



**March 2020**

# **Multi-year humanitarian funding: Global baselines and trends**

background paper

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# Executive summary

The Grand Bargain calls for aid organisations and donors to increase multi-year humanitarian planning and funding. However, the extent to which progress is being made remains unclear. Existing data sources – including the Grand Bargain self-reporting process, the Financial Tracking Service (FTS) of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the International Aid Transparency Initiative (IATI) and independent research – do not currently provide a clear picture of the quantity of multi-year funding passing through the humanitarian system.

This study seeks to provide an indicative baseline for multi-year humanitarian funding, analysing data collected directly from Grand Bargain signatories – 11 donors and 10 aid organisations. Key findings drawn from data analysis and key informant interviews are as follows:

## **Donor allocations of multi-year humanitarian funding have grown**

Data collected directly from 11 donors shows that the volume of humanitarian funding they provide and identify as “multi-year” has grown year-on-year, both by volume and as a proportion of their total humanitarian contributions since 2016. Between 2016 and 2018, multi-year funding from these donors grew to US\$4.8 billion, a 75% increase. In 2018, multi-year funding accounted for 36% of total humanitarian assistance from these donors.

## **A variety of factors drive growth in multi-year humanitarian funding from donors**

The growth in multi-year contributions was felt, by both donor and aid organisation interviewees, to have been in part enabled by the Grand Bargain process, though only a small number indicated that the Grand Bargain had triggered an overhaul in approach. For donors, in-house efficiencies in managing grants often generated some of the immediate transitions to multi-year approaches.

## **Data on earmarking is limited, but where reported, it shows that the majority of multi-year humanitarian funding is earmarked**

Data collected on the earmarking of multi-year humanitarian funding for 2016 to 2018 was limited, with an average of 65% not reported with an earmarking category. Where data did indicate the extent of earmarking, “earmarked” or “tightly earmarked” funds account for the majority of multi-year funds in all three years between 2016 and 2018. These “earmarked” and “tightly earmarked” funds grew as a proportion of multi-year funding for which an earmarking category was provided, from 74% in 2016 to 80% in 2017, before decreasing to 65% in 2018.

### **Earmarking of multi-year humanitarian funding was reported by aid organisations as a significant factor limiting progress**

Earmarked multi-year grants are reported to be reducing aid organisations' ability to adapt multi-year programmes. Stipulations on country, sector or activity are perceived to be diluting the benefits of predictable funding by compelling aid organisations to channel their programmes toward pre-defined priorities, which may supersede the humanitarian imperative.

### **Multi-year humanitarian funding from donors is primarily channelled to international responders**

In 2018, UN agencies received 45% of reported multi-year humanitarian funding, with international NGOs receiving 19%. Despite increasing since 2016, multi-year contributions to local and national NGOs and pooled funds collectively accounted for only 2% of total reported multi-year contributions in 2018.

### **Aid organisations receive growing volumes of multi-year humanitarian funding, but this accounts for a smaller than expected share of total income**

Data from aid organisations shows that the volume of multi-year income they received rose sharply, more than doubling between 2016 and 2018. However, this multi-year income represents a notably smaller proportion of their income (13% in 2018) when compared to the reported share of allocations that donors identify as multi-year (36% in 2018). Several reasons may explain this apparent discrepancy: differing interpretations of "multi-year funding"; the pooling of aid organisations' varied income streams; a lack of alignment between donor and aid organisation funding cycles; and divergent practices in quantifying volumes of funding.

### **There remain several challenges to making further progress with the Grand Bargain's multi-year planning and funding commitments**

These include the unresolved tension between responding to current unmet needs versus future anticipated ones. Aid organisations also report that current volumes of multi-year funding are insufficient to change their modus operandi or to be passed on to downstream partners (with data on pass-through lacking). While multi-year funding has enabled alignment of some aid organisations' humanitarian and non-humanitarian programmes, questions persist around funding the pursuit of future alignment. Questions also remain around what results can realistically be achieved with humanitarian funding, and how to prioritise multi-year funding by sector.

### **Previously reported perceptions of the benefits of multi-year humanitarian funding were confirmed**

Consensus points towards the suitability of long-term funding primarily in protracted or recurrent crises, enabling responders to sustain operations, invest in partners and strengthen their capacity, as well as to invest in learning and development. Multi-year grants were also identified as acting as bridge funding when crises escalate, until crisis-specific institutional funding is released.

## **The significant data gaps on multi-year humanitarian funding indicate that better and more comprehensive reporting is required**

A fundamental issue is the absence of a commonly used definition of multi-year funding, including an agreed duration for funding considered “multi-year”. Encouragingly, the Grand Bargain Enhanced Quality Funding workstream is currently seeking to address this issue. OCHA’s FTS and IATI do have the functionality to provide some tracking of both multi-year and earmarked funding, although both have their own limitations. However, the extent of current reporting of multi-year and earmarked flows is limited. This is especially the case for flows beyond the first recipient in the transaction chain. In terms of results, no common set of indicators has yet been developed to measure multi-year effectiveness, and clarity is needed on what multi-year funding is expected to achieve.

### **Recommendations**

- Donors and aid organisations should agree a shared definition and lexicon for multi-year humanitarian funding.
- Donors and aid organisations should discuss and agree on the expected outcomes and results that multi-year humanitarian funding can realistically achieve.
- While there is need for more evidence on multi-year humanitarian funding, including through programme evaluations, donors and aid organisations should as a first step share existing evidence more systematically.
- Donors should indicate the timeframe of funding when they report to OCHA’s FTS and publish to IATI. Similarly, aid organisations should comprehensively report and publish the funding they distribute, indicating the timeframe.
- Donors should seek to enhance the coordination of funding decisions with other donors, acknowledging that the scope for taking multi-year approaches in the short term varies between donors.
- Donors and aid organisations should continue to pursue coordination between their multi-year programmes and multi-year UN appeals.
- Aid organisations should seek to build on the closer alignment with non-humanitarian responders which multi-year programming has enabled in some crisis settings.

# Introduction

The importance of predictable funding to more effective and efficient humanitarian responses, through increased use of multi-year funding arrangements, is widely acknowledged. For instance, the High-level Panel on Humanitarian Financing<sup>1</sup>, Good Humanitarian Donorship (GHD) Principles<sup>2</sup> and the Grand Bargain<sup>3</sup> all call for increased volumes of predictable humanitarian financing. A growing body of policy literature has also emerged, in particular in relation to multi-year funding, focusing on the perceived benefits of and need for predictable and flexible funding.<sup>4</sup> The literature also identifies guidance on effective programming in this area.

Since the World Humanitarian Summit in 2016, the Grand Bargain process has been the central focus of efforts to increase volumes of multi-year funding. Among other commitments on multi-year planning and funding, the Grand Bargain calls for aid organisations and donors 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”.<sup>5</sup> Initially, these efforts to increase multi-year funding and programming were directed through Workstream 7, which focused exclusively on increasing “collaborative multi-year planning and funding”.

In 2018 Workstream 7 was merged with Workstream 8, on reducing the “earmarking of donor contributions”, and re-named “Enhanced quality funding through reduced earmarking and multi-year planning and funding”. This acknowledges that predictable, multi-year funding and flexible, less earmarked funding are two interconnected elements of “quality funding”. Since the merging of the workstreams, the new Enhanced Quality Funding workstream has sought to accelerate progress on Grand Bargain commitments, including focusing attention on some of the key challenges identified in this report (preliminary findings for which were presented at a workshop on Workstreams 7 and 8 in September 2019).<sup>6</sup>

The 2019 Grand Bargain Independent Report, based on the self-reports of signatories, notes that significant progress has been made against some elements of the commitments under the Enhanced Quality Funding workstream. However, this progress is uneven across commitments and varies, in particular, between donors and aid organisations. Specifically with regard to volumes of multi-year funding, it notes that: “The most progress has been made by the donor group: 14 out of 18 have either maintained or increased the volume or percentage of multi-year funding they make available”. However, the report also notes that this “contrasts sharply with the experience of aid organisations, the majority of which reported seeing no or only minimal increases in the multi-year funding available to them”.<sup>7</sup>

The extent to which progress is being made in increasing the volume of multi-year humanitarian funding provided therefore remains unclear. Data sources – including the Grand Bargain self-reporting process, the Financial Tracking Service (FTS) of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the International Aid Transparency Initiative (IATA) and independent research – have yet to provide a clear picture of the quantity of multi-year funding passing through the humanitarian system. There is a significant information gap, which weakens ongoing efforts to implement the Grand Bargain commitments and hold signatories to account.

This study seeks to provide a strong baseline, informed by robust data, to begin to fill this evidence gap on multi-year humanitarian funding. The report provides a global view on trends in multi-year humanitarian funding, complementing other research conducted by Development Initiatives (DI) and the Norwegian Refugee Council in 2019, which focuses on field perspectives of multi-year funding in Jordan and Lebanon.<sup>8</sup> This global study, while noting the close interconnection between predictable, multi-year funding and flexible, unearmarked funding, sought to focus only on multi-year funding, given the complexities and challenges inherent in seeking to unpack and quantify each type of funding. Data was collected, where available, on the extent of earmarking of multi-year funding, but attempts were not made to collect comprehensive data on total volumes of earmarked humanitarian funding.

The study sought to fulfil the following objectives:

- To establish initial global figures for levels of multi-year humanitarian funding
- To enhance understanding of where such funding is allocated (by organisation type and recipient destination) and, where possible, how it is disbursed at different levels within the humanitarian system (international, national and local)
- To identify issues and challenges in collating and reporting data on multi-year funding
- To feed findings into discussions on definitions, identifying data gaps and providing recommendations on how to address these gaps.

The study employed a mixed methods approach, combining quantitative and qualitative data. Primary quantitative data was collected from donor and aid organisations that are Grand Bargain signatories. Separate quantitative surveys were designed to collect structured data from donors and from aid organisations. Surveys were circulated to all Grand Bargain signatories by the Grand Bargain Secretariat in April 2019, with survey responses collated and verified between April and August.

Qualitative semi-structured interviews were conducted with Grand Bargain signatories, researchers and independent financing experts between January and April 2019, to inform the scope and focus of the survey and broader study. Additional semi-structured interviews were conducted with Grand Bargain signatories between April and September 2019, following receipt of survey responses, to deepen understanding of funding policy and practice. Survey responses were received from 11 donors and 10 aid organisations. Interviews were conducted with 18 Grand Bargain signatories. A more detailed explanation of the methodology and its limitations is presented in Appendix I.

The paper is structured around key findings from the quantitative data surveys, which illustrate trends in donor contributions – total volumes and proportions, duration of agreements, extent of earmarking and recipients – and in first-level recipients' experience of multi-year funding. Qualitative findings from interviews accompany the quantitative findings, explaining and contextualising donor and aid organisation behaviour, and highlighting emerging issues. The study also explores additional issues relating to the reporting and tracking of multi-year humanitarian funding. It concludes with recommendations for improving analysis and understanding of multi-year humanitarian funding.

# Donor contributions

**Figure 1: Reported donor contributions of multi-year humanitarian funding grow to more than a third of all funding**



Source: Development Initiatives (DI) based on data provided bilaterally and from the International Aid Transparency Initiative (IATI). Data was collected between April and August 2019.

Notes: The dataset shown in the chart covers 11 institutional donors that are Grand Bargain signatories and reported to our survey. Between 2016 and 2018, these 11 donors provided 77% of total humanitarian assistance. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the donor. Data from the UK Department for International Development (DFID) was collected from IATI and includes some technical operation costs. Data is in constant 2017 prices.

**Data collected directly from donors shows that the volume of humanitarian funding they provide and identify as “multi-year” has grown year-on-year, both by volume and as a proportion of their total humanitarian contributions since 2016.** In the absence of a commonly agreed and used definition of multi-year funding, the analysis examines funding identified as “multi-year” and “humanitarian” by donors (See Appendix 1 – Methodology). In the section called ‘Duration of humanitarian funding from donors’, we provide analysis of the duration of these reported multi-year allocations.

- Reported volumes of multi-year humanitarian contributions increased by 75%, from US\$2.7 billion in 2016 to US\$4.8 billion in 2018, according to data from 11 Grand Bargain member states. Over the three years, these donors contributed an average of 77% of total international humanitarian assistance from public donors. Since 2016, their humanitarian contributions have increased by 41%, from US\$9.4 billion to US\$13.3 billion in 2018.
- The rate of growth of these donors’ multi-year humanitarian funding has fluctuated. Between 2016 and 2017, the volume of multi-year funding increased by 54%, while from 2017 to 2018 it rose by 14%. Similarly, while donor contributions grew in aggregate between 2016 to 2018, volumes of multi-year funding from individual donors fluctuated over this period.
- Between 2016 and 2018, multi-year humanitarian funding from these 11 donors grew as a proportion of the total international humanitarian assistance they provided. Multi-year humanitarian contributions as a proportion of total contributions grew from 29% in 2016 to 36% in 2018.

**The growth in multi-year contributions evident in the donor reports of multi-year humanitarian funding was felt, by both donor and aid organisation interviewees, to have been in part enabled by the Grand Bargain process.** It was acknowledged that the Grand Bargain process had helped to build momentum and encourage a higher volume of multi-year contributions. However, progress varied significantly between donors. Some donors were already allocating multi-year grants and continued to do so, albeit more purposefully. Others have budgetary constraints that preclude them from expanding their multi-year portfolios.

**Where progress has been observed, different factors have driven it. In some cases, progress was reportedly made more by chance than design.** Donors reported that in-house efficiencies in terms of managing grants often generated some of the immediate transitions to multi-year approaches. As internal allocation procedures can be lengthy, shifting from annual allocations to longer-term investments can lead to efficiency gains. However, shifts to longer-term funding are balanced against the desire to retain flexibility to direct resources when needs change.

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## Box 1: The scope and limits of the multi-year commitment

At its core, the multi-year Grand Bargain commitment focuses on responsive humanitarian action. It sets out two separate expectations for multi-year planning and funding: firstly, that it better aligns humanitarian and non-humanitarian programmes, and secondly, that the benefits of multi-year funding are experienced throughout the implementation chain. While these expectations may be shared across Grand Bargain signatories, it remains unclear how they can simultaneously be achieved. They have proven complex as standalone goals, and the interplay between them may hinder combined progress. Four key issues emerged from interviews with donors and aid organisations relating to the scope and limits of multi-year humanitarian funding.

First, by far the largest tension remains in balancing the decision to respond to current unmet needs versus future anticipated ones. Humanitarian response is historically post-factum. A shift from a more immediately reactive approach to a more proactive one, which in part seeks to better address longer-term needs, is bound to intersect with non-humanitarian activities. How far beyond the immediate humanitarian remit multi-year approaches can reach will be defined by a prudent balancing act. In addition, donors' own structures have implications for the types of grants they can award. For many, their humanitarian departments have the mandate to respond to immediate need and have therefore historically provided short-term funding. This can prevent the alignment of immediate humanitarian outcomes with longer-term development outcomes, due to a lack of clarity as to who holds internal responsibility for addressing longer-term needs in crisis settings. Some donors noted that they are seeking internal synergies to address this. However, aligning priorities driven by immediate need with the commitment to pursue longer-term outcomes remains an outstanding challenge.

From an aid organisation perspective, multi-mandate organisations reported that multi-year humanitarian funding has increasingly supported the alignment of their humanitarian and non-humanitarian programmes (stabilisation, recovery, migration or broader development). For such organisations, strategies at both institutional and country levels will span multiple years and may already include humanitarian and non-humanitarian outcomes. The receipt of multi-year humanitarian funding is reported to enable greater adaptability in the delivery of such strategies and to assist in achieving humanitarian and non-humanitarian outcomes.

Second, humanitarian organisations reported new initiatives through which they have explored links with non-humanitarian organisations. There is a perception that cross-mandate partnerships may tap into already finite humanitarian resources. However, new partnerships may not require humanitarian funds, as is reportedly the case in Jordan and Lebanon, where organisations work with the World Bank to

support national governments, or in Syria, where organisations work with the Islamic Development Bank and UN Development Programme.

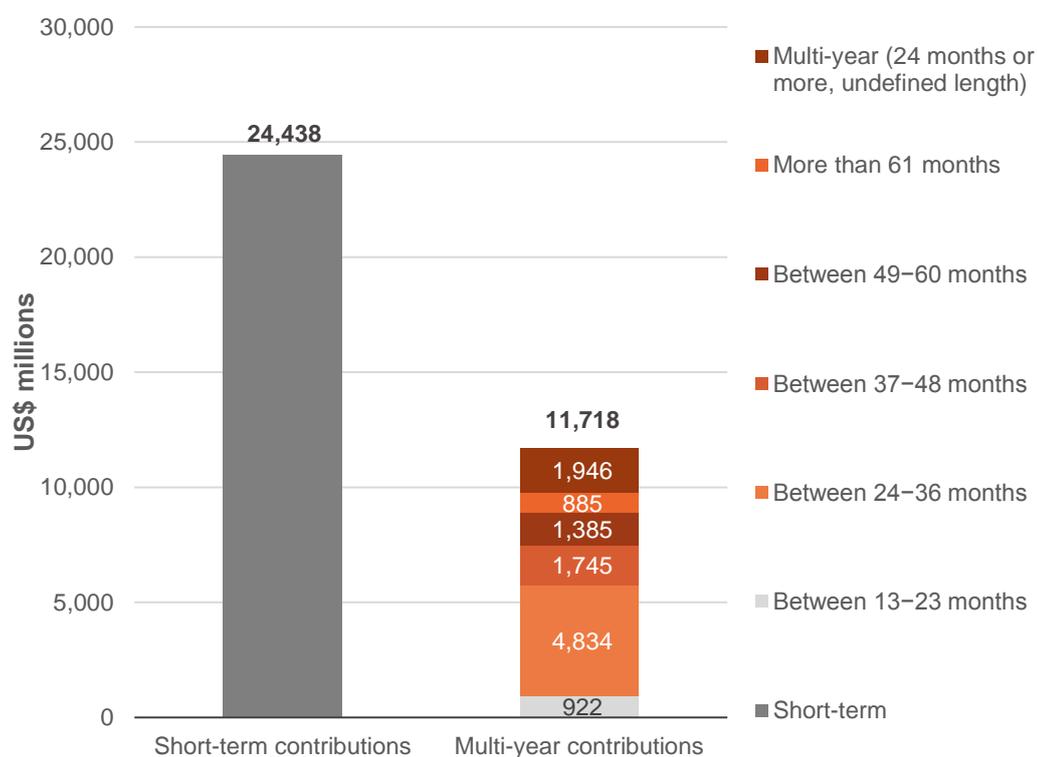
**Third, certain sectors require continuous and long-term investments.** Donors and aid organisations agree that investments in certain areas should be sustained beyond annual funding cycles. Such areas may be clusters in their own right, such as protection or education, or cross-cutting sectors, such as gender or the environment. In such instances, predictable, multi-year funding can support responses that take a longer-term view and can better achieve intended outcomes. However, very little sector-specific data was available in relation to multi-year funding and this is an area that requires further analysis.

Finally, it was reported that multi-year UN-coordinated plans have enabled aid organisations to align their own strategies to these overarching plans. However, these multi-year plans are not in place in all protracted crises, and the absence of country-wide multi-year frameworks can prevent the deeper coordination of responses.

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# Duration of funding from donors

**Figure 2: More than 90% of donors' multi-year humanitarian contributions between 2016 and 2018 were for 24 months or more**



Source: Development Initiatives, based on data provided bilaterally and from the International Aid Transparency Initiative (IATI). Data was collected between April and August 2019.

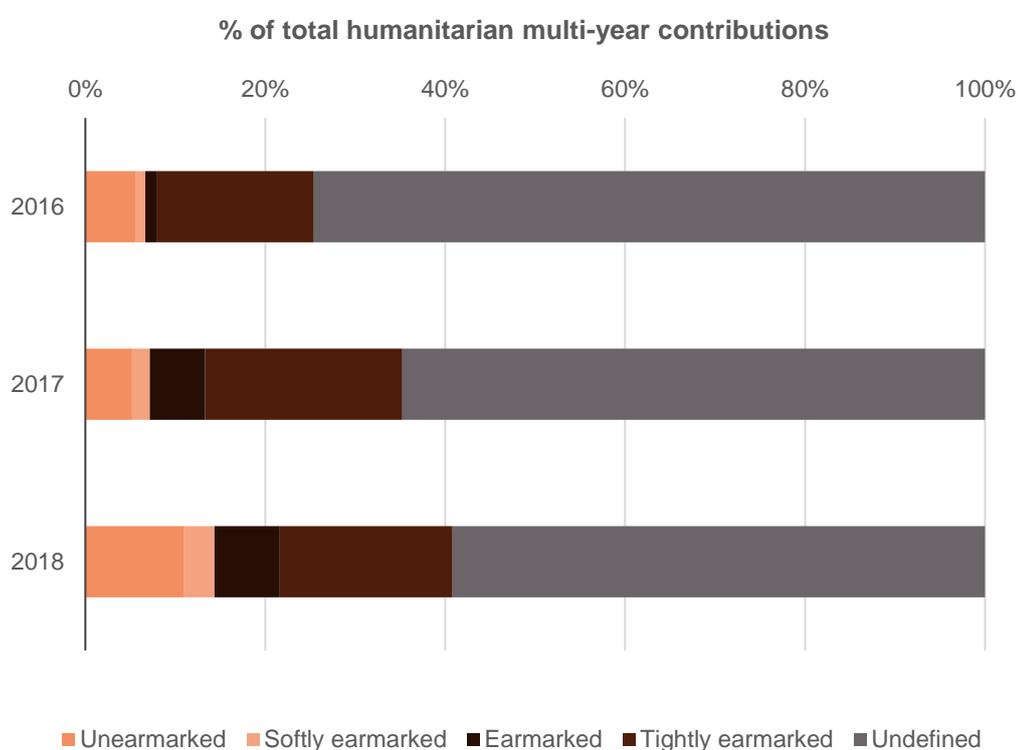
Notes: The dataset shown in the chart covers 11 institutional donors that are Grand Bargain signatories and reported to our survey. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the donor. DFID data was collected from IATI and includes some technical operation costs. Data is in constant 2017 prices.

**There is no commonly used definition of multi-year funding nor agreed duration for funding to be considered “multi-year”.** Some donors use the OECD and Good Humanitarian Donorship guidance<sup>9</sup> defining multi-year funding as that which spans a minimum of two years. However, these definitions are not universally endorsed or used in reporting, and two other main interpretations of multi-year funding emerge: funding that covers at least 18 months, and funding with a duration longer than 12 months.

- Between 2016 and 2018, almost a third (32%) of reported humanitarian contributions were multi-year, while over two thirds (68%) were short-term, based on donors’ own definitions.
- Regardless of the definition applied by donors, 92% of all reported contributions of multi-year humanitarian funding were for a period of 24 months or more.
- Where donors use definitions of “multi-year” for funding with a duration of “more than 12 months” or “more than 18 months”, only 14% (US\$922 million) of their total multi-year contributions over the period 2016 to 2018 were for a period of less than 24 months.
- Donors using the two-year (24 month) definition of “multi-year” account for 76% of total short-term funding. This reported short-term funding may capture arrangements with a duration of between 13 and 23 months, however, granular data is not available to gauge the volume of funding of this duration.
- Close to half (49%) of the reported multi-year contributions had a duration of up to 36 months. Of these, 84% spanned between two and three years. However, there remained a significant share of contributions classified as multi-year that were provided for a period of more than two years (17%), but for which the exact duration of the funding was not provided.

# Earmarking of funding from donors

Figure 3: Available data on earmarking shows the majority of donors' reported multi-year contributions are earmarked



Source: Development Initiatives, based on data provided bilaterally and from the International Aid Transparency Initiative (IATI). Data was collected between April and August 2019.

Notes: The dataset shown in the chart covers nine institutional donors that are Grand Bargain signatories and reported to our survey. Contributions from two donors were not included in this chart because they did not provide data covering all three years. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the donor. UK Department for International Development data was collected from IATI and includes some technical operation costs. Data is in constant 2017 prices.

An average of 65% of the multi-year funding reported by donors for the period 2016 to 2018 did not indicate the extent of earmarking. While the share of multi-year humanitarian contributions without a defined level of earmarking dropped from 75% in 2016 to 59% in 2018, the level remains significant. As such, only a partial picture can be drawn from the

available data. Much greater transparency of the earmarking of multi-year funding is needed.

**Where data did indicate the extent of earmarking, “earmarked” or “tightly earmarked” allocations accounted for the majority of all multi-year humanitarian funds, in all three years between 2016 and 2018.**

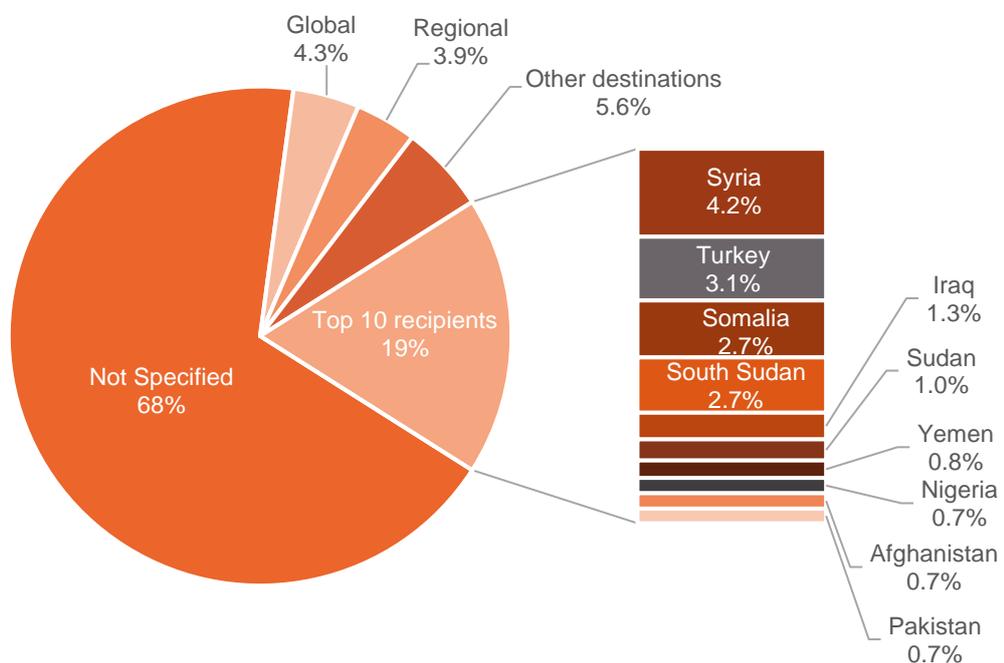
- These “earmarked” and “tightly earmarked” funds grew as a proportion of multi-year funding for which an earmarking category was provided, from 74% in 2016 to 80% in 2017, before decreasing to 65% in 2018.
- The largest share of reported multi-year funding for which an earmarking category was provided was “tightly earmarked”<sup>10</sup>, ranging between 47% and 69% of total multi-year contributions from 2016 to 2018. Over the same period, “earmarked” contributions grew from 5% to 18% of total multi-year contributions with earmarking information.
- Of those funds with an earmarking category indicated, the proportion of “unearmarked” multi-year funding is low, at 22% in 2016 and 15% in 2017. However, the proportion of total multi-year humanitarian funding identified as “unearmarked” did grow in 2018, to 27% of funds identified with an earmarking category.

**Aid organisations reported that the multi-year humanitarian grants they receive are largely earmarked.** This perception is confirmed in the above data analysis, although the reported increase in the extent of earmarking of multi-year funding is not found in the analysis of reported multi-year contributions for 2018, where the proportion that were identified as “tightly earmarked” or “earmarked” decreased. However, it is possible that the large share of multi-year funding for which a level of earmarking was not provided may mask higher levels of earmarking of multi-year funds in 2018 as well.

**The high proportion of multi-year funds which are earmarked is perceived by aid organisations to restrict their choice of multi-year programmes.** Large aid organisations often pool together multiple income sources, earmarked to varying degrees, to develop a suite of activities that make up a multi-year programme. The more flexible the funding is, the greater the opportunity for organisations to optimise how these funds are used within programmes. However, stipulations on country, sector or activity are perceived to be diluting the benefits of predictable funding by compelling aid organisations to channel their programmes toward pre-defined priorities. This limits their ability to adapt programming to changing needs or context.

# Country recipients of funding from donors

**Figure 4: Between 2016 and 2018, donors' reported multi-year contributions were primarily directed to the largest recipient countries of international humanitarian assistance**



Source: Development Initiatives, based on data provided bilaterally and from the International Aid Transparency Initiative (IATI). Data was collected between April and August 2019.

Notes: The dataset shown in the chart covers 11 institutional donors that are Grand Bargain signatories and reported to DI's survey. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the donor. UK Department for International Development data was collected from IATI and includes some technical operation costs. Data is in constant 2017 prices.

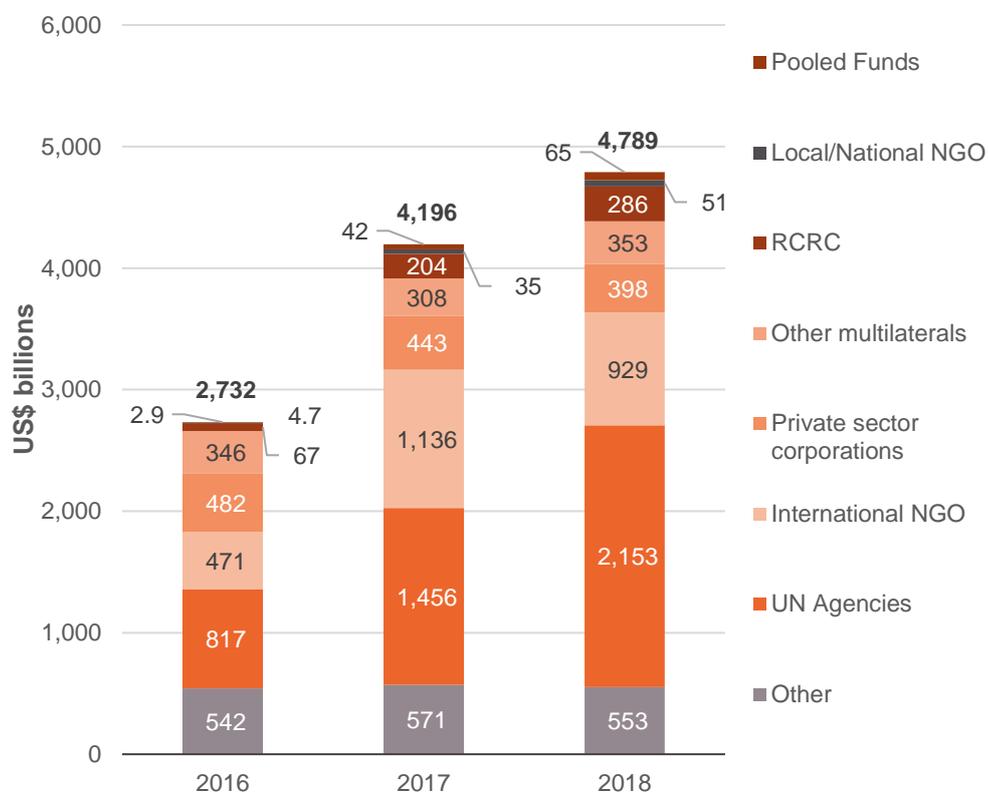
A large portion of donors reported that multi-year humanitarian contributions (68% from 2016 to 2018) do not specify a destination country. This large share may include a broader range of recipient countries, beyond the largest crises. Where data indicates a recipient destination, **donors' reported multi-year grants are concentrated on the largest crises, following a similar pattern to total humanitarian funding.**

- Ten countries received 57% (US\$2.1 billion) of the reported volume of multi-year funding with information on destination location. The largest contributions went to Syria (US\$497 million), Turkey (US\$360 million), Somalia (US\$322 million), South Sudan (US\$312 million) and Iraq (US\$151 million).
- Over the 2016–2018 period, seven<sup>11</sup> of the reported 10 largest recipient countries of multi-year humanitarian contributions also featured among the 10 largest recipients of international humanitarian assistance in 2017. These latter 10 accounted for 51% of the total international humanitarian assistance in 2017.
- Close to 12% of reported multi-year humanitarian contributions with information on destination location were defined as regional (meaning they covered two or more specified countries or regions). This signals potential allocations to regional crises that can be described as softly earmarked multi-year grants. This is in addition to 13% of multi-year humanitarian funding with a destination location provided that was directed globally, usually in the form of unearmarked funds.

**Where multi-year funding has increased, it has primarily been directed to high-visibility crises.** It is broadly agreed that multi-year funding is suited to responses to protracted crises. This may have led to higher volumes of multi-year funding primarily directed to the crises in Syria, Yemen and Afghanistan. Simultaneously, recent high-level pledging conferences may have contributed to increased volumes of multi-year funding to these crises. However, this persistent concentration of funding in the largest crises<sup>12</sup> means that fewer resources are available for “forgotten” or less visible crises, which may be equally appropriate environments for multi-year funding.

# Recipient organisations of funding

**Figure 5: Donors' reported multi-year humanitarian contributions are largely directed to international organisations**



Source: Development Initiatives based on data provided bilaterally and from the International Aid Transparency Initiative (IATI). Data was collected between April and August 2019.

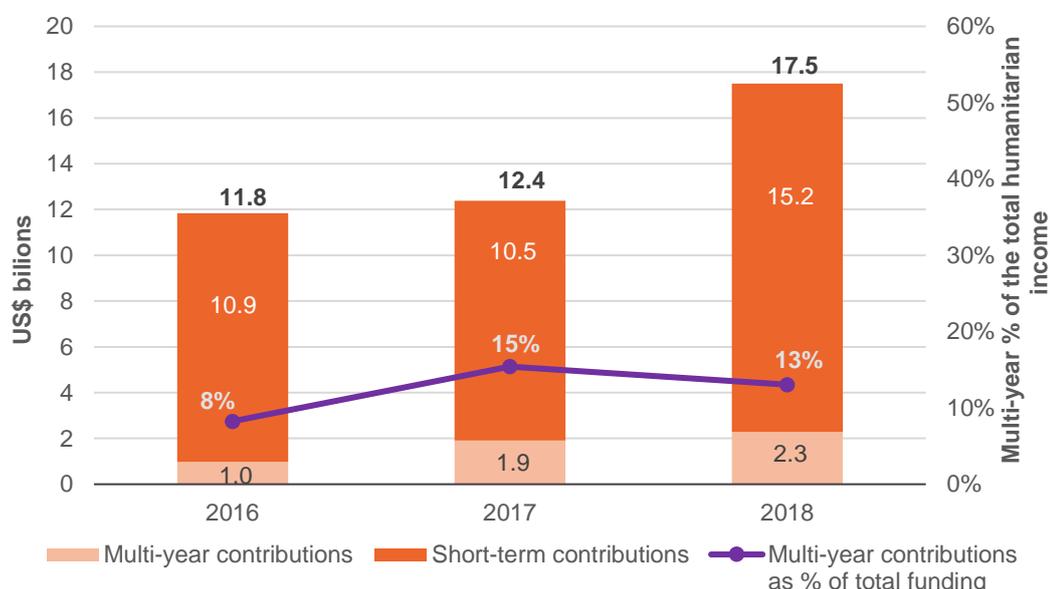
Notes: The dataset shown in the chart covers 11 institutional donors that are Grand Bargain signatories and reported to DI's survey. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the donor. "Other" includes academia/think tanks, government agencies and undefined organisations. RCRC: International Red Cross and Red Crescent Movement. UK Department for International Development data was collected from IATI and includes some technical operation costs. Data is in constant 2017 prices.

**Donors' multi-year humanitarian grants have so far been channelled in the same way as total international humanitarian assistance<sup>13</sup>, being primarily directed to international responders, namely UN agencies and international NGOs.**

- UN agencies received the largest portion of donors' reported multi-year humanitarian contributions between 2016 and 2018. Multi-year grants to UN agencies grew over this period by volume – from US\$817 million to US\$2.1 billion – and as a proportion of the total, from 30% to 45%.
- International NGOs represent the second largest recipients of donors' multi-year grants. Their share of total humanitarian contributions increased at a slower pace than UN agencies', from 17% (US\$471 million) in 2016 to 19% (US\$929 million) in 2018.
- Among all other first-level recipients, international aid organisations received 77% (US\$3.7 billion) of donors' multi-year contributions in 2018, an increase of 15% on 2016 levels (US\$1.7 billion). The private sector received 8% (US\$398 million) of the total multi-year humanitarian funding in 2018, while 12% (US\$553 million) went to undefined recipients.
- Multi-year contributions to local and national NGOs were 11 times higher in 2018 than in 2016, while for pooled funds, they were more than 20 times higher. Despite these increases, their respective share of multi-year funding remained low, at 1% of the total for each.

# First-level recipients' reported multi-year humanitarian income

**Figure 6: First-level recipients' reported multi-year humanitarian income is growing, but the majority of it remains short-term**



Source: Development Initiatives, based on data provided bilaterally. Data was collected between April and August 2019.

Notes: The data shown in the chart comprises 10 aid organisations that are Grand Bargain signatories and reported to our survey. These organisations' humanitarian income accounts for 54% of total humanitarian assistance for the period 2016–2018. Multi-year funding also refers to funding agreements ranging between 12 and 24 months when defined as multi-year by the aid organisations. Data is in constant 2017 prices.

As illustrated in the section called 'Donor contributions', data collected from donors indicates a steep 75% increase in the volume of their multi-year allocations from 2016 to 2018. **Similarly, data from aid organisations shows that the volume of income they identify as "multi-year" and "humanitarian" (See Appendix 1, Methodology) also rose sharply, more than doubling over the same period. However, this multi-year income represents a notably smaller proportion of their income when compared to the reported share of donor allocations that donors identify as multi-year.**

- The volume of income identified as multi-year that aid organisations report receiving more than doubled over the study period, rising by 134% from US\$1.0 billion in 2016 to US\$2.3 billion in 2018. Although most organisations report incremental year-on-year increases in their multi-year income, the growth rate varies between organisations.
- In 2018, the aggregate reported income among these 10 aid organisations (US\$2.3 billion) was below donors' own reported multi-year allocations (US\$4.8 billion). However, the aid organisations reporting data through our survey provide only a partial picture of the multi-year landscape. They received 54% of total humanitarian assistance in 2018, in contrast with the larger pool of recipients which donors report they are funding.

However, comparisons between the proportion of aid organisation income reported as multi-year and the proportion of donor allocations identified as multi-year suggest a discrepancy in the reported data. As a proportion of the total income reported by aid organisations, the share of multi-year funding increased from 8% to 13% between 2016 and 2018, reaching its highest level in 2017 (15% of total funding). This compares with the proportion of total allocations identified by donors as multi-year, of 29% in 2016, 31% in 2017 and 36% in 2018 (see 'Donor contributions').

Several factors may account for this discrepancy in reporting (see also the section called 'Financial tracking and reporting: Data gaps and challenges'). The absence of a commonly used definition may lead to different interpretations between aid organisations and donors of what constitutes "multi-year" funding. Aid organisations pool varied income streams together (public and private, humanitarian and non-humanitarian), which means they may count humanitarian-related funding differently. There also exist several stages in the multi-year grant cycle, ranging from commitments to contracted funding and subsequent disbursements. How donors quantify their overall volumes of multi-year funding may differ from aid organisations' approach to quantifying the funding they receive.

**Where increases in multi-year income have occurred, aid organisations identified several factors that helped them make the case to donors.** These included sharing organisation-specific multi-year strategies and plans, and demonstrating links to multi-year UN coordinated appeals (such as the Afghanistan Humanitarian Response Plan for 2019–2021 or the Syria Regional Refugee and Resilience Plan). High-visibility pledging conferences and securing multi-year grants from individual donors were also identified as having incentivised other donors to provide multi-year funding.

**While multi-year income has grown, aid organisations report that current levels of multi-year funding are largely insufficient to change their modus operandi.** Aid organisations recognise there is a level of financial reassurance that comes with multi-year commitments from donors. However, since the Grand Bargain, aid organisations reported that the increase in allocations of multi-year grants has not occurred at a pace that would encourage a significant change in how they plan and implement programmes. Generally insufficient funding within the humanitarian system was highlighted as a factor

that limits aid organisations' opportunities for trialling new approaches (where there may be a higher risk of not meeting donor expectations). It also hampers investment in learning and building an evidence base, and resourcing in-country capacity.

**The volume of funding is not the sole factor limiting the development and impact of multi-year programming.** For some aid organisations, multi-year programming is not yet a mature enough approach. Although there are some settings where they could establish or trial programmes with longer-term outcomes, some aid organisations noted that they may not yet have sufficient expertise to roll these out, as well as not being in the position to manage the financial risk associated with trialling these longer-term programmes. This again leaves limited opportunity for trialling a different approach from the usual annual programme cycle. Challenges in increasing multi-year planning and funding are, to an extent, not unique to multi-year approaches. Many pervade the humanitarian system – for instance, staff retention, gaps in funding cycles and, in cases of escalation or sudden onset of crisis, higher transaction costs and challenges in establishing or scaling up programme administration. A multi-year approach needs to overcome some of these ingrained issues, as well as deliver better results.

It was commonly noted that multi-year programming within aid organisations has yet to reach the scale at which more transformational outcomes could be achieved. Most aid organisations did report that they are increasingly taking a multi-year approach where they have a sustained presence. However, there is no common framework for reporting the results and outcomes of multi-year programmes, and there have been very few evaluations of such programmes. As a result, it is not yet possible to have a clear system-wide sense of their results and outcomes. Aid organisations also reported that there has to date been limited knowledge-sharing on good and less-successful practice in using multi-year funding and programming, which has further inhibited learning.

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### **Box 2: How do multi-year programming and funding interlink?**

As previous papers have observed<sup>14</sup>, multi-year funding alone does not bring about efficiency and effectiveness gains unless it is deliberately managed to do so. Aid organisations are increasingly planning multi-year programmes (see the section 'First-level recipients' reported multi-year humanitarian income'), although they are at different stages in the development of their internal processes and learning. Clearly, funding and programming run in parallel and feed into one another in some circumstances and in some aid organisations' financial models direct programming approaches. However, this is not the case for all aid organisations. Broadly, there appear to be two categories that define how multi-year funding and programming interlink. Multi-year programming is either driven by the receipt and availability of multi-year funds, or aid organisations programme on a multi-year basis irrespective of the volumes of multi-year funding secured.

The first approach was found to be more common among aid organisations whose mandate is primarily humanitarian and for which a single programme is likely to be

funded by a single grant. Many aid organisations consider the availability of multi-year grants to be a guarantor of multi-year programming. In the absence of funding, they are less likely to assume the long-term risk to their programme, whether they self-implement or work with downstream partners. For these organisations, it is likely that multi-year programming is still nascent, or a potential spin-off from the Grand Bargain and the subsequent increases in volumes of multi-year funding they have received from donors. While they have developed multi-year programmes in some larger crises, they still seek further funding for similar programmes in smaller-scale crises.

For multi-mandate aid organisations, the second approach is often more common, with multi-year programming more intrinsic to existing ways of working and less driven by external reforms. These organisations may often plan and programme on a multi-year basis irrespective of funding secured. In these circumstances, the availability of greater volumes of unearmarked income was identified as an enabling factor. These aid organisations build on their long-term in-country presence, and their programmes pursue objectives beyond humanitarian ones. Their internal structures are more attuned to delivering cross-cutting or wider programmes, and they are likely to be supported by greater and more flexible income.

However, several factors complicate aid organisations' ability to sustain a multi-year approach to programming, both at a country level and more so across a range of country programmes. These include a complex mix of income streams: private or institutional, humanitarian or non-humanitarian, multi-year or short-term, flexible or earmarked, or fully core awards. They may involve varying levels of certainty on timeframe and volume. Aid organisations therefore have to align this mix of income streams to optimise programming. They reported that to be able to programme more confidently on a multi-year basis, they require greater volumes of multi-year funding from donors, which would provide them with greater income visibility.

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### **Box 3: Localisation and pass-through funding**

The Grand Bargain explicitly commits aid organisations and donors to “increase multi-year, collaborative and flexible planning and multi-year funding instruments...ensuring that recipients apply the same funding arrangements with their implementing partners”.<sup>15</sup> It also commits aid organisations and donors to “increase and support multi-year investment in the institutional capacities of local and national responders”.<sup>16</sup> Of the 11 aid organisations that provided data, only four shared granular data on the multi-year funding they passed on to second-level recipients. This limited pool of data shows that multi-year humanitarian funding

remains primarily directed to international organisations (see the section called ‘Recipient organisations of funding’). And while local and national NGOs reportedly received increasing levels of predictable funding, these remain at very low levels.

**Increasing the quantity of funding passed through to downstream partners is complex.** Aid organisations are already facing a conflicting choice: deciding between remaining nimble or providing long-term funding to a select number of local and national organisations. The latter is perceived as going against the grain of being agile and able to respond flexibly through diverse partners. However, more evidence is required to substantiate these perceptions.

**Conditionalities applied to first-level recipients trickle onward to downstream partners.** The restrictions original grants carry are transferred to downstream partners, potentially in addition to other conditions. Funding to downstream partners may also form part of existing long-term agreements and become short-term when directed to specific projects. While larger aid organisations may be able to afford to make multi-year plans based on donor commitments, they do not usually assume the risk of multi-year plans with their sub-grantees.

Aid organisations report that there are currently insufficient volumes of multi-year grants to pass on to downstream partners. First-level recipient organisations report receiving relatively low volumes of predictable or flexible grants for their own operations, which leaves them with limited funds to pass down in similar vein. It is important to note that first-level recipients will also implement programmes themselves – particularly in large protracted crises where they have access, established supply chains and logistical capabilities. In these cases, multi-year funding will not flow to local or national actors.

Some donors stated that they encourage aid organisations to ensure their pass-through funding maintains the same qualities as the original grants. However, official donor requirements for aid organisations to pass on multi-year funding were not reported. As such, aid organisations have the latitude, albeit constrained, to choose how they direct multi-year or unearmarked funding to their partners.

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# Financial tracking and reporting: Data gaps and challenges

## Reporting and definitions

**According to data provided by donors and aid organisations, multi-year funding has grown since the agreement of the Grand Bargain, but progress is patchy.** While both donors and aid organisations note an increase in the multi-year funding they provided and received, the size of the increase they report is notably different across the two groups.

**The primary challenge in reporting predictable and flexible funding lies not in the technical functionalities of major financial tracking platforms and initiatives, but in the absence of a shared lexicon.** Within single institutions, there may not yet exist definitions and classifications of multi-year funding. Across aid organisations, the terminology gap expands, leading not only to a lack of a common framework to report against, but also to divergent understandings of multi-year funding. This hinders the assessment of baselines and progress against corresponding commitments in the Grand Bargain.

**Donors and aid organisations broadly converge in regarding contracts of a minimum of two years as the basis for longer-term investments.** Guidance from the OECD<sup>17</sup> and the GHD<sup>18</sup> indicates a timeframe of at least two years for funding to be considered multi-year. However, this definition is not yet endorsed or used by all Grand Bargain signatories, nor by others in the wider humanitarian system.

**The analysis of data flows provides an initial overview of current volumes of multi-year funding.** However, the data is partial and therefore limits the potential to draw more comprehensive conclusions. DI gathered data from donors and aid organisations to reconcile the two perspectives. However, two factors prevent the matching of donors' expenditure with aid organisations' income:

- Different sample sizes: while donors provided aggregated data on their multi-year grants to all their partners, the survey only gathered primary data from 10 implementers.
- Aid organisations combine different income streams (public, private, humanitarian, non-humanitarian), but the survey data does not provide enough information on individual donor's contributions to allow identification of specific grants.

**In addition, donors and aid organisations often define multi-year funding differently.** For example:

- Conditions in long-term contracts might trigger payments in subsequent years only if certain results were achieved, while funding amounts are sometimes to be renegotiated or subject to budgetary approval processes. In such cases, some donors regard the funding agreement as multi-year, given the duration of the contract. However, the receiving aid organisations often do not. They may consider future funding tranches as not yet fully secured and thereby not predictable enough to assume the risk of multi-year activities.
- Multi-year funding envelopes set aside in donor budgets for certain regions, crises or country contexts will often count as multi-year funding from the donors' perspective. For aid organisations, the determining factor is whether the individual grant agreements emerging from these envelopes have a multi-year timeframe, which is not always the case.
- Cost- or no cost-extensions that bring the timeframe of a funding agreement to, for instance, over two years, might be regarded as multi-year funding by some donors. However, aid organisations would not share this view, as these extensions are often short-notice and therefore do not provide the predictability perceived as intrinsic to multi-year funding.

**In terms of results, no common set of indicators has yet been developed or linked to existing ones to measure multi-year effectiveness.** There is a need to share approaches on how to measure cumulative progress across years, and whether this requires a different set of indicators from traditional, shorter-term monitoring. Investments in learning and development are required to test existing hypotheses and enable trend analyses that better map the results of multi-year funded activities. There remains a clear demand for longitudinal evaluations of predictable funding to substantiate emerging evidence on its benefits.<sup>19</sup>

**Collecting evidence for multi-year funding is hindered by a lack of clarity on what it is expected to achieve, within and beyond the Grand Bargain framework.** To enable purposeful reporting, donors and implementers should further discuss key aspects:

- How and to what extent multi-year and unearmarked funding can travel down the transaction chain
- How to monitor individual versus collective results
- To what extent longer-term and traditionally non-humanitarian results should be financed from humanitarian funding, and which results are realistic within the scope of humanitarian programming
- How to balance responding to immediate versus anticipated humanitarian need with limited funding.

**There is great demand for evidence, but current reporting practices are disjointed.** Donors are accountable to their parliaments and require coherent narratives and

attribution as to how their funds are spent. Aid organisations pool diverse income streams to optimise resource allocation, but this means they cannot always report across existing humanitarian versus non-humanitarian divisions, whether in relation to their income or their expenditure. Aid organisations' internal systems may still be geared towards monitoring against traditional grant mechanisms and annual budget cycles. Additional and varied reporting requests (Agenda for Humanity, Grand Bargain self-reports, OCHA's Financial Tracking Service (FTS), the International Aid Transparency Initiative (IATI) and others) are yet to be joined up and built into existing financial systems.

## Financial tracking

### **Existing platforms have functionalities that enable the tracking of multi-year grants and levels of earmarking.**

The current reference document for different degrees of earmarking is the typology that was annexed to the Grand Bargain agreement in 2016.<sup>20</sup> As discussed above, a comparable point of reference for a definition of multi-year funding does not exist at the time of writing. This poses a challenge to reporting to interagency reporting platforms and extracting comparable multi-year funding data from them.

### **OCHA's FTS introduced the earmarking typology from the Grand Bargain document to its platform in early 2019 and captures funding that spans multiple calendar years.**

At the time of writing, 83% of all funding commitments and disbursements reported to FTS for 2019 had information on their level of earmarking. This is important progress in terms of data availability, although additional data quality checks might be necessary. In terms of FTS data on multi-year funding, the "flow model" provides a practical solution to the problem of enabling reports on multi-year funds, while still providing a breakdown of the annual funding tranches. Multi-annual pledges (those that span more than one calendar year), commitments or disbursements can be reported with their annual breakdown. The latter are captured as "child flows" with annual funding amounts that can be linked back to the multi-year "parent flows" through a unique identifier. Double-counting is avoided by removing the amount in US dollars from the parent flow, given that the breakdown of that amount is already captured by year. Identifying the total amount of multi-year funding for a calendar year is then a two-step process:

- Isolate all of the multi-year "parent flows" by destination usage year, filtering for those that span across the year of interest.
- Identify and aggregate the corresponding "child flows" with funding amounts in the year of interest.

However, there are limitations to this process. One is due to a lack of reporting that makes use of this functionality. While several donors, as shown in this research, self-report as providing multi-year humanitarian funding, only Germany and Switzerland had reported a significant number of multi-year flows to FTS for 2019 at the time of writing. Further, there might be instances in which a funding flow is directed to a project or programme that lasts for 12 months or less, while spanning across two calendar years. The question is then whether in reporting, the funding amount would be broken down by

calendar year, thereby seeming to be multi-year. Consultation would have to establish whether this is too special a case to skew the data, in terms of how it is reported and whether the funding volumes are significant. The same issue might also arise with cost-extensions, which could be reported as a new funding “child flow” for a subsequent calendar year, but which do not provide the predictability intended for multi-year funding.

**The IATI Standard allows publishers to report by levels of earmarking and provides different ways to approximate multi-year funding.** It is possible to publish the level of earmarking for individual transactions by specifying the aid type according to the earmarking typology in the Grand Bargain document.<sup>21</sup> In terms of multi-year funding, given the lack of a commonly agreed definition, there is currently no standardised way to publish this information to IATI.

One option for estimating volumes of multi-year funding is by identifying IATI activities that span multiple years and therefore represent multi-year programming. For activities with only one source of funding, it could then be assumed that the funding agreement matches the timeframe of the activity. Consequently, all transactions associated with that activity could be treated as multi-year funding. However, for large-scale activities with multiple sources of income, this assumption is likely to break down, as different funding streams with likely different conditions and timeframes are combined to sustain the multi-year programme. Further, this approach only works to estimate amounts of multi-year funding retrospectively, as transactions cannot be published for future dates. Such dates require a reporting element rarely used: planned disbursements.<sup>22</sup> This allows a future payment schedule for an activity to be published to IATI, providing evidence of a predictable funding stream. The planned disbursements should then match the initial funding commitment representing the total value of the contract. As the payment schedule progresses, each of the planned disbursements can then be reported as transactions when carried out. Using these different reporting elements together can indicate that multi-year funding is already committed, while providing a picture of past disbursements.

Two issues currently limit the use of IATI data in analysing multi-year humanitarian funding: the quality and quantity of data published by members, and the ease with which data can be accessed and viewed. Progress has been made on the first, through the Grand Bargain’s transparency commitment to publish humanitarian data to IATI.<sup>23</sup> However, to date, while the quality of publishing to IATI has improved, it varies greatly between IATI members. Collectively, members are not publishing data in a sufficiently timely, comprehensive and high-quality manner to provide a representative picture of the international humanitarian system and so enable effective analysis of multi-year humanitarian funding. A common approach to reporting multi-year funding, informed by a shared definition, would greatly improve IATI’s ability to provide evidence on multi-year funding and programming, as would more detailed, regular and comprehensive publishing of data by all Grand Bargain signatories. The current absence of tools or platforms with which to easily access IATI data limits its current utility in viewing multi-year funding data. However, this is an issue now being actively addressed by the Grand Bargain transparency workstream, with a series of prototype tools being developed to provide accessible views of IATI’s humanitarian data.<sup>24</sup>

# Conclusions and recommendations

Donors and aid organisations agree that multi-year humanitarian funding has several benefits. Consensus points towards the suitability of long-term funding primarily in protracted or recurrent crises. In such settings, multi-year funds are reported to enable responders to sustain operations (often with lower transaction costs), invest in partners and strengthen their capacity, as well as to invest in learning and development. Equally, when crises escalate, aid organisations report using multi-year grants as bridge funding, until crisis-specific institutional funding is released. They also indicate that multi-year grants enable them to be more strategic and predictable, and consequently to respond more effectively. Such grants enable some aid organisations to make more substantive investments in their local partners and so to prepare exit strategies, particularly in smaller-scale crises.

Given these perceptions of the benefits of multi-year funding, it is encouraging that data from donors and aid organisations shows that volumes of multi-year humanitarian funding have increased. Both report that they are taking more intentional, long-term approaches to respond to crises. However, aid organisations remain cautious when it comes to programming predictably, due to a lack of income visibility and the conditionalities that accompany some multi-year grants. Nonetheless, there is a basis from which to make further progress in multi-year humanitarian funding and to enhance the evidence base for what works best, where.

The data analysis and interviews with donors and aid organisations indicate several key recommendations for making and assessing further progress with multi-year humanitarian funding.

**Donors and aid organisations should agree a shared definition and lexicon for multi-year humanitarian funding.** This would address issues of alignment of donor and aid organisation data and funding cycles. Initial efforts could focus on donors and implementers agreeing a glossary of financial terminology and typologies of multi-year or earmarked grants. A shared lexicon would facilitate clearer reporting, providing visibility and attribution for accountability purposes, and developing the foundation for future measurement frameworks.

**Donors and aid organisations should discuss and agree on the expected outcomes and results that multi-year humanitarian funding can realistically achieve.** There is a need to match donors' expectations with what aid organisations can achieve with multi-year funding. This also relates to the tension between responding to immediate versus longer-term needs, to the limits of humanitarian response, and how best to integrate or

transition to development activities. Consideration of what multi-year humanitarian funding can achieve will improve contractual partnerships and help to achieve better results at country level, supporting a shift from activities to results. Future research could focus on mapping existing long-term funding and programming indicators against an aspirational list of longer-term outcomes, to test assumptions and review results.

**While there is demand for more evidence, including programme evaluations, donors and aid organisations should more systematically share existing evidence as a first step.** Donors and aid organisations do not consistently share knowledge gained on their multi-year programmes. Rather than penalise circumstantial lack of progress, incentives should focus on capturing lessons and best practice. More evidence is also needed on how earmarking of multi-year grants prevents predictable planning for aid organisations, or conversely, what it has enabled them to achieve. Some aid organisations have reported their successes in using flexible, predictable funds in “neglected” crises or to establish local partnerships. Further examples of such initiatives would consolidate the business case for unearmarked multi-year funding.

**Donors should indicate the timeframe of funding when they report to OCHA’s FTS and publish to IATI. Similarly, aid organisations should comprehensively report and publish the funding they distribute, indicating the timeframe.** Given that aid organisations’ internal financial reporting processes may not readily provide this information, a first step for some when adapting existing accounting processes may be to assess what data is minimally required, how this could be collated and at what cost.

**Donors should seek to enhance the coordination of funding decisions with other donors, acknowledging that the scope for taking multi-year approaches in the short term varies between donors.** Multi-year humanitarian funding is well integrated into some donors’ grant-making processes, while others are restricted primarily to following the annual funding cycle. However, the latter may seek to award funds more flexibly, to respond to escalations in crises or to fund those deemed less suited to multi-year responses. More donor coordination would aid response by enabling a more balanced allocation between predictable and flexible grants.

**Donors and aid organisations should continue to pursue coordination between their multi-year programmes and the multi-year UN appeals.** Such coordination is currently sporadic and relies on organisations’ individual tendency to engage with UN appeal processes. There remains opportunity to enhance coordination between donors, implementers and UN appeals, which OCHA could further support at inter-agency level.

**Aid organisations should seek to build on the closer alignment with non-humanitarian responders which multi-year programming has enabled in some crisis settings.** For example, there is opportunity for enhanced complementarity between humanitarian aid organisations and domestic governments, development banks and other development actors who take a long-term view to supporting people in need.

# Annex: Methodology

The study used a mixed methods approach, combining qualitative and quantitative data. Primary quantitative data was collected from donor and aid organisation signatories to the Grand Bargain. Qualitative data was collected through key informant interviews with representatives of donors and aid organisations that are Grand Bargain signatories. A total of 18 interviews was carried out – six with donors and 12 with aid organisations.

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## Summary of the donors and aid organisations participating in key informant interviews

### Interviewees

#### Donors

- |   |  |
|---|--|
| 1 | Global Affairs Canada (GAC)  |
| 2 | Department for International Development (DFID) – United Kingdom                       |
| 3 | Deutsche Humanitäre Hilfe – Germany  |
| 4 | Dutch Ministry of Foreign Affairs – the Netherlands                                    |
| 5 | European Civil Protection and Humanitarian Aid Operations (ECHO) – European Commission |
| 6 | Norwegian Ministry of Foreign Affairs – Norway   |

#### Aid organisations

- |   |  |
|---|--|
| 1 | Catholic Agency for Overseas Development (CAFOD) |
| 2 | CARE International                               |
| 3 | Christian Aid                                    |
| 4 | Country-based Pooled Funds (CBPF)                |
| 5 | International Committee of the Red Cross (ICRC)  |
| 6 | International Rescue Committee (IRC)             |
| 7 | Norwegian Refugee Council (NRC)                  |

8 United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

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9 Save the Children

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10 United Nations Children's Fund (UNICEF)

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11 United Nations High Commissioner for Refugees (UNHCR)

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12 World Food Programme (WFP)

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The quantitative research consisted of two surveys designed to collect structured data from two categories of Grand Bargain signatories: donors and aid organisations (including UN agencies, NGOs and the Red Cross/Red Crescent movement). Respondents were asked to report humanitarian funding provided and received respectively. However, they reported according to their own definitions of what constitutes humanitarian funding, and there might exist internal overlaps between humanitarian and development funding streams.

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## Donors and aid organisations responding to the data survey

### Donors

1 Australia

2 Belgium

3 Canada

4 European Commission

5 Germany

6 Italy

7 Netherlands

8 Spain

9 Sweden

10 United Kingdom

11 United States

### Aid organisations

1 Catholic Agency for Overseas Development (CAFOD)

2 Country-based Pooled Funds (CBPF)

3 Food and Agriculture Organisation (FAO)

4 International Rescue Committee (IRC)

5 Norwegian Refugee Council (NRC)

6 United Nations Children's Fund (UNICEF)

7 United Nations High Commissioner for Refugees (UNHCR)

8 United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

9 World Food Programme (WFP)

10 Zambia Orphans Aid International (ZOA International)

For member states, the survey requested financial figures on total institutional humanitarian funding provided and the amount of multi-year humanitarian contributions in 2016, 2017 and 2018. Member states were also asked to provide a breakdown of the multi-year contributions by contract flows, comprising information on recipient type, contract start and end dates, duration of contract, total value contracted, end date of contract extension, total value of extended contract, earmarking modalities and project locations. There was an additional field to capture comments on contractual terms.

For aid organisations, the survey tool requested total income from institutional and private sources, and the amount of multi-year expenditure through implementing partners and self-implemented multi-year operations. These organisations were also asked to provide a breakdown of the contracts signed with their partners, including data on recipient type, contract start and end dates, duration of contract, total value contracted, end date of contract extension, total value extended, sector or cluster, and project location. There was an extra field to capture comments on contractual terms.

For earmarking, we used the four modalities and their respective definitions as agreed in the Grand Bargain document<sup>25</sup>: unearmarked, softly earmarked, earmarked and tightly earmarked.

The survey tools and the survey dissemination note were circulated by the Grand Bargain Secretariat on 12 April 2019. Organisations returned their completed surveys during the months of April to August 2019.

The figures collected were aggregated separately for member states and aid organisations. The latter also receive private contributions, and alongside different sample sizes, this prevents reconciling the donor and aid organisation databases (see the section called 'Financial tracking and reporting: Data gaps and challenges').

## Limitations

**Response rates:** Of the 24 member states who were sent a quantitative survey, 11 responded, or 46%. Of the 37 aid organisations sent a quantitative survey, 10 responded (27%). Four aid organisations provided granular data and one provided aggregated data on the multi-year funding they pass to second-level recipients. Five aid organisations reported no multi-year expenditure for downstream partners. Of these, three reported that they do not pass on multi-year funding to partners, while two provided no breakdown of their multi-year expenditure.

**Data representativeness:** Qualitative findings should not be read as necessarily representative of the wider humanitarian landscape, given the small sample sizes, but should be read as points for wider discussion and future research. Qualitative data was largely based on anecdotal evidence, supported by organisational documentation, where appropriate and available.

# Notes

<sup>1</sup> High Level Panel on Humanitarian Financing Report to the Secretary General: *Too Important to Fail – Addressing the humanitarian financing gap*, pages vii and 20. Available at: <https://reliefweb.int/report/world/high-level-panel-humanitarian-financing-report-secretary-general-too-important-fail>

<sup>2</sup> Good Humanitarian Donorship Principles 12 and 13. Available at: <https://www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html>

<sup>3</sup> Grand Bargain Workstreams 7 (Increase collaborative humanitarian multi-year planning and funding) and 8 (Reduce the earmarking of donor contributions). Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

<sup>4</sup> See, for example, the Norwegian Refugee Council, Food and Agriculture Organisation and OCHA, *Living up to the promise of multi-year humanitarian funding* (2017); OECD, *Multi-Year Humanitarian Funding* (2017); OCHA, *OCHA's Use of flexible financing* (2017); CCIC et al, *Multi-Year Humanitarian Funding in Protracted Crises: The Case for Donor Support*; World Food Programme *Multi-year Funding*; World Vision, *Multi-Year Planning and Funding: Implementer Perspectives* (2018); Levine, S., Sida, L., Gray, B. and Cabot Venton, C., 2019. *Multi-year humanitarian funding: a thematic evaluation*, London: Humanitarian Policy Group.

<sup>5</sup> *The Grand Bargain – A shared commitment to better serve people in need*. Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

<sup>6</sup> Enhanced Quality Funding Workshop: Enhanced Quality Funding through Reduced Earmarking, Multi-Year Funding and Planning, 19 September 2019, Geneva.

<sup>7</sup> Metcalfe-Hough, V., W. Fenton and L. Poole, *Grand Bargain Annual Independent Report 2019* (Overseas Development Institute, 2019), pages 47–52.

<sup>8</sup> Rieger, N., *Field perspectives on multi-year humanitarian funding and planning: How theory has translated into practice in Jordan and Lebanon* (Development Initiatives and Norwegian Refugee Council, 2019).

<sup>9</sup> OECD, *Multi-Year Humanitarian Funding* (2017), page 1. Good Humanitarian Donorship define multi-year funding similarly, but note that multi-year planning and funding should be arrangements of “two or more years with agreed budgets that allow for incremental funding”, based on multi-year planning frameworks and the development of multi-year programming strategies in collaboration with partners. <https://www.ghdinitiative.org/ghd/gns/best-practices.html>. (accessed 4 February 2020).

<sup>10</sup> Analysis based on the Grand Bargain document identified degrees of earmarking: unearmarked, softly earmarked, earmarked and tightly earmarked, Available at: [https://www.agendaforhumanity.org/sites/default/files/resources/2018/Jan/Grand\\_Bargain\\_final\\_22\\_May\\_FINAL-2.pdf](https://www.agendaforhumanity.org/sites/default/files/resources/2018/Jan/Grand_Bargain_final_22_May_FINAL-2.pdf)

<sup>11</sup> The seven countries are: Syria, Turkey, Somalia, South Sudan, Iraq, Yemen and Nigeria.

<sup>12</sup> Development Initiatives, *Global Humanitarian Assistance report 2019*. Available at: <https://devinit.org/publications/global-humanitarian-assistance-report-2019/>

<sup>13</sup> Development Initiatives, *Global Humanitarian Assistance report 2019*. Available at: <https://devinit.org/publications/global-humanitarian-assistance-report-2019/>

<sup>14</sup> NRC, FAO and OCHA, *Living up to the promise of multi-year humanitarian funding* (2017); OECD, *Multi-Year Humanitarian Funding* (2017), page 15.

<sup>15</sup> *The Grand Bargain – A shared commitment to better serve people in need*. Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

<sup>16</sup> *The Grand Bargain – A shared commitment to better serve people in need*. Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

<sup>17</sup> OECD, *Multi-Year Humanitarian Funding* (2017).

<sup>18</sup> Good Humanitarian Donorship note that multi-year planning and funding should be arrangements of “two or more years with agreed budgets that allow for incremental funding”, based on multi-year planning frameworks and the development of multi-year programming strategies in collaboration with partners.

<sup>19</sup> For examples of emerging benefits of multi-year humanitarian funding, see; Levine, S., Sida, L., Gray, B. and Cabot Venton, C., 2019. *Multi-year humanitarian funding: a thematic evaluation*, London: Humanitarian Policy Group; Rieger, N., *Field perspectives on multi-year humanitarian funding and planning: How theory has*

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*translated into practice in Jordan and Lebanon* (Development Initiatives and Norwegian Refugee Council, 2019); "Quality funding workstream: workshop background paper", September 2019. Available at: [https://interagencystandingcommittee.org/system/files/grand\\_bargain\\_workstream\\_78\\_-\\_sept\\_workshop\\_-\\_final\\_think\\_piece\\_-\\_sept\\_19\\_2019\\_0.pdf](https://interagencystandingcommittee.org/system/files/grand_bargain_workstream_78_-_sept_workshop_-_final_think_piece_-_sept_19_2019_0.pdf).

<sup>20</sup> *The Grand Bargain – A shared commitment to better serve people in need*. Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

<sup>21</sup> More information on publishing earmarking data to IATI is available at: <http://reference.iatistandard.org/203/codelists/EarmarkingCategory/>

<sup>22</sup> More information on publishing planned disbursements to IATI is available at: <http://reference.iatistandard.org/202/activity-standard/iati-activities/iati-activity/planned-disbursement/>

<sup>23</sup> An update from May 2019 on the progress of the Grand Bargain transparency workstream is available at: <https://devinit.org/documents/36/Grand-bargain-transparency-workstream-progress-report-May-2019.pdf>

<sup>24</sup> Workshop on "The next step for Humanitarian Transparency – making IATI data more useful for decision-making" and technical pre-meeting on "Publishing better humanitarian data to IATI", The Hague, 13–14 May 2019. Key outcomes available at: [https://interagencystandingcommittee.org/system/files/takeaways\\_and\\_outcomes\\_gb\\_transparency\\_workshop\\_may\\_2019.01.pdf](https://interagencystandingcommittee.org/system/files/takeaways_and_outcomes_gb_transparency_workshop_may_2019.01.pdf)

<sup>25</sup> *The Grand Bargain – A shared commitment to better serve people in need*. Available at: <https://interagencystandingcommittee.org/grand-bargain-hosted-iasc>

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