

# The NGOs and Humanitarian Reform Project

A chance to influence  
the humanitarian system

## **Financing Mechanism: NHRP Learning: Pooling the pooled funds**

This presentation looks at the Project's experiences in humanitarian financing, specifically the pooled funds. It identifies some achievements as well as gaps and suggests some ways forward from the experience of the Project in the 4 focus countries. Research and experience suggest that these are shared beyond the focus countries.

This presentation looks at two main issues relating to humanitarian financing

1. Agility and availability of funding
2. Partnership with, and access of, NNGOs to pooled funds

## **Agility of Funding:**

In Ethiopia the humanitarian Response Fund is the fastest mechanism for providing emergency funding. The time between project submission and approval can be as short as two weeks – compared to a month or more with most bilateral humanitarian donors. In contrast NGOs in Zimbabwe are finding that they can wait up to six months after projects are submitted for CERF funding before UN agencies pass on the money.

## **Donor support for the Pooled Funds:**

A number of donors have consistently funded the pooled funds, both the CERF, the CHF's and the country-level Emergency Response Funds.

In Afghanistan donor support for the newly launched ERF which was set up in January 2010 was slow to trickle in. The initial target for the fund was 5 million USD, although when the NHRP made a plea to donors to support the fund in May of this year only one donor, Swedish Sida, had contributed with a sum of just under US\$3.5 million in 2009. Since then Norway has given 700,000 USD with a promise of a further 611,000; Australia has promised 422,000 and IrishAid just under half a million US\$<sup>1</sup> although neither have yet delivered on their pledges, according to the Financial Tracking Service. Nevertheless even 5 million USD is dwarfed by the level of humanitarian need in the country and the cost of projects applying for funding: 64 million USD in 20 proposals (17 from national NGOs and 3 from INGOs by May 2010)

## **Is partnership working in practice?**

In all four focus countries pooled fund staff have made efforts to bring NGOs into the decision making processes of the funds. In DRC, NGOs sit on the CHF Board, and in

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<sup>1</sup> [http://fts.unocha.org/reports/daily/ocha\\_R10\\_E15746\\_asof\\_1010181746.pdf](http://fts.unocha.org/reports/daily/ocha_R10_E15746_asof_1010181746.pdf) Financial tracking service October 18<sup>th</sup> 2010

Ethiopia at the end of 2009, 3 international NGOs and the Ethiopian Red Cross were members of the HRF Review Board along with UN agencies and OCHA fund administrators. In Afghanistan, NGOs were invited in 2009 to participate in the advisory board for the new ERF which was established in January of 2010.

On the other hand, the NGOs and Humanitarian Reform Project staff have found that there is often a discrepancy between the way NGO pooled fund projects are monitored and those of UN agencies. For example in DRC, NGOs continue to raise the fact that their projects are more closely audited than UN agency projects. Over the course of the project's life-time, however, there has been an increase in the number of documented cases of UN agencies failing to abide by UNDP reporting requirements, which are then constrained in the next round of pooled fund allocations, which may be a sign that the accountability of UN agencies is increasingly under scrutiny. Last year, in Zimbabwe the ERF charter (inaccurately) stated that UN agencies and IOM will provide project reports as per the terms of the MOU while NGOs had to provide 2 reports one mid-term and one end of project. Project staff raised this discrepancy with OCHA and the ERF manager at OCHA agreed to rectify the mistake. As a result, all fund recipients were subsequently subjected to the same reporting requirements.

In Ethiopia, the HRF guidelines require agencies to participate in in-country regional coordination mechanisms as a prerequisite to receiving funding. While this condition is not closely monitored, there have been instances where the HRF team has found that fund recipients are not attending these regional meetings and, referring to the HRF guidelines, have required that the agency adhere to the requirements and attend. The fact that this policy is written into the guidelines makes it a potentially useful tool in the promotion of partnership and improved coordination at the regional level, although improvement in its enforcement is needed. At the same time, there is a need to ensure that the regional coordination mechanisms are effective in improving response so that there is value in attending.

In Afghanistan, the 2010 CERF underfunded round saw a marked improvement in the way humanitarian actors came together to set priorities. Across the spectrum, OCHA, cluster members, both UN and NGOs and the Humanitarian Coordinator worked together to agree on specific sectoral and geographic priorities as well as how the funding would be allocated.

### **Limited access for national NGOs continues to be the norm**

National NGO access to the pooled fund in DRC is the highest of the four project focus countries, and during the life-time of the project has seen a dramatic increase: rising from 14.7% in 2009 to 23.7% in the first pooled fund allocation round in 2010.

In Ethiopia, the HRF does not fund national or local NGO projects directly. However, when approached by a national NGO seeking project funds, HRF staff have at times connected the NGO with a UN agency or international NGO working in the region. Thus, while not directly supporting the work or capacity enhancement of national NGOs doing humanitarian work, the HRF does support partnership-building between national and international actors. This can help to strengthen the effectiveness as well as the improved coordination of humanitarian response, as national NGOs often have greater capacity to reach remote or hard-to-access communities. Nevertheless, notwithstanding the potential sensitivities of national NGOs directly being able to

access the fund, there are many compelling reasons for permitting national NGO access. Recent efforts by the project, in conjunction with other NGOs, including ICVA, have resulted in an advocacy strategy to move towards NNGO access to the HRF. That work, however, will have to be taken forward by those remaining in-country after the end of the project and will require support from donors and the UN if the rhetoric of humanitarian partnership is to become reality.

### **Obstacles to national NGOs:**

National NGOs providing humanitarian relief often do not have the reach or capacity of their international counterparts, with the result that there is sometimes a perception amongst pooled fund managers or their advisory boards that they are not capable of successfully implementing projects with pooled funds. Yet there is no provision within the pooled funds for capacity building for national actors, despite international NGOs' advocacy. In the case of DRC, the Pooled Fund Unit and most pooled fund donors have not been receptive to capacity building being part of its remit. The task is typically left to international actors, for example the work which CAFOD has undertaken to support its national partner Caritas Goma to successfully apply for accreditation to enable it to apply for HRF funding in DRC.

In Haiti, in 2010 the ERRF provided only 2 grants to national NGOs between January and July, despite a turnover of more than \$76 million. Although in this case the OCHA pooled fund manager informally worked with some national NGOs to support them in their applications, there was no formal process in place to enable her to do so in a more systematic way. The project has produced guidance material for local and national NGOs and a workshop hosted by ActionAid in September will hopefully help them to better understand how to adhere to the ERRF guidelines and successfully apply for more grants.

A less transparent reason for national NGOs being excluded is the fact that pooled fund units have limited evaluation capacity, and processing a handful of large project applications is more feasible than dealing with numerous smaller applications. Are there ways to adapt the monitoring and evaluation capacity of pooled funds to allow for more projects to be funded, thus allowing national NGOs more access to them? Could, for example, innovative means of Monitoring and Evaluation be introduced, which could include working with UN and INGO partners to relieve the burden of M and E from pooled fund managers?

Furthermore national NGOs often do not participate in the HCTs, provincial interagency committees, the intercluster meetings or other fora where allocations and priorities may be discussed.

There may also be a challenge to international NGOs themselves who often subcontract to national partners, thus taking their own administrative fee in project overheads, as well as maintaining humanitarian activity. Are we as international NGOs doing enough to support our own partners' access to the funds, and not supplanting them or accepting the status quo that they can only access funds via an accredited international NGO?

There remains much work to be done by not only INGOs, but also UN agencies and donors to ensure that we provide better support to NNGOs so that they can more

consistently access pooled funds. We have learned some lessons of what works well, but there is much more to be done and that learning needs to be transferred and built upon.

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