



FLEXIBLE FUNDING: INSIGHTS FROM THE DEC EXPERIENCE AND THE HUMANITARIAN SYSTEM

FEBRUARY 2026



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Staff and volunteers from a DEC member charity carry out a food parcel distribution to people impacted by the conflict in Lebanon in July 2024. Photo: © Islamic Relief

A temporary shelter provided by a DEC member on the beachside in southern Gaza. Photo: © Majdi Fathi/Christian Aid

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1. INTRODUCTION AND BACKGROUND

The [Disasters Emergency Committee \(DEC\)](#) brings together 15 leading UK aid charities to raise funds quickly and efficiently to respond to humanitarian crises. It is a well-known mechanism to co-ordinate the UK public's response to international disasters, in collaboration with national media outlets and corporate partners. Since its founding in 1963, the DEC has responded to crises in more than 60 countries, with the UK public giving more than £2.4 billion over this time.

In 2025, the DEC commissioned a report to assess its flexible funding policies in light of Grand Bargain (GB) commitments and the broader donor landscape. This report builds on lessons from the [2019–2023 strategic review](#), which highlighted DEC's flexible funding model as a key strength.

Flexible funding was a key focus of the 2016 High-Level Panel (HLP) on Humanitarian Financing report, "[Too Important to Fail – Addressing the Humanitarian Financing Gap](#)," which sparked the Grand Bargain reforms. The HLP noted that, despite increased humanitarian funding over the past decade, 85% of funds allocated to the six largest UN agencies were earmarked, limiting flexibility to respond to shifting contexts or new crises.

A [core commitment](#) of the Grand Bargain – launched nearly a decade ago – was to boost unearmarked funding to enable more flexible and efficient humanitarian responses. Since then, multi-year and flexible funding – termed "quality funding" – has remained a staple of these commitments. This concept also aligns with foundational principles like the Good Humanitarian Donorship.¹

Flexibility in funding is closely linked to commitments on accountability to affected people, notably through the Grand Bargain's 'Participation Revolution,' which urges donors to fund flexibly to allow programme adaptation based on community feedback. Programming responsive to the [needs of affected people](#) requires agencies to adjust assistance as needs evolve or have mechanisms to swiftly negotiate changes with donors, ensuring that aid remains relevant and effective.



Volunteers work through the rubble of a collapsed apartment building following the recent earthquake in Mandalay, Myanmar
Photo: © Arete/DEC

¹ Principle 13 (GHD, 2003): While stressing the importance of transparent and strategic priority-setting and financial planning by implementing organisations, explore the possibility of reducing, or enhancing the flexibility of, earmarking, and of introducing longer-term funding arrangements.



A DEC member and its implementing partners provided a village in Sindh, Pakistan, with a solar water supply system.
Photo: © International Rescue Committee

In the 2023–2026 Grand Bargain iteration – [the GB 3.0](#) – quality funding remains a priority, with all 67 signatories committed to increasing its volume to enable efficient and effective crisis responses while ensuring visibility, transparency, and accountability. Alongside localisation, it is seen as a key enabler of transformational change.

The DEC's 2019–2023 strategic review identified its flexible funding approach within the parameters of its model as a key success, enabling members—and, in some cases, local partners – to adapt programmes based on evolving needs and priorities. This flexibility had two significant ripple effects: it fostered an environment conducive to ongoing monitoring, needs assessments, and community engagement, knowing that adjustments were possible, and it strengthened relationships with local partners.

This report builds on those findings to help the DEC better understand the implementation of its flexible policies in practice, assess their effectiveness in practice, and evaluate how the DEC's approach to flexibility compares with other institutional donors under the Grand Bargain.

It draws on a range of sources, including internal DEC documents and broader literature on flexible funding. The analysis reviewed over 30 humanitarian documents (see bibliography) and included interviews with four humanitarian donors and a Grand Bargain representative to understand their approaches to flexibility. Internally, it examined the DEC Exceptions and Deviations Tracker, which recorded over 200 programmatic change requests from members since April 2018, along with the DEC's responses.² Additionally, interviews were conducted with humanitarian directors from six member agencies, and preliminary findings were presented at the 2025 Humanitarian Network and Partnerships Week (HNPW).

2. GLOBAL COMMITMENTS AND PROGRESS ON FLEXIBILITY

2.1 Understanding flexible funding

Although definitions of flexible funding vary among agencies and donors, the [IASC Grand Bargain Caucus on Quality Funding](#) identifies several key features. These include the ability to adapt to changing circumstances by reallocating funds between budget lines, sectors of activity, locations, delivery modalities, and years, without requiring additional pre-approval processes whenever possible. Flexible funding also entails smooth and fast disbursement of funds, as well as the availability of no-cost extensions beyond the initial contract duration. Within the Grand Bargain, flexible funding is part of the broader concept of quality funding, which also includes multi-year funding—defined as funding with a duration of 24 months or more, based on the start and end dates of the original formal funding agreement.

The Grand Bargain uses the terms “*unearmarked*” and “*softly earmarked*” to describe flexible funding, with signatories required to report on such funding based on specific definitions. While these definitions have helped establish a shared understanding, some donors feel that their efforts to enhance flexibility—such as allowing funds to roll over year to year or shift across budget lines for programme adaptations—are undervalued. They argue that the [current definitions](#) of unearmarked and softly earmarked funding do not fully capture these additional flexibilities.

- **Unearmarked funding:** Funding which is contributed without any restrictions on its use. It is the most flexible, bedrock funding, enabling integrated response and allocation of funds based on needs and may be contributed directly to aid organisations as core contributions/ regular resources facilitating organisational continuity. Other forms of unearmarked funding are that which are slightly restricted to a significant part of the organisation’s mandate, such as the humanitarian operations of a dual mandated agency.
- **Softly earmarked funding:** Softly earmarked funding is that which can be tied to strategic goals or programmatic areas e.g. health, water, sanitation and hygiene (WASH), and gender. After core/ regular resources, this is considered the most valuable funding as it allows flexibility to allocate funds across regions, sub-regions and country programmes as needed. Softly earmarked funding may also be that which is intended for humanitarian response in a specific region, e.g. Africa, but without any further restrictions on theme or country programmes.
- **Earmarked funding** is described in the literature as “a grant that is given under the condition that it can only be used for a specific purpose.”⁴ Even more severe are what is called tightly earmarked funding, which organisations like [UNHCR](#) define as contributions that are earmarked for a specific project or sector within a country or division

Earmarked funding has been used as a [tool for greater oversight](#), ensuring accountability in how funds are allocated and spent. The literature cites [several reasons](#) for this, including enhancing the visibility of contributions to taxpayers, fulfilling pledges to specific causes, and directing funds to multilateral organisations considered efficient and effective. Earmarking also enables donors to support underfunded priorities, assist countries without access to regular concessional funding, and reinforce investments in regions where they are already engaged, aligning financial support with their institutional priorities.

The [OECD reports](#) that earmarked funding has contributed to the fragmentation of the multilateral system and has generally had negative impacts on agencies and institutions. This practice can divert agencies’ focus and resources from their core mandates to align with donor-specific priorities, making them less strategic and independent. It has also increased transaction costs and, more significantly, shifted accountability from collective responsibilities to narrower, donor-specific contracting relationships.

Earmarked funding models typically rely [on linear log-frames](#), requiring implementers to define inputs, activities, outputs, outcomes, and impacts upfront—even for multi-year programmes. While reporting requirements vary, implementers must often track progress against this fixed theory of change. In contrast, flexible funding facilitates adaptive programming, which acknowledges that achieving impact is rarely linear, especially when addressing [complex challenges in uncertain contexts](#). Adaptive programmes incorporate opportunities to reflect on what is and isn’t working, allowing for course corrections if original activities are unlikely to deliver the desired impact. Programme-based agreements are the main mechanism for donors who promote more flexible and adaptive programming.⁴

³ Organisations have their own interpretations of earmarked funding, for example, [UNHCR](#) refers to this as contributions for a specific country without any further limitations. Also includes contributions for a response to an emergency situation within a specified country.

⁴ For example, [Norway](#) implements a “programme-based” funding approach, allocating 72% funding as multi-year funding and 65% as un/softly earmarked. The PBA provides funding earmarked only to country programme level. The intention is to support the delivery of a programme-based approach to humanitarian response that may include an integrated package of activities across a variety of sectors and themes.



DEC member and its local partner provide cash distributions for families to buy food in Afghanistan, where 95% of people do not have enough to eat. Photo: © Arete/DEC

2.2 Current status and recent developments

Recognising the problems inherent with earmarking, the Grand Bargain [caucus on multi-year funding](#) initially [called for donors](#) to reach 30% unearmarked or softly earmarked contributions by 2020 and aim to expand and/or adopt good practices on flexible arrangements such as programme-based agreements.

The most recent GB self-reporting cycle from 2024 shows [limited progress in flexible funding](#), falling short of the [transformative change](#) intended. While the [volume of multi-year, unearmarked, flexible funding has increased](#), it has not kept pace with needs, and has not been widely adopted across the donor community – particularly among the largest donors. Furthermore, recent literature highlights that many humanitarian organisations have become increasingly bureaucratic and rigid, making them ill-suited to the dynamic nature of conflicts, disasters, and protracted crises. Research highlights that donors are generally more effective at incentivising community engagement in proposals and reporting, than [offering the flexible funding](#) that would enable community engagement in practice.

Without a critical mass of flexible funding, the full benefits are not being realised, as some organisations report using the flexible funds they do receive to cover gaps left by more restricted funding, rather than using the flexibility to adapt programming as needed. For many organisations, the amount received by individual agencies [as a proportion of their overall funding](#) remains too small to drive the systemic changes required for a more adaptable and responsive humanitarian approach.

[The IASC acknowledges that](#) structural incentives and established systems in the wider humanitarian sector favour more restrictive funding. Current reporting processes such as the Humanitarian Response Plan (HRP) and the [OCHA Financial Tracking Service \(FTS\)](#), focus on individual projects, reinforcing a more restrictive funding model. Additionally, cluster-based coordination and pooled fund allocation mechanisms often struggle to accommodate integrated, multi-sectoral programmes.

⁵ Core commitment 8.2 and 8.5: Donors progressively reduce earmarking, aiming to achieve a global target of 30% of humanitarian contributions that is unearmarked or softly earmarked by 2020. Aid organisations reduce earmarking when channelling donor funds with reduced earmarking to their partners

2.3 Barriers to flexible funding

Lack of [visibility](#) is a major obstacle to scaling flexible funding. Donors must justify their spending to parliaments and taxpayers, but lightly earmarked, multi-year contributions complicate accountability. One donor admitted that its flexible funding often feels “invisible” compared to more publicised, earmarked contributions. Another, with 70% of its 2024 funding classified as flexible, noted that limited reporting from partners makes it challenging to demonstrate impact to political constituencies. The current system favours donors who pledge earmarked funds during high-profile events, while those providing core funding in advance receive little recognition. This visibility gap also affects country-level coordination, where embassy staff and representatives may be excluded from key donor meetings due to the absence of country-specific allocations.

A lack of transparency in how [unearmarked funds](#) are allocated and their impact on affected communities is another barrier to scaling flexible funding. Donors receive limited information about the criteria and decision-making processes used by recipient organisations, including whether flexible funding reaches downstream partners under similar terms. Without clear and [timely evidence](#) of how flexible and multi-year funding improves outcomes, donors struggle to justify its risks to stakeholders, including parliamentary bodies.

The literature also notes that the lack of progress on a truly adaptable and flexible system is also a result of organisational structures. Regardless of the amounts of flexible funding in the system, organisations are generally still ill-equipped for full adaptability. Agility depends on a number of factors including [the nature and speed of change, as well as the organisation’s size or mission](#). So, while agencies request more flexible funding, they have generally been poor at reorienting themselves for more flexible programming, and showing how it supports better humanitarian action.

Several organisations highlighted that administrative and operational burdens remain a major constraint, even when funding is nominally flexible. Local organisations are often required to complete extensive documentation for both, creating significant workload and resource strain. This reduces time and capacity for actual programme delivery and demands sophisticated systems to manage multiple donor requirements—systems that many local actors do not have. Current processes force organisations to spend more time on compliance than on responding to community needs, limiting the intended benefits of flexible funding. Persistent tensions between compliance teams and programme teams further complicate efforts to adopt more adaptive and locally led approaches. Overall, the current system imposes unnecessary complexity on organisations trying to deliver effective humanitarian assistance, with many calibrating their internal systems to align with the most restrictive donor requirements—often preventing them from fully utilising the flexibility offered by others.

Pooled funds – a more flexible and favoured approach

[Pooled funds](#) – in particular OCHA’s Central Emergency Response Fund (CERF) and the Country-Based Pooled Funds – are the preferred channel for the majority of donors to provide quality funding as they are seen to provide [high levels of transparency and outcome results reporting](#). The pooled funds, [defined as](#) an instrument that allows donors to pool contributions into single, unearmarked funds to support local humanitarian action, are known for their flexibility and ability to quickly adjust programmatic focus. Reviews note that these funds have demonstrated this flexibility in tackling evolving and complex crises in 2023 and have set a standard on quality funding. The literature on pooled funds notes that these funds and their allocations have demonstrated ways affected people can have influence and the ways that [funding can be more reactive to changing needs, as well as holding grant recipient organisations to account for delivering in this regard](#). While due diligence requirements have been a barrier for local and national actors (LNA) accessing Pooled Funds, [recent efforts](#) to simplify eligibility requirements for funding, simplify applications processes and trial tiered approaches to due diligence, have been key to improving accessibility.

In October 2024, [with the introduction of the GB 3.0](#) and its implementation agenda, signatories agreed to adopt strategies to increase funding flexibility. This included boosting contributions to pooled funds, including those led by NGOs, using regional earmarking to direct funds to specific regions or sub-regions, and adopting quality earmarking. The GB 3.0 was intended to build on previous efforts by focusing on the political levers needed to implement the technical aspects of flexible funding.

Yet there is scepticism about the future of the flexible funding agenda and whether the Grand Bargain 3.0 can drive the necessary political change, given the lack of broader government support for more flexible approaches. Participants in IASC forums are often the “converted” rather than the political decision-makers needed to advance flexibility.

Within the current political and funding environment, there are growing concerns that governments may impose tighter controls, making it even harder for willing donor agencies to advocate for greater flexibility. More concerning is the risk of regression, as the broader political and public climate shifts towards tighter controls and reduced support for aid.

In light of current funding constraints, the Grand Bargain (GB) Ambassadors have urged signatories to prioritise commitments on flexibility. The most [recent GB meeting in March](#) aimed to address immediate efficiency challenges and initiate discussions on longer-term structural reform – framed by some as an opportunity to finally “deliver the bargain.” However, the outcomes largely echoed

familiar themes: progress on localisation, increased use of pooled funds for national actors, modest flexibility within shrinking budgets, reduced reporting requirements, and the application of risk-sharing principles in partnerships. While important, these measures are not new, and there is growing concern that reforms will amount to a scaled-back version of an already inefficient system.

Some organisations proposed more collaborative approaches, such as consolidating efforts among actors working in similar areas, pooling services and data systems, or forming consortia to engage donors jointly. On the donor side, the meeting reaffirmed support for pooled funding over large-scale pledging conferences, which often encourage earmarked contributions. Other recurring priorities included expanding cash assistance, building local capacity, and advancing due diligence passporting.

Many remain sceptical that these reform efforts will yield meaningful change, pointing to the persistent structural barriers identified in the latest [GB independent review](#), which risk becoming further entrenched. Frustration is rising over the limited ambition of current reform proposals, including both GB 3.0 and the [Humanitarian Reset](#). A [joint statement](#) from more than 20 NGOs and networks prompted the reset to go further, demanding a “bold, principled transformation that shift power, resources, and decision-making to local and national actors.” Regarding funding, the statement called for pooled funds to shift both resources and power by prioritising local and national actors as primary recipients. It urged Country Based Pooled Funds (CBPFs) to principally allocate funding to local organisations, called for opening the CERF to NGOs, and pressed for pooled funding models that reduce access barriers, support subnational and locally led responses, and reflect the principle of subsidiarity.



People stand clearing the debris of a collapsed building in Mandalay, Myanmar, after the earthquake.
Photo: © Arete/DEC

3. FLEXIBILITY WITHIN THE DEC: POLICY, DEFINITIONS AND APPROACHES

Flexibility is defined and measured differently across [the literature](#), reflecting its complex, multi-dimensional nature. It encompasses qualities such as efficiency, agility, responsiveness, adaptability, innovation, and performance. These varying definitions make it difficult to synthesise evidence and identify best practices for designing flexible services.

3.1 Relevant policies and terminology

The DEC offers multi-year programming to its members, spanning a 2–3-year timeframe, and this is universally seen as a key benefit. As mentioned above, the DEC’s 2019–2023 strategic review identified its flexible funding approach as a key success, enabling members—and, in some cases, local partners—to adapt programmes based on evolving needs and priorities. That said, the concept of flexibility itself is not formally defined and currently lacks a shared understanding amongst stakeholders. As one DEC member asked, “flexible funding is a hot topic but what does it mean?”

The concept is mentioned in internal documentation in the following ways:

- **DEC Operations Manual**
 - ‘We will drive change through our unique position in the humanitarian sector, showcasing our work on **flexible funding**, and adaptive and innovative programming.’
 - ‘DEC funding is designed to be **flexible and to support adaptive** programming’
 - ‘Member charities should commit and distribute funds to local partners in such a way as they can benefit from the advantages of **multi-year funding**’
 - ‘Pre-financing is available at the start of an appeal before programme plans are approved to give a quick cash injection to kickstart programme activities.’
 - ‘DEC funds can be used to respond to changing needs on the ground and **adaptive programming is encouraged.**’
- **DEC Theory of Change**
 - Purpose Statement: In times of large-scale crisis outside of the UK, rapid and **flexible funding** is made available to DEC Member Charities so that they can address the needs of affected communities through agile, effective, and accountable aid delivery.
 - Short-term aim: Programming is **flexible and adaptive**, shaped by affected communities and continual learning to bring lasting changes for the sector as a whole
- **DEC Strategy 2024-29**
 - Strategic pillar 3: ‘We will drive change through our unique position in the humanitarian sector showcasing our work on **flexible funding and adaptive and innovative programming.**’

Based on the references above, DEC funding supports three types of programming: **flexible**, **adaptive**, and **innovative**. However, without clear definitions, it is difficult to discern their specific aims, methods, and the relationships between them.⁶

These three types of programming are positioned in the documentation as mechanisms for longer term change and learning,⁷ and whilst this is an important strategic element, in the absence of definitions, the literature can shed some light on the meaning of these terms and how they relate to each other.⁸

Flexible programming is about doing things differently when situations and contexts change, or when more information comes to light about what the situation requires. The changes made are relatively straightforward, often involving a single change, and are usually made within the parameters of the original programme design. The risk/reward ratio is usually seen as low risk and low reward.

An example can be taken from Syria where a DEC member found that its partner lacked the necessary skills for its multipurpose cash assistance programme. After conducting due diligence and an assessment of organisational capacity, it was decided to partner instead

⁶ In spite of the absence of definitions, stakeholders highly appreciate DEC flexibility, and it can be thought of as something as known when seen. This comes from a quote by Court Justice Potter Stewart who, when asked to describe his test for obscenity, responded “I know it when I see it.”

⁷ Conceptually, this is about moving the system from a supply-led model to a demand-led model, in line with the transformational change aspirations of the Grand Bargain.

⁸ These definitions are adapted from [Khan, M. \(2022\). Lessons from Adaptive Programming. K4D Helpdesk Report No 1218. Institute of Development Studies.](#)

with the Syrian and Arab Red Crescent Society. Other examples of single changes to programming are from Afghanistan where Save the Children moved operations to a new province after local authorities blocked access to the original target population, and in Ukraine, HelpAge International shifted activities to a safer location due to hostilities and fighting around Donetsk.

Adaptive programming requires a deeper depth of flexibility usually requiring more than one change. The change(s) may be radical in nature and involve new ideas, skills, activities, and changes in mind-sets and ways of working. In this sense the approach is sometimes seen to have ‘transformational’ potential. Adaptive programming has a high risk and potentially a higher reward.

There are few examples of adaptive programming in DEC documentation. One can be taken from the 2017 East Africa appeal where a food insecurity crisis in Kenya was categorised as phase 4 critical by the Integrated Food Security Classification (IPC). At the time, Tearfund were running a food distribution programme in Aweil South Sudan where needs were declining. Given the changing situation, Tearfund asked the DEC for four substantial changes to their programming. The first was to move their programme from Southern Sudan to Northern Kenya; the second was to change their partner from Southern Sudan (CEDS) to a new partner (Food for the Hungry) in Marsabit. The third was to change their activities from providing a ‘food basket’ to running a programme of conditional cash transfers. And the fourth was to move across an underspend from their Ethiopia programme to spend on the new set up in Marsabit.

The DEC approved all of these changes and, to ease the pressure on the reconfiguration of the new programme, waived the need for a revised plan and budget for the Ethiopia programme given there were only six weeks left until completion. In addition, in the same vein the DEC also granted an extension to reporting from Southern Sudan.

Given the number and complexities of the change required this example can be seen as high risk, high reward.

Flexible+ Programming In practice, many examples from the DEC tracker did not fit neatly in either of the above two categories. A significant number required more than one activity and/or a new modality to address new needs and went beyond flexible programming, but at the same time they were not sufficiently complex, radical, or transformational to be seen as adaptive programming. In acknowledgement, a new category - Flexible + - has been created.

An example can be taken from Afghanistan where there was a local ban on female staff which forced CARE to suspend its livelihood support programme. After assessing other needs, the organisation redirected efforts to support two government-run health facilities, providing psychosocial services and explosive ordnance risk education. Another example, again from Afghanistan, involved a situation where procurement delays for essential relief supplies led Concern to suspend its WASH programme, replacing it with cash-for-work transfers. These kinds of programmes have a medium risk-reward ratio.



A DEC member charity's local partner carries out a DEC funded clean water distribution to communities in Gaza. Photo: © Concern

Innovative programming involves inventing new projects altogether. This may involve trialling new approaches previously unknown within the humanitarian sector. They have a very high risk/reward threshold, and stakeholders have to be comfortable with a high failure rate.

In recent responses, the DEC has launched a parallel funding stream designed to complement its 'business as usual' DEC-funded programming. This stream supports collective initiatives—projects designed and delivered jointly by at least two DEC members, often in partnership with other partners. These initiatives aim to drive wider, more transformational change within a response context or across the humanitarian sector. Funding is awarded through a selection process which focuses on explicitly innovative approaches. These may involve adapting pre-existing solutions for new contexts, or developing entirely new solutions, technologies, or ways of working.

Collective initiative funding has featured prominently in major responses such as the Ukraine Humanitarian Appeal and Turkey-Syria Earthquake appeal, and more recently, the Middle East Humanitarian Appeal. While this study focuses on the DEC's standard ways of channelling funding to members and partners, collective initiatives represent one way the DEC invests in 'high risk, high reward' programming.

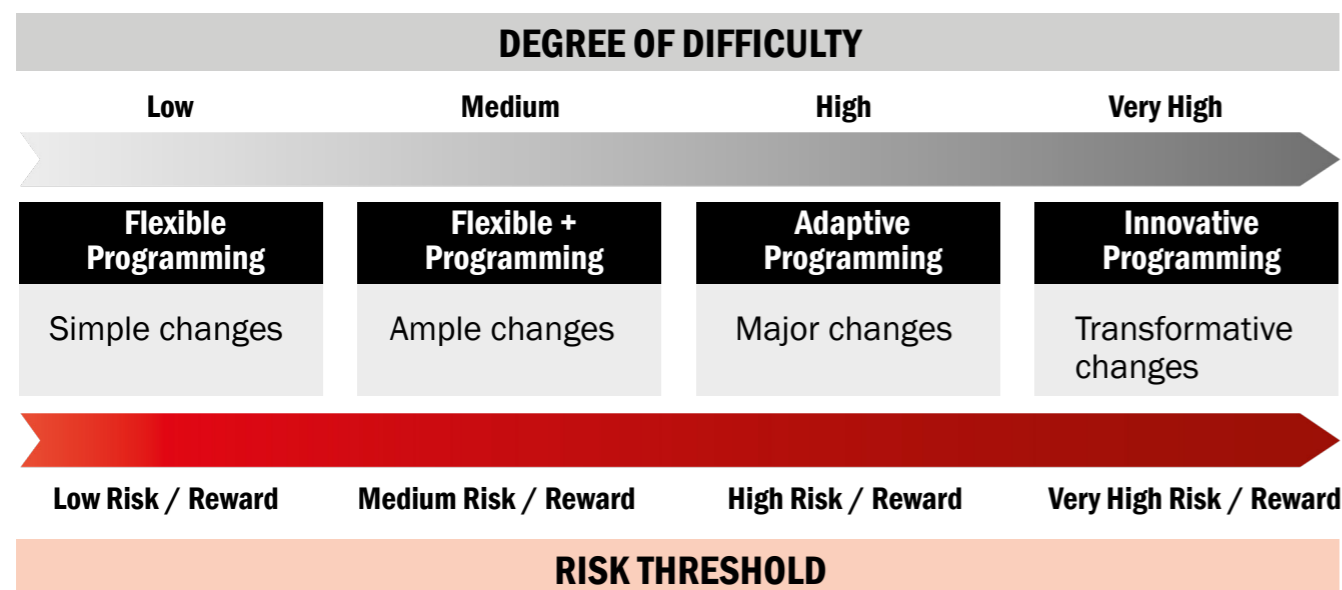
Within the standard approach to DEC appeal funding allocation however, innovative programming is more commonly associated with 'community-led support mechanisms (CLS), where affected communities are empowered to identify and address their own needs during a crisis, often using microgrants.

For example, in Ukraine, survivors managed unconditional microgrants to support crisis response, an initiative led by APH, a partner of Christian Aid. While other donors imposed rigid compliance rules ill-suited to a rapidly shifting conflict, Christian Aid, with DEC support, provided flexible funding through the survivor and community-led response (SCLR) approach, aligning with APH's operational model.

APH distributed funds through its network of public health NGOs, which invited proposals from community groups, including those formed in response to the war. A selection committee reviewed applications and awarded grants for projects such as repairing a bombed water station, building greenhouses for winter food security, and providing speech therapy for displaced children. Flexibility extended to recipients—when a bombing halted a planned shelter project, funds were redirected to repairing damaged vehicles. This model exemplifies innovative programming, allowing survivors to manage their own aid through unconditional microgrants.

This kind of programming has a risk-reward ratio much lower than the standard definition of innovative programming, but more than flexible +.

These types of programming sit on a continuum which moves according to the degree of complexity associated with the number and type of changes being made to the original programme as outlined in the figure below.



Flexible programming, represented on the left side of the diagram, involves making one or two relatively simple adjustments within the broad parameters of the original programme. For example, during the 2017 East Africa appeal, a DEC member reallocated budget lines by reducing funds for standard WASH inputs to purchase a large faecal sludge machine, which was deemed to have a more positive impact on health.

Along the continuum, programmes begin to deviate more significantly from their original intentions, entering the realm of adaptation. The flexible + model involves making more than one or two changes but stops short of full adaptive programming. Adaptive programming requires substantial shifts based on new ideas, skills, activities, and approaches. At the furthest end of the spectrum lies innovation and invention, where completely original approaches are trialled and tested.



Women take part in a psychological support session in their village's DEC-funded new community centre in Eastern Ukraine. Photo: © Katya Moskalyuk / DEC

The direction of the arrows in the diagram indicates the potential risk/reward ratio for each type of programming: flexible programming carries the lowest risk and reward, flexible + has a slightly higher ratio, adaptive programming presents the highest risk and reward, and innovative programming involves a very high risk/reward balance. In practice, it is challenging to pinpoint the exact transition from one type of programming to another, but the diagram offers a general framework for understanding the differences between them.

3.2 Flexibility in practice

A review of over 200 requests for changes recorded in the DEC's exceptions and deviations tracker – an internal tool for monitoring project progress—reveals a wide range of "triggers" prompting DEC members to request changes in response to fast-moving and dynamic contexts. These triggers fall under seven main categories: access and security issues, new emergencies, emerging needs, challenges in collaborating with partners, delays in procurement and supply chains, political issues with regional authorities, and underspend in phase 1.⁹

In response, the requests for changes can be grouped into five broad categories:

1. Relocating within a country,
2. Relocating to a different country,
3. Changing partners,
4. Adjusting target groups,
5. Modifying programmatic activities.

The DEC has approved the vast majority¹⁰ of these programme changes, and members find the Secretariat responsive and helpful. This high approval rate reflects strong trust and a shared understanding between the Secretariat and its members on practical flexibility. Yet the majority of approved changes are considered low to medium risk or reward, with most falling into the flexible programming category and far fewer as flexible + programming. Fewer still can be categorised as adaptive or innovative. Overall, these adjustments, though modest, have improved response effectiveness but have done little to encourage the fresh thinking needed for transformational change.

The reasons for the changes that were denied included restrictions on transferring funds between response phases, as in Ukraine, and limits on changing locations for earmarked funds, as seen in Eastern Ukraine. Other reasons involved constraints on using funds for preparedness activities, and bans on using funds for further staff costs in addition to maximum staff cost already funded by the DEC. Overall, while the DEC's flexibility has enabled some improvements, it has had limited success in making programmes truly adaptable or providing sustainable, long-term assistance, mainly due to time frame constraints.

⁹ Phase 1 runs for the first six months of the response, and phase 2 spans the subsequent 18 months.

¹⁰ An analysis of the DEC's exceptions and deviations tracker found that The DEC has approved approximately 98% of programme changes, however it is worth noting that not all requests were captured in the tracker, hence the number is not entirely representative.

Table 1. Typology of triggers, changes to programme activities, and examples of flexible and adaptable programming as reported in the DEC's exceptions and deviations tracker.

The categorisation is not exact but the overall picture it reveals can still shed some interesting light on what is actually happening in practice.

Type of Programming	Trigger	Changes to Programme Activities	Example
FLEXIBLE (approx. 76% of all changes) ¹¹	Emergence of new needs	Modification of WASH programme	Replacement of standard WASH inputs with purchase of faecal sludge machine.
	Insecurity caused by conflict and violence	Move project to safer location	HelpAge International move project away from conflict in Donetsk, Ukraine.
	Partner lacks expertise in a key area	Taking on a new partner	British Red Cross identify and take on a new partner to strengthen the MPCA project in Aleppo, Syria.
	Access issue	Moving to safer location	Save the Children move to safer location in Afghanistan
FLEXIBLE + (approx. 21% of all changes)	Political issue with regional authorities: <i>Authorities ban female staff</i>	Moving to a new location and changing project modalities.	Care forced to abandon livelihood support programme in Afghanistan and change modalities to support government health facilities in a new area.
	Delays in procurement and supply chains: <i>Log jam in procurement pipeline</i>	Replacement of project with new intervention	Concern is unable to procure parts for their WASH project in Afghanistan and replace this with cash for work transfers.
ADAPTIVE (approx. 1% of all changes)	Emergence of new needs: <i>New needs arise in neighbouring country</i>	Multiple changes - in location, partners, activities, and spend.	A food insecurity crisis in Kenya, prompts a closure of a Tearfund food security project in Sudan which necessitates a move to a new country to implement a cash project with new partners, and with changes in funding.
INNOVATIVE (approx. 1% of all changes)	Emergence of new needs	Changes in use of grants for programmes managed by partners and survivors.	A programme of microgrants to vulnerable communities, designed and managed by partners and survivors, underwent changes in the purpose of grants due to changes brought about by fast moving conflict.

¹¹ These percentages are based on the DEC's exceptions and deviations tracker, but not all change requests are recorded, so figures are approximate and not fully representative.

4. FLEXIBLE FUNDING IN PRACTICE: LESSONS FROM THE DEC AND THE WIDER HUMANITARIAN SYSTEM

4.1 Key benefits of flexible approaches

The literature points to a number of critical benefits that a more flexible approach allows. For the most part, the DEC members have also experienced these benefits.

- Enhances accountability and promotes a more demand-led system.** Flexible funding strengthens accountability by allowing programmes to adapt based on real-time monitoring, learning, and community feedback. This adaptability has built a "trust dividend," fostering stronger relationships between agencies and affected communities.

As part of adherence to the DEC Accountability Framework (DECAF), DEC members use various methods and tools to keep in touch with the evolving needs, priorities and views of crisis affected populations. Information and data are gathered via monitoring systems including real-time reviews, formal and informal feedback from partners, and ongoing learning events. In this way, members are able to provide better demand-driven delivery.

For example, during the Covid response, the monitoring of declining infection rates led agencies to reallocate funds from isolation centres to kitchen gardens. In Poland, continuous tracking of a rapidly evolving crisis in 2023 prompted IRC to redirect resources towards vulnerable groups. Similarly, informal peer-to-peer learning after the Türkiye-Syria earthquake led to adjustments in money transfer practices to navigate sanctions effectively.

Barriers include a lack of awareness of feedback mechanisms, as seen in Afghanistan; duplication of complaint channels, as in the Cyclone Idai response; and cultural resistance, as in Ukraine, where engagement with complaint systems was low. Lessons suggest that direct, ongoing communication with communities is more effective than relying on complaint mechanisms, which often fail to influence decisions. In Moldova, direct feedback from host populations led to a restructuring of aid programmes to include support for host families caring for IDPs.

Despite challenges, the ability to adapt has made DEC funding more responsive which has improved programme effectiveness and reinforced the trust dividend, strengthening relationships between agencies and affected communities.

- Addresses overlooked crises:** Flexible funding in theory allows humanitarian organisations to allocate resources independently and impartially, including overlooked crises with limited media coverage and donor support. In some cases, it has also helped spotlight under-prioritised areas and issues, attracting additional funding and awareness. Nevertheless, humanitarian funding remains deeply uneven. Data from the [Financial Tracking Service \(FTS\)](#) in 2023 highlights persistent disparities in donor allocations, which are often influenced by strategic interests or public opinion rather than the most urgent, assessed needs.

The DEC faces its own challenges when it comes to allocating funds to underfunded emergencies. Appeal decisions are driven by three criteria - humanitarian need, operational feasibility, and an adequate level of public interest. All appeals are premised on the understanding that each of these criteria are met.

When the three criteria are met simultaneously, this 'triple lock' mechanism demonstrates an appeal is fully justified and likely to succeed. The DEC has a stellar record in this respect often exceeding fundraising goals. But it is also the case that low profile crisis, like Sudan, remain off the radar and it is up to individual members to launch their own appeals. Whether it is possible to balance these competing pressures and act on the basis of genuine humanitarian need remains a fundamental challenge for both the DEC and the broader humanitarian system.

- **Adjusts to evolving needs:** Flexible funding allows agencies to redirect resources to the areas and priorities of greatest need so that it remains relevant as crises evolve.

The DEC's flexibility has enabled geographic shifts within countries, such as Save the Children relocating activities in Afghanistan after local authorities blocked access to affected communities; HelpAge relocating operations to a safer area in Donetsk, (Ukraine, 2023) and CARE expanding assistance to marginalised groups affected by monsoons in Maharashtra (India, 2021).

It has also supported shifts in programme focus, such as CARE cancelling a WASH initiative in Afghanistan to introduce cash-for-work transfers after other agencies provided sufficient WASH coverage. Similarly, during the Covid response Concern pivoted from livestock support to seed and tool distribution after vaccine shortages led to livestock deaths.

- **Reduces administrative burden for both donors and recipients:** Flexible arrangements eliminate time-consuming negotiations, amendments, and paperwork when adjusting locations, projects, or activities. Instead, changes often happen through [informal dialogue](#), reducing administrative workload for both donors and recipients. This agility, valued by both donors and recipients, minimises unnecessary administrative burdens, including financial management and reporting, thus removing barriers that might otherwise delay responses to emerging needs.

There are many examples of DEC member agencies moving with agility and adapting relatively quickly, including the creation of new partnerships in Syria (2021) where the British Red Cross took on a new partner to implement a MPCA programme in Aleppo; in Ukraine (2023) where Save the Children changed one partner and added in a new partner to upgrade technical skills; and in Poland (2023) where Tearfund found another partner to use surplus funds to run a cash project.

However, administrative inefficiencies remain a concern. The DEC's recent strategic review highlighted rising bureaucracy, particularly after the Ukraine response, which saw an unprecedented influx of funding and therefore, heightened scrutiny. The expansion of the DEC Secretariat, while intended to manage oversight, was perceived by some as adding unnecessary layers of bureaucracy. Members noted that DEC reporting is extensive, often exceeding twenty pages with numerous indicators.¹² The detailed "output table" was mentioned in this respect, requiring highly specific information across more than 40 columns. One member quipped, "DEC flexibility is great, but we can't escape the output table!"

Note: though reporting documentation is not explicitly assessed within the review, building on such feedback the DEC reporting templates have been modified for greater streamlining and harmonisation in responses following the Ukraine response.



Staff from a DEC member charity and their local partner, deliver critical humanitarian support to displaced families in Lebanon, providing 500 hot meals daily to six displacement shelters across Beirut. Photo: © Concern Worldwide

¹² Internal reporting from members to DEC is detailed oriented, including consolidated plans and output tables, each with around 40 different columns requiring specific data and information.

Another member cited an instance from Ukraine where they were using DEC funds as part of a pooled funding facility in order to provide funds to local organisations. The reporting for this was seen to be unnecessarily onerous and was seen to clash with the principle of passing on flexibility to local partners.

- **Addresses overlooked needs or geographic areas within a country:** Flexible funding can support core costs and bridge gaps for programmes lacking sufficient bilateral support, ensuring continuity and minimising disruptions in critical activities. [By smoothing funding interruptions](#) and covering support costs, it enables "business continuity" with associated cost savings. Some organisations have used [flexible funding](#) to fund activities that are difficult to finance – staff positions, organisational costs, equipment etc. This adaptability helps bridge funding gaps and prevents costly, unnecessary termination or close-down processes. Flexible donors have emphasised this benefit in their approach, noting that it enables partners to maintain presence and programming in areas that other donors may be unwilling to fund, helping to ensure coverage.

In addition to filling gaps in a patchwork of earmarked funding, flexible funding can work [complementarily](#) with and enhance other sources of funding. One example from the DEC funding was when ACF used flexible funding in Lebanon to assist refugees whose heating stoves were lost or damaged—often due to storms—but who did not meet the official criteria for replacements by the broader system.

- **Strengthens relationships between donors and implementers:** In flexible funding relationships, both donors and NGOs value a spirit of mutual respect and openness, enabling NGOs to confidently raise concerns, suggest improvements, and share internal analyses. The approach also enhances transparency, allowing partners to be candid about challenges and necessary adjustments.

Long-standing, trust-based partnerships enable adaptive approaches without bureaucratic delays. This depth of familiarity fosters open communication and collaborative adjustments to strategies, avoiding rigid adherence to contractual terms. With repeated interactions, donors develop a deep understanding of their partner organisations, enabling a level of trust and flexibility that may be more difficult to achieve with newer or more distant partners. When donors and partners are aligned on goals and outcomes rather than strictly predefined activities, they can respond more effectively to evolving challenges.

DEC members have described their communication with the secretariat as honest, informal, and dynamic. One member appreciated the ability to "push without fear," knowing their concerns would be heard. Another shared an experience in Eastern DRC, where conflict tragically claimed the lives of two staff members. The DEC's responsiveness and support reassured them that relocating the programme to a safer area would be approved. Members also noted the high level of responsiveness, particularly in the early phases of crises. The presence of a dedicated DEC programme manager during the Ukraine response was cited as a key factor in facilitating quick decision-making. Smaller agencies also felt included, with one stating, "We have a sense that we are the DEC. It's very collaborative, and we have a voice."

4.2 Scaling flexibility: key barriers

DEC members highlighted several constraints in scaling flexibility.

- **Lack of flexibility for repurposing funds to new emergencies.** In DEC appeals the public is assured that all funds raised will be spent on the emergency in question and, as a public fundraising mechanism, the DEC is held to a high level of scrutiny with a legal obligation to honour this promise. An indicator of capacity (IOC) is used to allocate appeal funds amongst members, with no one agency receiving more than 20% of available funds, and no one agency receiving less than 3%. In situations where the appeal is for a region, rather than just one country, the DEC apportions funds according to perceived need at the time; for example, for the Middle East crisis appeal, 75% was to be spent in Gaza and remaining 25% can be spent in the West Bank, Lebanon and/or Syria. Member agencies are given the freedom to prioritise the allocations within these parameters.

Despite the DEC being careful to ensure that funds are spent accordingly, it is still the case that misunderstandings occur between the secretariat and members. For example, some members felt frustrated that funds from the Turkey/Syria earthquake could not be used when new needs arose in Syria due to the sudden fall of the Assad regime. Part of the problem here is that in other instances, such as the Covid appeal, funds have been moved between countries, and this was seen by some members as setting a precedent. The DEC, on the other hand, saw the Turkey/Syria appeal as substantively different to the Covid situation, which was described as a *global* crisis, in contrast to Turkey/Syria appeal which was launched specifically for an earthquake. Frustrations were also felt by members who had spent less than the specified 75% of funds in phase 1 in Gaza and were unable to repurpose funds to Lebanon, where needs had increased.

The underlying issue here regards clarity and communication. The DEC appear to be consistent in their decision-making but may not be offering sufficient explanation to members about the rationale. It would be helpful to ensure that explanations are given about what boundaries are being put in place for each appeal and why they are important.

- Impact of Restrictions on Timeframe and Spending: Restrictions on timeframe for spend limit agencies' ability to address needs effectively in both the short and long term. DEC's current two-to-three-year timeframe for grants measures up well in relation to other donors but several members took the view that it is still insufficient for sustainable impact and contradicts the goal of enhancing sustainability. One member suggested that "the DEC should be more open to extending time limits on spending." While DEC's timeframe aligns with most donors and the GB's 24-month requirement under quality funding, some – like Sweden and Norway – permit up to five years. In contrast, philanthropic donors and foundations generally impose shorter deadlines, sometimes as brief as six months.
- Impact of mixing flexible and inflexible funding. The positive effects of flexible funding can be diluted when DEC funding is mixed with inflexible/earmarked funding from other donors. Partners report that more stringent reporting required by inflexible donors means that, in practice, they lose the benefit of eliminating time consuming paperwork. One staff member from a partner in Syria, who received both kinds of funding, described it as 'a nightmare for us' as the organisation still had to spend valuable time on its reporting, even though it was not required by the DEC.

4.3 Conditions for advancing flexibility

Adopting flexible funding faces significant challenges, particularly among major donors like ECHO and the US, as well as smaller ones who struggle to break from entrenched practices. The [literature also notes](#) an ingrained mindset within the humanitarian sector that things have to be done as quickly as possible, with limited room for iteration, resulting in humanitarians tending to deliver agreed activities and outputs, instead of reflecting on how those might need to change to meet outcomes.

For organisations that adopt a flexible approach, **cultural and institutional factors** are key to fostering trust-based relationships. For the DEC, organisational culture is crucial, providing a shared understanding of the values and beliefs that guide collaboration, decision-making, and execution. This culture has been built over many years, fostering strong trust between the Secretariat, members, and partners.

Leadership has been vital to this stability, with only two Chief Executives in the past 25 years, ensuring consistency and a unified identity. Both CEOs came from the UK NGO sector, significantly shaping the DEC's development and reinforcing its ties with the UK humanitarian NGO community. This community's close-knit nature, built on enduring relationships and shared experiences, has further strengthened trust and collaboration. The literature notes too that a key enabler for organisations to be more flexible in their programming is also [related to how leadership](#) sets the tone for flexibility as valued and to be possible, especially when it requires shifting from entrenched risk management approaches that can hinder adaptability and reinforce rigidity.

A **clear strategy** underpins this culture, articulating the organisation's values and supported by robust systems for learning and accountability. The [DEC Accountability Framework \(DECAF\)](#) reinforces this through four pillars: a mandatory quality standards audit verified by the Core Humanitarian Standard (CHS); comprehensive reporting throughout appeals;¹³ a system of internal monitoring alongside independent external reviews and evaluations, both real-time and post-response; and various learning and improvement initiatives. This framework has enhanced members' ability to assess and effectively respond to the needs of affected communities.



Livelihood projects in southern Turkey are continuing to help people recover nearly a year on from the devastating earthquakes.

Photo: © Özge Sebzeci/Fairpicture/DEC

¹³ Member charities are required to submit reports to the secretariat which align with the harmonised reporting template agreed upon by aid agencies and donors as part of the GB.

5. PASSING FLEXIBILITY TO LOCAL PARTNERS: GRAND BARGAIN AND THE DEC

The Grand Bargain emphasises extending flexibility to local actors, who often struggle due to inadequate funding for essential costs like transportation, electricity, and key staff. Ensuring flexibility reaches local partners is essential to free them from [rigid sub-contracts](#) and enable locally-led responsive operations. Allocating [indirect costs](#) – overheads or indirect cost recovery (ICR) – to local and national humanitarian organisations which support vital functions such as management, administration, and ICT services. Without this support, local organisations face chronic underfunding, undermining their effectiveness and ability to attract further funding.

Recognising this issue, members of the Grand Bargain caucus on intermediaries have committed to providing overheads to local partners, backed by [IASC guidance](#). Since 2023, [three organisations and one UN agency](#) have adopted policies to ensure local NGOs can access overhead funding, raising the total number of signatories with such policies to 25 out of 67 – up from just eight in 2022. However, many aid organisations cite [insufficient quality funding](#) for themselves as a reason for not passing it on to partners. Accurate data on this issue is limited; the 2023 GB independent review found that most organisations either do not or cannot track how much flexible funding reaches local partners, hindering accountability.

The Grand Bargain calls for greater funding flexibility for local actors, who often lack resources for essentials like transport, electricity, and core staff. Supporting locally led, responsive operations requires extending flexibility to local partners – moving beyond rigid subcontracting. This includes allocating indirect cost recovery (ICR) to cover critical functions such as management, administration, and ICT. Without it, local actors remain underfunded, limiting their effectiveness and ability to mobilise further resources.

To address this, the Grand Bargain caucus on intermediaries – backed by IASC guidance – has committed to providing overheads to local partners. In 2023, total of 25 signatories adopted such policies. Still, many aid organisations cite limited quality funding as a barrier to passing on overheads. Tracking remains weak: the 2023 Grand Bargain independent review found most organisations do not – or cannot – monitor how much flexible funding reaches local actors, undermining transparency and accountability.

The DEC membership has demonstrated a strong commitment to extending flexibility to local partners, including allocating ICR of up to 10% of funds to cover management support, audit, and overhead costs. This approach has promoted more equitable partnerships and advanced a locally led model, earning high appreciation from members. One member noted that "more traditional donors won't take that leap of faith to pass on flexibility to new groups who often lack structures and processes," while another highlighted that the DEC has "taken the Grand Bargain commitment on localisation very seriously"

However, challenges remain. The DEC's operations manual is sometimes viewed as unclear about eligible costs. For example, a member working on emergency programmes in Lebanon and Syria found it unfair that costs for regionally based staff were covered, but not for those working remotely in London. Similar ambiguities exist in cost classifications—such as staff vs. programme costs. In one instance, a disagreement arose over whether staff involved in protection activities should be classified as staff costs (ineligible) or programme costs (eligible under ICR).

To address these issues, the DEC holds general member inductions and online briefings with international members, country offices, and other partners to clarify guidelines on flexibility and ICR. These briefings are highly appreciated and are held multiple times every year as part of DEC standard practice.

Support for capital costs has also been welcomed. For instance, World Vision used DEC funds to buy a van for transporting disabled children in Ukraine, while Oxfam purchased laundry equipment for IDPs and covered audit costs for a partner as required by Moldovan law.

The DEC's flexibility has also encouraged agencies to expand partnerships. One member remarked that "DEC flexibility in this area increases the opportunity to work with a broader range of partners," helping to prevent the formation of a local elite by avoiding repeated partnerships with the same organisations.

6. WAY FORWARD: ADVANCING QUALITY AND FLEXIBLE FUNDING

The current funding crisis is exposing long-standing vulnerabilities in the humanitarian system, particularly its overreliance on a concentrated donor base. Despite calls over a decade ago to diversify funding sources and engage new partners, humanitarian financing remains dominated by a few key donors, leaving the sector highly susceptible to geopolitical shifts. As funding constraints deepen, humanitarians are forced to navigate a more politically charged and fragmented funding environment, they will need to explore alternative financing models, with reliable and flexible funding sources like the DEC playing an increasingly critical role in sustaining operations.

organisations are already turning to more flexible funders to help stabilise programmes, and ensure continuity so that services are not abruptly terminated. Flexible sources of funding have already acted as a buffer, preventing further disruption to communities already in crisis.

However, the growing scrutiny of aid—coupled with declining public support—is likely to make traditional government donors even more risk-averse. These political pressures may constrain efforts to expand flexibility, forcing institutional donors to narrow their focus on immediate life-saving assistance. As a result, flexible funders, including philanthropic organisations, will be essential in filling critical gaps—particularly in areas like protection, advocacy, and resilience programming—that are at risk of being deprioritised in a “back to basics” funding environment.

Local organisations, already operating on the margins of the humanitarian financing system, will likely bear the brunt of these cuts. The impact is already visible, with local civil society groups—often subcontracted by larger INGOs—facing the first wave of budget reductions. It will be even more imperative that resources reach these frontline actors more directly.

The below are areas that the DEC can consider in advancing the flexible funding agenda, both within the wider humanitarian sphere but also within the DEC.



An Afghan woman is unable to work and support her family. Cash support from a DEC member has meant she no longer fears being evicted from her home. Photo: © Mirwais Amir Akbar/Age International

6.1 Towards a more flexible humanitarian system

- **Inform and Influence:** Achieving truly flexible and adaptive system requires a critical mass of predictable, high-quality funding. The DEC's new strategy highlights its role in influencing and informing the sector, as reflected in initiatives like the 2025 HNPW panel and the commissioning of this paper. The DEC should continue its role in proactively influencing and informing the donor community, leveraging the current momentum around the Grand Bargain “leveraging the commitments” to share good practices. By highlighting its own successful approaches, the DEC can demonstrate how incremental shifts towards flexibility – rather than perfect solutions – can deliver meaningful impact and have multiple benefits, even amid donor hesitation.
- **Build evidence:** Humanitarian organisations must present clear, robust evidence of the return on investment for flexible funding, demonstrating its impact on affected populations and cost-effectiveness to help donors justify aid budgets to their constituents. Evidence is also important in dispelling myths about lack of accountability and impact of flexible funds. Using the robust data that is already collected through the DECAF, the DEC could contribute to this evidence base by collating the rich information that exists to showcase what works and what doesn't in flexible funding, including developing a more robust evidence base for community-led approaches.
- **Maximise impact of flexible funding:** The benefits of flexible or programme-based funding depend heavily on its share within a programme's overall budget. Small amounts can help, but their impact is limited if they only patch gaps left by more restrictive funding. Without reaching a critical mass, flexible funding cannot drive systemic change. While the DEC has limits on where and how it can allocate funds, it could enhance impact by coordinating with other flexible donors—developing a shared framework for flexibility and targeting contexts where flexible funding would make up a larger portion of the overall humanitarian budget. A more collective approach could maximise effectiveness and allow the DEC to be part of a broader shift towards smarter, more coherent funding.
- **Reshape the narrative around aid:** Outside of flexibility, the DEC has a critical role to play in reshaping the narrative around aid and rebuilding public trust in humanitarian organisations. Budgets for humanitarian aid are being steeply cut across Europe and North America, with politicians framing aid as a burden that benefits others at the expense of national interests. In addition, there is concern that crises which do not get media attention or align with political interests will be further overlooked. As a well-known and trusted entity within the UK, the DEC is uniquely positioned to counter rising scepticism and perceptions of aid as wasteful or ineffective, and to shed light on and influence support to already underfunded crises. This credibility stems from the DEC's strong track record of transparency and accountability to the public and donors. While some member agencies express frustration with the reporting requirements, it is precisely this rigour that enables the DEC to maintain trust and provide a clear account of how funds are spent.

6.2 Promoting flexibility across the DEC

- **Clarify policies, terminology and decision-making on repurposing funds within appeals.** The DEC currently lacks clear definitions for several terms related to its flexible funding approach. To strengthen understanding and ensure consistency in application, existing documentation should be updated to include precise definitions of key terms. For each appeal, the DEC determines how funds can be allocated and spent, including the proportion members may use and the geographic or thematic focus. However, misunderstandings have emerged among members about the rationale behind these decisions, suggesting that explanations from the Secretariat may be insufficient. The DEC should clearly communicate the boundaries for each appeal and the reasoning behind them. These issues also warrant discussion to explore how constraints on repurposing funds can be addressed when needs evolve. Greater clarity on types of flexible programming and how they interlink would support more agile responses. Clearer parameters around Indirect Cost Recovery—specifying what is and isn't covered—are also needed. Regular online briefings between the Secretariat, members, and partners could help strengthen understanding and build trust.
- **Move along the continuum from flexible to more adaptive and innovative programming and support members to take more risks.** [ALNAP research](#) shows that flexible funding alone is not enough for organisations to be truly transformative—systemic changes in aid structures are essential. While flexible funding enables adaptability, meaningful reform requires investment in systems that foster innovation and responsiveness to evolving humanitarian needs. The DEC can play a key role in incentivising these shifts within Member organisations. To strengthen the impact of flexible funding,¹⁴ DEC members should expand their capacity for adaptive and innovative programming, taking calculated risks where potential rewards justify experimentation. For example, DEC members should foster environments that enable local organisations to experiment and learn, adopting a higher risk tolerance

¹⁴ To complement these efforts a “collective initiatives” facility has been established to support higher risk programmes aimed at furthering transformational change. Currently, about £15 million has been contributed making a strong contribution to achieving this goal

for community-led solutions that have the potential to drive transformative change, as seen with Christian Aid and the SCLR programme.

- **Minimise reporting burdens:** Transparency in the use of flexible funds should remain a priority, but reporting must stay manageable. As a public funding mechanism, the DEC is held to a higher level of scrutiny by donors, the public, and other stakeholders—making transparency essential to maintaining trust and credibility. In response to member feedback, the DEC should continue upholding its strong transparency standards while remaining attentive to concerns about growing bureaucracy and overly detailed reporting. It currently adheres to the Grand Bargain’s simplified reporting framework and is taking steps to further reduce the reporting burden by a) updating and streamlining reporting formats and b) fully digitising its reporting system.
- **Address the dilution of flexibility when blending funds from multiple sources:** Flexibility can be diluted when members and partners use DEC funds alongside inflexible funds from other donors. While there is no clear solution, the DEC and its members should confront the issue directly and explore practical ways to navigate this constraint.
- **Strengthen support for local organisations through direct, flexible funding:** Building on initiatives like Christian Aid’s SCLR approach, evidence shows that empowering local communities to design their own solutions is both effective and cost-efficient. The DEC’s commitment up to 10% indirect cost coverage has supported more equitable partnerships and additional gains have been made through the collective initiatives’ facility with contributions to locally-led pooled funds. In the current funding context and renewed focus on locally led aid, there is an argument that this contribution could be increased—or made conditional—to further enhance flexibility to local actors.
- **Ensure adequate resourcing for monitoring, evaluation and learning systems that support adaptive programming:** Adaptive programming relies on MEL tools that generate real-time, light-touch, outcome-focused data. It will be important to balance the reporting burden with providing enough resources to member organisations, as the default is often producing a final end-line process evaluation rather than data collection throughout.



Children from Ukraine crossing the Ukraine / Romania border. A DEC member provided water, juices, hygiene kits, face masks, perishable foods, kits for newborns, such as nappies, wet napkins. Photo: © Save the Children

A farmer stands with his goats beside the barn that a DEC member installed to provide his animals with shelter following the earthquake in Hatay, Türkiye. Photo: © Özge Sebzeci/Fairpicture/DEC



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