**IFRC: Thematic funding**

Flexible, dependable funding is vital to the success of the work of the IFRC and our National Societies. To facilitate more flexible funding, the IFRC is moving towards a thematic funding model.

**What is thematic funding?**

Thematic funding for the IFRC consists of *pooled funds* to support the delivery of results in thematic areas, rather than specific programmes or projects. This provides the IFRC with the flexibility to direct the funds where they are needed, when they are needed.

Thematic funds are not the same as unearmarked funds (called regular resources in the IFRC), which are contributed *without restrictions* on their use. Thematic funds are directed to a thematic or geographic area but *not* to specific projects. This is the most flexible type of funding after unearmarked.

**Imagine...** There is a programme to provide life-saving vaccines to people in remote rural communities. Traditionally, donors have reviewed a programme and provided support to certain areas of that programme. For instance, a partner may want to provide funding for the vaccines themselves. This is important of course, but if there is no funding for the truck to bring the vaccines to the remote community or trained staff to administer them, the vaccines themselves will not keep people from getting sick or dying. **Thematic funding helps to ensure that programmes can be delivered in their entirety.**

**Imagine...** A disaster has caused widespread damage in a country. Most news outlets show the effects on one city. Most donations are being made to projects in this city, but it is not the only one affected. The media attention is creating an uneven response and many in need are left without adequate assistance. **Thematic funding helps to ensure that funds can be directed where they are needed.**

**How thematic funding works**

To effectively accompany its National Societies, the IFRC counts on the support of partners. Partners may provide not only funds, but goods, services and expertise, working closely with the IFRC and National Societies in the design and delivery of assistance. Regardless of the type of support provided, *flexible and dependable resources* are critical to the work of the IFRC and National Societies. The importance of flexible funding has been echoed by the signatories of the Grand Bargain ¹ where donors committed to reducing earmarking and increasing multiyear funding.

- Funds may be directed to any areas of focus or strategy for implementation. They may also be directed to global programmes, regional or country level. No further conditions are assigned to their allocation
- Use of IFRC plan and budget, results matrix together with country plans and specific IFRC marketing materials, means that individual project proposals are not required
- Expenditure is not tracked by or attributed to pledges for reporting
- One narrative and financial report is prepared annually for each thematic area, against each outcome and at each level (global, regional or country)
- A standard 6.5% cost recovery is applied for indirect costs

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¹ [https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Grand_Bargain_final_22_May_FINAL-2.pdf)
Benefits of thematic funding for the IFRC

Thematic funding:

- allows us to respond more quickly and efficiently by providing greater flexibility, increasing effectiveness and efficiency
- Enables us to direct funds where they are most needed, reallocate funds as needs change, and ensure coverage of areas that may not get as much attention or resources
- enables partners to support the outcomes of our work- not the details, while still respecting their intent
- Helps us to fund programmes in their entirety (less earmarking), leading to greater impact
- Provides more opportunities to support the development of our National Societies, a key component of supporting localization of humanitarian assistance
- is an important way to support the commitments made as part of the Grand Bargain, particularly on humanitarian financing, towards increasing multiyear, unearmarked funding
- reduces administrative burden in reporting, leaving more staff time and capacity to ensure quality of standard reporting, and saving money
- reduces transaction costs by creating pooled funding rather than supporting numerous individual projects and programmes

There are numerous options for how our partners can contribute to the work of the IFRC in support of our 190 National Societies. For those partners who wish to move towards more flexible, effective funding models, thematic funding can provide this opportunity. The IFRC will work with partners to direct their contributions towards the thematic and geographic areas aligned with their priorities, where the IFRC can achieve the greatest impact in support of the lifesaving work of our National Societies.