



Policy brief

Leading the way

How donors and organisations can unlock financial blockages to accelerate the climate and environmental transformation of the humanitarian sector



Table of contents

Executive summary & key recommendations	5
Introduction	10
Methodology	11
Analysis of the financial blockages hampering footprint reduction efforts	13
Inspiring practices for unlocking access to adequate funding from across the sector	17
Recommendations for donors and humanitarian organisations	24

About the Climate Action Accelerator

The Climate Action Accelerator (CAA) is a Geneva-based not-for-profit initiative created in 2020 with the aim of mobilising a critical mass of community organisations in order to scale up climate solutions, contain global warming well below 2°C, and avoid the risk of dangerous runaway climate change. The overall goal is to help shift the aid, the health, and other sectors (including higher education & research, etc.) towards a radical transformation of their practices, halving greenhouse gas (GHG) emissions by 2030 on a “net zero” trajectory in line with the Paris Agreement, and transitioning to low carbon, resilient, sustainable models.

To achieve this, the Climate Action Accelerator empowers organisations in setting quantified emissions reduction targets and defining climate and environmental roadmaps, using a state-of-affairs assessment, collaborative workshops, solutions and quantified targets, modelling a trajectory as well as costs and savings estimates.



Acknowledgements

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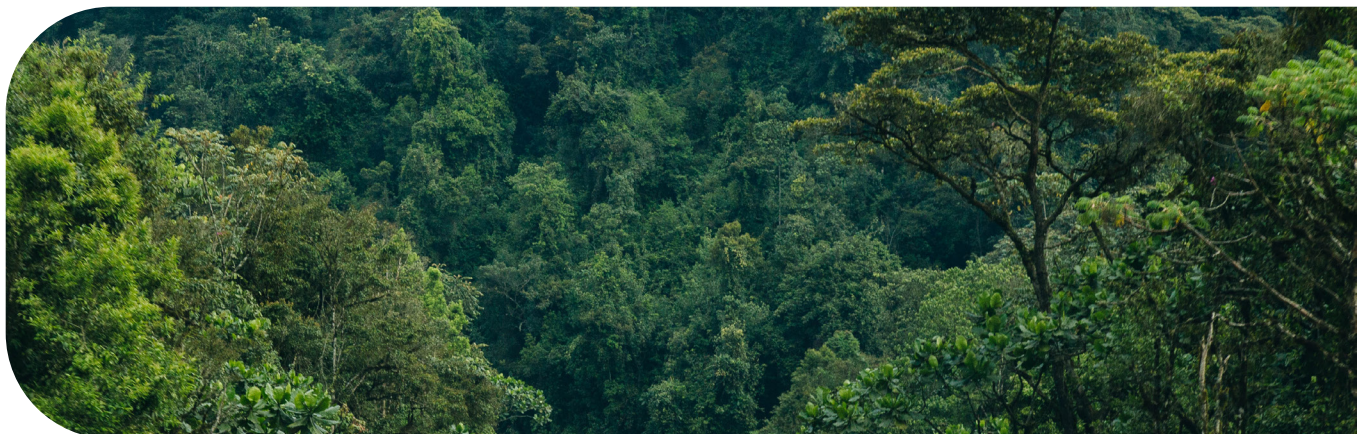
The Climate Action Accelerator would like to sincerely thank representatives of **donor agencies**¹, humanitarian **organisations and networks**², **as well as invited experts**³ that took part in a multi-stakeholder dialogue convened between July 2023 and January 2024 for the purpose of informing this reflection. We are very grateful for their time, active participation and invaluable inputs throughout the duration of this process.

Although the present policy brief integrates inputs provided by participants to the above-mentioned multistakeholder dialogue, its content is the sole responsibility of the Climate Action Accelerator.

This dialogue was organised with generous support from the German Federal Foreign Office (GFFO) and the Crisis Centre of the French Ministry of Europe and Foreign Affairs (CDCS). We are grateful to DG ECHO who kindly hosted a face-to-face session at their headquarters in Brussels.



Climate Action
Accelerator





1. Executive summary & key recommendations

Humanitarian actors are taking a front-row seat at witnessing the devastating consequences of climate change on the most vulnerable populations. The signature of the Climate and Environment Charter for Humanitarian Organisations⁴ by over 390 NGOs, and its endorsement by 13 donors sends a strong signal that the humanitarian community is fully committed to rise up to the challenge posed by the climate emergency. **Operationalising climate commitments and reducing the humanitarian sector's environmental and climate footprint is a responsibility shared amongst all actors**, including INGOs, UN agencies, and donor agencies. This policy brief analyses how all of them can contribute to unlock access to adequate financial support for the climate and environmental transformation of the sector, thereby contributing to accelerate change across humanitarian actors.

First, donors have a central role to play to enable and incentivise the transformation of their implementing partners. A growing number of funding agencies are indeed moving towards clarifying the expectations they have vis-à-vis their partners in terms of climate and the environment. It's however still the beginning of the journey, as donors could further develop their capacity to **financially and technically support and guide their partners, both in terms of environmental and climate impact reduction⁵ and resilience building.**

To lead the way, donors should first and foremost invest in operationalising their own climate commitments, **taking action towards reducing the climate and environmental impact of their own operations and portfolios**, while building their internal capacity in terms of climate and environmental matters. They are strongly encouraged to use as a reference for themselves and for their implementing partners, international standards and emerging best practices from the GHG protocol⁶, recommendations from the latest IPCC report⁷ and others⁸, using the Paris Agreement goal of halving GHG emissions by 2030 as a horizon. This includes taking stock of all direct and indirect emissions of programme activities in carbon accounting and excluding offsets from the calculation of emission reductions.

Vis-à-vis their implementing partners, donors should adopt a **phased, three-tier approach mixing requirements/incentives, financial support, and capacity building. Setting upfront requirements on climate and environment impact reduction, but allowing for a fair, progressive transition phase** before their full application can be used as an incentive for

organisations to initiate or deepen their climate and environmental efforts.

To allow for adequate financial support to partners, current **humanitarian funding frameworks and mechanisms should be adjusted** in such a way that priority climate and environmental measures can be **mainstreamed into project grants**, bearing in mind that ultimately, these measures will contribute to develop **more efficient and qualitative ways of working and delivering projects**. Key solutions to emissions reduction, including in supply chain, energy and infrastructure, transport and travel, should be prioritised.

While actions which are directly linked to project delivery (such as solarising a health facility or reducing waste in a refugee settlement) tend to be slightly easier for organisations to fund, **others which pertain to the larger organisational transformation** (such as staffing to support behaviour change or upgrading procurement processes) **still fall through the cracks**. This represents a significant challenge as the climate and environment emergency calls for deep evolutions of humanitarian ways of working, which cannot be addressed at the sole project level.

Some organisations therefore resort to **alternative, innovative funding options**, like private investments, or development funds. Such options should be supported by donors as a **complement to traditional humanitarian funding**. International NGOs (INGOs) with a limited amount of core funding, and local organisations may however not be able to develop such funding options, due to their complexity. Steps towards the creation of a dedicated, specialised multi-partner trust fund (MTPF) supporting the climate transformation of the humanitarian sector may therefore be explored. Good examples such as the Global Platform for Action (GPA) MTPF⁹, dedicated to decarbonising energy infrastructure, can be used as a source of inspiration.

Local and national actors (LNAs) are at the frontline of responding to the consequences of climate change and supporting communities, and they have developed innovative ways to integrate climate and environment into their operations and programming. **In line with their localisation agendas**, donors should further increase ways to **provide financial and technical support to these partners** for them to grow and develop low-carbon models.



On their side, **humanitarian organisations have a significant role to play** to steer individual and collective behaviour change internally and to adjust their ways of working as donors cannot do it all. They should continue to be **proactive** in defining milestones for implementing climate and environmental impact reduction plans, dedicating – to the extent possible – some of their core funding to their climate and environmental transformation, and systematically integrating these considerations in their strategic and project level dialogue with donors. Similarly to donors, humanitarian organisations should use international standards and emerging best practices in their approach to impact reduction, adopting quantified targets for emissions reduction, in support of an ambition to halve GHG emissions by 2030, and integrating emissions from supply chain in their carbon footprint calculations and excluding offsetting from carbon accounting.

Finally, considering that United Nations (UN) humanitarian agencies and other large international organisations channel over 60% of international humanitarian assistance funds¹⁰, donors should ensure that they are **subject to similar expectations than those posed on INGOs** in terms of climate and environment. These agencies should lead the way and adopt, implement, and monitor ambitious and principled¹¹ impact reduction plans for their **own operations**, and support their **subgrantees** to move in the same direction.

Key recommendations

To humanitarian donors

Bearing in mind that different donor agencies deal with different normative and regulatory frameworks, political contexts, and governance mechanisms, donor agencies may consider the following recommendations:

1

Lead by example: take action towards reducing GHG emissions from own operations and programmatic portfolio by 2030, using the Paris Agreement goal of halving emissions by 2030 as the ambition, and adopting international standards from the GHG protocol as well as **recommendations from the latest IPCC**

report as a reference. In particular, this includes accounting for all direct and indirect emissions of programme activities and excluding offsets from the calculation of emission reductions.

2

Enable the climate and environmental transformation of implementing partner organisations through a **mix of incentives, technical and financial support, and requirements (phased approach).**

3

Allow humanitarian organisations to **mainstream** measures related to climate and environmental impact reduction plans **within existing humanitarian funding frameworks.**

4

Ensure **expectations towards UN agencies** are consistent with those placed on international NGOs, aligning with same guiding principles.

5

Facilitate **increased access to alternative funding streams** as a complement to public institutional funding.

6

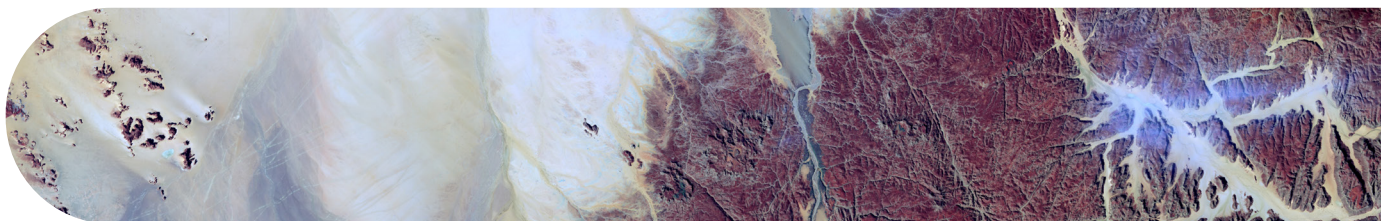
Consider emissions reduction from **humanitarian supply chains as a top priority** for financial and technical support.

7

Provide better financial and technical support to **the transition of local and national actors towards more resilient, sustainable and low carbon modus operandi.**

8

Actively advocate for the integration of ambitious, quantitative approaches to climate and environmental impact reduction into **key international humanitarian frameworks guiding donors' funding priorities and grant making models.**





To humanitarian organisations

- 1** Take responsibility for climate and environmental transformation by **adopting action plans towards reducing GHG emissions from own operations and programmatic portfolios by 2030, using the Paris Agreement goal of halving emissions by 2030 as an ambition, and adopting international standards from the GHG protocol, as well as recommendations from the latest IPCC report (2023) as a reference.** In particular, this includes accounting for all direct and indirect emissions of programme activities and excluding offsets from the calculation of emission reductions.
- 2** **UN humanitarian agencies and large international humanitarian organisations** receiving core institutional funding should provide leadership by swiftly adopting and implementing ambitious impact reduction plans anchored into international standards and emerging science-based best practices. In particular, they should consider accompanying the climate & nature smart transformation of their programme portfolios to influence implementing partners project design and delivery.
- 3** Systematically integrate climate and environmental strategies into **strategic dialogue with institutional donors, and mainstream climate and environmental action in grant requests for new projects and investments.**
- 4** Investigate **alternative funding streams** as a complement to engaging institutional donors.
- 5** Contribute to increased access for **local and national actors to technical and financial support, allowing them to transition to more resilient, sustainable and low carbon operating models.**
- 6** Contribute to **collective advocacy efforts** to support donor engagement towards adjusting current funding frameworks, enabling access to additional funding streams, supporting costs linked to internal transformation including humanitarian supply chain transformation, and change management costs

2. Introduction

As they take a front row seat at witnessing the dramatic consequences of climate change on the most vulnerable populations in fragile and conflict countries, humanitarian actors have been increasingly committed to reducing the climate and environmental impact of their operations and programmes in order to limit the burden on communities. Over the past 4 years, major commitments have been taken towards a better integration of climate and environment into humanitarian action, especially as more than 390 organisations have already signed the Climate and Environmental Charter for Humanitarian Organisations supported by 13 donors. This also comes at a time when the donor community has come together with a Humanitarian aid donor declaration on climate and environment¹² – thereby sending a strong signal towards looking at climate as an emerging priority.

Despite encouraging progress, humanitarian actors and donors still report delays and challenges in operationalising climate and environmental commitments. Humanitarian organisations have been moving fast to implement climate and environmental actions and solutions, but they have the ability to be even more proactive to try and find suitable ways to unlock the financial blockages. On their side, humanitarian donors have a key role to play in leading, supporting and funding the climate and environmental transformation of humanitarian organisations, as this support is still fragmented today, and many priority climate solutions fall through the cracks of funding frameworks.

Between July 2023 and January 2024, the Climate Action Accelerator facilitated a **dialogue between the humanitarian donor community and humanitarian organisations** including UN agencies and INGOs (henceforth the “multi-stakeholder dialogue”) to collectively identify ways to increase funding and support for emissions reduction efforts across the sector. The dialogue feeds into a reflection undertaken by Climate Action Accelerator to create a **sectoral roadmap** towards halving GHG emissions in the humanitarian sector by 2030, which aims at providing a point of anchorage for accelerating emissions reduction across the sector.

The present policy brief summarises key findings from this dialogue, with the aim of informing both humanitarian organisations and their donors about some of the obstacles or “blockages” that currently hamper effective and **impactful emissions reduction**¹³ efforts across the sector, and potential ways to overcome these. It will first analyse these main financial blockages,



and secondly, list six main levers which have been identified to unlock them and to optimise the role of the donor community in enabling and incentivising change. Finally, the policy brief formulates a set of concrete recommendations for the consideration of humanitarian organisations and funding agencies.

Going forward, the objective of this work is to enable humanitarian donors to better support efforts being undertaken by their humanitarian partners to reduce their environmental and climate footprint, while also providing humanitarian organisations with useful data and analysis for individual and collective action and advocacy.

3. Methodology

This policy brief is based on discussions held during the multi-stakeholder dialogue and more specifically during four collaborative workshops that took place between July 2023 and January 2024. The two first workshops were held online, with humanitarian organisations and donor agencies, and explored factors which hinder emissions reduction efforts across the sector. A second series of workshops (online and in person), which brought together humanitarian organisations, experts, and donors, explored how donors could enable and incentivise climate and environmental strategies. Finally, findings and final recommendations introduced in this brief were shared with workshop participants to get a critical perspective.

The analysis provided in this document also uses evidence from:

- **A donor mapping and analysis**¹⁴ carried out by Climate Action Accelerator and the Joint Initiative of Sustainable Humanitarian Assistance Packaging Waste Management¹⁵ (JI) in October 2023. This document analyses humanitarian donors' policies and ambitions with regards to climate and environmental issues, and how these are reflected in their funding of humanitarian organisations and in their own operations.
- **Climate Action Accelerator's internal capitalisation data**, working with its humanitarian partners organizations since 2020 to develop and implement climate and environmental roadmaps and implementation plans¹⁶.

Participants in the multi-donor dialogue included representatives from:

- **12 donor agencies:** DG ECHO, the German Federal Foreign Office (GFFO), the Government of the Netherlands, Global Affairs Canada (GAC), the Swiss Development Agency (SDC), the Crisis Centre of the French Ministry of Europe and Foreign Affairs (CDCS), USAID’s Bureau for Humanitarian Assistance (BHA), the Foreign Commonwealth & Development Office (FCDO) through Palladium, the Ministry of Foreign Affairs of Denmark, the Ministry of Foreign Affairs of Ireland, the Swedish Development Cooperation and Humanitarian Assistance (SIDA), Swiss Solidarity
- **7 UN humanitarian agencies and INGOs:** ACTED, ALIMA, Humanity and Inclusion (HI); International Committee of the Red Cross (ICRC), International Federation of the Red Cross/Red Crescent (IFRC); Norwegian Refugee Council (NRC), World Food Programme (WFP)
- **3 networks/platforms:** International Council Voluntary Agencies (ICVA); the Joint Initiative for Sustainable Humanitarian Assistance Packaging Waste Management (the “JI”), Interaction
- **3 experts** working on climate and environment in humanitarian action from Groupe URD, the Environment Community of Practice of the Global Shelter Cluster and the United Nations Office for Disaster Risk Reduction.





4. Analysis of the financial blockages hampering footprint reduction efforts

While efforts to reduce the climate and environmental footprint of humanitarian assistance programmes and organisations have been growing over the past few years, **insufficient access to adequate funding and support from donors, combined with a relatively insufficient prioritisation or proactivity** on the side of some implementing organisations, partly delays the ability of the sector to scale up their climate action.

4.1 Current funding frameworks are not well-adapted to support climate and environmental impact reduction plans

As humanitarian needs are growing and available resources are currently decreasing¹⁷, humanitarian organisations are faced with an apparent dilemma affecting resource allocation and grant negotiations: *how can they make multiyear investments into impact reduction, and at the same time prioritize programmatic delivery addressing today's vital humanitarian needs?*

Participants in the multi-stakeholder dialogue reported that it is currently rare for donors to provide partners with specific (additional) funding to support their environmental and climate impact reduction efforts¹⁸ beyond *ad hoc* project grants. This means that a number of organisations need to top-up donor money, when they can, with their own core funds to cover costs related to their emissions reduction activities.

In addition, the current types of funding and funding frameworks sometimes limit organisations' efforts to reduce their emissions:

- **Perceived difficulty** to anticipate donors' behaviour and guidelines on the eligibility of certain costs linked to emissions reductions, creating uncertainties for budget planning and design. In other words, there isn't yet a **common understanding** among donor agencies and their partners as to what costs linked to emissions reductions can be covered within humanitarian budgets (for instance, the additional cost linked to purchasing low carbon items)





- **Need for increased flexibility** in cost allocation between budget lines which can sometimes hamper the funding of low carbon procurement options. Flexibility could help use alternative low carbon, sustainable solutions, and as well allow organisations to include a larger proportion of essential structure costs supporting decarbonisation efforts into direct projects costs. Some organisations have for instance highlighted the fact that they were unable to allocate (although cheaper) costs related to low carbon activities to a project as it did not fit with the rules of a specific budget allocation (ex: impossibility to charge the cost of an electric vehicle to a car rental budget line)
- **Insufficient data available on the cost of implementing emissions reduction**¹⁹ measures, making it difficult for organisations to include these costs in budgets and project proposals and to engage into a strategic dialogue with donors.
- **Difficulty for organisations to fund certain climate and environmental-related costs**, particularly those related to staff (e.g., environmental advisors/focal points, green logistics officers etc.) or other organisational costs (e.g. thermal renovation of field offices, warehouses, and headquarters), as opposed to **direct project costs or infrastructure**.
- In spite of recent efforts to increase contract length, **relatively short duration of humanitarian projects and grants** (e.g., 6 months– 1 year), which can limit organisations’ ability to invest in low carbon technologies.
- Donor **procurement guidelines** and **selection criteria** being focused on cost effectiveness in terms of the price (i.e., **dollar amount**), thereby discouraging procurement of environmentally sustainable/ low carbon items which are potentially more expensive.
- **Difficulty to evidence and therefore use savings** made by organisations through implementing climate measures.
- **Still insufficiently harmonised expectations and requirements** between project-based grants to individual humanitarian organisations, and unearmarked funding to UN agencies and other large international organisations²⁰. UN managed pooled funds such as the CERF (Central Emergency Response Fund) or Country Based Pooled Fund (CBPF) could include more environmental and climate safeguards and be more prescriptive in terms of expectations. This is particularly important as UN and international organisations channel



over 60% of international humanitarian assistance funds²¹.

- **Donors' expectations tend to not be systematically applied in a consistent manner** across contexts and regions²²: This complicates proposal development for humanitarian organisations and creates a lack of predictability in donor decision-making.

Participants to the multi-stakeholder dialogue highlighted that humanitarian organisations are affected differently by these challenges, depending on size, mandate or activities and economic models. Organisations that have limited own/core funds (including organisations that are highly dependent on project grant funding as well as national and local organisations) are disproportionately affected by financial challenges. **In the absence of dedicated funds to support impact reduction measures, they are required to tap into their (already limited) core funds to support personnel or infrastructural costs related to greening²³ or to delay/reduce investments or their climate ambitions.**

4.2. Key transformation needs are insufficiently supported by traditional funding options

Need for more support to build a technical-operational expertise on climate and environment

Participants to the multi-stakeholder dialogue emphasised internal challenges including in some cases a lack of leadership drive, translating into **insufficient internal resources being dedicated to climate and environmental transformation. They also mentioned external challenges** such as the difficulty to access relevant external support specifically tailored for humanitarian actors.

Such limitations tend to create, in some cases, a certain lack of awareness and capacity at different levels of organisations, including in key units such as programme teams, logistics and supply staff, fleet management, etc. Expertise in carbon accounting, in defining impact reduction roadmaps, technical support for implementing impact reduction strategies in fleet management and supply chain, etc. need to be developed within organisations **not only through staff training but also through the recruitment of dedicated focal points for a specific duration of time**. This is particularly important at the beginning of an organisation's emission reduction journey.

In addition, humanitarian organisations reported that they are looking up to

their donors for advice, inspiration or good practices. But donors themselves still struggle with stretched resources and are still in the process of developing internal expertise on climate and environmental issues. Both donors and humanitarian organisations expressed the **need to think collectively and to promote information and knowledge sharing and facilitate open access to key materials and resources**.

Although expertise and knowledge on climate and environmental solutions for the humanitarian sector are growing, some **technical alternatives** relevant to humanitarian actors may not be available yet or may be insufficiently developed. Such is the case for environmentally sustainable **construction materials**, sustainably produced non-food and medical items. In some instances, organisations simply do not have access to the sustainable alternatives they are looking for, due to a lack of options on local or regional markets. Pursuing impactful reduction efforts means **investing in innovative pilot projects** to fill some of the abovementioned knowledge gaps.

Need for increased efforts put into conducting change

Implementing ambitious climate and environmental footprint reduction strategies **requires significant internal changes**. Changing individual and collective behaviours as well as organisational practices (for example, through change management strategies) is key to accelerating the transformation within organisations and avoiding the risk of “business as usual”. Dialogue participants and Climate Action Accelerator’s partners have repeatedly highlighted the need for change management and capacity building in order to support the development, adoption, implementation and monitoring of impactful reduction plans.

4.3 In some instances, insufficient leadership drive within humanitarian organisations hampers the capacity to prioritise impact reduction, and strategically engage donors

A few dialogue participants also noted that, in some instances, leaders of humanitarian organisations needed to increase their strategic engagement with donors on the issue of climate and environmental transformation, to unlock potential funding opportunities. In some cases, insufficient management buy-in has been highlighted as negatively impacting organisations’ abilities to mobilise funds and to sustain impact reduction efforts. Conversely, strong drive from leadership can help to guide financial and strategic decisions making.

Leaders of humanitarian organisations are also faced with **competing**



humanitarian priorities²⁴ (e.g. the need for economic efficiency, localisation, the “nexus”²⁵, climate adaptation, etc.) which makes it difficult to prioritise climate and environmental issues and to develop strategies accordingly. In the absence of strong leadership and understanding of the climate crisis, these different priorities can be perceived to be competing for resources, rather than being seen complementary (e.g. localisation and greening) or as two sides of the same coin (e.g. adaptation and mitigation).

In some instances, it has also been noted that some organisations are struggling to incite behaviour change internally, adapt their ways of working in face of emerging environmental requirements, as well as to ensure best practices are applied across locations and departments.

5. Inspiring practices for unlocking access to adequate funding from across the sector

Participants to the multistakeholder dialogue have shared pioneering practices that – if used as inspiration by others in the sector, have the potential to significantly unlock access to adequate funding to support the climate transformation of organisations.

5.1. Better evidencing funding needs through generating financial impact assessments data

All participants emphasised the need to produce more data to better evidence and plan climate transformation related costs, support decision-making and resource mobilisation.

Climate and environmental measures need to be translated into financial data, identifying not only costs – investments, running costs and human resources, but also savings throughout a specific timeline. While financial impact assessments are at first sight relatively complex, due to data uncertainty and data gaps, pioneering initiatives from across the sector have emerged. This is particularly the case for organisations who have adopted a quantitative approach to impact reduction.



Climate Action Accelerator's approach to financial impact assessment

Over the past three years, Climate Action Accelerator has been working with humanitarian organisations such as the ICRC, Médecins Sans Frontières, ALIMA, Terre des Hommes and many others, to support the co-creation of climate and environmental roadmaps and related implementation plans. These roadmaps include the identification of key solutions and actions for emissions reduction, and the formulation of quantitative targets for halving GHG emissions by 2030 (using a 2019 baseline).

In view of supporting decision-making, Climate Action Accelerator systematically suggests partners to perform financial impact assessments over the timeline of their roadmap (e.g. over a 7-year period, from 2024 to 2030). Initial findings using consolidated data from Climate Action Accelerator's partners suggest that:

- The average net financial impact of the roadmap represents 0.5% of organisations' yearly budget, reaching up to 1.2% for the most expensive roadmap²⁶. Total costs average 2.1% of the budget, while savings average 1.6%.
- Running costs represent 1.2% on average, varying from 0.3% to 2.1%. They are mainly driven by the greener purchasing solutions (transport, general purchases).
- Human Resources costs average 0.2% of the budget, representing a very comparable cost across organisations.
- Investments represent on an average 0.7% (ranging from 0.1% to 1.2%). Energy saving measures, solar energy and environmental solutions represent most of the costs.
- Total savings average 1.6% of the yearly budget, varying from 0.3% to 2.5%. They mainly come from transport solutions (air travel and freight), as well as energy solutions.

5.2. Adjusting humanitarian funding frameworks in order to mainstream climate and environmental costs into project grants

Dialogue participants emphasised the need to extend financial flexibility rules applicable to project-based grants and other grants, in view of providing more margins of manoeuvre for organisations allowing them to charge climate and environmental measures to a given proposal. Mainstreaming climate and environment activities into direct project costs is indeed essential, as projects *modus operandi* are meant to evolve deeply in the coming years.

Donor agencies represented in the dialogue encouraged humanitarian organisations to proactively engage on their climate and environmental related needs, so that a dialogue can be initiated to try and find options within current funding frameworks (e.g., existing rules and the way they are implemented).



Inspiring examples shared explore ways to increase flexibility, as well as to lengthen project and funding duration.

Crisis Centre of the French Ministry of Europe and Foreign Affairs (CDCS): a flexible cost budget line

In addition to the indirect costs budget line, the humanitarian branch of the CDCS allocates a 10% “flexible” budget line to partners. This budget line can be used by partners as they see fit without having to obtain specific approval, and is seen by the agency as an opportunity for organisations to finance environmentally smart and low-carbon activities (e.g., environmental expertise, GHG assessment, purchase of low carbon sustainable items) in line with the objectives set in the French government’s recently published humanitarian strategy²⁷.

DG ECHO’s Pilot Programmatic Partnership (PPP)²⁸

The Pilot Programmatic Partnership (PPP) is an instrument used by DG ECHO to fund some of its implementing partners (UN, IFRC/ICRC, INGOs) over multiple years (from 24 months to a maximum of 48 months) thereby allowing them to take a longer-term strategic approach to humanitarian response – beyond a short-term project-based vision. Providing partners with longer-term and therefore more stable funding, was highlighted by some dialogue participants as a way to support low carbon investments and strategic change within humanitarian organisations. Partners receiving PPPs are strongly encouraged by DG ECHO to transfer this funding predictability to their local counterparts.

5.3. Accessing alternative funding streams as a way to complement institutional funding

In the context of increased pressure on humanitarian budgets, **increasing access to alternative funding streams** is essential. Alternative funding streams include private sector investment (such as impact investment and private bank loans), as well as development and climate adaptation funding. Other innovative finance initiatives include resorting to alternative mechanisms such as individual or multi-partner funds, internal carbon tax as well as more recently the use carbon credits²⁹.

To date, innovative financing has been mainly used to mobilise funding for investments, particularly in terms of energy (e.g. solarisation, sustainable fleet), bringing in private investors’ funds. Such operations are however complex, as private investors need security and stability as well as some kind of pay-off to make investments economically viable.

In this context, public institutional donors' role is often essential to support de-risking options, to provide guarantee for investments, as well as to offer longer term perspectives through long term funding. They may as well consider covering interest charges and bank loans repayments.

The Decarbonising Humanitarian Energy Multi Partner Trust Fund (DHE MPTF)³⁰

Aimed at supporting the decarbonisation of humanitarian infrastructure, this multi-year fund supports the creation of a Centralised Clean Energy Service (CCES) delivered by the Global Platform of Action (GPA) at UNITAR, UNDP and NORCAP. It was set up in January 2023 with seed funding received from GFFO (\$22 million) to facilitate sustainable, cost-effective clean energy transitions in humanitarian settings at scale by addressing structural constraints (such as grant based procurement models, early termination clauses, and limited in-house technical capacity). The structural support facilities focus on developing coordinated entry points for the private sector to support third party delivery models by bundling projects, de-risking long-term contracts, and applying innovative finance mechanisms to unlock additional revenue streams. The Fund provides technical support for energy audits, business case developments, and implementing energy efficiency measures to decrease energy consumption. It further supports the development of energy access projects anchored to the CCES supported solar projects. The benefits of this fund lie in the fact that it is multi-year (e.g.: allowing to overcome short-term funding cycles and enabling longer-term planning), and that it is composed of several partners (e.g.: knowledge and capacity is centralised, multi-organizational coordination is more efficient, rapid allocation of funds) as well on the fact that it is multi-donor.

Different fundraising strategies will need to be adopted and tailored to different types of funding and organisations- keeping in mind that these funding sources often overlap and can only be used as a complement to regular humanitarian funding.

It is worth noticing too that, in majority, innovative blended finance approaches require some level of technicity and expertise that organisations may have to develop or internalise. Most of the initiatives which have been piloted so far could not have come to life without direct injects of core funding by the organisations that initiated them, which de facto make them unlikely options for organisations with very limited core funding and/or for local organisations.

NRC's Capital Fund

This recently established fund (November 2023) is designed to help NRC transform to greener and lower carbon operations and premises. NRC has injected **its own core** funding as a seed investment into this *Capital Fund*³¹. It is a **blended finance** mechanism and aims to manage and pool resources from different public and private sources (through loans and grants) in order to replace diesel generators in NRC's field offices and - in the future - replace existing fleet with electric and hybrid vehicles. This fund is as its pilot stage and is currently only funded by NRC's own funds.



UNHCR's Green Financing Facility³²

The Green Financing Facility (GFF) was launched in 2019 aiming to attract and de-risk private investment in the solar transition of UNHCR's premises. Over a period of 10 years, the GFF will support the conversion to solar energy of the organisations' 20 most emitting offices which currently either rely on diesel generators for their energy supply or are in countries operating heavily on fossil fuel energy grids.

The GFF helps secure long term private investments by serving as a guarantee mechanism, for instance in the event of the termination of a contract due to the instability of a context. It is also used as a revolving fund which helps re-invest savings made from the solar transition into UNHCR's programs.

The GFF is funded by the IKEA Foundation, the Swedish International Development Agency and the German Cooperation and Development Agency. The initial set up of the GFF was also supported by the Government of Japan.

5.4. Enabling emissions reduction from humanitarian supply chains as a key priority

Given the significant proportion of humanitarian organisations' GHG footprint resulting from supply chains – which usually varies between 40 and 60%³³ of the total amount of emissions–, **acting on the demand and supply of sustainable goods and services both at the global and the regional/local levels is key** for accelerating effective emissions reduction.

Reducing the climate and environment impact of humanitarian supply chains requires:

- **Boosting supply chain teams, at least temporarily**, both in headquarters and in the field, to ensure procurement policies and criteria are updated, and processes are streamlined (including in demand planning, stock management and forecasting, organizational set-up, etc.)
- **Providing financial support**: enabling potentially higher costs, as low carbon and environmentally smart alternative items tend to still be slightly more costly than regular items, and;
- **Enabling technical-operational innovation**, as alternative options fitting humanitarian expectations and constraints might not be available yet and need to be developed through innovative research/innovation projects.

Many humanitarian organisations have taken initiatives to prioritise the transformation of their supply chain and have allocated core-funding to it in some cases.

However, the humanitarian supply chain transformation would request more financial support, especially from institutional donors who can find in supply a key lever to enable impact reduction for the whole sector.

ALIMA's ambitions to halve its supply chain emissions by 2030

Dakar-based international INGO ALIMA has been committed to reducing its climate and environmental footprint for a number of years now. It was one of the first INGO to develop and implement a climate and environmental roadmap with technical support from Climate Action Accelerator³⁴. In 2022, the organisation received funding from DG ECHO to further scale up its ambitions, with a specific focus on reducing emissions linked to their supply chain (which constitutes 53% of their 2019 carbon footprint³⁵). In order to achieve this goal, ALIMA closely monitors its supply chain emissions, allowing the organisation to focus its efforts on the most impact emissions reduction activities. ALIMA pilots a tool which aims to help the organisation plan its purchase orders on an annual basis. This is aimed at allowing teams across departments to pool orders, therefore limiting unnecessary consumption, and significantly reducing air freight to the benefit of maritime freight. ALIMA also puts a strong emphasis on training of logistics staff in headquarters and in the field as a key element of success in their emissions reduction strategy.





5.5. Encouraging collective and individual behaviour change

The climate transformation of organisations will only be effective if individuals, organisations and donors are willing to change the way that they do business. Reducing energy consumption, flying less and better, optimising fleet and freight management, and so on, requires a shift in the current ways of working at all levels of an organisation, across departments and country offices. This can be particularly challenging for larger organisations to achieve across the board. For this to happen, **a strong impetus from organisations' leaders and from donors is needed.**

ACTED' s experience in promoting behaviour change

ACTED has been committed to reducing its environmental and carbon footprint for some years. In line with the organisation's 3 Zero World vision³⁶ (Zero Exclusion, Zero Carbon, Zero Poverty), it carried out in 2017 an organization-wide carbon accounting exercise (scope 1, 2 and 3) which resulted in the development of country specific emissions reduction action plans. As a result, each field country office set up a monthly reporting system and is encouraged to set up inter-disciplinary (e.g., logistics, administrative, programs) working groups called "green squads" to design and monitor actions. ACTED's climate transformation has been strongly led and promoted by senior leadership in line with the 3 Zero World Vision. Environmental stewardship is embedded in the scope of work of all directors and managers (both at field and HQ levels) as well as in country's strategies and plans. For this organisation financed primarily through institutional funds, this transition has been made possible through the proactiveness of country teams which are systematically integrating climate and environmental issues in their project proposals thanks to a continuous dialogue with their donors. Based on a general strive for exemplarity, the organisation has worked simultaneously on greening projects and offices as well as building staff expertise internally.

5.6. Building on local and national actors' (LNA) expertise and role

In line with the sector's localisation commitments³⁷, **the role of local responders will continue to grow.** As their participation in the humanitarian response increases, and recognising that their overall footprint is less than that of international organisations (e.g., mainly due to the absence of international flight and freight), **they will need to transition to more resilient, low carbon, sustainable operating models**³⁸. To achieve this, local and national actors will need to be supported to better access humanitarian funding and meet donor requirements.

Building on local responder's experience of working on environmental and climate issues, as well as their knowledge of local environmental regulations, LNAs should be seen as accelerators of the transformation, helping their international partners to transform their operating models.

Finally, better linking policies and resources on localisation and those on greening could help the sector meet its commitments, through providing additional arguments for increasing the proportion of funding going to LNAs³⁹. This is particularly essential given that the sector is currently falling short of the target to provide at least 25% of humanitarian funding to local and national responders⁴⁰.

Accelerating resilient climate action with local and national partners in the Sahel– Climate Action Accelerator’s experience

Since 2023, Climate Action Accelerator has collaborated with 5 local and national NGOs in the Sahel⁴¹, piloting partnerships based on adapted, resilient and low-carbon development models.

These NGOs, having witnessed firsthand the dire consequences of the climate crisis on health, security, and development, have been actively engaged in climate-resilient practices for some time, ranging from running agroecology projects to solarising their project facilities. For instance, the Nigerian NGO *BEFEN*⁴² in Niger has launched tree-planting campaigns around its medical centres to offer shade for both staff and patients amid rising temperatures. Meanwhile, the organisation *KEOOGO*⁴³ based in Burkina Faso operates a welcome centre for at-risk women and girls, featuring a medical facility and entirely powered by solar energy. Their rationale for a renewable energy source was both environmentally sound and financially advantageous.

Recognising the pressing need to enhance support for their communities and to amplify the impact of their actions, they articulate the need for improved access to funding and training. Through 2023 and 2024, Climate Action Accelerator has secured financial support for these NGOs, enabling them to implement climate-smart and resilient solutions and invest in human resources and capacity building. To bridge the gap between institutional donors and local actors, a workshop inviting both donors and the local NGOs was convened, offering a platform to share respective priorities and projects and fostering potential financial partnerships.

6. Recommendations for donors and humanitarian organisations

Recommendations to donors

Bearing in mind that different donor agencies deal with different normative and regulatory frameworks, political contexts, and governance mechanisms, donor agencies may consider the following recommendations:



1

Lead by example: take action towards reducing GHG emissions from own operations and programmatic portfolio by 2030, using the Paris Agreement goal of halving emissions by 2030 as the ambition, and adopting international standards from the GHG protocol as well as recommendations from the latest IPCC report (2023) as a reference. In particular, this includes accounting for all direct and indirect emissions of programme activities and excluding offsets from the calculation of emission reductions.

- If not done yet, **adopt ambitious commitments for climate and environmental impact reduction for own operations and programmatic portfolios**. Implement them according to emerging best practice, including producing carbon footprint reports, setting targets for emissions reduction, developing implementation plans, and monitoring progress⁴⁴.

Bearing in mind successful initial experience from the private and humanitarian sectors, and using GHG protocol guidance and other international standards, **set -50% by 2030 as an ambition for effective emissions reduction**, considering all **three scopes of emissions** (e.g. including scope 3 emissions from supply chain), **and not counting offsetting into carbon accounting**.

- Ensure that **climate and environmental impact reduction frameworks are consistent with and reinforce humanitarian principles and standards**⁴⁵. Impact reduction shall not hamper, but rather maintain or even reinforce the capacity of organisations to deliver humanitarian assistance according to their social mission whilst:
 - Ensuring that the ability to provide timely and principled humanitarian assistance is maintained,
 - Securing the quantity and quality of programmes delivered to populations in fragile and conflict affected countries,
 - Complying with the principle of “do no harm”,
 - Valuing the co-benefits of climate and environmental measures for more effective humanitarian assistance,
 - Strengthening organisations’ resilience to climate shocks and ability to provide services under the constraint of increasingly high and volatile fossil fuel energy prices.

Technical recommendations

- Expand and systematise **training and awareness raising sessions on the importance of climate and environmental measures to staff** within each funding agency across units and geographical locations.
- Ensure **consistency of approaches across locations and departments** to help speak with one voice.
- **Map out internal resources** involved in climate and environment related processes, across humanitarian and development departments, and more broadly within a whole agency and across agencies, to optimise processes, and create opportunities for potentially using development funding to support humanitarian organisations' climate transformation.
- As technical and financial support is being provided to partners, **develop indicators to monitor progress** in commitments taken and effective impact reduction measures, including measuring emissions reduction targets (volumes of GHG emissions avoided) as well as emissions intensity⁴⁶ at portfolio, partner, and project levels.

2

Enable the climate and environmental transformation of implementing partner organisations through a mix of incentives, technical and financial support, and requirements (phased approach)

Contribute to in-depth organisational and programmatic transformation using a three-tier approach mixing requirements & incentives, and financial support capacity building measures, leading partner organisations to implement emerging best practices and international standards in impact reduction. Timelines with progressive milestones should be encouraged: organisations need financial and technical support first to progressively advance towards meeting donors' standards and expectations, and then to be ready to face stricter requirements and **monitoring and evaluation (M&E)** frameworks.



- 1. Set new requirements on climate and environment impact reduction, but allow for a fair, progressive transition phase** before their full application (two to three years). Use the perspective of upcoming applicability of new requirements as an incentive for organisations to initiate or deepen their climate and environmental efforts.
- 2. Provide a financial support package** to implementing partners to enable them to increase their readiness to face new requirements. Mainstreaming environmental and climate measures into existing project grants (e.g. using existing humanitarian funds) and in operational budgets will be the most helpful to drive the integration of climate measures into partners' modus operandi.
- 3. Capacity building programmes** would complement the financial support package, offering a mix of training programmes, access to generic tools, support to innovation and operational research on climate solutions, and others. Capacity building and technical support might be offered directly by funding agencies or provided as an external service, using a mapping of already available resources.

Other incentives might include providing a premium for climate and environmental approaches in the proposal selection process and/or at an organisational level when developing programme grants and/or partnerships with organisations⁴⁷.


Partners' initiatives for **organisational transformation, and collective and individual behaviour change** need be encouraged.

3

Allow humanitarian organisations to mainstream measures related to climate and environmental impact reduction plans within existing humanitarian funding frameworks.

- Encourage implementing partners to **mainstream costs related to climate and environmental measures into regular, direct projects costs**, bearing in mind that these measures are not distinct from the project but translate a new way to deliver the project itself.



- 
- **Prioritise financial support to key solutions** for effective emissions reduction to maximize impact. The following top 8 solutions have the highest potential to help organisations halve their emissions by 2030: 1) Reducing energy consumption, 2) Switching to renewable energy by default, 3) Flying less and less emissive, 4) Optimizing fleet management, 5) Directing demand to alternative products and alternative suppliers focussing on key items, 6) Influencing suppliers, 7) Limiting unnecessary consumption, and 8) Shifting from air freight to maritime, train and road⁴⁸.
 - Bearing in mind limitations in humanitarian funding available as needs keep growing, consider **investing first in solutions that will yield quicker and most important savings**, such as travel, freight and energy. Engage partners to develop financial impact assessments, evidencing savings prospects within a given project timeline, and reinjecting them into programme budget.
 - Further develop **longer-term funding options** (3 to 5 years) necessary to engage into multi-year climate transformation plans, in line with Grand Bargain 2.0⁴⁹ commitments to increase predictability of planning and funding.
 - **Adjust flexibility rules** so that climate and environmental measures can be better supported overall, both at project and organisational levels. Flexibility refers here to the ability for partners to allocate certain costs related to emissions reduction across different budget lines in on-going projects despite usual budgetary rules or practices.
 - Bearing in mind the context of each donor agency faced with specific political, financial and regulatory constraints, consider ways to **increase the proportion of structural, transformation costs within direct project costs**, such as costs related to staffing, supply chain transformation, solarisation of offices and warehouses, etc.
 - In addition to increased flexibility, explore the opportunity to **allocate a specific percentage of project grants** to emissions reduction and organisational resilience building⁵⁰, but only as a complement to mainstreaming climate and environmental costs into direct costs.
 - **Bring clear financial guidance to partners** regarding which categories of costs related to emissions reduction activities and organisational resilience building that can/cannot be absorbed within their humanitarian budgets, and making sure that rules and practices are applied consistently across geographies and units. **Donors' auditors should take into account environmental and social considerations in addition to financial efficiency**, which may have generated an increase in the cost of an action but in a justified way.



Specific recommendations

- In addition to setting up energy efficiency measures, request partners through explicit policy guidance (due diligence) to significantly reduce the usage of diesel generators, and **shift to renewables by default** while not fully making them ineligible, allowing organisations to maintain a back-up capacity for critical life-saving activities (cold chains, hospitals, etc.).
- **Actively favour sustainable constructions and renovations**, including in warehouses, offices, and guesthouses to reduce energy consumption arising from humanitarian activities.
- Request partners through explicit policy guidance (due diligence) to avoid business class travel, progressively switch to less emissive travel modalities, and **significantly reduce the proportion of flights/air travel globally**, especially those resulting from management activities including trainings, supervision visits, meetings and conferences, and reimburse only economy class through the implementation of specific human resource and travel policies. Donors' guidance should allow for different options to be applied across countries and projects based on logistics and security considerations.
- Enable a significant reduction of fleet environmental footprint through optimised fleet management. This encompasses first shifting to more environmentally friendly modes (e.g. through vehicle sharing), improving energy efficiency of transport modes (e.g. using smaller and low-emission vehicles, eco-driving etc.), and avoiding and reducing the need for motorised travel (e.g. working remotely). Consideration should also be given to quantifying the waste generated from vehicle operations and implementing strategies to reduce waste as much as possible, as well as supporting projects to recycle vehicle waste.
- **Drive implementing partners initiatives towards transitioning from air freight to sea, train or road freight for goods transportation**, bearing in mind the necessity of aerial operations in the first phase of case of acute emergencies or exceptional security considerations.
- **Enable emissions reduction from supply chain** by incentivising and enabling the use of low carbon, sustainable products, even if price might be higher, and support capacity-building, technical and operational innovation as well as meaning sectoral collaborations on supplier engagement.
- **Allow for depreciation costs** related to climate and environmental assets (such as lighter vehicles or solar panels) to be eligible in project grants for those NGOs who apply depreciation to programme costs.

4

Ensure expectations towards UN agencies are consistent with those placed on international NGOs, aligning with same guiding principles

- Considering that UN agencies **are both direct implementers and grant-making organisations**, ensure that they apply ambitious climate and environmental impact reduction plans for themselves, while supporting, enabling, and incentivising their sub-grantees to do so. These must be anchored into international standards and emerging science-based best practices (e.g.: all direct and indirect emissions should be considered, and offsets excluded from carbon accounting).
- Accompany in particular the climate & nature smart transformation of UN humanitarian agency programme portfolios to exert leadership at sectoral level and influence implementing partners project design and delivery.
- Systematically integrate climate and environment considerations as a **core component of donors strategic dialogue with UN agencies, combined with clear milestones and M&E frameworks**. Set out explicit expectations in terms of concrete action plan, and field implementation.
- Include and **advocate for stronger environmental and climate expectations in UN managed pooled funds** such as Country-based Pool Funds (CBPF), Central Emergency Response Fund (CERF), and Flash appeals.

5

Facilitate increased access to alternative funding streams as a complement to public institutional funding

- Privilege a **blended finance approach** through supporting partners as they explore opportunities with private funding (investment/foundations), ad hoc funding systems, and/or development agencies/banks:
- **Enable access to funding from private banks and social investors**, (bearing in mind that this option might remain marginal for most humanitarian organisations due to its complexity) by:
 1. If possible, according to donors' budgetary laws, allowing partner organisations **to charge interests and repayments from private loans** or from other



- funding options as recurring costs within humanitarian grants and increase their capacity to resort to private funding.
2. Contributing to **de-risk** private sector investments in renewable energy in humanitarian contexts, for instance through guaranteeing loans and mitigating risks linked to early termination clauses⁵¹.
 3. Increasing access to **more predictable, longer-term funding**, as the short-term nature of humanitarian operations is seen as an obstacle and a source of risk.
- **Explore the possibility of setting-up a multi-partner trust fund (MPTF)** to support a variety of NGO partners in their climate transformation efforts.
 1. Funding mobilised through such fund should be available in **priority to organisations with limited core funding such as INGOs and LNAs**, who have less capacity to develop access to private funding.
 2. Resorting to such a fund should be seen as **a complement to mainstreaming climate measures into direct project funding**. It should prioritise the promotion of best practices and standards, as well as support investments and larger organisational transformation costs notably for innovation and structured collaborations on supplier engagement.
 3. A MPTF would ideally be hosted by or use the administrative shell of **an already existing entity or fund**. As a matter of principle, its administrative functioning should be at the same time **robust and accessible enough**, and timelines for fund allocation relatively short.
 - Within donor agencies and governments, **create bridges between humanitarian units and climate or developments units** to benefit from already existing resources (staff, expertise) and funds supporting climate and environmental transition, **especially as emissions reduction efforts and resilience building are intrinsically linked**.
 1. Systematic coordination across donor agencies and organisations from both the development and humanitarian worlds should be set-up in key contexts, in order to foster **identification of cross-cutting funding opportunities**, for instance as it comes to investments in infrastructure, or specific activities such as resilience building and prevention at community level.

2. Humanitarian branches of institutional funding agencies should systematically engage their development and climate departments counterpart to identify opportunities for using these funds in support of humanitarian partners' transformation, as has already been done by a few agencies⁵².
3. Foster ad hoc or systematic collaboration between humanitarian and development funding agencies to **de-risk or guarantee investments** from private sector.

6

Consider emissions reduction from humanitarian supply chains as a top priority for financial and technical support

Given the significant proportion of humanitarian organisations' GHG footprints resulting from supply chains – which usually varies between 40 and 60%⁵³ of the total amount of emissions–, **acting on the demand and supply of sustainable goods and services both at the global and the regional/local levels is key** for accelerating emissions reduction.

- **Adapt donor procurement technical guidelines, and criteria** for partners integrating a robust climate and environmental lens. This would help to bring clarity to partner organisations with regards to purchases criteria and their hierarchy, which is urgently needed.
- More specifically, share with partner organisations a set of **key principles guiding donors' behaviour** integrating climate and environment into procurement, and balancing out traditional procurement criteria privileging the lowest bid, with reduced climate and environmental impact.
- Increase support to the **greening of humanitarian supply chains** both in country programmes and headquarters, including through reinforcing the staffing of supply units, supporting suppliers' engagement initiatives globally and locally, and upgrading procurement policies to direct demand to alternative suppliers and alternative products.
- Continue to promote and support **technical and strategic collaboration** across humanitarian actors in view of building the capacity of the sector to reduce emissions from supply chains, including developing life cycle analysis (LCAs) on key products for humanitarian actors, sharing information related to suppliers' assessment, and developing collective engagement with key suppliers on key items.



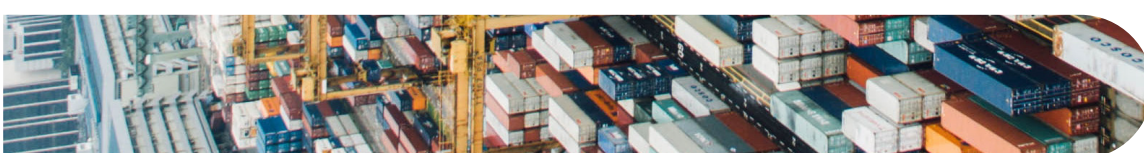
- Encourage and continue to support the identification of low carbon sustainable products through supporting **innovative, pilot and/or research projects** exploring technical and operational alternatives relevant to the humanitarian sector in a variety of domains including construction, food aid, health, etc. as well as supporting large scale vertical projects in these sectors such as vaccination and nutrition, shelter and non-food items (NFI), and others.

7

Provide better financial and technical support to the transition of local and national actors towards more resilient, sustainable and low carbon modus operandi

LNAs are the frontline of responding to the consequences of climate change and supporting communities, and as such have developed innovative ways to integrate climate and environment into their operations and programming. In line with the sector's localisation commitments⁵⁴, the role of local responders will continue to grow, and they will also require support for the adoption and implementation of resilient, sustainable and low carbon operating models.

- Facilitate access to potential funding opportunities for LNAs through simplifying administrative requirements. Such opportunities should allow local and national actors to mainstream climate and environmental measures into project budgets. When funds are channelled through international partners without any programmatic involvement, ensure that the overhead costs are transferred to LNAs.
- Enable the transition of LNAs towards a more resilient, sustainable and low carbon models through capacity building, **technical support and adequate training** (both technical-operational and awareness building on climate change).
- Encourage **international organisations to include more environmental stewardship in the partnerships and subgrants** which they develop with local responders, including through facilitating access to local/regional platforms of support and solutions, jointly exploring innovations, developing awareness raising tools with communities, etc.



8

Actively advocate for the integration of ambitious, quantified approaches to climate and environmental impact reduction into key international humanitarian frameworks guiding donors' funding priorities and grant making models

- Include and/or advocate for more ambitious environmental and climate expectations into guiding frameworks such as the annual Humanitarian Response Plans (HRPs), the Core Humanitarian Standards (CHS) the Sphere standards, the Good Humanitarian Donorship (GHD) and Grand Bargain priorities.
- Adapt donor grant-making models to integrate climate & nature smart commitments taken and transform portfolio in accordance with key performance indicators.
- Adopt guiding principles for effective emissions reduction shaping practices and approaches across the humanitarian sector⁵⁵.

Recommendations to humanitarian organizations

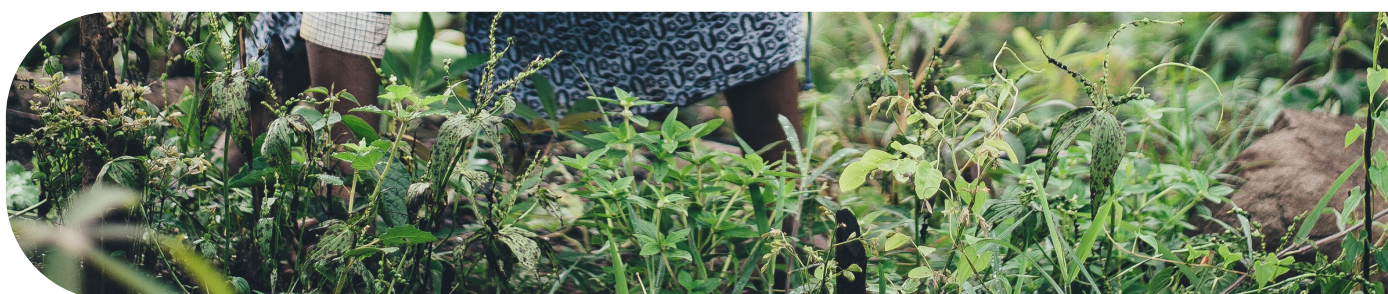
Equally so, humanitarian organisations need to be very proactive to identify funding for climate and environmental strategies and have a significant role to play to green their activities. They can take immediate action, mobilising internal resources, prioritizing climate transformation, and strategically engaging public and private donors towards supporting their climate and environmental ambitions.

1

Take responsibility for climate and environmental transformation by adopting action plans towards reducing GHG emissions from own operations and programmatic portfolios by 2030, using the Paris Agreement goal of halving emissions by 2030 as an ambition, and adopting international standards from the GHG protocol, as well as recommendations from the latest IPCC report (2023) as a reference. In particular, this includes accounting for all direct and indirect emissions of programme activities and excluding offsets from the calculation of emission reductions.



- If not done yet, **adopt ambitious operational commitments for climate and environmental impact reduction** for own operations and programmatic portfolio. Implement them according to emerging best practices, including producing carbon footprint reports, setting targets for emissions reduction, developing implementation plans, and monitoring progress, and having in mind Paris Agreement goals of halving GHG emissions by 2030.
- Bearing in mind that successful initial experience from the private and humanitarian sectors, and using GHG protocol guidance and other international standards, **set –50% by 2030 as an ambition for effective emissions reduction** in line with the Paris Agreement goals, considering all three scopes of emissions (e.g. including scope 3 emissions from supply chain), and not counting offsetting into carbon accounting.
- **As much as possible, mobilise internal resources for impact reduction strategies in complement to institutional donors' support.** In times of increasing humanitarian needs and tensions on funding available, investing in emissions reduction measures could lead to savings with relatively short time frame (3 to 5 years), and make systems and processes more efficient. They are therefore to be prioritised for both climate specific and financial/efficiency reasons.
- **Assess the financial impact of key emissions reduction measures identified,** including running costs, staffing, and investments, as well as potential savings generated by emissions reduction measures. This can help organisations better plan and budget future project proposals and can feed into discussions with donors.
- Develop **key performance indicators** on climate and environment, paving the way for a transparent and accountable monitoring of money spent into emissions reduction efforts.
- Large grant-making organisations may provide **technical guidance and dedicated financial support** to partners organisations for their climate and environment transformation.



2

UN humanitarian agencies and large international humanitarian organisations receiving core institutional funding should provide leadership by swiftly adopting and implementing ambitious impact reduction plans anchored into international standards and emerging science-based best practices. In particular, they should consider accompany the climate & nature smart transformation of their programme portfolios to influence implementing partners project design and delivery.

- UN humanitarian agencies and other large humanitarian international receiving core institutional funding should **include ambitious impact reduction efforts** in their annual and strategic plans and in their policies to encourage a shift towards climate and nature smart practices across departments and at all levels of the agencies. These plans should use references such GHG protocol guidance and other international standards and follow emerging best practices.
- They should systematically integrate climate and environment into their **strategic dialogue with institutional donors, and proactively propose milestones and M&E framework to monitor field implementation.**
- As grant-making agencies, UN agencies should drive **the climate and environmental transformation of their programmatic portfolio** (including own activities, and activities implemented by sub-grantees). In that sense, they should support, enable, and incentivise their sub-grantees to apply ambitious climate and environment impact reduction plans and integrate recommended practices in their project design.

3

Systematically integrate climate and environmental strategies into strategic dialogue with institutional donors and mainstream climate and environmental action in grant requests for new projects and investments.

- Systematically integrate climate and environmental strategies into **high level dialogue with institutional donors**, making transformation **needs explicit**, as well as emphasising the added value (programmatically, financially, strategically) of such transformation.



- Make sure that climate and environmental actions are mainstreamed into grant requests for new projects and investments
- **Elevate the conversation to organisational needs and strategies over a multi-year period.**
- **Use findings from financial impact assessments**, including estimates of savings, as supporting evidence for donor engagement.

4

Investigate alternative funding streams as a complement to engaging institutional donors

- **Explore the opportunity to access private bank loans and/or impact investors** funds to support investments into climate and environmental measures, as a complement to institutional funds and core funding, and provided that there is sufficient technical capacity to design and pilot such partnerships.
- **Engage public donors to support access to private investors' funds**, including through de-risking loans and considering financial support for interests and loan repayments.
- **Invest in training finance and fundraising staff, as well as senior management** to better understand funding opportunities with private investors and increase their capacity to access potential funders.
- Explore funding opportunities with private **foundations** and other private donors, as a complement to institutional donors' support.

5

Contribute to increased access for local and national actors to technical and financial support, allowing them to transition to more resilient, low carbon, sustainable operating models

- Systematically include **environmental and climate stewardship in partnership agreements** and grant contracts with local/national counterparts including through facilitating access to local/regional platforms of support and solutions, jointly exploring innovations, developing awareness raising tools with communities.
- Support local counterparts in **better accessing funding opportunities**. Consider sharing funding opportunities, supporting the project proposal process, etc. Offer support to local counterparts, building their capacity in meeting compliance requirements.
- Build on local counterparts' experience integrating climate and environment into programming and developing low carbon, resilient, sustainable operating models.
- **Large grant-making organizations such as the UN or the large international organisations should provide technical guidance and dedicated financial support to partner organizations** for their investments into climate and environment.
- Increasingly rely on locally available expertise and staff (vs expatriate) in line with both the localisation's commitments but also reduce the number of international travels.

6

Contribute to collective advocacy efforts to support donor engagement towards adjusting current funding frameworks, enabling access to additional funding streams, supporting costs linked to internal transformation including humanitarian supply chain transformation, and change management costs

- Engage in **individual and collective advocacy efforts** to support donor engagement towards adjusting current funding frameworks, enabling access to additional funding streams, supporting costs linked to internal transformation including humanitarian supply chains and change management.
- Engage in or initiate collective advocacy initiatives aiming at a better **integration of climate and environment into large international humanitarian frameworks guiding donors' funding allocation priorities**, including Humanitarian Response Plans (HRPs), Country Base Pool Funds (CBPF), Good Humanitarian Donorship (GHD)'s and Grand Bargain's priorities.



- Contribute to **shape a narrative** whereby impact reduction measures are understood as being part of a continuum of effort, together with **resilience-building measures and adaptation**, to make humanitarian assistance stronger to respond to climate-related crises and better assist the most vulnerable populations.

Specific suggestions for collective advocacy

At a strategic level, actively contribute to **collective supplier engagement initiatives**, helping the sector speak with one voice on key suppliers on key items. This may take the form of a **“strategic supplier engagement alliance”** and/or **“coalitions of the willing”** engaging collectively suppliers on humanitarian actors’ specific needs and expectations.



Notes

1 DG ECHO, the German Federal Foreign Office (GFFO), the Government of the Netherlands, Global Affairs Canada (GAC), the Swiss Development Agency (SDC), the Crisis Centre of the French Ministry of Europe and Foreign Affairs (CDCS), USAID's Bureau for Humanitarian Assistance (BHA), the Foreign Commonwealth & Development Office (FCDO) through Palladium, the Ministry of Foreign Affairs of Denmark, the Ministry of Foreign Affairs of Ireland, the Swedish Development Cooperation and Humanitarian Assistance (SIDA), Swiss Solidarity.

2 ACTED, ALIMA, Humanity and Inclusion (HI), Interaction; International Committee of the Red Cross (ICRC), International Council Voluntary Agencies (ICVA), International Federation of the Red Cross/Red Crescent (IFRC), the Joint Initiative for Sustainable Humanitarian Assistance Packaging Waste Management (the "JI"); Norwegian Refugee Council (NRC), World Food Programme (WFP).

3 From Groupe URD, United Nations Disaster Risk Reduction Program (UNDRR), Environment Community of Practice of the Global Shelter Cluster

4 Please refer to the Climate and Environmental Charter for Humanitarian Organizations: <https://www.climate-charter.org/>

5 Climate and environmental impact reduction refers to actions which aims to reduce the negative environmental and climate footprint of humanitarian assistance programmes and organisations

6 The [Greenhouse Gas Protocol](https://www.ghgprotocol.org/) establishes global comprehensive standardized frameworks to measure and manage greenhouse gas (GHG). Please refer to <https://www.ghgprotocol.org/> Intergovernmental Panel on Climate Change 6th Report published in March 2023: <https://www.ipcc.ch/ar6-syr/>

7 Intergovernmental Panel on Climate Change 6th Report published in March 2023: <https://www.ipcc.ch/ar6-syr/>

8 Please also refer the Inter Agency Standing Committee (IASC) guidance on environmental responsibility in humanitarian operations (Sept 2023): <https://inter-agencystandingcommittee.org/sites/default/files/2023-12/IASC%20Guidance%20on%20Environmental%20Responsibility%20in%20Humanitarian%20Operations.pdf> The Climate Action Accelerator is also currently developing a set of guiding principles for effective emissions reduction for humanitarian organisations, including on carbon calculation and carbon offsetting.

9 For more information on the Global Platform for Action, please refer to page 16 of this policy brief and to <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjshtvZ28uEAXVAUaQEHXAbBAMQFnoECBQQA-Q&url=http%3A%2F%2Fmptf.undp.org%2Ffund%2Fdhe00&usg=AOvVaw1cB2dpx-ofSh09LwGS-K7gN&opi=89978449>



10 As per the Good Humanitarian Assistance Report 2023, Development Initiative: https://devinit-prod-static.ams3.cdn.digitaloceanspaces.com/media/documents/GHA2023_Digital_v9.pdf

11 Climate Action Accelerator is currently working on elaborating a set of guiding principles for effective emissions reduction for the sector. Amongst others, these principles encourage organisations to use emerging best practices and international standard as a reference, including using all three scopes for carbon accounting, not counting offsetting as part of carbon accounting, and considering the full perimeter of activities. Other principles include: 1) Take responsibility (act on what you can control), 2) Maintain or reinforce the social mission, 3) Set quantified targets, 4) Exercise integrity, using all three scopes in carbon accounting, and not counting carbon offsetting as reduction in carbon accounting, 5) Commit to transparency, 6) Integrate Climate and Environment, 7) Embark your community and collaborate.

12 Humanitarian Aid Donor's Declaration on Climate and Environment signed in March 2022 https://civil-protection-humanitarian-aid.ec.europa.eu/what/humanitarian-aid/climate-change-and-environment/humanitarian-aid-donors-declaration-climate-and-environment_en

13 Effective emissions reduction refers to targeted approaches allowing for the minimization of GHG emissions generated by an organization or a sector in view of reaching the Paris Agreement goal of halving GHG emissions by 2030. Quantified approaches, using quantitative targets, defining implementation plans, as well as monitoring and reporting frameworks are deemed to be the most effective, as well as ensuring that all emissions – direct and indirect – are being accounted for, and that offsetting is excluded from carbon accounting.

14 Operationalising and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, October 2023, Climate Action Accelerator and Joint Initiative <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

15 <https://eecentre.org/2019/07/15/https-www-eecentre-org-2019-07-15-sustainable-humanitarian-packaging-waste-management/>

16 Based on Climate Action Accelerator's experience of working with 11 humanitarian organisations (ICRC, MSF Operational Center Brussels, MSF Operational Center Paris, MSF Operational Center Geneva, ALIMA, Epicentre, MSF Logistique, MSF Supply, Terre des Hommes Suisse, Foundation, Schweiz Non-Violent Peace Force). See below page 13 for more details.

17 According to OCHA's Global Humanitarian Overview July 2023, the gap between financial requirements and resources was at 41 billion US (mid 2023), <https://www.unocha.org/publications/report/world/global-humanitarian-overview-2023-july-update-snapshot-31-july-2023#:~:text=The%20gap%20between%20financial%20requirements,humanitarian%20funding%20to%20%2418.5%20billion>

18 Operationalizing and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, October 2023, Climate Action Accelerator and Joint Initiative, page 11, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

19 Operationalising and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, Climate Action Accelerator and Joint Initiative, October 2023, page 14, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

20 Operationalising and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, October 2023, Climate Action Accelerator and Joint Initiative, page 16, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

21 As per the Global Humanitarian Assistance report 2023, Development Initiatives, <https://devinit.org/resources/global-humanitarian-assistance-report-2023/>

22 Operationalising and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, October 2023, Climate Action Accelerator and Joint Initiative, page 16, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

23 Greening refers to actions which aim to reduce the environmental and climate footprint at project or organisational level.

24 Operationalising and Scaling-up Donors' Climate and Environmental Commitments: an analysis of progress, gaps and opportunities, October 2023, Climate Action Accelerator and Joint Initiative, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

25 This term refers to the humanitarian – development – peace nexus, a concept that emerged from the 2016 World Humanitarian Summit.

26 Environment solutions represent on average 0.2% of the organisations' budget, with costs ranging from 0% to 0.7%, depending on the business model of the organisation

27 In « Stratégie Humanitaire de la France 2023–2027 » : <https://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/action-humanitaire-d-urgence/strategie-humanitaire-de-la-france-2023-2027/>

28 Please refer to FG ECHO Programmatic Partnership 2021–2027: <https://www.dgecho-partners-helpdesk.eu/programmatic-partnership/programmatic-partnership>



- 29 See DG ECHO's [HIP](#) (Humanitarian Implementation Plan) for Greater Horn of Africa Region for 2024 in which partners are encouraged to look into incorporating innovative financial mechanism (carbon credits into the humanitarian response)
- 30 For more information on the Decarbonizing Humanitarian Energy Multi Partner Trust Fund, please refer to <https://mptf.undp.org/fund/dhe00>
- 31 For more information on NRC's Capital Fund, please refer to <https://www.nrc.no/news/2023/december/norwegian-refugee-council-launch-es-a-new-fund-to-make-humanitarian-operations-more-sustainable/>
- 32 For more information on UNHCR's Green Financing Facility, please refer to <https://www.unhcr.org/what-we-do/how-we-work/environment-disasters-and-climate-change/green-financing-facility>
- 33 According to Climate Action Accelerator's initial data working with 11 humanitarian partners https://climateactionaccelerator.org/carbon_footprints/
- 34 ALIMA's Climate and Environmental Roadmap, April 2022, by ALIMA and the Climate Action Accelerator, https://climateactionaccelerator.org/wp-content/uploads/2022/09/ALIMA_Roadmap_avril2022-1.pdf
- 35 Ibid.
- 36 Please refer to ACTED's 3 Zero World Vision: <https://www.acted.org/en/together-for-a-3-zero-world/>
- 37 Achieve by 2020 a global, aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transaction costs ([The Grand Bargain's commitments on localization](#), IFRC)
- 38 For example, increasing local response capacity rather than systematically flying in expatriate staff.
- 39 As mentioned in DG ECHO's guidance note on "Promoting Equitable Partnerships with Local Responders in Humanitarian Settings," <https://ec.europa.eu/echo/files/policies/sectoral/dg%20echo%20guidance%20note%20-%20promoting%20equitable%20partnerships%20with%20local%20responders%20in%20humanitarian%20settings.pdf>
- 40 The New Humanitarian "Pledge for Change" October 2022.
- 41 <https://climateactionaccelerator.org/our-5-new-african-partners-local-ngos-in-the-sahel/>
- 42 Bien Être de la Femme et de l'Enfant au Niger (<https://befen.org/>)
- 43 Please refer to: <https://www.keoogo.bf>

44 Please refer to Climate Action Accelerator’s guiding principle for effective emissions reduction, and the Inter Agency Standing Committee (IASC) guidance on environmental responsibility in humanitarian operations (Sept 2023): <https://interagencystandingcommittee.org/sites/default/files/2023-12/IASC%20Guidance%20on%20Environmental%20Responsibility%20in%20Humanitarian%20Operations.pdf>

45 Including the Sphere handbook, (<https://spherestandards.org/handbook/editions/>) and the Core Humanitarian Standards (<https://corehumanitarianstandard.org/>)

46 As per the GHG Protocol, Emissions intensity refers to CO2 emissions per unit of product, and is measured in kgCO2e per unit. A high carbon intensity points at a high emission factor per unit, regardless of the total volume of emissions itself generated.

47 A few donor agencies such as SIDA and Denmark have included environmental considerations in the multi-year strategic partnerships put in place with their partner organizations. Please refer to “Operationalizing and Scaling-up Donor’s climate and Environmental Commitments: an analysis of progress, gaps and opportunities”, November 2023, Climate Action Accelerator and Joint Initiative, p25 and p36, <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

48 These top 8 solutions have been identified by Climate Action Accelerator as the most impactful to effectively reduce emissions, based on the initiative’s experience of accompanying humanitarian organisations in their emissions reduction road-maps.

49 Please refer to The Grand Bargain 2.0 Endorsed Framework and Annexes (June 2021), <https://interagencystandingcommittee.org/sites/default/files/migrated/2021-07/%28EN%29%20Grand%20Bargain%202.0%20Framework.pdf>

50 The implementation of climate and environmental solutions contributes to increase humanitarian actors’ resilience to climate risks, including through reducing dependency to fossil fuel and protection against price increase and volatility, reinforcing operational autonomy in the face of supply chain disruptions , tapping into and developing local solutions, better protecting communities' environment and livelihood, improving beneficiaries and staff well-being, while increasing internal capacity and knowledge for informed decision-making and efficiency gains.

51 In addition to allowing organisations to develop multiyear climate transformation plans, longer term funding has been identified as a way to be able to better attract and sustain private funds.

52 For examples, please refer to “Operationalizing and Scaling-up Donor’s climate and Environmental Commitments: an analysis of progress, gaps and opportunities”, November 2023, Climate Action Accelerator and Joint Initiative, p13 <https://climateactionaccelerator.org/donors-climate-and-environmental-commitments/>

53 According to CAA initial data working with 11 humanitarian partners https://climateactionaccelerator.org/carbon_footprints/



54 Achieve by 2020 a global, aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transaction costs, IFRC <https://glocalisation.ifrc.org>

55 Along the lines of Climate Action Accelerator's Guiding Principles for Effective Emissions Reduction 1) Take responsibility and act on what you can control, 2) Maintain or reinforce the social mission 3) Set quantified targets 4) Exercise integrity using international standards and emerging best practices as reference 5) Commit to transparency 6) Integrate climate and environment 7) Embark your community.

