
Multi-year planning and funding (MYP-MYF):

VOICE Grand Bargain Task Force Input for an effective and efficient implementation

The purpose of this paper is to highlight through current practices and examples the interest for both ECHO and its partners in implementing a multiyear planning and funding approach and to demonstrate which current challenges could be overcome by doing so.

As highlighted by the Global Humanitarian Assistance report 2017, *“An estimated 88% of official humanitarian assistance went to medium- or long-term recipients in 2015. Moreover, of the 20 largest recipients of international humanitarian assistance in 2015, 18 were medium- or long-term recipients facing recurrent or protracted crises.”*¹

The present paper focuses only on MYP and MYF under the existing HIP process in ECHO. It has been developed by the VOICE Grand Bargain Task Force in order to provide suggestions to ECHO in implementing the recently announced target of providing 15 to 20% of ECHO funding under Multi-year contractual frameworks for 2018.

Through this paper the Grand Bargain Task Force wishes to start a conversation with ECHO on the matter; recognising that the paper is not providing a comprehensive reflection on the issue at stake. Additional elements such as the commitments taken out of the earmarking work stream and those concerning the humanitarian development nexus are examples of additional considerations that may need to be taken into account and nourish future discussions.

1. A solid partnership for a successful implementation of MYF-MYP

Multiyear funding and planning is an opportunity for more coordinated and harmonised approaches, leading to greater efficiency and cost effectiveness. Through joint planning and shared costs, it can improve relationships with the communities and accountability to affected populations.

Thanks to the existing partnership between DG ECHO and its FPA/FAFA partners, DG ECHO is well placed to implement the commitments taken under the GB work stream of MYF and MYP. The upcoming revision of the FPA will provide an excellent opportunity to strengthen further this partnership to jointly implement the Grand Bargain.

2. The HIP process: Current practices and challenges

The way ECHO currently releases funds, through initial HIPs and multiple top ups during the year does not allow predictable funding for foreseeable needs and crises, even within a calendar year, nor does it allow long term planning.

¹ Global Humanitarian Report 2017, pp 9, <http://devinit.org/wp-content/uploads/2017/06/GHA-Report-2017-Full-report.pdf>

For instance, in 2016, ECHO released an average of 2 to 3 top ups on 20 HIPs covering protracted / chronic crisis contexts.

Iraq	West Africa
§ HIP V1: 50 000 000 EUR total (10/12/2015) § HIP V2: 74 100 000 EUR total (21/04/2016) § HIP V3: 104 100 000 EUR total (06/07/2016) § HIP V4: 134 100 000 EUR total § HIP V5: 159 100 000 EUR total (23/12/2016)	§ HIP V1: 139 112 848 EUR total (03/11/2015) § HIP V2: 149 112 848 EUR total § HIP V3: 149 462 848 EUR total § HIP V4: 158 962 848 EUR total § HIP V5: 170 024 365 EUR total (05/08/2016)

- The extension of the maximum project duration to 48 months is not an appropriate solution for multiyear planning or funding since there is no predictability on what will be ECHO’s priorities and level of funding beyond the yearly HIP strategy. In some specific contexts (for e.g. Opt, Sahel), ECHO has required multiyear strategies from partners, while only securing yearly grants.
- The efficiency of such a practice should be better appraised and analysed since it could benefit both partners and ECHO. Many elements can prevent effective response: short-term planning, multiple transaction costs, disruption of relationships (gaps between grants), delays in the implementation, the use of HR for continuous updating of documents and revision of the single form, misalignment between calendar year and grant implementation period, etc. Such practices also have significant impact in terms of human resources management in the field, preventing partners’ from providing longer-term contracts to staff and thus generating a high degree of turnover and instability.
- The HIP development process is currently inconsistent across geographies and rarely allows for partners’ engagement in defining and prioritising the needs.

Examples of best practices from other donors

- ✓ **Sweden:** in 2017, a small proportion of Sida’s humanitarian budget was set aside to finance strategic multiyear programmes 2017 – 2019 in protracted crises. This led to identification of 10-multiyear programmes in Afghanistan, DRC, Sudan, Lebanon, Mali, Niger, Cameroon and Chad. A guidance was developed and discussed with Sida’s partners.
- ✓ **Germany** provides up to three years MYF-MYP. However, partners witnessed that negotiation might take longer, up to 6 or 8 month before being able to sign the grant.
- ✓ **Canada:** Three years programmes with few partners. Trust between them was a precondition for doing MYF.

3. Increase collaborative multi-year planning and funding: Recommendations for DG ECHO

3.1: Recommendations linked to funding instruments:

The Grand Bargain foresees that by the end of 2017 aid organisations and donors commit to “Support in at least five countries multi-year collaborative planning and response plans through multi-year funding and monitor and evaluate the outcomes of these responses”.

- a) Given the numerous elements that need to be considered before selecting which HIPs could be best for implementing this initial target, the task force recommends having an open discussion with partners to identify where it would be most beneficial.**

Elements such as the overall degree of funding projection, the existence of multi-year plans developed by the UN, partners’ capacities and longer term planning, other donors’ plans etc. are elements that can be used to frame conversation between ECHO and its partners on the ground before agreeing to develop longer term HIPs.

- b) HIPs should be then drafted on a three-years’ basis with possible adjustments (midterm review) for different crises or changing situations within a crisis.**

The aims would be to advantageously combine predictability and adaptability. HIP development should be strongly coordinated with ECHO partners, and relevant forums. Consistent, inclusive and structured consultations with partners and stakeholders when developing these multiyear plans should be ensured.

The regional/crisis set up approach is certainly favouring possible flexibility of funding in terms of contracting and moving the budget depending on crisis needs and developments.

- c) Particular attention should be given to clarifying roles/responsibilities of Development/Humanitarian actors and articulation among the relevant funding streams (DEVCO/NEAR, Trust Funds).**

Investigate how HIPs could be better coordinated with UN Multi-annual Indicative Programmes, Trust Fund priorities as well as Member States’ bilateral funding. This would ensure more clarity for ECHO and partners regarding complementarity between the different funding streams available (at least at European level). It could also favour longer-term planning allowing for more visibility regarding the impact of the intervention in a specific crisis, fostering synergies both at planning and at implementation level.

3.2 Recommendations linked to contracting arrangement

- d) Multi Year funded programmes should come with agreed crisis modifiers or a locally activated change mechanism.**

For a three-year programme to be optimal in meeting humanitarian needs there needs to be a flexible mechanism to make programmatic changes if the contexts evolve. NGOs should not be locked into a less flexible log frame based on a three years plan. There are number issues that should be better defined and addressed such as contractual modalities (one-year specific engagement and more general two-year extra

planning), engagement on reporting, possible contingency amount available to be mobilised in advance if requested by the crisis etc...

e) Planning for a three-year programme should focus on high level humanitarian outcomes rather than detailed indicators.

This will help ensure greater ability of implementing partners in meeting priority humanitarian needs. Implementing partners should have the opportunity to try out new modalities.

Contracting should include:

- ✓ Flexibility to adapt to evolving needs and reshuffle
- ✓ Multi-year contracts
- ✓ Three-years planning (set scenarios, for example)
- ✓ The Reserve in contracts should operate with crisis modifiers to be used when the context or needs are changing.
- ✓ Budgeting and unit costs should be flexible to allow for reasonable inflation year on year. A clause should also allow partners to revise the initial budget if exchange rates become too volatile.

Suggested Reporting framework:

- 1 year (Intermediary Report)
- 2 years (Intermediary Report and Updated planning based on the HIP Mid-term Review)
- 3 years (Final Report)

The Case of coordinated approach and consortia:

MYP and MYF are likely to be implemented by donors (and ECHO in particular) with a view to achieving greater impact at field level. Bigger contracts are expected and encouragement for NGOs consortia already observed. Therefore, based on the work of the FPA Watch Group and feedback from NGOs operating in consortia but also under coordinated approach with ECHO funding, we encourage ECHO to:

- f) Favour the possibility of adopting a coordinated approach:** Experience shows it strengthens partners' coordination and complementarity of actions without generating additional administrative burden while risks among partners are more equally shared.
- g) Clarify its requirements for consortia and recognise the costs of consortia.** Risk management between lead organisations and consortia partners should be clearly shared and ECHO should provide administrative, legal and financial facilities to establish and run consortia.

Learning and evaluation:

As highlighted in the GB commitments, these first MYP and MYF contracts/HIPs should be comprehensively assessed. Initial contracts should therefore foresee relevant Monitoring & Evaluation mechanisms including external evaluation to draw lessons learnt and assess the benefits and challenges.

MYP-MYF for comparative operational advantage and reduced administrative costs

Example from World Vision in South Sudan

World Vision has been working in South Sudan since 1989 and was able to respond to the needs of the population when the conflict broke out in 2013. The organisation adapted its programming when the context dictated to do so, including during the last spike of violence in July 2016. Despite the context, World Vision has benefited from a Multi-year funding grant. As a result, social protection was perceived by World Vision staff to be significantly stronger.

Impact on frequency of reporting with MYF was relatively little according to staff i.e. a similar level of reporting was seen to be required for MYF. Efficiencies were accruing from staff retention (international and national) i.e. having staff attuned to the local context and the norms and requirements of donors made it easier to generate reports and amendments. Multi-year funding, in conjunction with multi-year planning, was enabling the provision of a stable programming platform, including retention of national staff and investment in their capacity, as well as investment in relationships with partners and national and local authorities.

Submitting a detailed annual work plan for a three-year grant was deemed far less taxing than the prospect of closing out and restarting repeated annual projects. In a similar vein, giving local authorities the confidence that World Vision is a reliable partner, reducing the need to renegotiate various permissions and permits to operate were also cited by staff members as benefits linked to MYF.