



# Grand Bargain Spotlight:

## Increasing Multi-year Funding

Multi-year funding facilitates strategic humanitarian response and costs efficiencies.

### Background

The first multi-year UN pooled funding appeal was launched in 2012 for the humanitarian response in Somalia. Since then, many more multi-year appeals have been launched, notably for the Sahel region and more recently for the Refugee Regional Response Plan in Syria. Multi-year grants by institutional donors, however, such as OFDA, DFID, ECHO and other humanitarian donors are rare. The High Level Panel (HLP) in their report *“Too important to fail-addressing the humanitarian financing gap”* (2016) on Humanitarian Financing asserted that significant savings could be made by moving beyond annual planning and response, to a multi-year planning and funding framework. As organisations shift toward more multi-year and thus more strategic planning, **donors are encouraged to find ways to adjust their internal mechanisms** to support multi-year response.

### Funding predictability

For humanitarian organisations, predictable funding is essential to operate more **efficiently and cost-effectively**. Multi-year funding agreements facilitate the strategic planning and allocation of resources, such as longer term procurement planning and orders, which can have cost savings when compared to annually repeated

procurements. It also facilitates staff retention as staff have more job security and are thus more likely to stay with an organisation. Limited predictability can lead to short-term programming focus, fragmented operations and higher transaction costs.

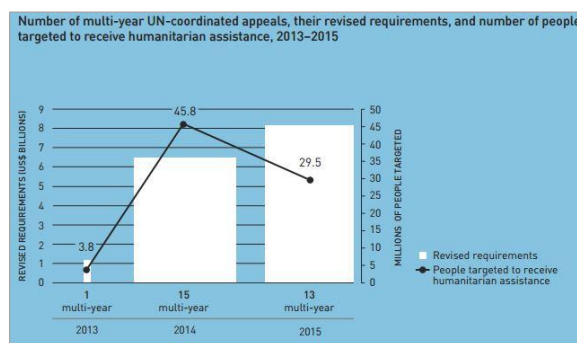


Figure 7.5, Global Humanitarian Assistance Report, 2015

**Short-term funding** contributes to **reduced cost efficiency** in a number of areas. Short-term funding makes it more difficult for humanitarian organisations to adopt a **longer-term strategic humanitarian response**, including in planning and allocating funding for different phases of the humanitarian programme cycle. There is also an impact on transitioning to resilience and early recovery programming, and thereby bridging the humanitarian-development divide. The effect of

limited predictability has been particularly noticeable in **protracted crises** such as Iraq, Somalia, Democratic Republic of Congo, the Central African Republic and South Sudan, where complex and diverse requirements require adapted and simultaneous responses including both emergency response and early recovery.

Principles 12 and 13 in the 'Good Humanitarian Donorship' (GHD) initiative outline **the need for flexible and more predictable funding and encourage signatories to enhance longer term funding arrangements**. Many of the major institutional donors are members of the GHD and are thus encouraged to adhere to these GHD recommendations.

### World Humanitarian Summit outcomes

Aid organisations and donors commit to:

- Increase **multi-year, collaborative and flexible planning and multi-year funding instruments** and document the impacts on programme efficiency and effectiveness, ensuring that recipients apply the same funding arrangements with their implementing partners.
- Support in **at least five countries by the end of 2017 multi-year collaborative planning and response plans through multi-year funding** and monitor and evaluate the outcomes of these responses.
- Strengthen existing coordination efforts to share analysis of needs and risks between the humanitarian and development sectors and to better align humanitarian and development planning tools and interventions while respecting the principles of both.

Aid organisations and donors also committed to **multi-year investment in the institutional capacities of local and national responders**, including preparedness, response and coordination capacities, especially in fragile contexts.

### Next steps for NRC

NRC welcomes the commitments under the 'Grand Bargain' related to harmonisation, multi-year funding and reduced earmarking, recognising that these commitments will facilitate a more flexible and effective humanitarian response. NRC is prepared to engage as an operational frontline NGO in any future working group tasked to follow up on the commitments made under the 'Grand Bargain'. Furthermore, the NRC office in Geneva will continue its active participation in the IASC Humanitarian Financing Task Team, whose work plan for 2016-2017 details many related activities.

#### NRC recommendations:

- NRC should position itself to pilot any new multi-year funding instruments with donors.
- NRC should contribute to the documentation of the impacts of multi-year funding on humanitarian response.
- NRC should participate in the multi-year collaborative planning in one or more of the five countries chosen by 2017.

Links to other relevant information:

Grand Bargain, [https://interagencystandingcommittee.org/system/files/the\\_grand\\_bargain\\_may\\_2016.pdf](https://interagencystandingcommittee.org/system/files/the_grand_bargain_may_2016.pdf)

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