

SOMALIA NGO CONSORTIUM Discussion Paper - Proposed Common Humanitarian Fund for Somalia:

Significant pooled funding through Common Humanitarian Funds has been trialled in Sudan and DRC and in other forms elsewhere. Results have been varied and well documented.¹ This note highlights the main points of concern and adapts those findings to the Somali context for discussion purposes among the NGO Community. On the assumption that attempts to pool resources will continue, **it is of utmost importance that the following concerns are being addressed as a matter of urgency and prior to further roll-out of pooled funding mechanisms in Somalia.**

- NGOs welcome discussions on funding mechanisms and the appropriateness of such. **However, further efforts have to be made to ensure that these discussions take place in an open, inclusive transparent and coherent way, fully engaging all stakeholders in decision-making processes, respecting the Principles of Partnership (see below) and acknowledging the important role NGOs play in direct implementation of programs in Somalia.** This means that NGOs need to be actively consulted at every stage, from design through to implementation and evaluation, and at every level. The effectiveness of any pooled fund will be largely dependent on how it is structured. Therefore it will be important that any proposal be widely consulted and transparently managed. Of particular issue will be the structure of the board, decision-making process, planning and monitoring mechanisms as well as the overall management and administration. Unless transparency and inclusivity can be ensured it is likely that common funds will under-perform, wasting valuable resources, generating frustrations and mistrust, and, most importantly, failing the millions of people in need who depend on an effective, needs-driven humanitarian system.
- In the highly politicised and polarised environment of Somalia and given NGOs' concerns about the perception of the UN within Somalia as a partial player, it would be **particularly important to avoid direct association of any pooled humanitarian fund with the UN.** The rationale would be to 'firewall' humanitarian funding from political agenda including transition or reconstruction activities. Therefore and in the current operating environment, UNDP would NOT be an acceptable host agency for the CHF. The most obvious alternative host agency would be a private sector one.
- **There is a need to uphold diversity in funding pools,** not just in Somalia, in order to ensure breadth, depth and appropriateness (including timeliness) of any humanitarian response.² For example, a CHF should not necessarily replace the HRF in Somalia – other countries have found these to be effective complements to each other, with the HRF better placed to respond rapidly to acute and/or small emergencies.

¹ Stoddard, Abby, Dirk Solomons, Katherine Haver, and Adele Harmer, *Common Funds for Humanitarian Action in Sudan and the Democratic Republic of Congo: Monitoring and Evaluation Study*, OCHA, December 2006; Stoddard, Abby, *International Humanitarian Financing: Review and Comparative Assessment of Instruments - A study for the Good Humanitarian Donorship initiative*; OFDA, Draft July 2008.

² For example, channelling funds through common pools reduces the proportion of NGO funds but increases overall aid flow to a country.

- There remain significant concerns regarding pooled funds being ‘passed through’ a management agency (in particular a UN agency), as experience has shown increased a) delays in funding disbursement and/or commencement of projects and programmes and b) overhead costs. **NGOs should be granted direct access to funds**, rather than being assumed sub-contractors to UN agencies, in order to improve rapid response and ensure the best possible result for recipients.
- Furthermore, building trust and solid working relationships between UN agencies and NGOs is crucial to timely and effective humanitarian response. Channelling NGO funds through the UN system places NGOs in a subordinate position, thereby compromising these relationships. Moreover, in practice relationships in the field vary considerably, depending on the quality of communication, the level of transparency and other factors. One consequence of the shift towards field-based pooled funds is that organisations have to adapt to a greater administrative burden in country; this process is made harder by poor information dissemination. Ignorance both of the detail of how pooled funds work and of the wider policy agenda of which they are part is still quite widespread. **Better information-sharing and greater clarity on how common funds work will be required**, if they are to have maximum impact.
- **Donors must ensure continuation of political support and oversight.** Elsewhere pooled funds have reduced donor oversight and accountability for how funds are spent (a pertinent concern in Somalia). A ‘hands-off’ approach would also limit the donor contributions of expertise and technical capacity in specific sectors.
- Common funding can improve strategic planning and coherence but is dependent on effective coordination. Common funding can sometimes be used to strengthen participation in coordination mechanisms; this however is highly problematic in Somalia in the absence of effective coordination mechanisms. **Further work needs to be done to better negotiate standards and flexibility in responses and to improve relevant coordination mechanisms.**
- A current concern with the existing HRF and pooled funds elsewhere is the weakness of monitoring, evaluation (including assessing the impact of interventions) and follow-up post-intervention. So far, there has been too little analysis of the impact of common funds on beneficiaries themselves. Monitoring requirements attached to grants from common funds are generally weaker than those established for projects funded by bilateral donors.³ **Effective M&E mechanisms would need to be developed, set up and tested before implementing a CHF in Somalia.** This is an important component of the ‘Learning and Accountability’ principles established under the Good Humanitarian Donorship initiative⁴.
- Both UN agencies and NGOs can seek support from the common funds, with the allocation determined by joint in-country sector-specific working groups making decisions under the ultimate authority of the UN Humanitarian Coordinator. However, UN agencies and NGOs tend to be funded differently, with UN agencies usually seeking funding to help cover broadly defined ‘programme’ budgets while NGOs usually seek funding for specific projects. Project funding generally allows less flexibility than programme funding; in particular, projects usually need

³ SC UK, IRC CHF Model – Improving Common Humanitarian Funds – Practical Solutions from NGOS

⁴ <http://www.goodhumanitarianandonorship.org/>

guarantees of 100% financing in order to be viable. This relative inflexibility can weaken NGOs' position when negotiating funding allocations and make it less likely that their projects – which may well be critical to meeting urgent humanitarian needs – will be funded. When NGOs accept less than 100% funding they risk doing more harm than good by mobilising communities and then pulling out if no more funds can be found, scaling down or suspending a project. This contrasts with the generally reliable project funding that bilateral donors are able to offer. **It will be important that the application/handling system for a CHF in Somalia is accessible and flexible enough to offer various grant sizes, based on the financial management and implementation capacity of agency applying.**

- A combination of slow disbursements from donors and delays in processing funding through the UN system has at times made project planning unduly challenging if not impossible. In some cases these delays have led to grant recipients being asked to pre-finance projects. In the worst cases, grant recipients have been asked to pre-finance projects even before contracts have been signed and with no guarantee that funds will eventually be forthcoming. Unlike UN agencies, pre-financing is not a viable option for most NGOs, leaving a choice of either delaying project implementation for months until the funding is delivered or cancelling planned projects. Either option can lead to loss of life or additional distress for communities needing immediate humanitarian aid. Pre-financing requirements particularly limit the participation of smaller and local NGOs. **Prior to rolling out a CHF in Somalia, all relevant agencies must consolidate financial management systems in order to facilitate speedier disbursement of grants under the CHF. Future fund managers must ensure appropriate mechanisms for rapid allocation and disbursement of funds.**

- One perceived strength of pooled funding mechanisms is that, in contrast to bilateral donor funding, they allow a more field-driven and better coordinated approach to funding allocations, with the UN country team usually overseeing in-country sectoral working groups that determine how resources should best be spent. However, experience of these mechanisms suggests that the goal of fully strategic, needs-based funding allocations is still sometimes compromised. Some agencies have tended to seek support for programmes at least in part to fit their own internal priorities, for example because they are already active in a particular location or sector or because they feel a need to be seen to be so. The relative lack of robust needs assessments has been frequently noted, as have the lack of clarity in the criteria for selecting projects, the inconsistency with which these criteria have been implemented and the limited independent oversight of the allocation process. These factors make it harder to analyse the actual basis for allocations or the extent to which they match real humanitarian needs on the ground. **Common fund allocations must be more rigorously based on needs. Needs assessment and allocation mechanisms must be strengthened prior to implementation of a CHF in Somalia.** This is of ever more so greater importance given the weakness of the cluster system in Somalia.

Principles of Partnership

A Statement of Commitment

Endorsed by the Global Humanitarian Platform, 12 July 2007

The *Global Humanitarian Platform*, created in July 2006, brings together UN and non-UN humanitarian organizations on an equal footing.

→ Striving to enhance the effectiveness of humanitarian action, based on an ethical obligation and accountability to the populations we serve,

→ Acknowledging diversity as an asset of the humanitarian community and recognizing the interdependence among humanitarian organizations,

→ Committed to building and nurturing an effective partnership,

... the organizations participating in the **Global Humanitarian Platform** agree to base their partnership on the following principles:

- **Equality**

Equality requires mutual respect between members of the partnership irrespective of size and power. The participants must respect each other's mandates, obligations and independence and recognize each other's constraints and commitments. Mutual respect must not preclude organizations from engaging in constructive dissent.

- **Transparency**

Transparency is achieved through dialogue (on equal footing), with an emphasis on early consultations and early sharing of information. Communications and transparency, including financial transparency, increase the level of trust among organizations.

- **Result-oriented approach**

Effective humanitarian action must be reality-based and action-oriented. This requires result-oriented coordination based on effective capabilities and concrete operational capacities.

- **Responsibility**

Humanitarian organizations have an ethical obligation to each other to accomplish their tasks responsibly, with integrity and in a relevant and appropriate way. They must make sure they commit to activities only when they have the means, competencies, skills, and capacity to deliver on their commitments. Decisive and robust prevention of abuses committed by humanitarians must also be a constant effort.

- **Complementarity**

The diversity of the humanitarian community is an asset if we build on our comparative advantages and complement each other's contributions. Local capacity is one of the main assets to enhance and on which to build. Whenever possible, humanitarian organizations should strive to make it an integral part in emergency response. Language and cultural barriers must be overcome.

www.globalhumanitarianplatform.org