

IASC Results Group 5 on Humanitarian Financing and IASC Results Group 4 on Humanitarian Development Nexus

KEY MESSAGES ON QUALITY FUNDING

18 September 2019

The benefits of quality funding can only be achieved if donors and humanitarian partners work collaboratively and transparently to improve both the provision and programmatic use of bilateral and multilateral quality (flexible, unearmarked and multi-year) funding, learning from evidence-based experience.

1. **ISSUE:** There still is no clear definition of what constitutes quality funding or what it is best used for. This makes tracking the amount and use of quality funding, including to cross-cutting issues such as gender, a persistent hurdle to evidence-based calls for maintaining or increasing the current volume both in absolute terms and relative to total humanitarian aid budgets.

RECOMMENDATION: Endorse the establishment of a technical working group at the Grand Bargain meeting to develop a working definition by the beginning of 2020 of quality funding for both donors and all recipients, recognizing the need for variable applications of the definition. This can be tested over one year and assessed as appropriate. Agreed definitions will lead to improved measurement of quantity and benefits throughout the system.

2. **ISSUE:** Quality funding is distributed unevenly across the system and across crises.

RECOMMENDATION: Increase the volume of quality (flexible, unearmarked, multiyear) funding, which is accessed at all levels of implementation, to less visible crises and to local and national NGOs and pooled funds. Allow the use of crisis modifiers to redirect funding when needed to enable early action to prevent and mitigate crises and rapid response to unexpected situations. Aid agencies and partners should jointly identify mechanisms to improve the predictability and flexibility of pass-through funding.

3. **ISSUE:** Progress is being made on multi-year planning, however, quality funding has not always followed and measuring its impact is difficult.

RECOMMENDATIONS: Provide quality funding in sufficient quantity to achieve the objectives set forth in collective country-level planning processes. Ensure that multi-year and flexible funding continues to grow not only in real but also in relative terms to total humanitarian funding. Partners should step-up efforts in collective and inclusive multi-year planning that is context-specific.

4. **ISSUE:** Progress towards collective outcomes requires several changes, including to the architecture of humanitarian and development finance and planning processes and programming.

RECOMMENDATION: Provide quality funding and financing, including pooled resources and multi-donor support for programmes, consortia and innovative crisis funding mechanisms, to 1) promote a new type of coordination and collaboration across the humanitarian – development – peacebuilding nexus, as well as with government and private sector finance actors that is context-appropriate, and 2) to incentivize work towards collective outcomes in line with humanitarian principles and aligned with OECD-DAC recommendations. Learn from good practice of inclusive funding models used by development donors.

5. **ISSUE:** Reporting requirements and conditionalities remain high, expectations regarding the potential benefits of quality funding are not clearly articulated, requiring organizational and managerial change on the part of donors and recipients.

RECOMMENDATION: Recognize that demonstrating transformative outcomes and impact on saving lives, reducing vulnerabilities and creating resilience will not be achieved by more reporting requirements or conditionalities. It will require active research and learning (which have financial costs), explicit identification of what is expected in different time-frames, flexibility and openness to recognize and document unexpected results, and a critical mass of quality funding over time.

6. **ISSUE:** Evidence and “good practices” for donors and humanitarian partners based on concrete crisis/country experiences do not yet exist, making it challenging to advocate for continued or increased quality funding and/or necessary institutional and organizational changes.

RECOMMENDATION: Bilateral partners and humanitarian agencies to agree on 2-3 crises/countries in which 1) donors and agencies agree to focus and follow the recommendations above, specifically providing a sufficient quantity of quality funding and 2) humanitarian partners commit to informing how this funding was used and to measure results at different levels; to improve visibility for donors; and to make the necessary systemic and agency-level changes to pass on the benefits received to downstream partners.

7. **ISSUE:** Low income but high-risk countries have received limited disaster risk reduction (DRR) and early action investments, in comparison with emergency response funding. Yet, quality (multi-year, flexible, and accessible to all levels) DRR funding could provide important links between humanitarian, development and peacebuilding actors to reduce need and ensure development gains.

RECOMMENDATION: Include crisis modifiers in multi-year development grants, provided directly to and which can be cascaded to local and national actors, so as to build recurring crisis response into development programming, strengthen local/national actors' ability to respond. and ensuring that humanitarian funding can support greater pre-emptive or early response by undertaking anticipatory work based on forecasts.