Humanitarian Financing: Investing in Humanity
NGO brief for the High Level Leaders’ Round Table

This brief is intended to inform discussions with stakeholders leading up to, and during the High Level Leaders’ Roundtable (HLRT) on Humanitarian Financing. Led by World Vision, with input from IMPACT, coordinated by ICVA and shared widely amongst ICVA’s membership, this brief is based on a foundation of collective NGO experience and analysis of Humanitarian Financing.

Context

Humanitarian financing is overstretched and no longer fit for purpose. Each year humanitarian action is at least 30% underfunded,¹ and despite ever increasing commitments from major donors, contributions are not keeping pace with expanding needs. Funds are often inaccessible to frontline responders, particularly national NGOs, and saddled with burdensome administrative requirements. Funding flows through different channels - pooled funds, UN agencies, international NGOs, national NGOs, the Red Cross Red Crescent Movement, which is difficult to track, and with limited means of knowing what is more efficient or expensive. In the run up the WHS, donors, implementers and UN agencies are under pressure to reform the financing system. The need for reform has been laid out in a number of key reports including Looking Beyond the Crisis (CAFOD, FAO, WVI – and supported by the IASC HFTT), the Too Important to Fail High Level Panel report on Humanitarian Financing, the Secretary General’s Agenda for Humanity and the ICVA Briefing Paper on the Grand Bargain.

The WHS Round Table on Humanitarian Financing represents an important opportunity to advance the reform agenda. It will feature EC Vice President Kristalina Georgieva, who will present the results of a “Grand Bargain for Efficiencies” to be struck by 15 donors, 15 aid agencies (UN agencies, IOM, ICRC, IFRC, ICVA, SCHR, and InterAction). Participants in the Round Table can make pledges towards the Grand Bargain, in addition to a range of other pledges falling under one or more of 5 general “Core Commitments” as listed below

Key NGO messages for this High Level Leaders’ Roundtable

Humanitarian action must be principled and effective. To realise this, the humanitarian system must move away from a centralized, command and control, one-system-fits-all approach, towards an ecosystem of diverse actors, with contextualised responses to crises, in which frontline responders² receive adequate and timely resources.

In relation to the Core commitments listed below, NGOs stress the importance of the following key messages – both overall, and in relation to specific core commitments, for action by Member States, the UN, NGOs themselves and all actors engaged in humanitarian action.

1. Overall, the core commitments contain many welcome statements, but are light on concrete means to achieve them. There is a danger they are commitments in principle rather than to action.
2. A number of NGOs are concerned about the continuing gap in funding for emergencies and protracted crises is absent from the WHS Agenda.
3. When examining options, all stakeholders - including donors, UN agencies, and NGOs - must adhere to humanitarian principles, the Principles of Partnership and Good Humanitarian Donorship (especially flexible, timely, predictable, and multi-annual funding, capacity strengthening and harmonised reporting).
4. Humanitarian assistance cannot be delivered efficiently and effectively by a one size fits all global system. We need an ecosystem of approaches for different contexts that draws on differing configurations of host government, UN, civil society and private sector actors. There should be an explicit commitment that the primary benefits of the core commitments should be local communities and the front line responders that directly provide goods and services to them. All organizations making commitments should recognize the need to pay benefits forward to the field and recognize the value that non UN actors bring to humanitarian action.

² Front line responders have been defined as those local, national or international actors that are best placed to respond.
Core Commitment 1: Commit to substantially increasing and diversifying global support and sharing of resources for humanitarian assistance aimed at addressing the needs of populations affected by humanitarian crises, particularly in fragile situations and complex emergencies, including increasing cash-based programming in situations where relevant.

5. The commitment to increase and diversify global support and share of resources for humanitarian assistance is welcome. However, when considering sub-commitments all actors should be clearer about where this funding is coming from. For example, will this be new money or redirected from other humanitarian or development funding? When considering cash, we must acknowledge that cash is not solely a cost saving that reduces humanitarian action to a blanket set of transfers into bank accounts. A field presence is required for beneficiary registration, selection, complaints, monitoring and evaluation and to meet protection needs. NGOs and frontline responders have an important role in this process. The scaling up of cash raises fundamental questions around what parts of the humanitarian system can be bypassed (e.g. logistics and procurement costs) and what needs to be preserved. These decisions should be made based on community needs.

Core Commitment 2: Commit to empower national and local humanitarian action by increasing the share of financing accessible to local and national humanitarian actors and supporting the enhancement of their national delivery systems, capacities and preparedness planning.

6. NGOs call upon all humanitarian actors for tangible sub-commitments to achieve this commitment. For example, local and national capacity could be built better if implementing organizations could allocate an agreed percentage allocation on all grants for local and national level capacity building.

7. NGOs call upon key blocks of stakeholders (such as the top GHD 15 donors) to make collective commitments that have well defined means to achieve them. We need to not just fund the crisis of the moment – or those that fit the geopolitical interests of the donor commitments– we need to restate the humanitarian imperative and equality of all.

Core Commitment 3: Commit to promote and increase predictable, multi-year, un-earmarked, collaborative and flexible humanitarian funding toward greater efficiency, effectiveness, transparency and accountability of humanitarian action for affected people.

8. Moving towards predictable, multi-annual, un-earmarked, collaborative and flexible humanitarian funding is highly welcome. Such funding will enable humanitarian actors to meet needs in accordance with the humanitarian imperative and in line with the humanitarian principles of neutrality, independence and impartiality. However, further work needs to be done to operationalize these improvements. The multi-annual, un-earmarked and more flexible funding of UN appeals must also benefit implementing organizations. Harmonized, simplified and proportionate financial and narrative reporting requirements can maximize efficiency if applied to all humanitarian actors. These three principles should be reflected within partnerships agreements between actors. Sub-commitments must also consider the importance of joint planning on the use the multi-annual funds and a whole of civil society approach, which includes host governments and development actors alongside the humanitarian appeals and planning.

Core Commitment 4: Commit to invest in risk management, preparedness and crisis prevention capacity to build the resilience of vulnerable and affected people.

9. There is an incontrovertible case for increased investment in preparing for emergencies and reducing the risk of disasters. Evidence shows that investing before disasters happen to get communities ready to cope with disasters is much more cost-effective than waiting for disasters to happen. Every USD$1 spent on preparedness saves more than $4 in disaster response; yet disaster risk reduction remains a low priority. NGOs are calling on aid donors and national governments to invest more financial resources in preparedness at local level. NGOs are proposing a target that the proportion of Official Development Assistance devoted to resilience should rise above the unambitious 1% sought by the SG.
Core Commitment 5: Commit to broaden and adapt the global instruments and approaches to meet urgent needs, reduce risk and vulnerability and increase resilience, without adverse impact on humanitarian principles and overall action (as also proposed in Round Table 6 on “Changing Lives”).

10. NGOs call on Member States and the UN to go beyond solely looking for cost savings in instrument and approach. The current system is characterized by funding flows through various routes from the primary donor through various pass through fundamediaries to the final implementer. When allocating funds, consideration of the most efficient funding routes is rarely considered. Alongside efficiency reforms within organizations and intuitions, humanitarian actors must better develop the means to compare the efficiency of different mechanisms and then choose which ones make the most sense. These may be UN mechanisms or civil society mechanisms such as the Start Fund. In a humanitarian system that is significantly underfunded, this has significant humanitarian implications for affected populations. Being clear about transaction costs of different funding routes will open up a new area of potential savings for the most efficient mechanisms to be chosen in each context.