat to share with RG5 the summary record of the 20 January high-level donor roundtable on GBV funding with IASC Principals. [ACTIONED]

Update on future of quality funding in Grand Bargain (GB) by GB co-convenors 7/8

- In their introduction, the RG5 co-chairs explained that the Grand Bargain 2.0 Framework was being circulated for comments, and is to be discussed and endorsed by 50+ GB signatories at their annual meeting from 15-17 June. Of relevance to RG5 is that one of the two enabling priorities of the proposed GB 2.0 Framework will be quality funding, with the GB aiming to focus on overcoming political blockages with a suggestion that existing groups (such as IASC RG5) keep advancing technical aspects of quality funding.
- Canada briefed on the technical progress advanced by the GB workstream 7/8 on quality funding via its members’ studies, which highlighted the importance of quality funding within the GB, and resulted in quality funding featuring as an enabling priority of the next iteration of the GB.
- Since the co-convenors’ January briefing to the RG5, the GB co-convenors’ efforts have focused on elevating the level of the discussion. To this end, the co-convenors have proposed to close down the workstream 7/8 as it it currently organized in the next iteration of the GB to enable the discussion to continue at a more senior level. In particular, ICRC noted that the GB co-convenors are proposing a three-phased approach consisting of:
  i) Soliciting GB signatories’ views on the quality funding key asks via a survey available at this link that has been disseminated to GB signatories (including with a copy to RG5), with input requested by 19 May. ODI will undertake the independent analysis of the confidential results.
  ii) Closed-door multi-stakeholder senior official meetings in early June to discuss the recommendations arising from the survey that could be tabled at the GB annual meeting.
  iii) A high-level segment of the annual meeting to discuss the quality funding recommendations.
- Upon InterAction’s query regarding how NGO voices will be leveraged in this three-phase approach, Canada commented that all GB constituents, including NGOs and a local actors, will be represented at the senior official meeting.
- While the GB co-convenors underscored the interlinkages of quality funding with other GB workstreams, e.g. transparency and localization, the RG5 co-chairs emphasized the linkages to the RG5’s work on funding flexibility, especially in terms of political barriers. The GB co-convenors noted that most barriers had been identified in the different reports, and ranged from the issue of how to achieve a critical mass of quality funding, to how to cascade quality funding to frontline responders, to the level of visibility requirements needed. Some of these questions also feature in the survey, as well as in ODI’s five-year report. The RG5 co-chairs commented that it may be beneficial to define ‘critical mass’ when considering the ideal level of quality funding in consultations on the way forward for the GB.
- In response to Save the Children’s query whether the GB co-convenors had plans to engage donor departments beyond the humanitarian sector, the GB co-convenors responded that the latter part of the survey did focus on who needed to be engaged over the next two years of the GB.
- Responding to the RG5 co-chairs’ question on the vision of quality funding in GB 2.0, the GB co-convenors noted that the vision should not be decided by 6 co-convenors, hence the importance survey. In this sense, the survey may highlight that the GB commitments on quality funding,
including on the 30% target of funding to be unearmarked or softly earmarked, or the cascading to local actors should be reaffirmed for the next iteration of the GB. While not all these issues will be solved in one annual meeting, joint messaging will help strengthen the focus of GB 2.0.

[GB commitments under quality funding (outlined here)] Aid organisations commit to:

1. Be transparent and regularly share information with donors outlining the criteria for how core and unearmarked funding is allocated (for example, urgent needs, emergency preparedness, forgotten contexts, improved management)

2. Increase the visibility of unearmarked and softly earmarked funding, thereby recognising the contribution made by donors.

Donors commit to:

1. Progressively reduce the earmarking of their humanitarian contributions. The aim is to aspire to achieve a global target of 30 per cent of humanitarian contributions that is nonearmarked or softly earmarked (see annex on earmarking definition in the Grand Bargain—A Shared Commitment to Better Serve People in Need) by 2020.

OPAG prep – 27 May - Briefing on standardization of funding flexibility measures beyond COVID-19 + RG5 progress update, incl. update on cascading of indirect support costs/ overheads.

Funding flexibility measures

- The RG5 co-chairs briefed that the two key asks in the current OPAG background paper circulated to RG5 ahead of the meeting are 1) endorsement of the extension of the current COVID-related funding flexibility measures, either to the end of 2021, or, as suggested by Save the Children and Oxfam, on a rolling basis for the duration of Covid-19 response; and 2) support for a set of donor advocacy points on funding flexibility to inform IASC members’ donor engagement. The messages will focus on the need for increased volume of unearmarked or softly earmarked funding in line with the GB commitment of 30%; accountability is not sacrificed by use of quality funding; visibility into the use of unearmarked funding; quality funding and the relevance to the uncertainty present in humanitarian contexts; and the need to support cascading of funding through the system to local partners.

- Internal reviews by agencies on the effectiveness of Covid-19 funding flexibility measures are ongoing. Completion of these reviews will help to guide the discussion on incorporating current funding flexibility measures into standard practice. In this context, the RG5 co-chairs will circulate a short questionnaire to RG5 to clarify whether they planned a formal or informal review, with which timelines, and whether the report could be shared thereafter; and to inquire about the level of unearmarked and multi-year funding received by agencies.

- Based on WFP’s query on the extent to which the GB survey may inform the RG5 funding flexibility questionnaire, the RG5 co-chairs and the IASC secretariat, respectively, commented that the results of the GB survey are likely not going to be available for the current OPAG meeting; and that while funding flexibility in partnership agreements and quality funding were linked, they are considered as individual deliverables in the RG5 workplan.

- Further to WHO’s query regarding the message on accountability, the RG5 co-chairs responded that the ‘appropriate’ level of accountability aspired to include the level of monitoring that would respond to donors’ internal reporting needs.
Cascading of overheads/ indirect support costs

- Oxfam as sub-group co-chair informed the group that a concept note for deliverable requested by the IASC Principals was available, and that the sub-group comprised local actor representatives as well as RG5 members.
- Given the scarcity of reports on cascading of overheads, the sub-group co-chairs are drafting a survey planned to be disseminated at the beginning of June. The survey will inform the mapping of UN agencies’ and INGOs’ good practices relating to the cascading of overheads/indirect support costs. After the summer break, the mapping will inform development of guidance on cascading of overheads.
- Upon CAFOD’s query whether the questionnaire will be open for consultation among IASC members in view of securing members’ buy-in, Oxfam noted that this was not a foregone conclusion but would require a quick turnaround. UNICEF as sub-group co-chair added that the survey would complement the reports by UN agencies and INGOs on this issue. Accordingly, UN agencies were encouraged to share any external reports that referred to their cascading practices. The timeline to complete the survey may be adjusted should some RG5 members indicate that more time is needed.
- UNHCR referred to its blanket policy since 2019 of cascading 4% of overheads to national partners. If available, UNHCR will share external research on its overheads policy. Oxfam noted that any information on the impact of the policy on implementing partners, or challenges in implementing the policy would be useful.
- UNFPA underscored the technical complexities of this topic, commenting that the agency referred to indirect support costs instead of overheads, and noting that some issues were negotiated on a case-by-case basis. Accordingly, a flat rate may imply the loss of a nuanced agreement in some agencies. The term ‘cascading’ also raised questions, e.g. whether this would mean that a percentage be calculated for each implementing partner and each funding allocation, to enable the following of the money.
- UNHCR commented that one lesson from the Grand Bargain was that seemingly simple terms such as ‘cost’ meant something different across aid organizations, not least because different UN agencies had different financial rules and regulations. To this end, clarifying the term may be beneficial – the RG5 co-chairs concurred, noting that agreement on definitions does not necessarily imply consensus on a particular approach for handling indirect costs.
- IOM added that agencies with large unearmarked funding may be more flexible with overheads compared to agencies operating mostly with earmarked funding.
- The RG5 co-chairs and NRC noted the linkages of this deliverable to the ‘Money Where It Counts’ protocol and the other RG5 deliverable referring to cost classification taken forward by NRC and UNHCR.

OPAG prep – 2 June — Nexus financing - scoping paper and advocacy messages

- FAO as nexus financing co-chair informed that the sub-group had developed a number of advocacy messages to be presented to OPAG, in view of encouraging IASC members, including at the senior level, to use to them in communication with stakeholders. They will be shared with RG5 for
comments. In addition, it will be suggested to OPAG that RG5 explore how to best engage development partners around the messages. Additional outputs could also include **RC/HC guidance** that could be added as annex to the recently published *RC/HC Handbook* (relevant pp. 156-171).

- The advocacy messages, in particular, focus on ensuring coherence with quality funding related messaging within the Grand Bargain; a call for increased quality funding; effectiveness of nexus financing in view of a sustainable impact; building on innovative types of interventions, e.g. anticipatory action, climate schemes and protection/ leave no one behind; as well as around famine prevention efforts. The OPAG will also be presented with a communication plan outlining forums/events where these messages could be used.