

## I. Introduction

The 2019 Global Humanitarian Overview clearly lays out the complex humanitarian challenges facing the world today. Humanitarian needs are increasing despite global economic and development gains. There are more crises, affecting more people, and lasting longer than a decade ago. Conflicts are becoming more common and prolonged; climate-related events are forecasted to increase in frequency and intensity; and the number of people in urgent need of humanitarian assistance and protection is growing. Furthermore, most humanitarian crises are not a product of any single factor or event, but of the interaction between natural hazards, armed conflict and human vulnerability.

Large protracted crises command the majority of resources. Between 2014 and 2018, just four crises – Somalia, South Sudan, Sudan and Syria – accounted for 55 per cent of all funding requested and received. In recent years, protracted crises have become further entrenched. In response, humanitarian organizations are staying longer and aiming to reach more people. The average length of Humanitarian Response Plans (HRPs) has increased from 5.2 years in 2014 to 9.3 years in 2018. In the same period, the number of people targeted to receive assistance under HRPs grew from 77 million to 101 million. In tandem, the amount of funding required to meet essential needs through HRPs increased from \$17.3 billion in 2014 to \$24.9 billion in 2018. The protracted nature of crises has drawn increased attention to multi-year approaches to planning and funding. The number of crises with multi-year HRPs or strategies has grown from one in 2011 to ten in 2018. Multi-year appeal requirements have also grown: in 2018 they accounted for \$10.9 billion, or 49 per cent of all HRP funding requirements.

In the face of this reality, the humanitarian system must proactively seek out innovative approaches and solutions to better meet the changing global humanitarian needs, including for funding instruments such as CERF. This note therefore sets out the case for increased use of CERF multi-year allocations under its Underfunded Emergencies (UFE) window to more effectively and efficiently respond to the humanitarian needs of people trapped in protracted emergencies. By shifting the mindset of implementers in protracted situations from short-term humanitarian response to longer-term action, CERF could help support a rethink of humanitarian engagement in such situations, while remaining fully committed to its life-saving mandate. By applying multi-year funds carefully and strategically, CERF could leverage its scale and convening power to advance improved approaches that better address protracted humanitarian situations. This could support Humanitarian Country Teams (HCTs)/United Nations Country Teams (UNCTs) and country operations to jointly respond to longstanding humanitarian situations and facilitate transition to recovery, in parallel with the ongoing efforts to address emerging humanitarian needs. A potential multi-year approach would not replace current CERF allocation modalities or bilateral funding but would complement these by making an additional ‘tool’ available to the Emergency Relief Coordinator (ERC), Resident and/or Humanitarian Coordinators (RC/HC), HCT/UNCTs and implementing organizations to better address protracted humanitarian needs. CERF did not fund multi-year projects until late 2019 when through a pilot it supported two projects by UNHCR and UNICEF in Bangladesh (described in more detail below).

## II. Global background and overview

### **Multi-year Humanitarian Funding (MYHF) as a global humanitarian agenda**

Multi-year humanitarian funding (MYHF) was endorsed as one of ten workstreams of the Grand Bargain at the World Humanitarian Summit in 2016, committing donors and responders to increasing multi-year funding and planning in

order to ensure greater predictability and continuity in humanitarian action. Since then, progress has been reported: 11 donors, which provided 81 per cent of total international humanitarian funding between 2016 and 2018, noted they had increased the volume of their multi-year contributions from US\$2.7 billion in 2016 (32 per cent of their total funds reported) to \$4.8 billion in 2018 (37 per cent of total funds reported).<sup>1</sup> This was accompanied by an increase in unearmarked or softly earmarked funding made available by these donors, including to CERF and country-based pooled funds (CBPFs). For CERF, multi-year donor contributions increased from \$23 million (5 per cent of total contributions) from one donor in 2016 to \$304 million (55 per cent of total contributions) from nine donors in 2018.

In an independent study conducted by the Norwegian Refugee Council (NRC) and OCHA, national and international NGOs mentioned that the potential of CBPFs to provide multi-year funding has yet to be fully realized. Even though some CBPFs (Somalia, DRC and Sudan) are implementing multi-year funded projects, multi-year funding has not to date been systematically included in CBPF planning.

The Education Cannot Wait (ECW) fund through its Multi-Year Resilience investment window has since 2018 allocated \$139.5 million of a total of \$171.9 million to support multi-year emergency education programmes in Afghanistan, Bangladesh, Central African Republic, the occupied Palestinian territory, Somalia and Uganda.<sup>2</sup> ECW is planning additional multi-year programming for Chad, the Democratic Republic of the Congo (DRC), Ethiopia, South Sudan, Syria, Yemen and other countries.

A literature review on MYHF – mainly consisting of studies commissioned by donor and/or humanitarian organizations<sup>3</sup> – revealed commonly cited advantages of MYHF in facilitating more timely, effective and efficient crisis response. First, funding secured over a longer period brings greater predictability and flexibility in operational planning and implementation, allowing humanitarian organizations to more readily address changing contexts and shifts in humanitarian needs through continuous programming. Second, by addressing needs in a more fundamental way, multi-year funding can reduce operational costs to achieve outputs, while cutting repeated direct and transaction costs (including those associated with sub-grants). Third, MYHF facilitates more coherent humanitarian programming with both immediate and longer-term outcomes and with the humanitarian-development nexus in sight. In cases of protracted internal displacement, for example, MYHF can support country operations to plan for a responsible transition through reducing needs, structurally engaging recovery/development partners, and addressing durable solutions.<sup>4</sup> In sum, multi-year humanitarian funding can be more predictable, more flexible, cheaper in the long run, and can help strengthen links to longer-term solutions.

Yet, there remain a series of challenges to implementing MYHF at scale and unleashing its full potential. Fundamentally, the existing humanitarian financing architecture has been set up to facilitate short-term assistance. Therefore, a multi-year approach to humanitarian financing would require changes in different parts of the humanitarian system. Concretely, this would mean addressing challenges such as: the lack of agreed definition, criteria and tools for MYHF to make it a standardized practice; donor tendency to earmark multi-year funding and prioritize larger humanitarian organizations (typically UN agencies and Red Cross/Crescent Movements) as direct

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<sup>1</sup> Development Initiative (DI), 2019.

<sup>2</sup> As of 9 October 2019.

<sup>3</sup> Reviewed documents included: Value for Money of Multi-year Approaches to Humanitarian Funding (DFID-commissioned study, 2015); Living Up to the Promise of Multi-Year Humanitarian Financing (FAO/OCHA/NRC, 2017); Value for Money of Multi-Year Funding and Planning: Emerging Findings (DFID-commissioned study by Valid Evaluations, 2017); Multi-Year Humanitarian Funding (OECD, 2017); Field Perspectives on Multi-Year Humanitarian Funding and Planning (NRC/DI, 2019); Outcome Report of the Progress Acceleration Workshop: Enhanced Quality Funding (2019); and the IASC Results Group 5 on Humanitarian Financing and Results Group 4 on Humanitarian Development Nexus – Key Messages on Quality Funding (2019).

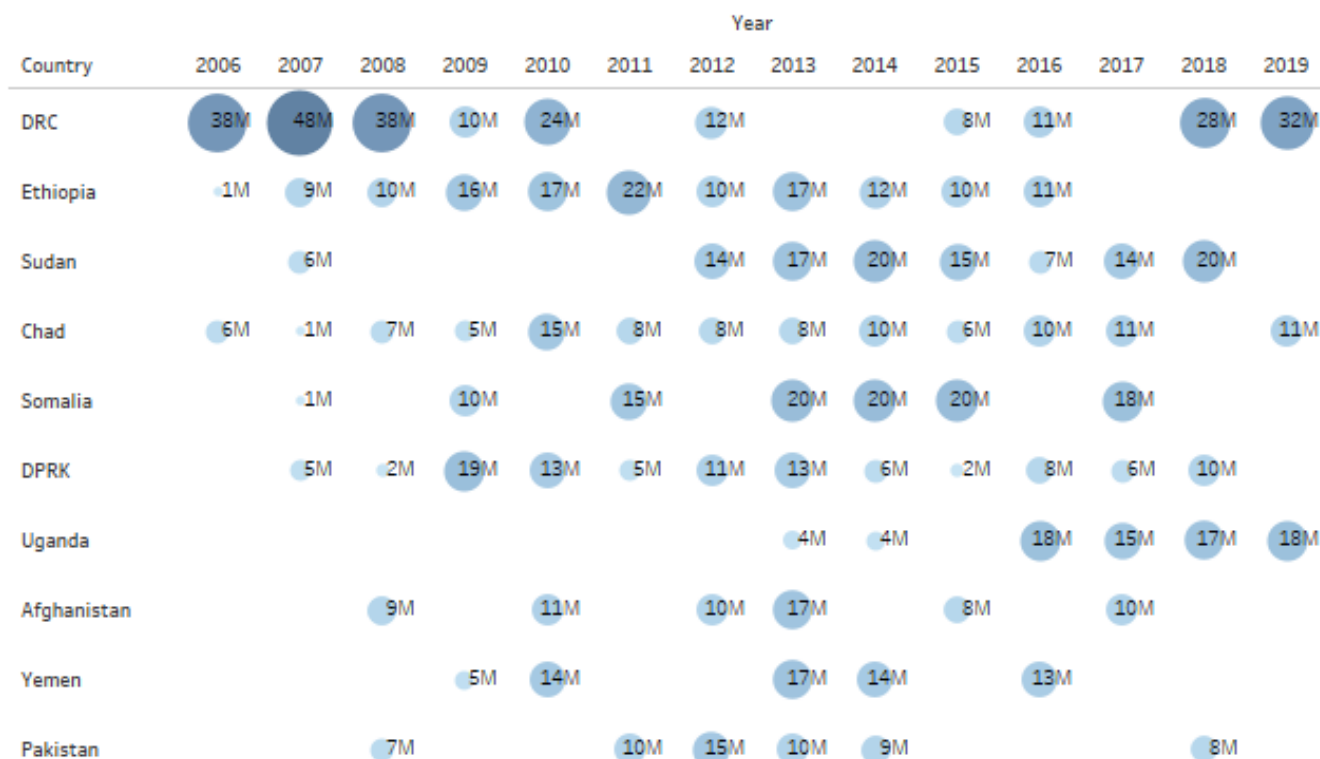
<sup>4</sup> As per the IASC Framework on Durable Solutions for Internally Displaced Persons (available [here](#)).

recipients; reduced benefits of predictable funding for sub-grant implementers (typically NGOs), which may not be able to access multi-year funding due to systemic and capacity challenges; difficulties in measuring the longer-term impact of multi-year programming (opposed to that of repeated interventions); and the lack of flexibility for reprogramming to allow for more agile response within the multi-year timeframe. Key recommendations emerging from studies included: 1) a systematic approach – provision of MYHF based on common criteria and framework; 2) accessibility – ensuring the benefit of MYHF trickles downstream to first-line responders; and 3) balancing flexibility with accountability – collective, outcome-based programming<sup>5</sup> and harmonized approaches to project revisions and reporting.

**CERF and repeated Underfunded Emergencies (UFE) allocations**

While CERF’s Rapid Response window is designed to address short-term urgent needs by quickly launching a new response or scaling up existing life-saving humanitarian actions to meet affected peoples’ immediate needs while other funding and programmes become available, the CERF UFE window is meant to help address existing underfunded humanitarian needs, often in prolonged humanitarian crises. CERF funding from the UFE window has in the past often been allocated to protracted crises in the same countries year after year, but without a multi-year strategy and lacking predictability for country-level partners.

CERF UFE allocations to top 10 UFE recipient countries (in US\$)



Of the total \$2.01 billion allocated through the fund’s UFE window to date, some \$1.52 billion (75 per cent) has been part of multiple UFE allocations made over consecutive years to the same countries. A historical analysis<sup>6</sup> shows that

<sup>5</sup> Outcome-based programming aims to measure the impact on humanitarian assistance provided over time e.g. reduction in malnutrition rates, improved food security, incidence of water-borne disease kept under a certain level, reduction in protection incidents/concerns, etc.

<sup>6</sup> Conducted in September 2019. See the separate analysis paper for details.

the countries that have most frequently received UFE funding and those that have received the most UFE funding overlap to some extent. Generally, in countries with small, protracted emergencies that have repeatedly received relatively small CERF grants, such as DPRK or Eritrea, there has been consistency in terms of the strategic focus and funded sectors across UFE allocations. In countries with larger, multi-faceted crises, such as Ethiopia or DRC, the strategic focus of UFE allocations has shifted significantly over the years, reflecting the evolution of the humanitarian situation in each country.

The growing evidence base for the benefits of predictable multi-year humanitarian funding, and the often-repetitive CERF UFE allocation patterns, suggest a possible unrealized potential for increasing the impact of available CERF UFE funds through the provision of strategic multi-year funding for certain protracted humanitarian situations.

### **CERF's multi-year pilot in Bangladesh**

As of September 2018<sup>7</sup>, approximately 303 million children aged between 5 and 17 were out of school worldwide with 104 million living in countries affected by a humanitarian situation. According to consistent protection monitoring data and field observations, out-of-school children are more vulnerable to various protection risks, such as child marriage, forced/child recruitment, child labor, GBV and trafficking. In conflict situations particularly, one of the common International Humanitarian Law (IHL) violations are attacks on education (and health) facilities, which renders them inaccessible or inoperable for long periods of time. There is a direct correlation between the time spent by children out of school and the diminishing likelihood that they will return to school when conditions are met<sup>8</sup>. Conversely, most protection dividends attributed to education are associated with completing primary and secondary education<sup>9</sup>. Specifically, children who complete both educational levels are more likely to be self-sufficient, empowered members of their respective communities, have identity/citizenship documentation, more likely to find employment, etc.

However, despite the overwhelming evidence of the criticality of education in crises situations education activities often remain consistently under-funded in humanitarian response operations. Consequently, the Emergency Relief Coordinator has identified education in emergencies as one of four important areas<sup>10</sup> of humanitarian action that suffer from chronic underfunding and that Resident Coordinators/Humanitarian Coordinators (RC/HC) are encouraged to give particular consideration when applying for CERF funding. In addition, the ERC has identified education in emergencies as subject for the first ever CERF multi-year grant.

CERF piloted a multi-year allocation to Bangladesh<sup>11</sup> in 2019, with the ERC allocating \$10 million to support critical education in emergencies (EiE) assistance for the Rohingya refugee crisis response in Cox's Bazar. In the context of deep linkages between EiE and protection, as well as the associated protection risks experienced by out of school children, the Bangladesh EiE multi-year pilot falls squarely within the CERF life-saving criteria. The pilot is intended to demonstrate the benefits of multi-year humanitarian funding and identify lessons to inform possible decisions around a more systematic future use of CERF to fund multi-year humanitarian programmes in relevant contexts.

The Bangladesh pilot allocation is administratively implemented as back-to-back UFE grants over two years. Through an inter-agency/sector prioritization process led by the Resident Coordinator, UNICEF and UNHCR were selected to

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<sup>7</sup> [A Future Stolen: Young and Out of School](#) – UNICEF report September 2018

<sup>8</sup> [UNHCR Emergency Handbook](#) – Education in Emergencies - UNHCR

<sup>9</sup> *Idem*.

<sup>10</sup> (a) support for women and girls, including tackling gender-based violence, reproductive health and empowerment; (b) programmes targeting disabled people; (c) education in protracted crises; and (d) other aspects of protection.

<sup>11</sup> For further details, see the Summary Note on multi-year pilot and the approved application chapeau and projects for the 2019 second round UFE allocation to Bangladesh.

implement multi-year pilot projects between October 2019 to June 2021. Taking advantage of the longer implementation period, the projects are supporting both immediate life-saving and medium-term life-sustaining programming with critical elements of community-based protection to curb imminent future needs: urgent physical upgrades of existing learning facilities to provide safer and better-serviced learning environments, capacity building of educational staff, and the expansion of EiE services targeting children and youth including through social cohesion and vocational training activities. Further, these interventions were designed to strategically complement the Education Cannot Wait’s multi-year resilience programme<sup>12</sup> and other funding sources coordinated by the Education Sector in Bangladesh. The pilot project budgets include significant sub-grants (\$4.6 million) to NGO and government partners.

### III. CERF’s Comparative advantage in multi-year funding

While CERF’s current rapid response and underfunded emergencies allocation modalities will remain the core of the fund’s allocation strategy, CERF is constantly seeking innovative ways in which to increase the impact of funding and further leverage CERF’s catalytic potential. One such innovation explored is multi-year grants.<sup>13</sup> CERF is uniquely positioned to be an effective and efficient mechanism for delivery of multi-year funding, due to its funding modalities that build on and support collective action, the size of available funds, proven delivery and accountability processes and systems at field and global levels, as well as awareness with both implementing agencies and the donor community, complemented by a unique global reach. CERF is a fund of and for the entire humanitarian system – cutting across sectors, clusters and agencies to facilitate a joint, coordinated response to humanitarian needs. Unlike multi-year funding provided bilaterally to individual agencies or programmes, CERF would support a coherent and collective multi-year strategy for responding to humanitarian needs at country level under the leadership of the RC/HC. Opening the possibility for a multi-year funding stream within the UFE window could achieve several objectives simultaneously:

- i. CERF could catalyze joint outcomes, achieved by a coherent country-level response strategy addressing specific protracted situations
- ii. It could make system-wide strategies for longer-term humanitarian assistance and transition more effective by putting substantive seed funding at the disposal of the HCT/UNCT
- iii. It could support joint financing strategies to address needs arising from protracted situations, even beyond the period to be covered by the CERF-funded response, and could help the RC/HC leverage additional funding from across the aid spectrum
- iv. It would leverage the RC/HC leadership and HCT/UNCT consensus-building exercises in planning and implementing integrated responses for joint outcomes
- v. It could serve as a vehicle to more systematically and effectively promote system-wide cross-cutting humanitarian priorities through multi-year joint strategies (e.g. around gender, AAP, disability, protection)
- vi. It could through appropriate procedures and safeguards help ensure that the benefits of multi-year funding cascades down to implementing partners and translates into higher quality assistance to affected people

While not directly funding durable solutions, adhering to its life-saving criteria, CERF could be used as a catalyst in linking a predictable, multi-year humanitarian response to country-specific financing strategies and to leverage other, non-humanitarian funding. Multi-year grants would allow CERF to focus increasingly on outcomes rather than

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<sup>12</sup> Under this initiative, the ECW released \$12 million for 2018-2020 programming.

<sup>13</sup> In addition, CERF is undertaking its first Anticipatory Action pilot in Somalia to support forecast-based actions to high-probability high impact drought shocks.

outputs, enabling the RC/HC to use a multi-year grant to achieve specific ‘game-changers’, such as a fundamental improvement in the humanitarian situation or setting up mechanisms to support accountability to affected people, gender equality and other issues that make a real difference to affected people. The country operation will not be expected to transition out of the situation at the end of the multi-year CERF grant if that is not feasible, but rather to demonstrate that a multi-year CERF grant can help bring the humanitarian response closer to a solution, while addressing humanitarian needs and keeping the life-saving criteria and humanitarian imperatives at the core of the engagement. Multi-year grants should be used strategically by RC/HCs to complement other available funding, including CBPFs and other pooled funds. Multi-year allocations could also in some contexts reduce the need for the current repetitive allocations from the UFE window to the same protracted emergencies. While CERF will remain squarely focused on life-saving humanitarian action, multi-year CERF funding could help facilitate linkages from humanitarian response toward development aspects, in the context of the nexus. By facilitating humanitarian action in protracted situations with a multi-year outlook CERF will help link humanitarian operations with development programming. This would bring about a more forward-looking humanitarian engagement, hopefully increased timeliness of development responses and, in the long run, a transition out of a humanitarian situation.

### IV. What would a multi-year funding from CERF look like?

Designing a fully developed framework for a formal CERF multi-year approach will require additional analysis and consultations. However, this section aims to set out the broad parameters that could define the approach. Any multi-year funding would be linked to CERF’s UFE window and support multi-year programming addressing protracted needs. CERF multi-year allocations would not be appropriate for all contexts and would focus on those situations where country partners can provide a strong justification for the added value and impact that a multi-year CERF grant can help achieve as compared to a regular CERF UFE allocation.

Predefined minimum conditions (to be determined) notwithstanding, possible multi-year CERF funding would in principle be available to country operations from the UFE window, as part of the regular twice-yearly UFE allocation rounds. To allow for the necessary financial planning and management by CERF, a multi-year amount may be set aside within the UFE envelope for each round, defining the maximum funding available to commit to multi-year programming into the next financial year.

Identification of potential recipients of multi-year funding could be driven from the global level (top-down) or from the country level (bottom-up), or a combination of these. In a top-down model the identification of potential multi-year recipients would form part of the global UFE analysis, and the ERC/CERF could invite select country operations with protracted situations deemed suitable to multi-year funding to make the case for a multi-year grant. Under a bottom-up approach, any country operation that fulfills a set of benchmarks could directly apply for a multi-year allocation if they are selected as UFE recipient in a given round.

Generally, multi-year grants will focus on those programmes where they demonstratively add strong value and may therefore only be applicable to a subset of programmes under a given UFE country allocation (like the Bangladesh pilot) rather than the full allocation. Even within a multi-year project, not all activities would have to cover the full implementation period.

A request for multi-year funding would follow a pre-defined format to be developed by the CERF secretariat, in consultations with relevant partners. It would ultimately be centered around the RC/HC and HCT/UNCT making a strong case for the value added and transformative impact that a multi-year CERF grant could have, anchored in a solid multi-year strategy that incorporates the six objectives outlined in section III above, supported by relevant multi-year plans and programmes by country teams, clusters and implementing organizations. The strategy would

also have to describe how CERF will be used in coordination with other funding, and in countries with operational CBPFs, special consideration will be given to ensuring that both types of funds are used in a complementary way.

Finally, it is envisioned that a strong learning component will be built into the process at least during the pilot phase, either through country-level learning exercises undertaken in close cooperation with the CERF secretariat, or through independent reviews commissioned by the CERF secretariat under the CERF Performance and Accountability Framework.

## **V. Risks and Mitigation**

A CERF multi-year funding stream is a departure from current allocation practices and is likely to also present several challenges. While country operations with protracted situations and demonstratable needs would have increased predictability through multi-year grants, multi-year commitments might render CERF less flexible, as the Fund would already have committed funds for periods in the future; this can be mitigated through strong financial management and planning by CERF by including pre-defined maximum amounts for multi-year allocations into a successive year, within the UFE window, informed by income projections based on donor pledges (in particular multi-year donor commitments). A multi-year CERF grant would also have to take into account the possibly changing character of life-saving needs throughout a multi-year implementation period. This could be mitigated by having the country operation strategies as living documents, which are able to track changes and adapt, as well as making use of review milestones in order to identify changes in the life-saving needs and ways to address the new challenges.