

UNFUNDED REQUIREMENTS: HOW TO CUT?

When a strategic response plan is being updated or revised, it is sometimes said that projects which have not yet started should have their budgets decreased, as there is now less time for implementing the activities. Some easy formulas are sometimes used, like “*halve all unfunded projects*”. In fact, things are not that simple.

Recommendation: *There should be no large systematic downscaling of financial requirements, using elapsed time as the main consideration. This concern needs to be addressed carefully, differentiating various cases.*

A strategic response plan, and its corresponding budget, is based on needs. Considering the relation between the two, reducing financial requirements may suggest, to many, a decrease of needs. In reality, needs that are unmet do normally not disappear, they may persist or transform. See below for more detailed explanations and examples.

1) Time-bound projects

Examples: * *Food distribution during the dry season, by a given date*
 * *Seed distribution in time for the next planting season*

If such projects are unfunded by the time the deadline has passed, it might make sense to decrease the financial requirements. However, the unaddressed needs may appear in a new form, for example no seed distribution may result in bigger need for food distribution; no food distribution may bring more malnutrition related needs.

2) Non time-bound projects.

Examples: * *Build 25 wells in region X*
 * *Distribute food to IDPs in camp YYY during 12 months*

If such projects are unfunded, their budgets should remain unchanged. At mid-year, 25 wells are still needed. And the 12 months of food distribution, if not January to December, may occur July to June of the following year. The objection “*there is no time to build 25 wells in 6 months*”, or “*this requires funds that will be used the following year*” should not be taken into account. All funds received for a one-year strategy do not see results returned strictly within that year. Some 2014 granted funds will be used and produce results in 2015, and it is fine. (In fact, this is good, because otherwise there would be no on-going activity in the month of January of each year!).

3) Some agencies and NGOs implement projects with flexible funds, and hope to recoup some of those funds with an earmarked grant, which allows them to re-use the flexible funds for other unfunded emergencies. We don't want to reduce their chances of doing that by cutting their unmet requirements.

4) Cutting the unfunded projects would carry the side effect of hiding uncovered needs: these needs and financial requirements would no longer appear, and the country will appear with a higher funding ratio. Both effects suggest a better situation than what actually exists.

5) Another argument for decreasing financial requirements is “*there is no response capacity in the field, to implement all the operations for which funds are required*”. This needs careful attention:

- A (revised) plan and budget must indeed always present operations which may realistically be implemented in the announced timeframe.

- However, the response capacity of a country at a given moment is not the only factor to look at. It is necessary to assess the possible rapid increase of the response capacity. When a humanitarian actor is already active in a region, it may expand its activities more easily than an actor who is not present in the country at all.

6) Another argument is “*let us not ask for money that we are sure not to receive*”. That assumption should not be taken into account when defining the requirements. A plan and its financial requirements must be

based on needs, access, feasibility, intervention criteria, and be part of an agreed overall strategy, but should NOT refer to any anticipation of receiving funds. Taking funding perspectives into account would twist any comparison between countries, and make a kind of self-fulfilling prophecy: *Country AAA receives very little funding, therefore it will ask for very little funding, therefore donors will believe its humanitarian needs are minimal, and so it will receive even less funding.*

Therefore anticipated funding should NOT be a criteria for revising budgets. As most strategic response plans receive only a part of the finances required, this is taken into account through the prioritisation process.