

Notes UNHCR Monthly online Consultations with NGOs

Date	31 March 2021
Session Title	Discussion on UNHCR's reforms of the framework for funded partnerships
Speakers	<ul style="list-style-type: none"> • Ritu Shroff, Director, Division of Strategic Planning and Results, UNHCR • Robert Hurt, Deputy Director, Division of Strategic Planning and Results, UNHCR • Jeremy Rempel, Head of Humanitarian Financing, ICVA
Moderator	<ul style="list-style-type: none"> • Annika Sandlund, Head of Partnership and Coordination Service, UNHCR
Participants	<ul style="list-style-type: none"> • 80, mostly NGOs and UNHCR staff
Executive summary	
<p>The consultation focused on the progress made in 2020 on UNHCR reforms to improve the framework for funded partnerships, particularly on formalization of agreements, implementation and monitoring. It also looked at current reform priorities going forward. In the context of the COVID-19 pandemic, and while the reforms started being implemented, the discussion stressed the need for consistency in terms of reporting, personnel costs, flexibility in partnership agreement, and risk assessment categories. Ongoing work that includes partnership opportunities for small and refugee-led organizations was also discussed.</p>	
Major points arising from speakers	
<p>UNHCR:</p> <ul style="list-style-type: none"> • The creation of the new Division of Strategic Planning and Results came as UNHCR reflected on partner management processes, simplification, making our internal planning, budgeting, resource management more meaningful, to work more effectively with partners. • The more we have meaningful and simple processes, the more time and effort we will have to do the work that matters, engaging with persons of concern (PoCs), listening to their needs, priorities, aspirations, and designing good programs to meet needs. • Changes to systems, structures, processes will take some time. • In 2020, UNHCR designed a new planning system focused on impact and outcomes in the lives of PoCs. The new system and the concepts are easy to use. We focused on simplifying budgeting and expenditure reporting as well as on the agreement process. Links were made to processes such as monitoring data, reporting on results, how to streamline, and how to extract information in the most cost-effective and efficient way possible. • We are working along with other UN agencies on The Money Where It Counts Initiative and the Grand Bargain to make sure delivering humanitarian assistance becomes more effective, more results-focused. We coordinate the UN Partner Portal. • The objective of the reforms is to increase effectiveness and efficiency through harmonization, simplicity and flexibility, localization, empowering PoCs, respect of partnership principles and improved risk management. <p>2020 reforms:</p> <ul style="list-style-type: none"> • UNHCR implemented key reforms in 2020 focused on formalizing an agreement with partners and structuring it with the necessary description on implementation and monitoring. • We were successful in reducing length and complexity of our agreements. The agreement template was simplified by reducing annexes, resulting in the length of a partnership agreement being reduced by 50% on average. We. • We increased budget flexibility and reduced restrictions during COVID-19. Further, we simplified the budgeting through consolidation and reduction of account codes • We reduced restrictions in relation to project personnel management and clarified principles and practices around data sharing, based on NGO inputs. Data protection workstream continues. • We reduced mandatory reporting requirements in terms of frequency and type, to be commensurate with the assessment of capacity and risk. Overall, we tried to move away from a “one size fits all” approach. • In terms of delays in signature of partnership agreements, we were able to improve timeliness compared to last year. 70% of the agreements expected to be in place by mid-February were signed by mid-January. It continues to be a work in progress. 	

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- We did an internal survey recently to gauge the perceptions of UNHCR colleagues regarding flexibility put in place during COVID-19 – most of the measures have been mainstreamed into the 2021 agreements – feedback was very favorable. However, there continue to be inconsistent practices applied in different country operations, e.g., on complexity of budgets, expectations related to reporting and partner personnel lists. We would welcome feedback and suggestions from NGOs.

Current reforms priorities:

- We have an opportunity to enter into more multi-year partnerships from next year and beyond. We hope to see an increase in multi-year agreements going forward.
- We are working to create tools and procedures to allow us to select and work more with refugee-led organizations.
- Recently, a presentation was provided to NGOs on the roll-out of the harmonized assessment tool for assessing capacities of partners to mitigate the risk of sexual exploitation and abuse.
- We are working on further simplification of budget requirements. We will move from the situation where we have all branches of the budget tree to a structure based on outcomes, outputs, and budget codes.
- We will continue to apply the capacity and risk-based approach to determine control that is within our partnership agreements.
- We will continue to explore the implementation of a project reporting, oversight, monitoring solution to move us away from all of the paper-based processes. The implementation is aimed for 2022. We have identified the system that will support a revised enterprise resource planning system for us which is procurement grants, the back-office functions within UNHCR.
- We continue to look at functionality of e-tools – UNICEF’s equivalent product – the advantage being for partners to be able to come up to speed on one particular system, without having to learn how to use multiple ones. We are also looking at what products may be available in the marketplace. Our main consideration is usability.
- How are we going to measure success? We have identified a number of quantitative indicators that will give us an idea of whether we have become more efficient more effective (e.g., see complexity in budget reduced, more timely signature of PPAs, more multiyear agreements).

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- It is helpful to keep in mind that reforms are done on behalf of PoCs.
- Most of the topics are not new. Before 2019, improving partnership with UNHCR saw a positive trend and UNHCR-NGO consultations are an important space to continue the dialogue.
- Consistency and ensuring interpretations in different locations are one of the key improvements we need to see. It is not just about making process the same everywhere but balanced with contextualization to be more effective.
- It is important to engage with national partners and work on how we improve partnership and engage with small and local partners; one of the lessons learned from 2020.
- Uncertainty around 2021 remains, as well as issues around budget flows, constraints, and good communication is paramount.
- How we improve consistency both internally between HQ and country offices and with partners will also be key.
- In 2019, joint analyses were done by NGOs across UN agency partnership agreements. There has been an interest in revisiting it in 2021 because there has been interesting progress and changes to partnership agreements and related systems since 2019, where we might need some further efforts to simplify, harmonize, etc.
- ICVA co-chairs IASC results group 5 on humanitarian finance with OCHA, where there are a couple of priorities linked with partnership priorities, funding flexibility points, where agencies and partners will be looking at how those flexibility measures introduced under COVID can be translated into standard practice. Key themes for discussion in that group are around cascading indirect benefits, how we define overheads more commonly, how those benefits are extended to all partners equally not just INGOs but also local national partners, that links to cost classification dialogue.
- Quality funding and localization are critical and discussed both in IASC and emerging in the discussion on Grand Bargain 2.0.

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- Quality funding more broadly links with how we think about multiyear funding and the ability to increase usage of multiyear funding agreements and the flexibility measures around some of the details of budget contractual agreements.
- The UN Partner Portal is a work in progress, an umbrella for harmonization of Protection from Sexual Exploitation and Abuse and Pre-qualification for Procurement. NGOs are interested in engaging and maximizing the Portal.
- Further action and also priorities from the NGO partner perspective is around the fact that improvement in partnership is not just about action on UNHCR side but areas where we can look to support it on the NGO side. There is an interest in how we can better aggregate feedback on what is not working, what is working and communicate it to UNHCR.
- Simplification is a priority and balance consistency in contextualization.

Major points arising from discussions

- NGOs support UNHCR reform. It takes time to identify challenges and put in place the right measures.
- Danish Refugee Council, International Rescue Committee and Norwegian Refugee Council gathered feedback from internal surveys from 47 country offices with the objective to see results of the PPA 2021 assigning process and challenges. The preliminary analysis shows very good results with simplified PPA processes, simpler PPA templates, shorter PPA signing process.
- Regarding the application of the rules and guidelines announced at global level, finding showed an existing use of derogations of the right to decision-making by UNHCR operations in terms of applying the rules. In practice, we do not see all changes expected and needed. Another aspect of inconsistency is based on the need for more streamlined guidance, more capacity building and training of UNHCR in the field on how to roll out those new measures and how to streamline processes with implementing partners.
- 90% of our country offices are confirming that the assignment of the risk assessment categories was in line with UNHCR audits, scores and results. Nevertheless, some reported not being informed on timeline and signalled some lack of transparency.
- Our recommendation to UNHCR is to further streamline the communication of the risk assessment category to NGOs, ideally before the signing process of the PPA. Bring more transparency on how their category relates to the provisions in the PPA and then how this is consistent with global guidelines.
- **Reporting:** A majority of our country offices indicated that formal reporting requirement surpassed the requirement outline in global guidance. Some offices are requested to provide monthly reports or even daily and weekly project implementation updates. More positively, we also see a handful of country offices that noted improvements when UNHCR operations stuck to that required minimum of the new guidelines. The intent of the reforms can bring about positive change if and when they are applied in the spirit that they were intended and trickle down to country level.
- Our recommendation to UNHCR is to enforce standard reporting requirements across all operations, aligned in the move to the differentiated controls that are already in place.
- **Personnel policies:** The elimination of the mandatory Annex E, the personnel list for the low-end medium risk partners, was one of the most anticipated reform measures from our country offices and it was met with great excitement. However, in more than 75% of our signed PPAs, country offices were requested in any case to submit some form of Annex E. The reform has not fully trickled down and interpretation of how to use it also varies across the context. If operations continue to have the discretion to decide on the need to request Annex E, it is unlikely that we would see a real change at the field level.
- Similar to the reporting, further streamlining and full standardization of the requirement related to partner personnel list could bring changes intended at global level.
- UNHCR highlighted there is no provision in the partnership agreement that requires Annex E or equivalent and which requires that a partner seeks UNHCR permission before changing workforce in their personnel.
- **Partner personnel costs:** We continue to see immense challenges related to its coverage. The shift in intent was clearly and fully communicated to us at the global level, perhaps one of the most noticeably inconsistent areas that remain at the field level.

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- We understand the application of these rates for partner personnel is an effort to cope with budget ceilings and limited resourcing, but partner salary scale is not the way to try to maintain the scale and scope of an intervention, rather it should be a dialogue around resourcing and scope of the activities.
- Our recommendation to UNHCR would be to work towards the elimination of maximum rates whether it is contribution or budgeting, as it would alleviate one of the most persistent causes of delay in disagreement in a negotiation, essential for the longer-term view on partnership.
- Flexibility in booking more costs for personnel is welcome. At the same time, it will be very challenging to meet targets and deliverables that were agreed if we must put more of the costs to personnel than what was budgeted in the signed agreement. UNHCR and partners need frank conversations around resourcing and expectations.
- Significant variability remains regarding the interpretation of the policy of the Money Where It Counts Initiative at country level and this has resulted in still very limited acceptance of direct shared cost by UNHCR.
- Our recommendation to UNHCR would be to facilitate, mainstream the application of this policy and also facilitate training opportunities for country operation to ensure full understanding of shared cost and their eligibility.

UNHCR's response:

- UNHCR ensures when the risk of partner capacity assessment is done and categorized, then controls are put in place including around budget flexibility. Country operations can deviate if there are risks in the project or if the context requires it, but they cannot go below 30% flexibility which is the same level implemented last year and it was a substantial increase over the standard flexibility. The minimum flexibility that a country operation can include in their partnership agreement is the maximum flexibility that was given last year. UNHCR will do everything possible to ensure consistency and unified approaches.
- This year, UNHCR tries to ensure a more inclusive and friendly framework for working with refugee-led organizations and local, smaller organisations. Crucial decisions need to be made in the coming weeks but there is certainly a high-level commitment from the organization to make this happen. There is a hope that to come back with more, clear and direct answers in the future.
- UNHCR's seven Regional Bureaus have a common vision to manage aspects of planning, budgeting, monitoring, reporting, partner management and simultaneously deliver in a COVID-19 context. It is within the full potential of the Bureaus to do what NGOs recommend on harmonization, institutional support, consistency and coherence. It takes a while to be visible. UNHCR will continue to work this year to consolidate the good practices of 2020 and to work on where we need to share lessons learned and develop best practices across the organization.

Follow-up/Action points

To UNHCR:

- Improve consistency in the implementation of reforms on partnership agreements at global and regional levels.
- Advance partnership with refugee-led organizations and smaller organizations.

To NGOs:

- Continue to provide feedback in terms of reforms implementation, priorities, and challenges.