
IASC Results Group 5 - Humanitarian Financing

13 July 2021

Published on the [IASC website](#)

Summary Record

IASC Results Group 5 on Humanitarian Financing met on 13 July 2021 to discuss (i) Update on [Money Where It Counts](#) deliverable; (ii) Update on cascading of overheads deliverable; (iii) Update on plans to update the RG5 nexus financing key messages, in line with 2 June OPAG action point; (iv) and Update on *innovative ways to generate more resources and close the funding gap and advise on the most appropriate platform to take this issue forward [RG5]*.

Action points:

- RG5 co-chairs to send an email to RG5 members, inquiring which UN agencies intend adopting the MWIC cost classification point, and if so ask them to provide a status update regarding their agencies to take stock as a system, or invite agencies' representatives responsible for cost classifications (not all part of RG5) to provide an update at a forthcoming RG5 meeting.
- UNICEF and Oxfam to finalize the survey on cascading of overheads, based on discussions with Money Where It Counts co-leads, and disseminate it for completion to sub-group and RG5.
- RG5 co-chairs to reach out to RG5 members encouraging them to draft an options paper on innovative financing, and disseminate to RG5 for comments;
- IASC secretariat to send a save the date for the RG5 August meeting on August 10th **[ACTIONED]**
- RG5 co-chairs to circulate the agency feedback on the standardization of funding flexibility measures to RG5. **[ACTIONED]**

Update on Money Where It Counts (MWIC) deliverable (UNHCR/ NRC)

- Mr. Robert Hurt, the MWIC co-lead, briefed how UNHCR was able to adopt one of the seven elements of the [MWIC protocol](#), i.e. on the cost classifications. (*Cost classification by function: all costs are classified as direct costs, indirect costs or ineligible costs. Direct and indirect costs are classified in accordance with the functions that they resource. Both are required and legitimate costs of programme or project activities.*) UNHCR noted that the multitude of practices previously existing with partners relating to indirect costs or support costs rendered analysis within UNHCR difficult. Consequently, a harmonized approach was sought with around ten of UNHCR's biggest partner organizations. Looking at the cost classification proposal of MWIC, which classified different forms of costs seemed beneficial to UNHCR. Its implementation did not imply great difficulties. Given the previous inconsistency, it did not imply any change to UNHCR's charts of accounts, its enterprise resource planning systems, project reporting, budgetary, or financial templates. Overall, adopting the MWIC element of cost classifications implied incorporating cost classifications into UNHCR's guidance to bring about greater consistency in practice.
- The MWIC co-leads continued to explore with other UN agencies whether they would be inclined to adopt these cost classifications as well. The RG5 co-chairs emphasized that the ultimate objective of

this RG5 deliverable was to get more UN agencies to sign up to the cost classification element of the MWIC protocol.

- According to the views of the MWIC co-leads, the need for consistent definitions should also be considered in the RG5 deliverable on cascading of overheads. One concrete way to ensure such **alignment would be to use the MWIC definition in the survey forthcoming from the cascading of overheads sub-group**. In particular, the MWIC defines all the elements of indirect support costs.

Update on cascading of overheads deliverable (UNICEF, Oxfam)

- Mr Luc Chauvin, co-lead of the cascading of overheads deliverable, briefed that based on broad agreement by the sub-group discussions with UNHCR and NRC on how the two workstreams could be aligned were ongoing. The options for how to ensure such alignment will be presented to the sub-group at their meeting at the end of July.
- Subsequently, the **survey** to map agencies' practices on cascading of overheads will be revisited and disseminated to the sub-group and RG5.

Update on plans to update the RG5 nexus financing key messages, in line with 2 June OPAG action point (FAO/DI)

- FAO noted that further to the 2 June OPAG action point which requested an update to the RG5 nexus financing key messages, the drafters considered that the elements raised by the OPAG (prevention/localization/ tailoring language to development actors) were already integrated, and that therefore no further changes were required.
- In terms of next steps, the RG5 nexus financing key messages would be posted online (after the meeting posted [here](#)). RG5 members were encouraged to advocate internally for the use of the key messages during their organizations' nexus engagements. Linking the RG5 nexus financing key messages to RG4's online 'nexus map' may also constitute a possibility.
- RG5 members expressed broad agreement for any further work on nexus financing being led by RG4, not least given the importance of ensuring strong linkages between planning and financing. RG5 would be available to contribute to the financing elements of any further nexus work, e.g. the OECD/INCAF research on financing across the nexus.

Discussion on innovative ways to generate more resources and close the funding gap and advise on the most appropriate platform to take this issue forward (RG5 co-chairs)

- Referencing the 27 May OPAG meeting action point, the RG5 co-chairs noted that the initial RG5 workplan had a point on innovative financing on the workplan, in terms of Islamic social financing. Challenges around defining innovative financing included whether it implied: i) adding new money to the system; ii) further defining efficiency and effectiveness; iii) the nexus approach in terms of reducing needs; iv) or all of the above.
- Accordingly, a specific enough tasking was important, as well as available co-leads to move this deliverable forward.
- Members presented a few ideas regarding the role of RG5 in innovative financing:

- i) RG5 could play a facilitation role across different forums (GHD, OECD, IASC) and reignite the conversation around the [2016 High-level panel report on the humanitarian financing gap](#), and the subsequent [review by ODI](#) presented in the margins of the annual Grand Bargain meeting. Issues to be taken forward as well as their respective blockages could be identified, and ongoing initiatives referenced, e.g. risk financing via the START Network (which was referenced in the [IASC guidance on unlocking funding for NGOs in 2020](#)).
- ii) One lesson from the Grand Bargain, which took forward the efficiency and effectiveness dimension of the HLP report, was that initiatives needed a supporting structure to be advanced. To this end, the question was raised whether RG5 may be the home for one of the two other areas of the high-level panel report, i.e. reducing the needs, or broadening the resource base by diversifying the donor base (e.g. via some IASC members' board members from non-traditional donor countries). As for the area around reducing the needs, members cautioned that **common groups may be found at the country level** (e.g. as currently in Niger, where also the regionally-based country-based pooled fund, as well as a developmentally-oriented Sahel Fund were located in addition to the various HDP planning mechanisms), rather than at the global level, where there were more political blockages (e.g. with some Member States insisting on the Security Council having the primary mandate for security and peace, and the G77 being protective regarding development funding).
- iii) The Grand Bargain's forthcoming National Reference Groups at the country level could be used to scope innovative financing options, while the cost vs. benefit of establishing innovative financing mechanisms needed to be borne in mind. These include more money from loan or insurance companies, while taking into consideration their conditionalities; ideas from the development field, such as increasing tax revenues for domestic responses.¹
- iv) RG5 may be able to draw on the innovative financing work of the previous co-chairs of the Good Humanitarian Donorship (GHD) Initiative, e.g. the [Good Practices Playbook on Organizational Readiness and Enabling Private Capital for Innovative Financing in Humanitarian Contexts](#), issued in May 2020.
- v) The GHD could also be encouraged to increasingly connect with their DAC counterparts covering their governments' development funding, in view of broadening the resource base. In this context, another idea may be for RG4 to suggest to the OECD to invite the GHD co-chairs to the periodic IASC-OECD meetings to bring in the donors' humanitarian perspective on nexus issues.
- Progress was highlighted in all of the HDP areas following the 2016 HLP report on reducing the needs, i.e. the World Humanitarian Summit (WHS), two Quadrennial Comprehensive Policy Review (QCPR) resolutions encouraging nexus-type activities to reduce needs², the [2019 DAC](#)

¹ Further examples provided at the [27 May OPAG meeting](#) included: Additionally, consideration may be given to mapping of donor practices and innovative financing approaches such as blended financing that bridge the humanitarian-development divide, on which the private sector and IFIs tended to come together, e.g. on practices such as blended financing and debt relief applied across the nexus. Members further highlighted ongoing discussions with the World Economic Forum and the World Bank around 'financing levers' that played a role in shaping the UN Food Systems Summit.

² [2016 GA resolution A/RES/71/243](#), para. 14; [2020 GA resolution A/RES/75/233](#)

[recommendations on humanitarian-development collaboration](#), and twin resolutions on the peacebuilding side.

- The RG5 co-chairs concluded that RG5 could draft an option paper for the OPAG identifying ways forward in the three areas of the HLP report: i) broadening the resource base, including via the proposals comprised in the above-mentioned IASC guidance, e.g. private pooled funding, bring back Islamic social financing to RG5; ii) improving efficiency and effectiveness; and iii) reducing needs. In addition, engagement with key stakeholders was key, and bringing the right actors to the table. Furthermore, country-level solutions should be taken into consideration.

Debrief on GB annual meeting and quality funding, incl. high-level roundtable on humanitarian financing on June 17th (RG5 co-chairs)

- The RG5 co-chairs briefed on the outcomes of the Grand Bargain annual meeting: i) the enabling priorities of the additional two-year iteration of the Grand Bargain encompassed quality funding; localization and participation; ii) the Facilitation Group will include one local actor representative seat to start with NEAR, the NGO seat will transfer from SCHR to ICVA, and the UN seat will transfer from WFP to UNHCR, with the new donor seats TBC; iii) caucuses and national reference groups at the country level will be established in addition to remaining workstreams – a point on which the importance was underscored of not merely securing the investment of interested but of the most influential stakeholders.
- Linkages between remaining workstreams and caucuses are to be clarified, and so are the linkages between the Grand Bargain and related structures, such as the IASC, with the Grand Bargain aiming to focus on the political blockages. The quality funding workstream, in particular, is awaiting **formal communication from the Facilitation Group** before a decision is made on whether to close down or remain open as a ‘technical sound board’ for caucuses. Caucuses, in turn, will address specific political blockages within quality funding, such as cascading of overheads.
- CAFOD referenced the [open letter](#) sent to the new Eminent Person by Charter4Change, highlighting that C4C believes it is important that donors work towards alignment of their expectations and incentives on ‘intermediary agencies’, i.e. UN and INGOs, on localisation.
- Members noted the importance of the GB 2.0 to focus on low-hanging fruits. These included cash coordination based on a political dialogue with only a few signatories; the risk-sharing proposal put forward by ICRC and the Netherlands; and clarifying the discrepancy in messaging about levels of quality funding disbursed from the donors vs. received by the UN agencies.