



# COUNTRY-BASED POOLED FUNDS

## The NGO Perspective

More than 1,000 non-governmental organisations (NGOs) have worked in partnership with the UN Office for the Coordination of Humanitarian Affairs (OCHA) since 2014 to implement the vast majority of funding channelled through country-based pooled funds (CBPFs). This study brings together their experiences and recommendations to improve a mechanism that has become a staple of the humanitarian landscape and financing toolbox.

**Cover:** Protection of Civilians (POC) site 3, Juba, South Sudan. *Photo: Ingrid Prestetun/NRC*

# SUMMARY

The amount of funding available through country-based pooled funds (CBPFs) managed by the UN Office for the Coordination of Humanitarian Affairs (OCHA) doubled between 2014 and 2018 to \$950 million. There are currently 18 CBPFs in operation, providing funding to more than 1,000 NGOs over the past five years. Given the growing significance of such funds and OCHA's ongoing evaluation of them, this study is intended as a comprehensive review of NGOs' operational experiences in accessing and working with CBPFs. A joint initiative between the Norwegian Refugee Council (NRC) and OCHA, it gathers NGOs' perspectives on their successes and challenges and the opportunities they see for improvement, with the aim of ensuring their voices are heard in the findings and recommendations to emerge.

The study also builds on NRC's 2017 study, *Understanding Humanitarian Funds*. It endeavours to determine whether NGOs still feel CBPFs are fit for purpose, particularly in terms of Grand Bargain commitments to reduce the earmarking of donor contributions, increase multi-year disbursements and improve local and national humanitarians' access to funding. It also discusses ways to reduce the administrative burdens on recipient organisations, and governance and decision-making issues.

A mixed methodology employing quantitative and qualitative approaches was used in the research, including key-informant interviews, an online survey and quantitative analysis of OCHA's grant management system (GMS) data. Myanmar, Nigeria, South Sudan and Turkey were selected as focus countries for more in-depth interviews. The online staff survey had significant reach. Fifteen per cent of focal points from recipient NGOs between 2014 and 2018 completed it, amounting to more than 600 respondents.

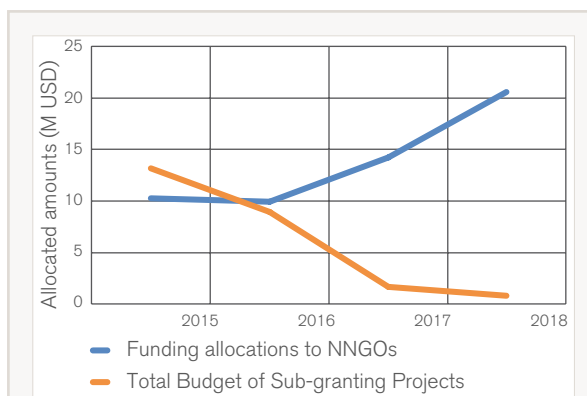
## EARMARKING

**Finding 1:** Almost a quarter of CBPF funding is available for flexible use, but budget revision rules are too rigid.

CBPFs have allowed donors to increase their share of un-earmarked funding, but the flexibility accorded progressively reduces as funds are allocated to specific projects. Existing regulations state that up to 22 per cent of CBPF funding can be used in a flexible manner, 15 per cent budget flexibility and seven per cent project support costs. Survey respondents and key informants identified a lack of budget flexibility for staff costs, and said the need for prior approval to create budget lines was time-consuming and hindered the effective use of funding in changing operational situations.

**Recommendation 1:** Increase the flexibility of CBPFs by extending the 15 per cent budget flexibility to staff costs, and introduce the possibility of creating new budget lines within the 15 per cent parameter without prior approval.

**Finding 2:** A cap on sub-granting has allowed more national NGOs to access funds directly, reducing earmarking.



**Figure 1:** A decrease in sub-granting corresponds to an increase in direct funding to national NGOs in South Sudan. Amounts in millions. Source: Author's analysis based on GMS data

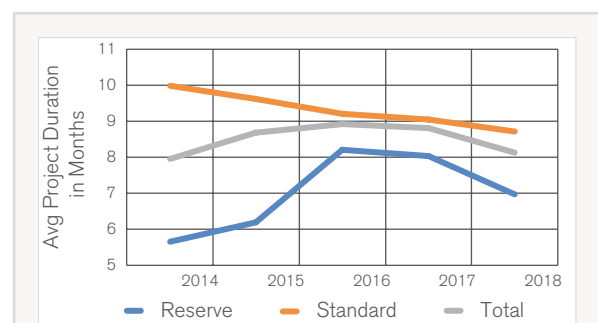
OCHA's GMS data indicates that sub-granting agreements, where the CBPF recipient channels funding to an implementing partner, accounted for eight per cent of all funds allocated in 2018. Thirty per cent had a sub-granting element.

This type of funding is more tightly earmarked, because the implementing organisation has less power to decide how it is used than the direct recipient. Experiences with the South Sudan Humanitarian Fund show that after the advisory board's decision to disallow sub-granting, national NGOs that previously tended to access funding indirectly received more direct and less-earmarked funding.

**Recommendation 2:** Sub-granting agreements should be limited to projects where they add discernible value. Examples include activities that promote capacity-building to improve the sub-grantee's ability to access funding directly, and those that promote integrated programming or allow operating at scale.

## MULTI-YEAR FUNDING

**Finding 3:** Multi-year funding has not been systematically included in CBPF planning. Only two donors provide such commitments, and the average project duration remains below 12 months.



**Figure 2:** CBPF average project duration, showing the average in months for standard and reserve allocations between 2014 and 2018. Source: Author's analysis of OCHA GMS data

CBPFs' potential to provide multi-year funding has yet to be fully realised. Only the UK and Switzerland pledge funding for more than a year. Furthermore, the Democratic Republic of the Congo Humanitarian Fund is the only CBPF that systematically provides funding over 24 months, despite the absence of multi-year pledges. Key informants were clear that projects with a duration of less than a year are undesirable, in most cases because they do not allow to optimize costs associated with implementation.

**Recommendation 3.1:** Project duration should be increased by up to 30 per cent within the existing funding landscape to reach an average of 12 months.

**Recommendation 3.2:** Policies should be adjusted to allow cost extensions and project durations of longer than 12 months.

**Recommendation 3.3:** Donors, OCHA and NGOs should advocate where relevant for multi-year Humanitarian Response Plans and matching donor commitments to allow CBPFs to provide multi-year funding.

## LOCALISATION

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**Finding 4: Most CBPFs have increased the funding share going to local actors, by two-thirds on average, since 2015.**

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CBPFs have played a significant role in providing more funding to national NGOs in recent years, and they in turn have taken an increasingly important role in decision-making bodies such as advisory boards, strategic review committees and strategic advisory groups. However, to reflect and consolidate national NGOs' growing participation in CBPF governance and implementation, their role in advisory boards should be strengthened. Currently, non-donor seats are split between UN agencies on the one hand and NGOs (without differentiation) on the other.

**Recommendation 4.1:** Advisory board seats for non-donors should be shared equally between UN agencies, national, and international NGOs. This would effectively introduce a new category on the boards, increasing NGO participation and ensuring national NGOs are adequately represented.

**Recommendation 4.2:** Build on positive examples of capacity-building initiatives, such as walk-in clinics in Nigeria, to provide such opportunities both in-country and at the global level and contribute to national NGOs' greater participation.

## HARMONISATION

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**Finding 5: The vast majority of international NGOs access CBPFs in more than one country.**

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Ninety per cent of international NGOs access CBPF funding in various countries, and more than 40 percent of the funding channelled to them goes to organisations that access CBPFs in ten or more countries.

OCHA embraced the concept of simplification and harmonisation by universally rolling out the "8+3 narrative reporting template" across CBPFs and the Central Emergency Response Fund (CERF). OCHA-managed pooled funds constitute a formidable testing ground for global initiatives, and the CBPFs set up would benefit significantly from tweaks to some of its systems and the centralisation of some data collection and assessment procedures.

**Recommendation 5.1:** CBPFs should stay abreast of and contribute to harmonisation efforts in the humanitarian financing arena, particularly within the Grand Bargain.

A common due diligence system, the harmonisation of financial budgeting and reporting, and participation in the UN Partner Portal are three key initiatives that could be adopted in the short term.

**Recommendation 5.2:** Centralise part of the data collection for due diligence and risk rating to optimise multi-country assessments.

**Recommendation 5.3:** Create a set of offline templates to allow for the direct uploading of project documents.

## GOVERNANCE

**Finding 6: Funding allocations are not always perceived as fair and transparent.**

The survey results from this study suggest that recipient NGOs perceive the decentralised processes steered by in-country decision makers as not fully transparent.

The governance system is designed to prevent mismanagement, but other measures could further mitigate this reputational risk and increase both the perceived and actual fairness of process.

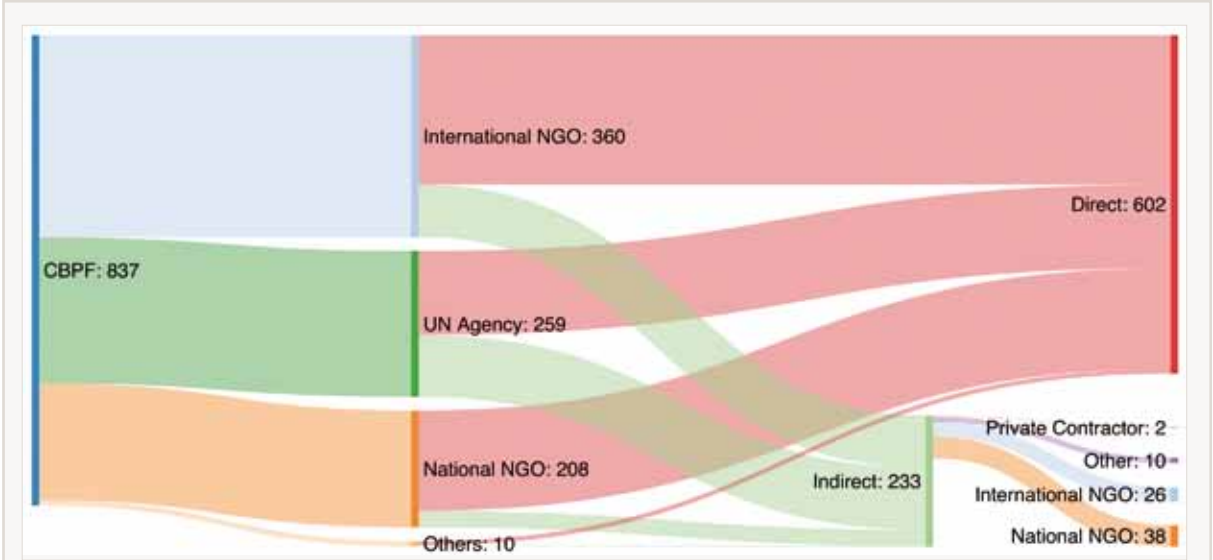
**Recommendation 6.1:** Establish a central repository for CBPF data and ensure the timely and

accurate dissemination of information, including country-specific guidelines, advisory board composition and minutes, allocation papers and list of proposals and partners that have been accepted or rejected.

**Recommendation 6.2:** To reduce perceived bias, select non-applicants to the round of allocation as members of the review committees, as in the case of Myanmar.

**Recommendation 6.3:** NGOs are an integral part of decision making, and their coordination systems should be strengthened to allow for peer-to-peer feedback and learning, including on the allocation process. This could be achieved by allocating specific sessions in formal coordination bodies such as in-country NGO Fora.

**Recommendation 6.4:** Foster global-local NGO coordination and dialogue to ensure that field realities are considered in global policy discussions and vice versa. This would mutually strengthen the role of NGOs in CBPF governance systems at the country and that at global level, including advisory boards, review committees, the OCHA-NGO dialogue platform and the Pooled Fund Working Group.



**Figure 3:** 2018 CBPFs funding flows, in million USD. Shows that most of the funding was directly implemented (USD 602 million out of USD 837 million). Almost 30 percent (USD 233 million) of the funding was allocated to projects that had a sub-granting element. Source: Author's analysis of OCHA GMS data



This study, written by Christian Els, was commissioned by NRC and OCHA and partly financed through Swedish development assistance.



NRC and OCHA co-chair the OCHA-NGO CBPF Dialogue Platform, an informal forum for discussion established in 2014 to strengthen the partnership between OCHA and NGOs.

The full study will be released in July 2019 and made available here:

[www.nrc.no](http://www.nrc.no)

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