

Equitable Partnerships: towards a fairer sharing of compliance-related risks

DG ECHO Partners' Segment, 20 March 2024

Co-organised by Charter4Change, the Red Cross EU and VOICE.

Duration: 1h30

Context:

In March 2023, DG ECHO published its [guidance note on promoting equitable partnerships](#). Though risk sharing has been an important element of the localisation agenda for years, the publication triggered intensified discussions about its materialisation in the context of DG ECHO-funded programmes. Risk sharing has increasingly emerged as an essential element to achieve the ambitions set out in the Guidance.

According to the Risk Sharing Framework, "*risk sharing should be understood as a reasonable sharing of the burden of preventative measures and reasonable sharing of responsibility for materialising risks.*"¹ Typically, these risks relate to security, safety, operational, fiduciary, legal/compliance, reputational, ethical, and information/data concerns. According to an organisation's function in the humanitarian system, from donors to front-line responders, concerns and prioritisation of these risks can differ.

EU and international donors have been addressing their practices of risk management, which, contrary to the purpose of risk management, have often been skewed towards avoidance of fiduciary and reputational risks and undermined the potential for innovation and improved humanitarian and development impact.² NGOs have consistently signalled the structural bias in the current funding and risk management modalities which demonstrate a prevailing lack of trust in local actors.

Recently, and in the context of the publication of DG ECHO's Guidance Note, DG ECHO partners raised concerns about the increasing set of compliance requirements, compounded by increased risk aversion, which could countervail incentives for quality and equitable partnerships. At the same time, donors' and INGOs' practices can significantly exacerbate risks for local and national actors, notably when risks are simply transferred, as opposed to jointly discussed and shared equitably.

However, all actors involved in the delivery chain, from back donors to front-line responders share a common goal guided by the humanitarian principles and imperative: support people in need in the most accountable, efficient and effective manner possible. Sharing equitably risks, based on vulnerabilities, preventive capabilities and ability to absorb materialising risks, has an important potential to improve collective risk management and the humanitarian system's capability to provide quality aid. Addressing this issue requires actors to "*collectively consider the totality of key risks in the delivery chain, not just the risks to their own organisation*"³. To do so, trusted dialogue and mutual understanding are instrumental.

Description:

The Partners' Segment session will aim to contribute to the necessary above-mentioned collective discussion, **focusing on compliance-related risks and those related to misuse of resources**. It will:

¹ "*Risk Sharing Framework: enhancing the impact of humanitarian action through improved risk sharing*"

Developed by the Risk Sharing Platform, co-led by the Netherlands Ministry of Foreign Affairs, the ICRC and InterAction

² *Risk management and locally led development: Understanding how to better manage risks for sustainable impact: OECD DAC Perspectives Note (November 2023)*

³ Underlying principles for improving risk sharing of the Risk Sharing Framework, developed by the Risk Sharing Platform, co-led by the Netherlands Ministry of Foreign Affairs, the ICRC and InterAction

- Provide an overview of the compliance risks and those related to misuse of resources each respectively faces, fostering a shared understanding of how one another's practices impact each actor;
- Share good practice examples of practical steps taken to address barriers to risk sharing related to compliance and misuse of resources;
- Explore where risk-sharing modalities are already in place in DG ECHO-funded programmes and identify opportunities to set realistic commitments to replicate good practice modalities.

Ultimately, the session aims to contribute to creating an enabling environment for equitable partnerships.

DG ECHO, its certified partners and local and national partners will be asked the following questions:

1) **Main barriers**

Questions related to the main barriers preventing a fairer sharing of compliance-related risks and those related to misuse of resources will be asked before the Partners' Segment session, through an online questionnaire. The results of the survey will be presented at the beginning of the session.

2) **Good practices:**

- Which modalities/policies related to compliance and/or funding have you developed internally or experienced through partnerships/funding relationships, including community-level investments, which best mitigate and share risk?
- In your experience, what has been most important for building mutual trusting relationships between donors, international organisations, local partners and communities in relation to compliance and mitigating risks related to the spending of resources?

3) **Ways forward:**

- Among the modalities and models discussed, what are the most feasible immediate next steps for DG ECHO and partners? Which of the models and modalities discussed can be feasibly replicated in the short term by DG ECHO and partners?
- Which ones require longer-term collaboration, and what is needed in that collaboration? Are there further learning discussions and negotiations which need to happen with other bodies of the EU institutions – Council, EU Court of Auditors, Parliament, DG BUDG?
- What practical steps can we respectively & collectively take to address the underlying narratives and attitudes shaped by the misconception that local actors are uniformly '*not capable*' of managing EU humanitarian aid in line with associated compliance requirements?
- How can we build on the solid EU citizens' support for the EU's humanitarian aid to promote the flexibility required to lessen risk barriers?