



Food and Agriculture
Organization of the
United Nations



July 2020

Catalogue of quality funding practices to the humanitarian response

A reference tool for policymakers and practitioners to enhance the efficiency and effectiveness of programming

Report

Required citation:

FAO, DI and NRC. 2020. Catalogue of quality funding practices to the humanitarian response: A reference tool for policymakers and practitioners to enhance the efficiency and effectiveness of programming (Report, July 2020). Rome. <https://doi.org/10.4060/ca9929en>

OR

FAO, DI and NRC. 2020. Catalogue of quality funding practices to the humanitarian response: A reference tool for policymakers and practitioners to enhance the efficiency and effectiveness of programming (Report, July 2020). Rome, FAO. <https://doi.org/10.4060/ca9929en>

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.

ISBN 978-92-5-132994-8

© FAO, 2020



Some rights reserved. This work is made available under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 IGO licence (CC BY-NC-SA 3.0 IGO; <https://creativecommons.org/licenses/by-nc-sa/3.0/igo/legalcode>).

Under the terms of this licence, this work may be copied, redistributed and adapted for non-commercial purposes, provided that the work is appropriately cited. In any use of this work, there should be no suggestion that FAO endorses any specific organization, products or services. The use of the FAO logo is not permitted. If the work is adapted, then it must be licensed under the same or equivalent Creative Commons licence. If a translation of this work is created, it must include the following disclaimer along with the required citation: "This translation was not created by the Food and Agriculture Organization of the United Nations (FAO). FAO is not responsible for the content or accuracy of this translation. The original [Language] edition shall be the authoritative edition."

Disputes arising under the licence that cannot be settled amicably will be resolved by mediation and arbitration as described in Article 8 of the licence except as otherwise provided herein. The applicable mediation rules will be the mediation rules of the World Intellectual Property Organization <http://www.wipo.int/amc/en/mediation/rules> and any arbitration will be conducted in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

Third-party materials. Users wishing to reuse material from this work that is attributed to a third party, such as tables, figures or images, are responsible for determining whether permission is needed for that reuse and for obtaining permission from the copyright holder. The risk of claims resulting from infringement of any third-party-owned component in the work rests solely with the user.

Sales, rights and licensing. FAO information products are available on the FAO website (www.fao.org/publications) and can be purchased through publications-sales@fao.org. Requests for commercial use should be submitted via: www.fao.org/contact-us/licence-request. Queries regarding rights and licensing should be submitted to: copyright@fao.org.

Contents

Acknowledgements	v
Introduction.....	1
Background and purpose	1
Properties of quality funding	1
Process of data collection	2
Format and content of the catalogue	3
Quality funding practice examples	5
Multi-year core support to UN organisations	5
Strategic NGO partnerships.....	8
Multi-year, unearmarked funding to an NGO alliance	10
Regional funding earmarked to a response.....	11
Multi-year funding at country level	13
UN internal pooled funding mechanisms	16
Development Food Security Activities – Ethiopia	18
Rapid response funding mechanisms for NGO action	20
Annual macro grant.....	23
Case studies	25
UN OCHA’s Country Based Pooled Funds and COVID-19 response	25
Humanitarian Assistance under Canada’s Middle East Engagement Strategy.....	28
CERF’s support for COVID-19 response	31
National Society Investment Alliance.....	32

Spain’s Framework Agreements for Emergency Assistance.....	34
UNFPA Humanitarian Action Thematic Fund	37
Programme Based Approach and Programmatic Partnership	39
Appendix 1: Further information.....	42
Quality funding practice examples	42
Case studies	42
Notes	43

Acknowledgements

This report was produced in partnership between the Norwegian Refugee Council (NRC) and Development Initiatives (DI). NRC's contribution to this report was funded by the Food and Agriculture Organization and the Norwegian Ministry of Foreign Affairs. DI would like to thank the funders of our Global Humanitarian Assistance programme for their support: the Department of Foreign Affairs, Trade and Development, Canada; the Ministry of Foreign Affairs, Denmark; the Stabilisation and Humanitarian Aid Department of the Ministry of Foreign Affairs, the Netherlands; and the Swedish International Development Cooperation Agency.

The paper was written by Niklas Rieger, Amanda Thomas and Angus Urquhart at DI. The authors would like to thank colleagues at the NRC that were instrumental in shaping, facilitating and guiding the research: Issie Cobb, Cecilia Roselli and Ellie Ward at NRC. Thanks also goes to colleagues who provided valuable inputs as the paper was being developed, including: Lydia Poole for methodological review, support with research and overall guidance; Georgina Carver, James Harle, Simon Murphy and Tom Urry at DI for communication and publication support, and project management; and Nina Behrman for proofreading. DI and NRC would also like to thank the advisory group who guided and commented on this research: Angela Hinrichs and Rodrigue Vinet at FAO; Camille Pabalan at Global Affairs Canada; Doris Voorbraak at Government of Netherlands; Samar Al Attar at ICRC; Jelena Jovanovic and Marilena Viviani at UNICEF; and Marcy Vigoda at UN OCHA (UN Office for the Coordination of Humanitarian Affairs). Finally, this research greatly benefited from the time and thought devoted by a wide range of stakeholders who contributed qualitative input through key informant interviews or data.

Introduction

Background and purpose

Discussions during the September 2019 'Progress Acceleration Workshop – Enhanced Quality Funding through Reduced Earmarking, Multi-year Planning and Multi-year Funding' highlighted the need to collate and share evidence on the ways in which donors and recipients provide and use funding to better meet humanitarian needs.¹ This report seeks to fill this evidence gap by providing a catalogue of funding mechanisms identified by donors and recipients as providing 'quality funding' for humanitarian response. The focus of this report is primarily on humanitarian funding mechanisms, though individual examples might support a broader crisis response across the humanitarian and development nexus.

The aim of this report is to provide a reference tool for policymakers and practitioners, both Grand Bargain signatories and non-signatories, with examples of the manner and form in which funding is and could be provided to enhance the efficiency and effectiveness of programming. It is not intended as an exhaustive survey of quality funding practices but as an initial, indicative summary of approaches to quality funding that can be added to.

Properties of quality funding

For the purposes of this report, Development Initiatives (DI) and the Norwegian Refugee Council (NRC) did not attempt to conceive a formal, technical definition of 'quality funding'. Rather, we sought to collate examples of funding mechanisms or arrangements that were perceived by donors and recipients to enhance the efficiency and effectiveness of responses and in so doing to identify the properties cited as contributing to the quality of this funding.

These properties included but were not limited to the funding duration and level of earmarking. Commonly cited properties that are referenced as contributing to the 'quality' of funding include:

- **Funding duration:** Captures the timeframe of the funding received and/or disbursed by a funding mechanism. Used to assess whether associated funding can be considered as multi-year, that is with a duration of 24 months or more based on the start and end dates of the original funding agreement.²
- **Earmarking:** The degree of earmarking of funding received and/or disbursed by a funding mechanism. Earmarking can occur at different levels geographically and thematically. A summary of different types of earmarking is set out in the annex to the Grand Bargain document.³

- **Flexibility to adapt:** Relevant to funding with any degree of earmarking, this captures the ease and speed with which implementers are able to move funding between budget lines, geographical borders or years. Key informant interviews have identified this as an important property to enable flexibility of funding despite relatively tight levels of earmarking.
- **Reporting requirements:** This refers to the frequency and extent of reporting on funding received or disbursed by the funding mechanism. Although the Grand Bargain workstream to ‘Harmonise and simplify reporting requirements’ focuses on this issue, humanitarian actors in this and past research frequently identified reporting as another dimension of quality for their funding.
- **Manner and timeliness of disbursement:** This captures the timing of disbursements in the funding process to assess how quickly funding was disbursed after signing an agreement, in which intervals, at what stage of the funding cycle and whether it was disbursed up front or in arrears. Where information is available, it includes an indicative range of funding volume associated with a funding mechanism.
- **Accessibility:** This includes a description of which implementing organisations were able to access the funding, in terms of their type (NGO (non-governmental organisation), UN, Red Cross) or size.
- **Other funding conditions:** This aspect captures other conditions on funding from or to the listed mechanisms that are not captured by the properties listed above, for instance restrictions on passing on funding or targets to be reached for a portion of the funding to be released.

Information on the properties outlined above is included for each funding mechanism only where available, and not all properties are relevant to all catalogue entries or best practice examples.

In recognition that the purpose of quality funding mechanisms ultimately is an improved humanitarian response with better outcomes for affected populations, we also requested information on cost-efficiency and effectiveness associated with the listed catalogue entries. It should be noted that this catalogue is largely descriptive and not evaluative, although we attempted to provide a balanced view of both challenges and benefits for each funding mechanism. The advantages, challenges and lessons described are based on user experiences drawn from written feedback and interviews. We referenced published material, where available, to substantiate this feedback. A selection of publicly accessible in-depth evaluations and further literature on the included entries is included in Annex 1.

Process of data collection

DI and NRC identified the funding mechanisms and arrangements that are included in this catalogue through a series of consultations with the co-conveners of the Grand Bargain Enhanced Quality Funding Workstream and an advisory group established to guide the research. In addition, we also reviewed existing literature on multi-year and unearmarked funding to identify other examples for inclusion in the catalogue. Where

funding mechanisms were identified, DI and NRC conducted interviews and remote data collection and verification with the donors and agencies involved in the funding arrangement. Wherever possible we sought to reconcile the perceptions of both the donor and recipient of the funding and reflect their views of the advantages and disadvantages of the mechanism or arrangement.

Format and content of the catalogue

The catalogue includes 11 types of funding mechanism or arrangement, as well as best practice examples. Each catalogue entry includes:

- a description of the mechanism or arrangement;
- a description of how it operates;
- key features (earmarking, flexibility, conditions, reporting);
- advantages and disadvantages; and
- where identifiable, lessons from users of the instrument.

The catalogue includes the following funding mechanisms and arrangements:

- Multi-year core support to UN organisations
- Strategic NGO partnerships
- Multi-year unearmarked funding to an NGO alliance
- Regional funding earmarked to a response
- Multi-year funding at country level
- UN internal pooled funding mechanisms
- Development Food Security Activities – Ethiopia
- Rapid response funding mechanisms for NGO action
- Annual macro grant

It also includes the following case studies:

- UN Country Based Pooled Funds
- Humanitarian Assistance under Canada's Middle East Engagement Strategy
- Global humanitarian funds for COVID-19 response
- National Society Investment Alliance
- UNFPA's Humanitarian Thematic Fund
- Programme Based Approach and Programmatic Partnership

Figure 1: Funding sources, mechanisms and recipients

Source	Mechanism	Funding destination			Recipient (single ✓ or multiple ✓✓)			
		Country	Regional	Global	LNGO	INGO	RCRC	UN agency
	Country Based Pooled Funds				✓✓	✓✓	✓✓	✓✓
	Development Food Security Activities				✓✓	✓✓		
	Multi-year funding at country level				✓✓	✓✓	✓✓	✓✓
	National Society Investment Alliance						✓✓	
	Rapid response funding mechanism				✓✓	✓✓		
	Programme-based partnership					✓		
	Regional funding earmarked to response					✓✓	✓✓	✓✓
	Global humanitarian funds for COVID-19 response				✓✓	✓✓		✓✓
	Multi-year core support to UN							✓
	Multi-year, unearmarked funding to NGO alliance					✓✓		
	Strategic NGO partnership					✓		
	UN internal pooled funds							✓
	Annual macro grant							✓

Notes: INGO = international NGO; LNGO = local or national NGO; RCRC = International Red Cross and Red Crescent Movement

Quality funding practice examples

Multi-year core support to UN organisations

What is it?

Core funding (also known as regular resources) consists of unearmarked contributions from public and private partners, given without restriction, allowing aid organisations to fulfil their mandates, across humanitarian and development programming if applicable. Core funding can be provided on an annual or multi-year basis.

In this catalogue entry, the focus is on multi-year contribution agreements between donors and UN organisations for global humanitarian activities.⁴

Examples collected included the Swedish, Canadian and Belgian governments' core multi-year humanitarian funding to UN agencies.

How does it operate?

Funding is agreed for a multi-year period and is typically disbursed in agreed amounts annually. The volumes of the humanitarian funding agreements that Sweden has with UN agencies range between SEK 1,880,000,000 (US\$197 million) and SEK 3,480,000,000 (US\$365 million) across four years, while Belgium's humanitarian funding agreements with UN agencies amount to €90 million (US\$100 million) across three years. Canada's core multi-year support to UN agencies ranges from CAD 6.0 million (US\$4.5 million) over three years to CAD 125 million (US\$95 million) over five years.

Features (earmarking, flexibility, conditions, reporting)

- Core funding is fully flexible against the mandate of the recipient UN agencies. Allocations of core resources are made based on a set of pre-defined criteria and as agreed with the Executive Board, which is composed of member states.
- There are relatively few conditions on the funding, but it may require that:
 - Financial reporting and annual reports are submitted before the next year's funding is released.
 - Any unspent balances remaining after completing commitments can be reallocated to subsequent operations within the UN agency.

- Government donors may rely on the UN agencies' own reporting, monitoring and evaluation systems, although the donor may request further information if required.
- Alongside core funding, there can in addition be a smaller amount of softly earmarked funding as part of the same funding agreement, e.g. for a particular region or for response to emerging crises. Although it comes under the same funding agreement, this funding is not considered as core funding due to its additional earmarking.

Advantages

- For recipients, this funding provides a range of well-traversed benefits, including predictable, sustained funding over a longer period. It enables longer-term planning for both recipients and donors.
- Recipients are able to use this funding strategically across their respective mandates to ensure maximum impact with donor funds, scale up sustainable solutions, invest in innovative approaches and adapt to changing situations in emergencies.
- Core funding can also be used as bridge funding for programmes without sufficient bilateral funding, as it is easily repurposed once additional bilateral funding comes through.
- Disbursement of the funding during the first fiscal quarter further increases its usability for UN agencies as it can then be put to use from the beginning of the year.
- For donors, this funding can help their progress towards meeting the Grand Bargain and other commitments. It can aid their reputation as a good donor and improve relationships with recipients.
- For both donors and recipients, multi-year funding can also mean reduced ongoing administration, although there can be more intensive effort required when the agreements expire or come up for renewal.

Disadvantages/challenges

- Agreed amounts may not allow for inflation, which means the amounts received annually may decrease in real terms across the duration of the agreement.
- There can be a ceiling on funding, in that amounts given cannot exceed those agreed in the multi-year agreement.
- The quality of the funding does not always trickle down. While funding provided from donors to UN bodies is multi-year and fully flexible, funding from the recipient UN bodies to their implementing partners⁵ may be in shorter-term cycles and tightly earmarked.

- Due to its fully flexible nature and its ability to be repurposed swiftly where funding gaps arise, it can be challenging to report on the outcomes of core funding. While a donor can use evidence from additional UN reporting on the overall benefits of this type of funding to demonstrate to parliaments and taxpayers that it has delivered better assistance, core support can have less direct visibility than other funding vehicles. Implementing core support in multi-year agreements risks exacerbating these downsides.
- As funding is agreed for a multi-year period, a donor cannot suspend or withdraw funding during that time to respond to an action by the receiving institution that they do not agree with, for example, a change in policy direction or an instance of mismanagement.

Lessons from users of this instrument

Donors and recipients are generally positive about multi-year arrangements, largely due to the significant benefits to recipient organisations. Multi-year agreements do generally require donors and recipients to have a strong partnership with a good level of trust and open communication.

Box 1: Increasing the visibility of donor contributions – UNICEF’s Regular Resources

The Grand Bargain specifically calls for aid agencies to “increase the visibility of unearmarked and softly earmarked funding, thereby recognising the contribution made by donors”.⁶ The 2019 Grand Bargain Independent Report noted “sporadic reporting on and progress against” this commitment.⁷ Greater visibility of and transparency in the use of flexible and predictable funding has the potential to unlock increased volumes of such funding.

UNICEF’s Resource Mobilisation Strategy 2018–2021 introduced new procedures to better recognise the funding it receives for regular resources (core funding) and to its thematic pooled funds.⁸ These included commitments to provide funding partners with regular results briefs that they can share with their constituents, social media announcements, press releases and presentations to parliamentarians.

In addition, UNICEF has carried out the following activities to enhance donor visibility:

- Conducting a survey with core resource partners to understand satisfaction with levels of visibility of their funding
- Creating a social media monitoring tool covering 34 public sector resource partners to identify gaps in visibility and recognition

- Co-creating recognition and visibility plans with core resource partners (Sweden and Germany)
 - Organising field trips for donors to witness the impact of their funding and communicate this to their constituencies.
-

Strategic NGO partnerships

What are they?

Strategic multi-year partnership agreements between government donors and NGOs to deliver humanitarian activities.

Examples collected included the Danish government's strategic partnership with DanChurchAid, the Netherlands government's block grant to the Dutch Red Cross, and the Spanish government's Framework Agreements for Emergency Assistance.

How do they operate?

The agreements operate over multiple years (all three examples collected were four-year agreements) and can be targeted at planned or ad hoc responses at a country, thematic or global level. Funding is typically disbursed annually – annual amounts in the examples collected ranged from €2.5 million to €15 million (US\$2.8–17 million).

NGOs may be required to advise or seek approval from the government donor before spending the funding on ad hoc responses, depending on the amount.

Features (earmarking, flexibility, conditions, reporting)

- Earmarking can range from none (allowing the NGO to allocate the funding as it sees fit globally) to light earmarking to a country or emergency response and humanitarian activities.
- There can be flexibility to move funding between types of responses, and even to bring forward funding from the next year. There may also be a percentage (e.g. 10%) of funding that can be shifted within budget lines without needing donor approval.
- There may be conditions:
 - on the types or targeting of activities that can be undertaken; and/or
 - requiring a report on the previous year's activities before the subsequent year's funding is released.

- There are typically light reporting requirements. Generally, an annual report is required (which can vary as to the required level of detail) and a final report at the conclusion of the funding may also be required.

Advantages

- Simplified processes around grant management, reporting and low levels of bureaucracy free organisational capacity within the recipient NGOs.
- Multi-year arrangements are very beneficial for recipient NGOs in particular. They allow long-term ambitions to be realised, as well as long-term thinking around addressing needs holistically. The timeframe also allows for planning and implementing a nexus approach.
- The partnerships can support localisation where funds are used to build the capacity of local partners and can support the NGO in establishing multi-year partnerships with local/national NGOs in humanitarian contexts.
- These partnerships can allow smaller government donors (e.g. Spain) to maximise the impact of their humanitarian funding by allowing them to work where the need is greatest, build the capacity of partners, and respond more effectively by working in multi-year cycles.

Disadvantages/challenges

- Can be administratively intense at the proposal/application stage.
- The standard of quality of proposals and reporting from NGOs can vary.

Lessons from users of these instruments

- These arrangements require a high level of trust between government donors and the receiving NGOs, and the continuous dialogue that these agreements foster provides for flexibility. A mutual understanding that effects will be long term is also required.
- DanChurchAid has transitioned into two-year agreements with its humanitarian partners. It has not yet extended agreements beyond this timeframe due to rapidly changing contexts.
- Focusing on small–medium-sized national or local NGOs could enhance the localisation impact of these partnerships. This would mean establishing equal partnerships over multiple years with local/national actors that are sustained in times of conflicts and emergencies.

Multi-year, unearmarked funding to an NGO alliance

What is it?

Multi-year, unearmarked funding to an NGO alliance for global humanitarian activities. The example considered was the government of the Netherlands' funding to the Dutch Relief Alliance, an alliance of 15 Dutch NGOs.

How does it operate?

The funding comprises a multi-year agreement with set annual disbursements to be allocated for broad areas of programming, which can be targeted at any humanitarian crisis. Areas of programming are defined by the NGO alliance with some consultation with the funder, with reference to Humanitarian Response Plans (HRPs) and assessment of need. Members of the NGO alliance collaboratively agree on what projects should be funded within each of the broad areas of programming.

The Dutch Relief Alliance is a four-year funding agreement of €60 million (US\$66 million) annually, covering 2018–2021. The funding covers three streams: protracted crises (€42 million or US\$46 million); acute crises (€15 million or US\$17 million); and humanitarian innovation (€3 million or US\$3.3 million), with funding levels for these three streams agreed with government of the Netherlands. Projects/programmes implemented by the Dutch Relief Alliance through this grant typically amount to between €4 million and €6 million (US\$4.4–6.6 million). Funds for protracted crisis responses (which may run over more than one programme year) are disbursed annually. Funds for acute crises and for humanitarian innovation are disbursed through block allocations at the beginning of each year.

Features (earmarking, flexibility, conditions, reporting)

- Funding is softly earmarked for types of response but there are no restrictions on location or type of activity. For the Dutch Relief Alliance, funding is softly earmarked for protracted crises, acute crises and humanitarian innovation.
- The NGO alliance retains ownership of decision-making for projects and fund allocations.
- For the Dutch Relief Alliance, there is 25% flexibility within budget headings. Alliance members may also request advances on future annual allocations.
- The government of the Netherlands does not attach additional conditions to the grant but the Dutch Relief Alliance itself has committed to aim for a minimum of 35% of the annual budget to be used for implementation by local partners by 2021.
- For each protracted crisis response programme, an annual plan is required, with annual reporting using the 8+3 template. For acute crisis responses, a single annual

report is required, covering all acute response programmes. Similarly, for innovation projects, a single annual report covering all projects is required.

Advantages

- For recipients, this arrangement provides a high level of flexibility and predictability of funding, with NGO Alliance members retaining ownership of decision-making for the identification of projects and allocation of funding within the agreement.
- Evaluation of a previous grant period found that the Dutch Relief Alliance was “able to prioritize urgent needs and adapt to changes in the operational environment. This was largely thanks to 25% budgetary flexibility entrusted to JR [Joint Response] leads which allowed assistance to be redirected as needed.”
- For donors, this funding arrangement allows for longer-term planning and a relatively low administrative burden.
- For donors, this funding can help their progress towards meeting the Grand Bargain and other commitments.
- For donors and recipients, this funding arrangement enables a close partnership between funder and recipient, as well as between recipients.

Disadvantages/challenges

- While funding is for a number of years, NGO alliance members have struggled to carry out multi-year planning.
- Working with an NGO alliance with a number of members with different structures, procedures and levels of funding can mean that reaching consensus for decision-making can take time. This means making changes or adaptations necessary to implement the alliance’s strategy can be slower than in individual organisations.

Lessons from users of this instrument

Multi-year agreements generally require donors and recipients to have a strong partnership with a good level of trust and communication, and this takes time to develop.

Regional funding earmarked to a response

What is it?

Funding provided to strategic partners to respond flexibly at the regional or refugee ‘situation’-level, where funding is softly earmarked to a specific regional refugee situation and corresponding appeal.

Examples collected included the German government's funding to UNHCR for regional refugee responses, and funding provided through Canada's Middle East Engagement Strategy to respond to crises in Iraq and Syria and address the impacts in Lebanon and Jordan.

How does it operate?

The agreements provide funding softly earmarked to a regional refugee response. Strategic UN and Red Cross / Red Crescent partners are able to determine how this funding is allocated against their existing response strategies and plans. These implementing partners can re-prioritise as situations change with the flexibility to re-allocate funding to emerging needs without seeking formal agreement from the donor. The agreements often operate over multiple years. Of the two examples reviewed, Canada provided US\$89 million over 2019–2021 in regional (softly earmarked) multi-year commitments, disbursed in annual tranches, to protracted crises in Iraq and Syria and to address the needs in Lebanon and Jordan. Of Germany's funding to UNHCR's refugee responses, about a third were multi-year commitments, and included US\$180 million to the Syria crisis, up to US\$15 million to the South Sudan crisis and up to US\$3 million to the Burundi crisis, with disbursements every four months.

Features (earmarking, flexibility, conditions, reporting)

- Funding is softly earmarked to a regional refugee situation giving partners the flexibility to determine where funding is allocated by country, project and activity.
- Implementing partners retain the flexibility to re-allocate funding within the regional response without seeking formal approval from the donor, although there may be an expectation that the donor is kept informed of significant changes.
- Additional conditionalities were not required by Canada or Germany.
- Reporting was required annually though varied in level of detail. Canada typically requires its partners to submit only the organisation's annual narrative report. Germany relies on reporting provided through UNHCR's Global Focus online system, which includes information on objectives, operations and outputs for each refugee situation. This replaces paper-based reporting and greatly reduces the administrative reporting burden, as this information is collected routinely by operational staff and updated automatically.

Advantages

- For donors, arrangements provide a reduced administrative burden as changes to location, project or activities do not require time-consuming negotiation or paperwork. This is perceived by donors as a benefit for recipients too.
- Enables recipients to be agile and respond quickly to changing need on the ground.

- Recipients have reported that where multi-year arrangements are in place, these enable planning in the longer term, can help to establish greater stability and continuity in project management and can support the development of deeper relationships with key stakeholders, including beneficiaries.
- Reports from recipients indicate that these multi-year funding arrangements can also support monitoring and learning, at both programme and individual staff level, with the flexibility of funding allowing for changes to programming based on this learning.

Disadvantages/challenges

- For implementing organisations with regional multi-year funding as a relatively small proportion of overall funding received for the response, it is challenging to implement multi-year programmes given that the majority of other funding received is short term.
- Some donors require visibility on what their funding achieved as part of the response. This can be challenging for regionally flexible funding provided over multiple years, as the attribution might be unclear after combining it with other income streams.
- One donor also reported that more specific evidence is required on how the flexible and multi-year nature of funding provided to the response improves outcomes for affected populations, so maintaining or scaling up funding provided in this way can be justified.

Lessons from users of these instruments

- These arrangements are founded on well-established relationships between donor and recipient, which take time to develop.
- Trust between donor and recipient is key. Transparency and open communication was highlighted as being the foundation for this, with transparency noted as particularly important with regard to issues of integrity.
- Illustrating how funds have been spent is important; however, this should not result in excessive reporting. Both Germany and Canada indicated a desire to keep reporting requirements light.

Multi-year funding at country level

What is it?

This funding instrument provides multi-year funding at the country level through one of the following:

- Bilateral agreements between donors and NGO, UN or Red Cross partners for their operations in a specific country over multiple years.

- Provision by a donor to an implementing partner of a multi-year budget for the delivery of a specific set of outcomes in a crisis country.

Examples of this include DFID's multi-year business cases in the vast majority of countries of operation, USAID/ODFA's multi-year emergency assistance to NGOs in Ethiopia, Mali and Niger, Australia's multi-year funding to UNFPA's crisis response in Bangladesh, and Canada's multi-year support to a range of implementing partners' country operations in Syria, Jordan, Iraq and Lebanon as part of Canada's Middle East Engagement Strategy.

How does it operate?

The bilateral agreements of multi-year funding at the country level are negotiated between the donor government and the respective implementing partner. The total funding amount for the multi-year period is usually agreed at the outset, though annual amount can be subject to revision following end-of-year reviews. Disbursement schedules vary by donor and can be quarterly, biannually or annually.

In the case of DFID's multi-year programmes in crisis countries, these include a set of implementing partners to deliver a proposed set of specific outcomes within a multi-year budget. This then allows for bilateral grant agreements with the specified implementing partners, with timeframes that match the budget period. It is however possible to have individual funding agreements with shorter time periods than the overarching multi-year budget if appropriate. Individual agreements can also be extended for up to a year beyond the budgetary period if a follow-up multi-year budget is authorised for this programme. Payments under individual agreements are made quarterly in arrears, though can be up-front if needed for rapid-onset crises. The indicative size of those multi-year budgets can extend to over US\$100 million.

Timeframes for both forms of multi-year support at the country level range from two to five years. Due to usually large volumes of multi-year funding being provided, this funding mechanism is more accessible to large, well-established international humanitarian responders. For NGOs, it is similarly more likely to be provided to consortia than to individual organisations.

Features (earmarking, flexibility, conditions, reporting)

- Earmarking of bilateral multi-year funding is by design at the country level, but can also occur in addition for humanitarian purposes, or to certain thematic or sectoral areas (e.g. gender-based violence or food security). For grant agreements as part of multi-year country programmes, funding is earmarked to a detailed set of results specified in a logframe.
- There is no standardised reporting process for this funding mechanism; it varies by relationship between donor and recipient organisation. For multi-year contributions that are only softly earmarked to an implementer's country operations, annual reporting on overall activities in-country tends to suffice.

- The flexibility of multi-year contributions to the country level varies, with additional levels of earmarking – if otherwise unearmarked or only for humanitarian purposes, they are fully flexible to use within the implementers’ humanitarian country response.
- For more tightly earmarked contributions, regular review processes and open channels of communication allow for changes to be made if necessary and justified, requiring exchanges between donor and implementer. This enables flexibility for partners in adapting programmes quickly to respond to crisis shocks without the need for a formal process, as long as the intended outcomes of the programme remain the same. Changes to any outcome-level results need to be formally agreed. This allows donors’ technical experts to guide programming towards desired outcomes on, for instance, resilience, localisation or accountability to affected populations. Some implementers however note that close, ongoing oversight at the technical level incurs a heavier reporting burden.

Advantages

- For multi-year programmes, having funding in place for a longer period enables the donor office to flex emergency response components if the crisis context changes while continuing to strengthen national systems for the delivery of essential services and social protection. There are no delays in applying for emergency allocations from the donor headquarters, given that funding for the country level is authorised in advance for multiple years.
- If multi-year funding at the country level is actively managed to support multi-year activities, it can lead to efficiency gains, for example through bulk procurement of supplies and reduced administrative costs for grant management.
- Multi-year funding at the country level when directly supporting multi-year activities provides staffing stability, continuity of services and greater trust in communities. If appropriate, it also enables multi-phase planning to work towards an exit strategy.
- There are further potential opportunities for improving the humanitarian response – although not yet fully realised – through multi-year funding at the country level in the thematic areas of localisation, participation and resilience.

Disadvantages/Challenges

- Some donors are hesitant to commit too much of their humanitarian funding for multiple years in advance and prefer to reserve funding for unforeseen spikes in humanitarian need. This can be mitigated by building into multi-year grant agreements the ability to adapt programming or by including contingency funds.
- If multi-year funding makes up only a small proportion of implementers’ country operations, it is more difficult to translate it into longer-term planning and programming with the associated efficiency and effectiveness gains.

- Even with a multi-year timeframe, users highlight the need to be realistic about what humanitarian funding can achieve over a few years, as addressing structural deprivation requires a much longer time and broader resource base.

Lessons from users of these instruments

Not all contexts are suitable for multi-year funding at the country level. Users identified this mechanism as most appropriate for protracted crises.

UN internal pooled funding mechanisms

What are they?

Pooled funds internal to specific UN agencies, channeling unearmarked or softly earmarked funds received at the global level to different crisis responses based on humanitarian need. Examples considered were the UNFPA's Humanitarian Action Thematic Fund (HTF), FAO's Special Fund for Emergency and Rehabilitation Activities (SFERA), and UNICEF's Global Humanitarian Thematic Funding (GHTF).

How do they operate?

Pooled funding allows UN agencies to deliver rapid and strategic responses to humanitarian need and provide assistance when humanitarian responses are underfunded. The flexibility and low earmarking allow UN agencies to act quickly and make allocations to country offices or partners that are most in need, including those that lack donor support and visibility.

Contributions to the funds may come from government or private sector partners (e.g. in 2018, UNICEF's GHTF received 66% of funds from the public sector, and 34% from the private sector). Donors may provide one-off, annual or multi-year funding, and contributions are pooled, reducing transaction costs. The volume of contribution agreements varies: HTF agreements currently range from US\$1 million to US\$12 million; SFERA agreements range from US\$500,000 to US\$14 million; and GHTF agreements range from US\$50,000 to US\$15 million.

When a response is required, a rapid quality assurance and approval process is undertaken, and funds are allocated quickly in the form of up-front grant funding or advances. Grants can be flexible in duration depending on the need, from short-term to multi-year timeframes (e.g. GHTF grants can last for up to four years).

Features (earmarking, flexibility, conditions, reporting)

- Funding is generally unearmarked or softly earmarked, for humanitarian responses or for target populations (e.g. women and girls, or children). Donors may allocate a grant to a programme for more strategic assistance to a specific crisis.

- There is generally a high level of flexibility to move funds between budget lines, activities, geographic areas or years. There may be some limits on flexibility depending on the type of funding allocated and any agreements with donors.
- There can be a range of conditions on the funding, such as the following:
 - It must target a certain population (e.g. the HTF must target women and girls, young people, people with disabilities and other marginalised groups affected by the humanitarian crisis).
 - Crises must meet set criteria (e.g. for part of its funding, SFERA requires a crisis to have been declared by UN OCHA and an international appeal, or a country to be in protracted crisis as defined by FAO's early warning and food security information systems).
 - Funds must be used against the targets and priorities set out in a particular appeal (e.g. the UNICEF Humanitarian Action for Children appeal).
- An annual report is generally required, covering the humanitarian response activities and results, as well as financial reports. This report may be provided to donors, governing bodies and the public.

Advantages

- Flexible funds allow agencies and their local implementing partners to react quickly to rapid-onset emergencies, saving lives.
- The flexible pooled funds ensure a cost-effective response, which enhances the impact of donor contributions. Rapid early responses are more efficient, mitigating the impact of threats, protecting people and livelihoods, hastening the recovery of those affected and building resilience.
- The flexibility of funding allows agencies to adjust activities and support according to the geographical and thematic areas of greatest need. For example, the HTF has supported procurement globally of protective equipment in response to the COVID-19 pandemic and SFERA has supported rapid responses to the 2019–20 desert locust crisis.
- Pooled funding reduces the risk of a donor's investment and allows for resources and responses to be tailored to underfunded emergencies.
- Administrative costs can be reduced through pooled funding mechanisms.
- The funds can allow for humanitarian responses to be more equitably based on needs, by reaching populations in small and/or forgotten crises or in underfunded sectors.

Disadvantages/challenges

- Pooled funds that make allocations to any part of the recipient UN agency's global response may be less attractive to donors who want to give directly to specific responses or locations.
- The availability of resources limits the impact of the funds (e.g. SFERA would benefit from a greater degree of working capital).
- There can still be challenges in shifting the allocation of resources according to need, and additional effort is required to increase the fungibility of funding.

Development Food Security Activities – Ethiopia

What are they?

In Ethiopia, Development Food Security Activities (DFSAs) are multi-year awards made by USAID/Office of Food for Peace (USAID/FFP) to NGOs to support the Productive Safety Net Program (PSNP) led by the government of Ethiopia. The PSNP aims to address the basic food needs of nearly eight million chronically food-insecure Ethiopians with both cash transfers and food assistance.

The DFSAs support the concept of a single, scalable safety net that addresses long-term chronic food insecurity and reduces poverty. This is combined with a shock-response contingency budget used to address acute needs that arise during the year among the clients covered by the DFSAs and the PSNP programme.

How do they operate?

USAID/FFP awards this funding to private voluntary organisations (including US and non-US NGOs) who are successful through a highly competitive request for applications in five-year cycles. The awards last for five years, with the funding disbursed through annual grants following a yearly workplan-approval process. Up to four awards are made per cycle, subject to funding availability.

The total amount funded through the awards is US\$110 million a year, with 45% of this being in-kind food assistance from US Agriculture Producers and 55% in the form of cash. USAID provides up-front funding to partners before shocks happen, which can be used in defined circumstances as set out in the cooperative agreement between the donor and partner. In FY2019, amounts granted to organisations for the year ranged from US\$15.8 million (awarded to Food for the Hungry) to US\$23.9 million (awarded to World Vision).

Features (earmarking, flexibility, conditions, reporting)

- The funding is targeted at the programme level and is tightly earmarked to the successful private voluntary organisations under a prescriptive design.

- There is line-item flexibility at the award level, but there cannot be a change in scope (e.g. activity, geographic location) without prior USAID approval.
- There are strict conditions on the funding, including the provision of:
 - an indicator performance tracking table;
 - a detailed implementation plan;
 - a monitoring and evaluation plan; and
 - a workplan-approval process.
- There are regular reporting requirements, with quarterly, annual and final budgetary reports required, as well as activity updates.

Advantages

- This programme allows the donor a high degree of oversight of the programme, while contributing to a local, government-led social protection strategy that works to implement a scalable safety net.
- USAID has found this programme to be successful in building lasting resilience among rural food-insecure clients and protecting development gains. While the PSNP has an immediate focus on food security, it also supports longer-term outcomes around gender equity and women's empowerment, livelihood support, nutrition and helping communities to become more climate resilient.
- The multi-year aspect of the awards offers partners predictability of funding, allowing them to plan further ahead and be more efficient, rather than operating in annual award cycles.

Disadvantages/challenges

The donor is closely involved at the output level, but this comes at the cost of increased donor and partner time dedicated to award management and reporting. This level of reporting is similar to other cooperative agreements that USAID operates.

Lessons from users of this instrument

Planning ahead on analysis, staffing and budget requirements for multi-year funding is important, as it can take a long time to get political and financial buy-in.

The contingency budgets have been used to respond to COVID-19, with programming 'pivots' allowing projects to adapt to new contexts in less than a month. The shock-response programme was activated for the food-insecurity impacts of COVID-19 in rural PSNP areas. As community food-security groups articulated needs, local governance

structures requested use of the contingency budget. Partners notified USAID as part of the COVID-19 pivot plan approval process to effect contingency transfers of food. These were approved, and using the existing distribution and safety net system, new clients affected by COVID-19 are being enrolled into the programme for temporary support.

Rapid response funding mechanisms for NGO action

What are they?

These rapid response funding mechanisms operate within donor–NGO partnerships and enable rapid responses by local and/or international NGOs (INGOs) to sudden-onset crises, a deterioration of an ongoing crisis or in anticipation of a crisis. Rapid response funding mechanisms have swift approval processes and aim to provide flexibility and speed to respond to changing events.

Examples collected included the Swedish government’s Rapid Response Mechanism, USAID/OFDA’s partnership with IOM to deliver a Rapid Response Fund in South Sudan and Abyei (one of several mechanisms of this type), and Start Network’s Start Fund and Migration Emergency Response Fund. These are just a few of the rapid response modalities that exist to contribute to flexible funding and timely response.

How do they operate?

A donor undergoes a process with local or INGOs to enter a strategic or cooperative partnership (or, in the case of USAID/OFDA, a partnership with the International Organization for Migration (IOM) that in turn supports partner organisations working in the region to deliver rapid responses). Through this process, the donor assesses the partner’s capacity and ability to implement rapid response projects. The duration of partnership agreements in the examples collected ranged from one to three years, or partners may be approved members of a network (e.g. Start).

The partnership funding can operate in different ways:

- An agreed amount can be paid from the donor to the recipient annually across the duration of the agreement.
- A proportion of the total amount funded through a partnership agreement may be tagged for rapid responses.
- There may be no ongoing annual amount paid, only funds paid out for specific rapid response projects as they arise.

When a sudden-onset crisis arises or an existing crisis worsens, an NGO can apply to the donor or partner agency through a simplified application procedure (e.g. an email, phone call or simple template, followed up by a fuller template/application) to use some of the already released funds to respond quickly to the emergency, or for new funds to be granted. Approval processes are streamlined (examples collected ranged from 24 hours to 7–10 days). For some mechanisms, approval can be granted at field or headquarters

level (including for smaller amounts), while others (especially larger amounts) may need higher managerial approval, which may take longer.

Amounts released for the rapid response projects in the examples collected ranged from US\$50,000 to US\$750,000 (although Sweden can grant larger amounts with Head of Department approval). Most response projects are for a short period, ranging from one to six months, although Sweden's mechanism allows for projects to be extended to up to twelve months in exceptional circumstances.

Features (earmarking, flexibility, conditions, reporting)

- Funds approved for responding to new or worsening crises are tightly earmarked for that purpose (this may be at country, organisational or project level).
- There is flexibility to use existing funds for new purposes as they arise, but they must be approved by the funder. There may be also be flexibility to make minor changes within budget lines of the project itself without donor approval (e.g. up to 10%).
- There may be conditions that the rapid-response programme:
 - is concluded within a certain timeframe;
 - uses the funding for only a sudden-onset or protracted emergency, or a humanitarian response – it may be precluded from venturing into longer-term development or disaster risk reduction projects; and/or
 - shows a demonstrable benefit for the affected population within a specific timeframe.
- Funders have different requirements for reporting. Examples collected include requiring reports within a defined period after the start and end of the response project, or requiring reporting on the project only through an annual report on the partnership as a whole. Reporting requirements may follow donor-specific templates.
- For some mechanisms, the majority of grants are made to local NGOs, providing access to quick funding for time-limited emergency responses, and capacity-building support that will have lasting impact on their ability to respond.

Advantages

- Can be used to respond to fast-arising and moving crises. Some donors have used these mechanisms in response to the COVID-19 pandemic.
- Can allow NGOs greater flexibility to be more responsive to emergencies. They can also provide greater funding to local and national NGOs, helping to develop their capacity as well as providing an avenue for local partners to maximise the effectiveness of services delivered.

- Can allow donors to expand their geographic reach by working with local partners and coordinating with other agencies, meeting needs not met through other programmes.

Disadvantages/challenges

- In practice, for some mechanisms, recipients may not find approval from the donor particularly fast. The recipient may have to answer further questions from the donor before their request is approved.
- Where a donor is very principled or strict about what humanitarian funding can be used for, there may be tight rules that the funding can be used for only a pure humanitarian response, and not for anything that could be funded by development spending.
- The short timeframes inherent in rapid response mechanisms can in some circumstances militate against working more closely with local partners, even where there is a strong desire to do so, as the time available to fully include local partners in all phases of the project process is limited.

Lessons from users of these instruments

Rapid response arrangements are generally well regarded by the donors. The partnerships require a high level of trust between donor and recipient. For responses to become more rapid and flexible, some donors would need to increasingly empower the NGO to make decisions and decide for itself where to spend the funding.

Where the response funding is sought because of the worsening of a protracted crisis, a longer decision-making time may be appropriate, allowing donors and partners more time to collate information and make decisions. While a rapid response mechanism may be flexible in the way it operates, flexibility to extend the responses could help address need that remains after the conclusion of a project. One donor extended the maximum duration for its response projects to address this.

Box 2: NGO pooled funding for COVID-19 response: Start Fund COVID-19

- In response to the COVID-19 pandemic, the Start Network set up a specific funding pool for NGO responses to the pandemic. The Start Fund COVID-19 operates in a similar way to the Start Fund mechanism, providing access to rapid response funding for the NGO members of its network. The Start Fund COVID-19 focuses on underfunded or neglected aspects of the pandemic response and on community responses to mitigate the effects of the pandemic or reduce the likelihood of outbreak in high-risk locations.

- By the end of May 2020, there had been two windows for accessing funding, where members raise 'alerts' to respond to identified needs. When an alert is raised, project proposals are submitted and network members then evaluate project proposals and determine how available funding – up to a maximum of £250,000 for each alert and each project – will be allocated. Given the scale of potential need and the limited funding available, the second of these funding windows allowed for a narrower focus for alerts. In this second window, the location for alerts was determined by the extent of risk from the impact of the pandemic and where limited funding was available (identifying the five countries most at risk), and by the network's existing footprint.
 - By the end of May 2020, £4.8 million of funding had been released for projects in 21 countries. As with other Start Fund mechanisms, the COVID-19 fund enables NGOs to respond rapidly to otherwise neglected or underfunded needs. Funding is agreed within seven days of an alert being raised for projects lasting 45 days, with the possibility of an extension for an additional 15 days.
-

Annual macro grant

What is it?

A macro grant agreement between a donor and recipient allows for the consolidation of multiple projects under one grant. The example considered was the USAID Office for Foreign Disaster Assistance (OFDA) Global Macro Grant Agreement with FAO.

How does it operate?

A significant portion of OFDA's funding to FAO is provided through the annual Global Macro Grant Agreement, contributing to FAO's emergency and rehabilitation programme. The macro grant involves the development of short concept notes approved by the donor collectively in a contribution agreement.

The funding covers a period of performance of 12 months and is renewed each year. Any additional funding during the year can be approved through an amendment to the agreement. The contribution agreement can be extended once for three months through a no-cost extension.

The award supports projects at the global, regional or country level. In 2019, individual project budgets ranged from US\$50,000 to US\$14 million.

Features (earmarking, flexibility, conditions, reporting)

- Funding is earmarked, and OFDA priorities influence where the funding is allocated.
- There is some flexibility to make activity and budget line changes, subject to FAO seeking written approval from the USAID Agreement Officer.
- There are some country-specific restrictions on the procurement of certain goods and services without prior approval from the donor.
- A narrative and financial report is required at the conclusion of a project, consistent with FAO standard procedures.

Advantages

- Funding is somewhat predictable for protracted crises as the macro grant is renewed on a yearly basis. This improves FAO's overall efficiency in responding rapidly to food crises.
- The administrative burden for both donor and recipient is minimised by consolidating multi-country activities under one grant.
- The macro grant mechanism is an effective framing activity that promotes the collaboration and identification of priorities between FAO and OFDA at country and headquarters levels. Through this process, key activities such as food-security coordination have been funded, and there has been a significant expansion in the use of Cash+ interventions (interventions that combine cash transfers with productive assets, inputs and/or technical training and extension services to enhance the livelihoods and productive capacities of poor and vulnerable households).

Disadvantages/challenges

- Although funding is somewhat predictable, multi-year funding options would improve this further.

Case studies

UN OCHA's Country Based Pooled Funds and COVID-19 response

What are they?

UN Country Based Pooled Funds (CBPFs) are funding mechanisms that pool softly earmarked funding for allocation in specific country contexts. CBPFs are established by the UN's Emergency Relief Coordinator (ERC) when a new emergency develops or an existing crisis deteriorates, following a field-driven assessment against a set of established criteria to determine if a CBPF could bring added value to the delivery of humanitarian aid.⁹ In-country, funding from CBPFs is allocated to a range of implementing partners; UN agencies, national and INGOs and Red Cross/Red Crescent organisations. In 2020, there were 18 CBPFs in operation. In response to the COVID-19 pandemic the operating procedures of CBPFs have been revised to enable greater flexibility in the funding they provide.

To date, CBPFs have delivered assistance in 28 countries. In 2019, the 18 CBPFs in operation allocated US\$1.02 billion to 758 partners. Of this, 46% was provided to INGOs (US\$471 million), 28% to UN agencies (US\$280 million) and 25% directly to national NGOs (US\$252 million). National NGOs received an additional US\$79 million when working as implementing partners with other agencies also receiving CBPF funding (e.g. UN agencies). In 2019, 34 government donors made contributions to CBPFs.¹⁰

Why and how?

CBPFs were first established by UN OCHA in 1997 and focus on channelling funding efficiently and transparently for locally identified needs at the country level. Donor funding is pooled at the country level, where individual CBPFs, within the parameters of HRPs, then have freedom to determine how this funding is allocated most appropriately. The funds are managed in-country by UN OCHA under leadership of the UN's Humanitarian Coordinator, with an Advisory Board providing oversight and guidance on how funds are used. At the global level a multi-stakeholder Pooled Fund Working Group provides advice on policy.

Prospective recipients of CBPF allocations are vetted. Approved partners then submit project proposals to the CBPF. Two forms of allocation are distributed: Standard allocations which are typically released once or twice a year, and Reserve allocations which are released in response to sudden onset emergencies. For Standard allocations, it typically takes 47 days from the submission of a project proposal to the agreement of a grant and a further 14 days for the disbursement of funds – 61 days from project proposal. Reserve allocations are made more quickly, with grant agreements made in 35 days and funds disbursed within 49 days of the project proposal being submitted.¹¹

Timelines for the allocation and disbursement of funding for the COVID-19 response have, however, been expedited, with on average just 34 days from the submission of project proposals to the allocation of funding, and only a further 7 days on average for the disbursement of funds.

Projects typically run for a maximum of 12 months and in 2019 project budgets ranged between US\$40,000 and US\$7.2 million. However, given that many CBPFs operate in protracted crisis contexts and that certain types of projects in these settings are more effectively delivered over a longer timeframe, OCHA has now begun to fund projects with an initial duration (so not merely a no-cost extension) beyond 12 months. Four CBPFs (in DRC, Somalia, Sudan and Yemen) are beginning to fund these longer-term projects. Learning from these projects will help inform the possible adoption of a multi-year funding policy for CBPFs.

What do they do?

Priorities for individual CBPFs are set at the country level in line with the needs identified within the UN's annual HRP. In 2019, guidance from the ERC encouraged CBPFs to address previously underfunded areas including projects for women and girls, gender-based violence, people with disabilities, education in protracted crises and other protection needs.

CBPFs are designed to ensure the assistance they provide is locally appropriate, both through their local management and alignment with the priorities of the HRP, and the channelling of funding to local and national actors. CBPFs are the largest single source of direct funding to local and national NGOs, with additional funding from CBPFs passing indirectly to national NGOs where these organisations work with UN agencies or INGOs as implementing partners.

CBPFs are also intended to be agile and flexible in how they are used to respond to and fund changing needs. CBPFs have been adapted in response to the COVID-19 pandemic, with a range of measures introduced to make the funding provided more flexible. By 17 June 2020, funding totalling US\$144 million from 17 CBPFs had been released or was in the process of being released for responses to the COVID-19 pandemic.

The Flexibility Guidance adopted by CBPFs seeks to enable partners to adapt to changing contextual needs, through re-programming, increased budgetary flexibility and/or extensions to existing projects, and by introducing revised operational conditions.¹² Key features of this increased flexibility include:

- the ability to re-programme existing projects in response to COVID-19 related needs, altering location or activities;
- cost extensions to scale up projects with critical activities for the COVID-19 response;
- broadened cost eligibility including where unforeseen costs were incurred because of the pandemic or where staff costs are incurred to sustain a temporarily suspended project;

- budget line flexibility of 15% allowed for staff costs without need for approval;
- new projects can include a 4% contingency budget line; and
- all CBPFs are allowed to provide blanket no-cost extensions; these grant additional implementation time and also enable partners that have concluded their implementation to use unspent balance for their COVID-19 response.

So what?

CBPFs are seen to allow for quick and appropriate response that promotes the country-level coordination of humanitarian assistance. For donors, CBPFs can enable greater impact through the pooling of their funding with others and can allow for greater operational reach than would otherwise be possible through the wide variety of CBPF implementing partners in-country.

Allocations by CBPFs to implementing partners are earmarked at the project level against logframes that are part of the proposal. While allocations are to be used within project parameters, it is possible for them to be used flexibly in response to changes in crisis contexts, and for projects to be revised. In reaction to the challenges that COVID-19 has posed to project implementation, the recently issued Flexibility Guidance provides a significant increase in the freedom that implementing partners have to change how, when and where to use the funds received by CBPFs. The intention is to retain this greater flexibility beyond the COVID-19 response, based on subsequent reviews of its implementation and lessons learned.

For donors, CBPFs complement other types and mechanisms of funding, such as core funding to UN agencies or funding to the Central Emergency Response Fund (CERF). The large proportion of funding that they provide to NGOs, both national and international, is a particular benefit in this regard. In addition, funding CBPFs allows donors to support coordination and a multi-sector response.

Through well-established links to the humanitarian country response, CBPFs can support HRPs in critical areas of operation and complement other UN-directed funding such as CERF allocations to the response.

CBPFs are able to provide some capacity building support to local and national actors, for instance through training on the Grant Management System.¹³ However, local and national actors may require broader institutional capacity support than CBPFs alone can provide, to enable access to CBPF funding. A broad coalition of actors therefore need to coordinate to ensure that sufficient capacity support is provided enabling local and national actors to access CBPF resources.

Donors also noted challenges around the difficulty of evidencing operational impact (though improvements, such the 2019 Global Evaluation¹⁴, were recognised), in particular in the absence of a monitoring system that could aggregate results to the level of individual funds.

Humanitarian Assistance under Canada's Middle East Engagement Strategy

What is it?

As part of Canada's Middle East Engagement Strategy, Canada has pledged up to CAD 1.4 billion (US\$1.1 billion) in humanitarian funding, over five years (2016–2021) to provide lifesaving gender-responsive humanitarian assistance to the most vulnerable conflict-affected populations in Iraq, Syria, Lebanon and Jordan.

Why and how?

In line with its Feminist International Assistance Policy and Gender Equality in Humanitarian Action Policy, Canada works through experienced partners, including UN agencies, NGOs and the International Red Cross / Red Crescent Movement to ensure that the specific needs and priorities of vulnerable and marginalised individuals are integrated into the response and to support the participation and empowerment of women and girls.

What does it do?

Multi-year

The majority of Canada's humanitarian assistance funding under the Middle East Engagement Strategy is provided to partners through multi-year contracts (agreements over two or three calendar years), aligned with the OECD definition of multi-year funding of two or more years. Disbursements are typically provided in annual tranches according to a payment schedule outlined in the funding agreement and generally aligned with annual reporting.

In 2019, Canada provided CAD 270 million (US\$204 million) to partners responding to crises in Syria, Iraq, Jordan and Lebanon (inclusive of previously approved multi-year support). Of this, CAD 124 million (US\$94 million) was provided as new multi-year allocations to partners at the country level. This funding drew on Canada's experiences in providing multi-year funding to partners between 2016 and 2018 and provided partners with greater predictability and the ability to plan. CAD 89 million (US\$67 million) for 2019–2021 was provided in regional (softly earmarked) multi-year humanitarian commitments to partners, to allow them to respond to new needs, emerging crises or critical funding requirements in the Middle East.

Flexibility

As part of this strategy, humanitarian assistance funding to UN agencies and the International Red Cross / Red Crescent Movement is directed to the regional or country level. Regional funding is softly earmarked to specific appeals, while country-level funding is earmarked to the organisation's country operations. For NGOs, the majority of funding is earmarked to specific projects.

Despite the earmarking modalities, funding is provided through flexible operational agreements. These respond to the appeals of partners and their assessments of the humanitarian context, as well as allowing humanitarian assistance organisations the flexibility to follow the crises as they evolve. The flexibility of Canada's multi-year support is demonstrated in the following ways:

- At the project level, NGO partners can request revisions to projects or budgets through an informal and light-touch approval process from Canada's International Humanitarian Assistance Bureau. Adjustments can be made to project activities or the geographic location of programming within a country, in order to respond to rapidly changing humanitarian contexts.
- At the country or regional level, Canada's UN and Red Cross / Red Crescent Movement partners have the flexibility to determine how the funding should be allocated, as per their humanitarian strategy or response planning tools, in order to provide the best and most effective humanitarian response. As Canada provides funding according to humanitarian appeals, partners use this funding for activities within the timeframe of the appeal unless otherwise agreed. For funding provided to partners at the regional level, the organisations manage and decide on the regional allocation process themselves, which creates opportunities for strengthening underfunded responses.
- While multi-year funding under the strategy is designed to respond to the evolving impacts of the protracted crises in Iraq and Syria, and their impacts in Lebanon and Jordan, Canada also retains a small amount of additional funding that can be allocated in-year to ensure partners have the flexibility to be highly responsive to rapid-onset situations causing new needs.
- Canada has adopted a light-touch approach to reporting requirements. For NGO projects, Canada adopted the 8+3 harmonised reporting template, and for UN agencies and the Red Cross / Red Crescent Movement, Canada typically requires only the submission of the organisation's annual narrative report outlining results achieved.

So what?

From the initial years of the strategy, partners reported: an improved ability to recruit and retain staff; benefits in procurement practices due to longer timelines and guaranteed funding; and smoother project planning timelines due to enhanced capacity to absorb periods of instability or temporary disruptions to programming. Multi-year programming was also found to reduce the time spent on administrative tasks for annual processes for both donors and partners, removing the uncertainty around certain single-year renewals.

While Canada is currently compiling feedback reports and documenting outcomes achieved and lessons learned, preliminary reports indicate that flexible multi-year funding has enabled partners to:

- have greater predictability for planning purposes;
- implement lessons learned within the scope of a project;
- reduce the impact of programming delays and operational costs due to economies of scale;
- build capacity through experiential learning;
- build strategic stability and continuity in project management;
- cultivate relationships with key stakeholders and local communities and build longer-term relationships with beneficiaries, allowing projects to build on momentum as communities have time to recognise the value of these projects, increasing legitimacy and participation rates; and
- flexibly adapt to complexity and insecurity on the ground, for instance through revising the project location or local partnerships, without having to undergo a new project proposal process.

Partners reported positive programming outcomes, particularly where funding focused on prevention, mitigation and response to sexual and gender-based violence (SGBV). Outcomes included greater sector-wide stability in coordination and provision of technical expertise, better relationship-building and better SGBV inclusion in country-level response planning.

All of Canada's humanitarian initiatives, supported under this strategy and otherwise, integrate gender equality considerations into their design and implementation, and encourage and support leadership, participation and decision-making by women and girls. Mainstreaming gender-responsive life-saving humanitarian assistance programming is the minimum expectation for projects funded by Global Affairs Canada.

However, Canada's partners also reported that multi-year funding enabled longer timelines to build trust and capacity in potentially sensitive, gendered life-saving programming. For instance, a three-year project timeline allowed for continuous improvement based on community feedback, such as in adapting the contents of 'dignity kits' to women and girls. For multi-year activities related to committees, such as women's leadership groups or hygiene-promotion committees, gendered lessons from lifesaving programmatic interventions continuously improved over the course of a project. Multi-year funding also enabled some multilateral partners to address key regional coordination needs across comprehensive sexual and reproductive health and SGBV programming responses, as well as to build technical expertise and recruit gender experts.

Other crosscutting themes

Multi-year funding under the strategy has enabled positive localisation practices. For example, some of Canada's multilateral partners work with trusted local women's organisations/actors and protection partners, in which the funding passed to local partners has been multi-year. This 'trickle down' to local partners enables trust-building with local communities and improved partnerships between international and local actors. Many of Canada's NGO partners under this strategy also work with trusted local partners on the ground.

Challenges and lessons

While Canada is continuing to review lessons learned for the strategy, preliminary challenges identified with this approach include:

- ensuring the benefits of multi-year funding in terms of predictability and planning are passed down to agreements with implementing partners; and
- considering the multi-year and flexible funding that has been allocated as the need for, and provision of, in-year funding is communicated.

Senior-level support and buy-in for a comprehensive regional strategy was one factor identified as necessary to develop this programme. This provided an opportunity for all fields to come together to plan a coordinated approach to programming in the region.

CERF's support for COVID-19 response

What are they?

Single block grants from the CERF to multilateral agencies for response to the COVID-19 pandemic. Funding is for use by UN agencies in any country within the Global Humanitarian Response Plan (GHRP), although funding may also be used to support global logistical activities of agencies (accounting for approximately 42% of funding: US\$40 million out of a total of US\$95 million).

Why and how?

Funding has been released in two tranches. The first, of US\$15 million to WHO and UNICEF, covering activities for a six-month period, was agreed with each agency on 11 and 12t March, with WHO using an early start date of 3 February. The second, of US\$80 to nine UN agencies, covering activities for a nine-month period, was announced at the GHRP launch on 25 March and agreed with agencies between 2 and 14 April. Individual disbursements ranged from US\$2.7 million to US\$40 million (with a small allocation of US\$50,000 to the UN Human Settlements Programme). All funding was disbursed within a maximum of five days from the date of agreement (except the UN Human Settlements Programme allocation was slightly delayed due to computer error).

Initial 'light' project proposals were required to access funding. Within one month of disbursement, more detailed project documents were submitted.

What do they do?

- Funding from the US\$80 million second tranche is to be used within the parameters of the response set out in the GHRP but is otherwise unearmarked.
- Agencies have been instructed by the Emergency Response Coordinator to coordinate at the country level as much as possible.
- Indicator targets are defined by the UN agencies themselves as part of the project plans they submit.
- Reporting requirements are the same as for other CERF grants, with an interim update at mid-year based on a one-page template outlining progress and spend. A detailed narrative report will be required three months after the end of funding (the end of March 2021). CERF usually receives these from UN agency country offices, but these grants will be reported on from headquarters given the global nature of the disbursements.

So what?

There has been limited time for reflection but initial lessons and feedback from country offices suggest that the speed with which funds were available and the flexibility of the funding were highly valued by recipients.

Initial challenges identified with the operation of the black grants include:

- high administrative burden for the CERF secretariat to manage funding arrangements; and
- country coordination between UN agencies receiving funding through these disbursements has been challenging.

National Society Investment Alliance

What is it?

The National Society Investment Alliance (NSIA) is a joint venture between the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC). It is a pooled funding mechanism that provides flexible multi-year financing and support for the development of Red Cross and Red Crescent National Societies. The NSIA aims to strengthen the local capacity of National Societies to deliver relevant and effective humanitarian services.

Why and how?

The NSIA arose from commitments made through the 2016 World Humanitarian Summit and Grand Bargain to provide at least 25% of global humanitarian funding to local and national responders. The NSIA funding is targeted at strengthening National Societies by providing them funds to support the development of their humanitarian services and organisational capacities.

Unearmarked funding is provided by government donors (currently Canada, Switzerland and the United States) to the NSIA. A fund manager, overseen by a steering committee comprising both IFRC and ICRC members, assesses applications from National Societies and disburses the financing to successful societies.

Two levels of funding are available:

- Bridge funding: up to CHF (Swiss francs) 50,000 (US\$51,000) for 12 months, to support the development of strategies for future investment from the NSIA or elsewhere. This funding is tightly earmarked and is provided based on a budget and workplan.
- Accelerator funding: up to CHF 1 million (US\$1 million) over a period of up to five years. This funding is less tightly earmarked, with the areas of earmarking determined by the recipient's proposal. The proposal identifies activity areas and planned spending, with ongoing dialogue to determine the activities and budgets for subsequent years.

The initiative prioritises national societies in humanitarian risk contexts categorised as 'very high', 'high' and 'medium', according to the independent INFORM index (a global risk assessment for humanitarian crises and disasters). The first call for proposals received 48 applications from National Societies, and in mid-2019 the steering committee decided on the first eight National Societies to receive bridge funding. Lebanon and Ukraine received the accelerator funding in this first round. A call for proposals for the second round of funding is underway in 2020.

What does it do?

The NSIA aims to help National Societies to become more self-sufficient and sustainable, and to diversify and expand their income. It provides recipients of accelerator funding with predictable funding through multi-year agreements. This allows them to invest in longer-term organisational development as opposed to short-term project implementation.

A unique feature of this funding is its focus on building local organisational capacity and sustainability, which can be an area neglected by donors. The model of funding supports localisation commitments made through the Grand Bargain.

Both Lebanon and Ukraine have used their accelerator funding to grow their fundraising capacity. This increased capacity has raised more regular, sustained income from a broader base of donors, as well as enabling societies to raise funds more quickly when

crises arise. These improvements have positively impacted the humanitarian services the societies are able to deliver. Both Lebanon and Ukraine report that their increased capacity has enabled them to respond more quickly to COVID-19.

So what?

Donors, the IFRC/ICRC and National Societies receiving accelerator funding all had positive feedback about the NSIA, including on:

- the global coordination role that the IFRC/ICRC was taking;
- the collaboration and sharing of knowledge across the movement to help societies wanting to improve their local capacity; and
- the cost-effectiveness of the programme, producing organisational improvements with relatively small investments.

Challenges identified to expanding this programme or it being adopted by others include:

- the need for a widespread culture change to put local organisations in the driving seat of how they use the funding they receive;
- constrained and short-term funding from donors to the NSIA (both low volumes and a lack of multi-year funding);
- donors having low appetites for risk; and
- organisational capacity being perceived as a less attractive cause to fund than other humanitarian services.

Spain's Framework Agreements for Emergency Assistance

What are they?

Framework Agreements for Emergency Assistance are four-year agreements between the Spanish Agency for International Development Cooperation (AECID) and specialised NGOs. The agreements provide multi-year programmatic support for emergency responses to humanitarian crises and are currently in place with five NGOs.

After a competitive selection process, the government and NGOs enter a multi-year agreement for annual funding over four years, currently averaging €2.5 million (US\$2.8 million) across the four years. The multi-year funding is flexible in scope and sectors of intervention, and local partners may support implementation.

When a crisis arises, NGOs can apply to AECID to use some of the pre-distributed funding to respond, called an 'activation'. An official request is made through an online system but can be preceded by an email setting out the basic elements of the proposed response and the funding required. AECID must respond to the request within 72 hours

and, if approved, the NGO can use the funds immediately. The initial request and approval are followed by a more detailed plan for using the funding, based on further information gathered since the initial request. The activities implemented through each activation last up to six months.

Within two months of finalising an activation, the NGO submits a report to AECID covering achievements and expenses. In addition, each year the NGO provides AECID with an annual report. If this is approved, the NGO then sets out a plan for the following year, and next annual tranche of funding is disbursed. If the full amount of funding for a year is not spent, it can be rolled over to the next year. If there are funds remaining at the end of the four-year agreement, and the agreement is being renewed, the outstanding funds can be transferred to the new agreement upon request to AECID.

In addition to funding for emergency assistance, the framework agreements provide a small, earmarked amount of core funding to the NGO. This can be used (as stated in the proposal) for purposes such as strengthening their own capacity or that of local partners.

Why and how?

The agreements were established to create a special mechanism for emergency assistance. They were seen as a way of overcoming some of the bureaucratic difficulty in distributing funds to discrete projects, while recognising that some NGOs had considerable capacity to respond to emergency situations.

The framework agreements do require a high level of trust and communication between the donor and recipient NGO.

What do they do?

The framework agreements provide NGOs with predictable multi-year funding, while providing a mechanism for fast responses to humanitarian emergencies. The core support in the agreements allows NGOs and their local partners to strengthen capacity and build teams with the security of multi-year funding, which in turn provides more effective responses to emergencies.

The agreements can support a humanitarian–development–peace nexus approach through building local capacity and disaster risk reduction activities. The NGO application for the multi-year agreement must address how they will implement a nexus approach. One NGO with a current agreement, for example, works with local health systems when implementing emergency health responses. In practice, however, the implementation of a nexus approach can be limited as NGOs are not allowed to spend the funding on development or recovery activities. Capacity-building activities have also been significantly limited due to the reduction in the total budget for the agreements.

So what?

AECID and the Spanish Red Cross (the recipient NGO interviewed), were very positive about the impact of the framework agreements. Benefits of the agreements include the following:

- They are bureaucratically light instruments.
- They provide NGOs with predictable funding for multiple years, allowing them to build their capacity and respond more effectively to crises.
- Funding spent on capacity-building (even where limited) helps advance the localisation agenda.
- They allow Spain, as a small donor, to have a greater footprint by improving the effectiveness of its humanitarian funding through multi-year and capacity-building agreements.
- They allow Spain to work outside the Spanish government's priority areas for humanitarian assistance and target funding where it is most needed for emergency responses, in line with humanitarian principles.
- NGOs may use small activations as a form of initial funding for an emergency response, which can make it easier to get additional resources from other donors.

Challenges identified to expanding this programme or it being adopted by others include the following:

- The amount of funding provided to NGOs through these agreements has decreased since their inception due to the worsening financial situation in Spain. When the Spanish Red Cross first signed a framework agreement in 2006 the value was €10 million (US\$11 million) across four years; now it is €2.5 million (US\$2.8 million). This decrease has had a significant impact on the activities it can implement and on the ability to strengthen the preparedness capacities of Red Cross and Red Crescent national societies.
- The initial application process can be intense, requiring the NGOs to meet certain criteria in terms of solvency, experience and certification by ECHO, as well as a multi-step process to provide a concept note and full proposals.
- While the agreements generally facilitate a rapid response, a lot of information may be required for an application to activate funding, particularly when NGOs may not have the full picture. This can delay an emergency response.
- Some administrative requirements are more suited to development interventions than emergency responses (e.g. annual planning documents require detailed outlines on planned activities and spending, which is not always possible to forecast in emergency response contexts).

- A larger proportion of funding for capacity-strengthening and a greater focus on small- and medium-sized NGOs would help further the localisation agenda.

UNFPA Humanitarian Action Thematic Fund

What is it?

The Humanitarian Action Thematic Fund (HTF) by UNFPA provides flexible and multi-year funding to all aspects of UNFPA's humanitarian response, without restrictions on geographical reach, thematically or on timeframes. It also provides bridge funding to UNFPA's crisis response while awaiting donor co-financing. Through its expedited internal grants mechanism, it supports regional and country programmes if their requirements are not met by bilateral funding agreements. The HTF thereby provides additional resources to underfunded humanitarian responses with the objective to allocate funding to where it is needed most.

Why and how?

The HTF was launched by UNFPA in June 2018, inspired by Grand Bargain discussions on the need for flexible and multi-year funding. It also sought to respond to UNFPA's humanitarian financing objectives – providing sexual and reproductive health services as well as preventing and responding to gender-based violence – being consistently underfunded (48% of funding requirements in 2018). Prior to the creation of the HTF, UNFPA received very little humanitarian funding to pooled funding mechanisms or with soft levels of earmarking. This was a contributing factor to the lack of funding for the humanitarian response in some countries. The HTF provides an opportunity for donors to support women and girls in emergencies while fulfilling the commitments of the Grand Bargain of increased multi-year funding and planning, flexible funding and simplified reporting requirements.

What does it do?

Government and private donors usually provide multi-year contributions to the HTF, which in turn allocates it as follows:

- **Bridge funding:** allocated at the beginning of a crisis through an accelerated grant allocation process. This is currently in form of a grant, but there are ongoing discussions on whether in the future this can be provided in the form of blended finance (mixed grant and loan). The proportion of the loan would be guided by the country offices' confidence in their ability to secure funding through bilateral agreements in the near future.
- **Funding underfunded responses:** allocated to country offices in the midst of a humanitarian response that clearly evidences existing humanitarian need in presence of a funding shortfall.

All HTF funding is earmarked for humanitarian purposes, although UNFPA has full flexibility on which humanitarian crisis responses to fund. To UNFPA's Humanitarian Office, contributions to the HTF are therefore considered as unearmarked.

The country offices in receipt of HTF's funding submit proposals with their own priority areas, which are reviewed and quality-assured by a technical team. All funding is currently provided up-front and in the form of grants. It is flexible in terms of timing and can be across years based on needs. Upon receipt of the funds, country offices are able with brief explanation to move funds between budget lines, years and geographic areas.

Thematically, the HTF covers the full spectrum of UNFPA's humanitarian activities across areas of response, preparedness and the humanitarian–development peace nexus. Some of the supported thematic areas include sexual and reproductive health, gender-based violence and mental health. In line with UNFPA's mandate, the targeted population groups are women and girls, young people, people with disabilities and other marginalised groups affected by crisis.

So what?

Some reported benefits of the HTF are:

- The ability to quickly channel funding to areas of UNFPA's humanitarian response that need it most for being underfunded, or when facing unforeseen and emerging threats. This elevates the importance of the HTF in UNFPA's response to COVID-19, as it provides a central allocation process for funding where it is required, for instance supporting the procurement of personal protective equipment globally.
- Strengthened quality assurance through an internal workflow of proposal and allocation review by thematic experts, ensuring robust implementation and monitoring.
- Reduced transaction costs usually associated with individual management of grants through a simplified internal reporting process, also reflected in a reduced indirect cost rate of 7% instead of 8% for contributions to the HTF.
- Harmonised reporting process of the HTF to donors through a multi-donor annual progress report, alongside active channels of communication on key issues as appropriate.

Challenges identified to expanding this fund or it being adopted by others include:

- preferences by some donors to fund humanitarian crisis response directly through bilateral agreements; and
- existing incentives for country offices to secure bilateral funding agreements, possibly competing with the goal of increasing funding to the HTF.

Programme Based Approach and Programmatic Partnership

What is it?

The Programme Based Approach (PBA) as followed by some donors such as Sweden and Norway, provides softly earmarked funding at country programme level. PBA funding is currently provided within multi-year framework agreements between donor governments and NGOs. Partners submit their entire country programmes instead of project proposals, are free to allocate funds according to their own priorities within the scope of their country programme strategies, and report on results and budgets at country programme level.

The Programmatic Partnerships as piloted by the European Commission's (EU) Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) in 2018 similarly provide softly earmarked funding to programmes at country, regional, global or thematic level over multiple years. They also encompass enhanced dialogue and joint monitoring in the field to reinforce mutual understanding and trust. Strengthened interaction between DG ECHO and the partner NGOs at headquarters and field level aligns the respective response strategies and priorities.

Why and how?

Programme-based funding is relatively common among development actors but has been piloted by Sida and the Norwegian Ministry of Foreign Affairs (NMFA) and the Norwegian Refugee Council (NRC) for humanitarian response only since 2017. Sida expanded this pilot to provide pilot PBA funding to the International Rescue Committee (IRC) and Action Against Hunger (Action Contre La Faim, ACF) in 2018. The NMFA offered partners the opportunity to apply programme-based approaches within their new partnership agreements contracted in 2020.

DG ECHO launched a first multi-year pilot Programmatic Partnership with ICRC in 2018 covering five countries in the Middle East. A flexibility mechanism was embedded allowing ICRC to shift up to 15% of funding from one country to another. In 2020, DG ECHO signed a three-year pilot Programmatic Partnership with ACTED (Agency for Technical Cooperation and Development) (covering five countries in Africa and two in the Middle East) and with CONCERN (covering five countries in Africa). Two additional partnership agreements are under preparation with other NGOs. The annual financial envelope for these pilot programmes with NGOs ranges from €5–15 million (US\$5.5 to US\$17 million).

Sida will provide a total of SEK 405 million (US\$42 million) in 2020 through the PBA, which represents almost 10% of Sida's total humanitarian allocation for 2020. The NMFA expects to provide NOK 1.7 billion (US\$186 million) in humanitarian funding through its strategic NGO partnerships in 2020, which represents 31% of Norway's total humanitarian funding in 2020 (note however that not all strategic partnership funding is programme-based).

Organisations can in principle submit their country programme strategies and budgets in lieu of formal tailored proposals, simply indicating the percentage contribution to the whole programme budget they seek.

Both Sida and the NMFA PBA funding are flexible by design and partners may shift funding towards new priorities without needing to request a formal amendment, so long as they fall within the scope of the agreed country programme.

What does it do?

The idea of the PBA is to support the delivery of a programme-based approach to humanitarian response, that may include an integrated package of activities across a variety of sectors and themes, and to support the use of existing partner systems, tools and approaches.

The PBA is flexible by design and enables organisations to target funding according to their own prioritisation and to follow a more strategic and needs-based approach. Partners may for example prioritise underfunded areas and sectors, respond rapidly to unforeseen needs and bridge gaps in their earmarked funding.

In line with the Grand Bargain, DG ECHO supports partners' commitment towards the localisation agenda and the humanitarian-development nexus.

The Sida and NMFA PBAs also support the use of their partners' existing reporting systems, reducing the bureaucratic burden.

DG ECHO reporting requirements are based on the EU Commission's obligation to report to EU Member States, the European Parliament and the European Court of Auditors. However, the pilot Programmatic Partnerships move away from detailed reporting on outputs to focus on outcome indicators.

So what?

The NMFA, Sida and their NGO partners NRC, IRC and ACF all had positive feedback on their experiences of PBA funding to date, including the following:

- PBA funding enables a timely and needs-based response, allowing partners to adapt to changing priorities and opportunities and to target underfunded and overlooked needs.
- PBA funding supports a more accountable response, allowing partners the flexibility to adapt targeting and programming based on feedback from affected populations and partners and on monitoring information.
- A more needs-based and accountable response contributes to strengthened relationships of trust with communities and local authorities.

- PBA funding allows partners to build a more coherent and strategic response, and to stand up new initiatives and innovative approaches.
- There are substantial administrative efficiency gains for both donors and recipients, notably in reduced grant amendments.
- PBA funding has enabled organisations to bridge smooth funding gaps in their earmarked funding, in some cases helping to avoid closing activities and offices.
- The PBA has strengthened relationships between donors and their partners, and dialogue is noted to be franker and more strategic.

Challenges identified to expanding this programme or it being adopted by others include the following:

- Not all NGOs are set up to design, deliver, monitor and report at country programme level, rather than at project level, and adapting systems and building capacity to work at programme level requires financial investment and time.
- The bar for entry is relatively high and, so far, partners selected for PBAs have been those with long-established relationships with donors.
- Given the large volumes of funding being granted annually, this type of funding primarily reaches large INGOs, ICRC or IFRC (for instance, DG ECHO's support to the IFRC's Disaster Relief Emergency Fund).
- The PBA offers donors far less control, including opportunities to target funding towards policy priorities.
- The PBA poses challenges for donors wanting a clear line of sight between their funding and results that can be attributed specifically to their funding alone.
- The flexibility for implementing partners to set their own programmatic priorities can be challenging at the proposal stage, as criteria for successful grant applications might be less clear. Specific guidance on what programmatic aspects overlap with the donor's priorities can help this.

Appendix 1: Further information

Quality funding practice examples

[Administrative guidelines for DANIDA's strategic partners](#)

[DFID's multi-year business cases](#)

[FAO's Special Fund for Emergency and Rehabilitation Activities](#)

IOM's [Rapid Response Fund](#)

Start Network's [Migration Emergency Response Fund](#)

[Summary of DANIDA's strategic partnerships for 2018-2021 \(in Danish\)](#)

The Swedish government's [Rapid Response Mechanism](#)

[UNFPA's Humanitarian Action Thematic Fund](#)

[UNICEF's Thematic Funding and Global Humanitarian Thematic Funding](#)

USAID:

- [Food for Peace Fiscal Year 2019 Ethiopia DFSA Fact Sheet – Catholic Relief Services](#)
- [Food for Peace Fiscal Year 2019 Ethiopia DFSA Fact Sheet – Food for the Hungry](#)
- [Food for Peace Fiscal Year 2019 Ethiopia DFSA Fact Sheet – Relief Society of Tigray](#)
- [Food for Peace Fiscal Year 2019 Ethiopia DFSA Fact Sheet – World Vision](#)

Case studies

[Canada's Gender Equality in Humanitarian Action policy](#)

[Canada's Middle East Engagement Strategy](#)

[INFORM index](#)

[The National Society Investment Alliance](#)

[UNFPA's Humanitarian Action Thematic Fund](#)

Notes

- ¹ Outcome Report – Progress Acceleration Workshop: Enhanced Quality Funding through Reduced Earmarking, Multi-Year Planning and Funding, 28 October 2019, <https://interagencystandingcommittee.org/grand-bargain/outcome-report-progress-acceleration-workshop-enhanced-quality-funding-through-0>
- ² This definition is in line with the OECD definition and guidance developed by the Grand Bargain Enhanced Quality Funding Workstream in 2020, accessible at: <https://interagencystandingcommittee.org/system/files/2020-04/Multi-year%20and%20flexible%20funding%20-%20Definitions%20Guidance%20Summary%20-%20Narrative%20Section%20January%202020.pdf>
- ³ Accessible at: https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf
- ⁴ In the case of UN agencies with a dual mandate across development and humanitarian goals – such as UNICEF or WFP – this type of funding would not be considered core funding as it is very softly earmarked to the humanitarian part of the mandate.
- ⁵ These implementing partners include other UN agencies, international NGOs, and local and national actors as defined by the Grand Bargain Localisation Workstream. These definitions are accessible at: https://interagencystandingcommittee.org/system/files/categories_for_tracking_direct_as_possible_funding_to_local_and_national_actors_003.pdf
- ⁶ The Grand Bargain – a shared commitment to better serve people in need, 2016, p. 12, https://interagencystandingcommittee.org/system/files/grand_bargain_final_22_may_final-2_0.pdf
- ⁷ ODI, 2019. Grand Bargain independent report 2019, www.odi.org/publications/11387-grand-bargain-annual-independent-report-2019
- ⁸ Structured dialogue on financing the results of the UNICEF Strategic Plan 2018–2021 (UNICEF’s Executive Board, Second Regular Session 2018, Item 5 of provisional agenda – 7 August 2018), www.unicef.org/about/execboard/files/2018-EB9-Structured_Dialogue_SP-2018.08.07-EN.pdf
- ⁹ The process for establishing a CBPF and the criteria considered in making such a decision are set out in an Operational handbook for Country-based pooled funds (OCHA – 2017), accessible at: www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf/cbpf-guidelines
- ¹⁰ OCHA, Country-Based Pooled Funds 2019 in Review, accessible at: www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf. Real-time updates of funding to and provided by the CBPFs can be found at: <https://pfbi.unocha.org/index.html>
- ¹¹ OCHA, OCHA Evaluation of Country-Based Pooled Funds Global Synthesis Report, November 2019. Accessible at: www.unocha.org/themes/evaluations-and-reviews/reports
- ¹² Flexibility Guidance: Country-Based Pooled Funds in the context of COVID-19 pandemic. Available at: www.unocha.org/our-work/humanitarian-financing/country-based-pooled-funds-cbpf
- ¹³ The Grant Management System (GMS) is a standard platform for the management of all Country-based Pooled Funds. For further information, see: <https://gms.unocha.org/support>
- ¹⁴ OCHA, OCHA Evaluation of Country-Based Pooled Funds Global Synthesis Report, November 2019. Accessible at: www.unocha.org/themes/evaluations-and-reviews/reports



Food and Agriculture
Organization of the
United Nations



**development
initiatives**



**NORWEGIAN
REFUGEE COUNCIL**

The Norwegian Refugee Council (NRC) is an independent humanitarian organisation helping people forced to flee. We work in crises across 31 countries, providing emergencies and long-term assistance to millions of people every year.

To find out more about our work visit:

www.nrc.no

Twitter: [@NRC_Norway](https://twitter.com/NRC_Norway)

Email: nrc@nrc.no

We stand up for people forced to flee, advocating for their rights. NORCAP, our global provider of expertise, helps improve international and local ability to prevent, prepare for, respond to and recover from crises. NRC also runs the Internal Displacement Monitoring Centre in Geneva, a global leader in reporting on and advocating for people displaced within their own country.

Development Initiatives (DI) is an international development organisation that focuses on putting data-driven decision-making at the heart of poverty eradication.

Contact

Angus Urquhart

Crisis and Humanitarian Lead

angus.urquhart@devinit.org

Our vision is a world without poverty that invests in human security and where everyone shares the benefits of opportunity and growth.

To find out more about our work visit:

www.devinit.org

Twitter: [@devinitorg](https://twitter.com/devinitorg)

Email: info@devinit.org

We provide rigorous information to support better decisions, influence policy outcomes, increase accountability and strengthen the use of data to eradicate poverty.

Content produced by Development Initiatives is licensed under a Creative Commons Attribution BY-NC-ND 4.0 International license, unless stated otherwise on an image or page. We encourage dissemination of our work provided a reference is included.

Development Initiatives is the trading name of Development Initiatives Poverty Research Ltd, registered in England and Wales, Company No. 06368740, and DI International Ltd, registered in England and Wales, Company No. 5802543. Registered Office: North Quay House, Quay Side, Temple Back, Bristol, BS1 6FL.

ISBN 978-92-5-132994-8



9 789251 329948

CA9929EN/1/07.20