**GHD 2016-2018**

***Work-stream 2.2* - Incentivizing greater efficiencies and effectiveness: Multi-year Planning and Financing**

OVERALL GOAL: The Multi-year Planning and Financing workstream supports the overall objective of the work plan Good Humanitarian Donorship group, which is to support donors in implementing their World Humanitarian Summit commitments and GHD principles and operational best practices, all of which aim to improve the quality and impact of humanitarian assistance. The work plan reflects GHD’s mandate to support mutual learning and encourage donor behaviour that furthers principled humanitarian action. Each agreed theme represents an area in which changed donor practice can help improve humanitarian outcomes.

In keeping with GHD’s mandate and objective to support mutual learning and encourage donor behavior that furthers principled humanitarian action this workstream will:

* Share experiences regarding multi-year, collaborative and flexible planning and multi-year funding instruments, and (document Wondering what activity you would propose regarding documentation – would it be better to say “dissemination of evidence and learning with regards to …) the impact on program efficiency and effectiveness;
* Facilitate dialogue between humanitarian agencies and GHD members during the evolution of multi-year approaches;
* Coordinate with other workstreams noting the links to strengthening coordination efforts between humanitarian and development sectors to share analysis of needs and risks, and better align planning tools and interventions, among others.

**INTRODUCTION**

Humanitarian projects usually run for relatively short time periods of up to one year. This practice seems to be increasingly inappropriate as humanitarian actors are usually delivering assistance over a longer time period, not only since protracted crises have become the "new normal". De facto, many humanitarian operations are funded through a series of projects over the years. A review by DFID/CHASE in 2015[[1]](#footnote-1) assessed the efficiency of annual funding approaches in the humanitarian and development sectors and have identified that annual programming often leads to i) high staff turnover; ii) short notice procurement at a high cost; iii) high transactional costs.

Multi-year planning and funding can target humanitarian operations in different environments and crises that vary in duration:

* In **protracted crises**, a significant amount of pre-planning can be undertaken to facilitate responses. However, rapid spikes of need should be taken into account when doing so[[2]](#footnote-2).
* In **predictable and regular rapid onset events**, a pre-condition for effective multi-year funding is to have responders well informed about when and where rapid onsets of events can occur (i.e. seasonal flooding or drought). In this scenario, multi-year funding can be used for preparedness and long-term measures of risk reduction and long-term resilience building including local capacity building.
* For **rapid onset events**,an initial rapid response to cover the first few weeks or months would be needed in addition. A multi-year humanitarian project then ensured collaboration with and hand-over to local actors and development partners in the long-term.

**OPPORTUNITIES**Assessments of multi-year planning and funding modalities indicate that these types of operations have led to cost efficiencies and value for money gains[[3]](#footnote-3):

**Improved results at the outcome level**

* + Reducing vulnerability: Longer term projects allow partners to plan more strategically and adopt innovative approaches where relevant.
	+ Increasing local capacities: It also helps to build the relationship with and capacity of local partners and local authorities thereby contributing to resilience.
	+ Enhancing partnerships with other actors: Furthermore, collaboration with development actors could be improved with better aligned timelines.

**Administrative and Operational Benefits:**

Administratively, reduced staff costs (e.g. hiring of staff, interviewing, contracting; lower wage rates for knowledgeable personnel; retained institutional knowledge etc.), improved currency conversion and reduced time for contracting are arguments that are identified opportunities. Operationally, early procurement, pre-positioning of stocks and pooling orders decrease costs related to logistics and transport.[[4]](#footnote-4)

**Time:** Setting up initial multi-year agreements requires more time both on partner and donor side than annual agreements in the beginning because of the complexity of their design. However, savings can be realized in subsequent years as adjustments and normal reporting is less time consuming than final reporting and submission of new proposals.

**CHALLENGES**

There are, however, a number of caveats that need to be taken into consideration when aiming to foster advocacy for multi-year planning and funding on the donor-side, notably restrictions in the budget planning/allocation possibilities, unpredictable environments in protracted crises situations and ensuring down-streaming benefits of multi-year funding to local implementers.

**Donor Budget:** One of the main barriers is the ability of donors to commit funds for more than one year. Budgets for most donors are allocated annually.

**Adjustment and control**: Especially in protracted crisis settings, it is difficult to plan ahead and anticipate changes to the situation regarding needs, access and security. Project design and management arrangements (including procedures for amendments) need to be sufficiently flexible to adjust to changes. Furthermore, there are concerns that humanitarian actors/staff could be replaced by staff with more of a development background with less agility when conditions change rapidly, which has been the experience in some geographical locations in the past.

**Downstreaming:** The benefits of multi-year funding often remain at the level of the UN organisation or INGO and do not trickle down to local implementers. Smaller and local organisations however are the ones which are likely to benefit most from predictability of funding and longer term planning, namely in terms of building their own capacity. Large organisations have more possibilities to adjust to funding uncertainties and imbalances.

**STEPS FORWARD:**

1. Explore how GHD members engage in multi-annual financing/planning (CANTBD with ALNAP)

Carry out a survey of GHD members to establish a base line of current policy and practice regarding multiyear funding and identify barriers

1. Collect ideas on how to facilitate donors to more effectively carry out multi-annual financing.
2. Facilitate dialogue between operational agencies – TBD mid-January discussion on Evaluation of Multi Year Humanitarian Plans.

**RESOURCES AND ONGOING INTIATIVES**

1. Evaluation of Multi-Year Planning funded by OCHA (release immenent)
2. Study on Multi Year Funding for Humanitarian Response Plans to be commissioned by Humanitarian Financing Task Team (projected completion date May 2017)
3. Value for Money of Multi-Year Approaches to Humanitarian Funding, Cabot-Venton, 2013
4. Multi-year Humanitarian Business Cases-Lessons Review, CHASE, 2015.
5. Financing in Crisis? Making humanitarian finance fit for the future by Rachel Scott, OECD DAC
6. OCHA Policy Brief Multi Year Planning, July 2015
7. Multi Year Planning Tip Sheet September 20, 2016

**Membership (more donors may join during the process):**

ECHO (co-lead)

Canada (co-lead)

Australia (member)

1. Multi-year Humanitarian Business Cases-Lessons Review, CHASE, 2015. [↑](#footnote-ref-1)
2. This can be done by having a "contingency fund" for rapid onset of emergencies [↑](#footnote-ref-2)
3. Value for Money of Multi-Year Approaches to Humanitarian Funding, Cabot-Venton, 2013 [↑](#footnote-ref-3)
4. For example, a multi-year DFID-WFP Ethiopia programme reduced the cost of food aid (including internal transport, storage and handling cost) to $487 per metric ton, from $845 per metric ton on a yearly funded programme. [↑](#footnote-ref-4)