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*Good Humanitarian Donorship* (GHD) work plan 2016-18: concept note for the work stream on earmarking

The need for flexible financing is often highlighted as key to achieving responsive and flexible humanitarian aid, including by GHD donors in their *Principles and Good Practice of Humanitarian Donorship* endorsed in Stockholm on 17 June 2003.[[1]](#endnote-1) Despite this acknowledgement the trend is rather towards increased levels of earmarking. Through the work of the GHD earmarking work stream we hope to contribute to a better understanding of what donors would need from agencies to earmark less, and thereby to contribute to achieving the goal set out in the GHD work plan for 2016-2018 under Australia’s and Germany’s co-chairmanship (supporting donors in implementing their World Humanitarian Summit commitments and GHD principles and operational best practices, thereby contributing to improving the quality and impact of humanitarian assistance).

1. **Key issues to be addressed**

Being accountable for prudent use of tax payers’ funds, donors often require a level of control and accountability which may be challenging to obtain through flexible funding. Another challenge is the relative lack of donor visibility and recognition for unearmarked, core contributions. As an initial step, we therefore wished seek to collect information from GHD donors on what agency actions/policies would entice donors to increase/start providing core, or less earmarked contributions, in terms of the following:

1. Transparency in the methodology used to allocate core resources;
2. Reporting requirements;
3. Visibility requirements;
4. Any other key aspects participants wish to highlight.

We also wished to seek information from donors whether they have a method to provide a degree of flexibility in contributions to certain partner organizations (if so, how does it work; if not, would you consider adopting one).

1. **Evidence available and/or needed to support action**

A similar process is ongoing within the Grand Bargains process, where Sweden is co-leading the work stream on less earmarking together with the ICRC. Whereas Sweden is surveying donors, ICRC is undertaking a similar activity with the agencies. The combined inputs will be used as a basis for discussions on how to concretely move forward on the Grand Bargain commitments on flexible financing.

1. **Aimed achievements by GHD High Level Meetings in June 2017 and 2018**

As the recognition of the need for flexible funding is a shared principle for both GHD and Grand Bargain donors, we propose to present the work on less earmarking carried out in the Grand Bargain process to the wider group of GHD donors. By including more donors in the discussion, we hope to further improve the knowledge base about what steps agencies need to take in order to facilitate for donors to earmark less.

All GHD members have therefore been invited to participate and submit their replies to the questionnaire mentioned above. For GHD members’ reference, a couple of background papers were circulated along with the questionnaire (a non-paper on the value of flexibility in humanitarian financing as well as a summary of the method used by the *Swedish International Development Agency* (Sida) to ensure a measure of flexibility for selected partners).

The outcome of the questionnaire (to donors as well as agencies) will be presented on 29 May at a workshop in Geneva with donors and agencies hosted by Sweden and ICRC. Along with Grand Bargain signatories (donors as well as agencies), GHD earmarking work stream members will be invited to participate.

In addition to providing input on how to move forward on the Grand Bargain commitments on flexible financing, the intention is that the findings will serve as input to the discussion amongst all GHD members at the GHD High level meeting on 19 June 2017. The findings will also provide a basis for a discussion within the GHD work stream on how to concretely move forward within the work stream from autumn of 2017 until summer 2018.

1. §12: “Recognising the necessity of dynamic and flexible response to changing needs in humanitarian crises, strive to ensure predictability and flexibility in funding to United Nations agencies, funds and programmes and to other key humanitarian organisations.”

§13 “While stressing the importance of transparent and strategic priority-setting and financial planning by implementing, explore the possibility of reducing, or enhancing the flexibility of, earmarking, and of introducing longer-term funding arrangements.” [↑](#endnote-ref-1)