Humanitarian Finance

ICVA MENA Regional Meeting
12 August 2020
COVID-19: Financing and the GHRP

- Overview:
  - 60+ countries now covered
  - Over $10 Billion total ask
    - (over $8 Billion for country-based needs)
  - Overall total funding built up from country needs assessments (with inputs from NGOs through the HCT)
    - In practice, NGO inputs were limited
  - Current recorded funding levels:
    - $2.073 Billion (as of 11 August 2020)
## COVID-19: Financing and the GHRP

<table>
<thead>
<tr>
<th>Destination org. type</th>
<th>Funding US$</th>
<th>Pledges US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>146,590</td>
<td>0</td>
</tr>
<tr>
<td>NGO</td>
<td>314,131,706</td>
<td>0</td>
</tr>
<tr>
<td>– International</td>
<td>289,745,664</td>
<td>0</td>
</tr>
<tr>
<td>– National</td>
<td>19,751,792</td>
<td>0</td>
</tr>
<tr>
<td>– Affiliated</td>
<td>1,240,567</td>
<td>0</td>
</tr>
<tr>
<td>– Local</td>
<td>1,654,625</td>
<td>0</td>
</tr>
<tr>
<td>– Uncategorized NGO</td>
<td>1,739,058</td>
<td>0</td>
</tr>
<tr>
<td>Not specified</td>
<td>39,357,281</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>17,450,963</td>
<td>0</td>
</tr>
<tr>
<td>Private organization/foundation</td>
<td>2,900,000</td>
<td>0</td>
</tr>
<tr>
<td>Red Cross/Red Crescent</td>
<td>383,995</td>
<td>0</td>
</tr>
<tr>
<td>UN agency</td>
<td>1,698,415,670</td>
<td>12,089,609</td>
</tr>
</tbody>
</table>

15% of GHRP funding received.
Funding Blocks and Survey Results

• Four key areas identified for action through the IASC:
  – Better flow of funding through UN partners (flexibility)
    • IASC work with members and GHD on common flexibility measures
  – Improved use of pooled fund mechanisms
  – Improved engagement & communications with NGOs
  – Better data collection and tracking (FTS)
    • Interaction and ICVA developed survey questions to gather direct input on funding flows and flexibility
Pooled Funds: CERF and CBPF

• A new CERF allocation for NGOs
  – Administered by IOM, managed by OCHA
  – Initial *pilot* allocation… future to be determined
  – Six countries: Bangladesh, Central African Republic, Haiti, Libya, Sudan, and South Sudan.
  – $25 Million total allocation
  – Focus on health and WASH sectors

→ *A significant advance for NGO access to CERF*
Pooled Funds: CERF and CBPF

• A new proposal for a CBPF regional model
  – **Very** early stage of development; donor support is needed for any development.
  
  – Concept: use OCHA regional resources to support common accounting and support services; country offices with no current CBPF could offer pooled funds to NGO partners.

  – Likely development in 2021 based on donor support.
GHRP: NGO $300 Million Envelope

• A new “funding envelope” in the 3rd GHRP update.
• $300 Million intended to benefit NGOs as directly as possible:
  – Direct funding
  – OCHA pooled funds
  – Private pooled funds

→ There is no existing pool of money; donors must be willing to allocate additional funds
Funding Blocks and Survey Results

- Key survey findings:
  
  - Inconsistency in practice rather than a pattern of delayed funding
  
  - Note: A survey cannot capture feedback on funding that is never opened for access by partners
“Since the onset of Covid-19, what steps has your organisation taken to mitigate financial concerns?”

- Reallocation of pipeline funds to Covid-19 response
- Reallocation of existing funds to Covid-19 response
- Increased dependency on unrestricted fundraising
- Applying for a loan
- Reducing operational costs
- Reducing or eliminating salary increases
- Suspension of benefit contributions
- Furloughing staff at Country level
- Furloughing staff at HQ
- Reduction in staff salaries
- Reduction in HQ staff salaries
- Hiring freeze

0 2 4 6 8 10 12 14 16
“Which donor flexibilities have you made use of?”

- Increased coverage of staff benefits
- Purchase of PPE for staff or beneficiaries
- Expansion of allowable costs
- Program modifications
- Budget modifications
- No-cost extension
- We have not sought financial amendments
Level of concern

- Dependency on private donors to cover response
- Dependence on core funds to cover response
- Inability to cover costs associated with movements restrictions (e.g., drawing down staff salary lines while programming is halted, paying for hotels and flights)
- Increasing overhead costs
- No cost extensions not fully covering future organizational costs but expecting program delivery
- Suspension of programs which impacts incoming revenue
- Impact on business development pipeline
- Donor requirement to provide match funding

- Not at all concerned
- Slightly concerned
- Somewhat concerned
- Moderately concerned
- Extremely concerned.
Risk Management and Risk Sharing

- Strong focus of Grand Bargain signatories; increasing attention from IASC and NGO groups.
  - Risk = “The effect of uncertainty on an organization's objectives.”
  - Risk Management = “The coordinated activities to direct and control an organization with regard to risk.”
  - Risk Sharing = The level of risk either managed or passed on to another partner.
Risk Management and Risk Sharing

• A shift to “risk sharing” is critical; move from zero tolerance for risk to zero tolerance for inaction.

• What level of risk is appropriate to pass on?
  – Key for NGOs to understand their risk appetite and tolerance… what level of risk do we want to take on?
  – When to say no
Risk Management and Risk Sharing

• Implications for the localization debate:
  – Local and national NGOs can end up with high levels of risk and limited resource to manage.
  – Donors are willing to be flexible on needs – but we have to ask.
  – Good risk management does not mean zero risk.
  • Significant opportunity for national partners

→ Access to funding is increasingly based on risk management performance.
Humanitarian Finance: Looking to 2021

- High degree of uncertainty will remain
- Reduced GDP = reduced donor funding streams
- Needs are unlikely to reduce

- Solutions?
  - Continue to improve risk management and sharing = ensure we maximize trust and efficiency in the system
  - Work on prioritizing funding needs
  - Engage more with local and national partners
Humanitarian Finance and MENA

• Discussion / Q&A
  – Follow-up on the shared points, key questions?
  – What are the top priorities for MENA? In 2020? 2021?

• Next Steps
  – Internal ICVA dialogue on finance priorities
  – Improved national NGO participation in discussion:
    • ICVA Humanitarian Finance Working Group
    • IASC bodies (Results Group 5)
  – Keep regional engagement channel open