

OI Policy Compendium Note on the Humanitarian Funding

Overview: Oxfam International's position on Humanitarian Funding

In both conflicts and disasters, people anywhere have the right to the humanitarian assistance and protection that they need.

When national governments are unable to provide it, or need support, the international community has a responsibility to help, including through funding humanitarian action by disaster-affected governments, local and national NGOs, the UN and others.

Despite increased funding, new donors and initiatives the level and nature of funding remains inadequate.

Global humanitarian funding must:

- Increase substantially to *at least* \$25 billion annually by 2015, and be ready to increase further as future needs are likely to grow;
- Be allocated more fairly according to need;
- Become more timely, efficient, appropriate and accountable.

1. Background

Every year, tens of millions of people need humanitarian aid. Though each year is different, the rising number of weather-related disasters, and of people exposed to disasters, combine with the high number of continuing conflicts to suggest that humanitarian needs will continue to grow.

The growing needs in recent years have already outpaced the growth in humanitarian funding. The megadisasters of 2010 and 2011, including Haiti's earthquake, Pakistan's floods, and the worst food crisis for years in Somalia and the Horn of Africa, almost overwhelmed the international response, while lower-profile crises continued to receive inadequate funds. In 2010, only 64 per cent of the funds sought by UN humanitarian appeals were provided, and no recent year has seen a figure higher than 72 per cent.¹

In 2010, global humanitarian funds from governments and private sources reached an estimated \$16.7 billion, an all-time high. \$12.4 billion was from governments, and of this, \$11.8 billion from members of the OECD's Development Assistance Committee (DAC),² who this note primarily focuses upon. Significant increases by the US, Japan and Canada, however, masked decreases by others. Even generous donors give relatively little in terms of \$s per citizen; only one government – Luxembourg – gives more than \$100 for each of its citizens; the \$17 of the UK, a leading humanitarian donor, is far nearer the average.³ In 2009, the largest contributors were the USA (\$4.4bn), European institutions (\$1.6 billion) and the UK (\$1 billion). Ranked by their contributions as a share of gross national income, the most generous were Luxembourg, Sweden and Norway.⁴ Whether these levels are maintained during donors' economic difficulties remains to be seen.

China, Qatar, Saudi Arabia, the United Arab Emirates and other non-DAC governments also give significant funds, alongside a wide range of private sources including trusts, foundations, corporations and the general public, through remittances to family members and in donations to NGOs.

In crisis-affected countries themselves, governments, individuals, faith-based and civil society organisations, also give vast amounts in humanitarian funding, though no global figure is available for this. For example, though, the Indian government spent more than \$6.2 billion on emergencies in India over the last 5 years.⁵

2. Oxfam International's position on Humanitarian Funding

2.1 The global volume of humanitarian funding must increase substantially

In 2011, only 60 per cent of the funds sought by UN humanitarian appeals were provided, down from 2010 and the average over the previous few years of about 70 per cent.⁶ While increasing funds reach humanitarian agencies outside the UN system, as in Somalia since 2011, the overall shortage of funds is a continuing problem. And in the future, governments will have to increase their funding in response to the probable long-term increase in needs.

To improve the quality of response for all affected people will cost more, and to fund longer-term solutions to humanitarian problems, still more. A greater investment in disaster risk reduction (DRR) will, however, reduce the demand to fund some humanitarian responses.

Even in difficult economic times the world can afford to save the growing numbers of lives that will otherwise be lost as the numbers exposed to disasters increase, and too many conflicts continue.

Oxfam recommends that:

- Donor governments increase their humanitarian funding (including at least 10% of that for DRR) in real terms, not just as a proportion of their GNI, so that *at least* \$25 billion is provided annually by 2015;
- Donors honour their funding pledges.

2.2 International humanitarian funding must be more appropriate and accountable

Humanitarian funding tends to be for short periods. Yet in chronic, ongoing crises such as in the Democratic Republic of Congo (DRC) or South Sudan, the needs are not short-term at all. This makes it difficult for humanitarian organisations to plan to meet them – or to take the longer-term approach required in regions vulnerable to cyclical drought, such as the Sahel, the Horn and Southern Africa.

Humanitarian funding sometimes ends before the mechanisms to fund development kick in, making it difficult to fund the transition from acute crisis to recovery – and undermining efforts to plan the most cost-effective and sustainable programmes. Donors such as the European Commission's humanitarian aid division, ECHO, have made welcome efforts to link relief, rehabilitation, and development (LRRD), for example through its multi-annual Regional Drought Decision for the Greater Horn of Africa, but there is still a long way to go. Preparing for the effects of disasters, and reducing people's vulnerability to them, is an effective use of resources. Donors should give adequate funds to DRR.

Too little funding is driven by what affected people need, as opposed to what donor governments find convenient. In 2009, only 49 per cent of water and sanitation needs identified in the UN Consolidated Appeals Process were met; and though 92 per cent of food needs were funded, much of this was provided as food in-kind rather than the cash which is frequently more appropriate, flexible and less likely to undermine local markets.⁷

There are weaknesses as well as strengths in the UN-led 'pooled funds' that have been rolled out in many crises in recent years. Despite improvements, concerns remain about transparency of decision making in allocating resources from various UN pooled funds, as well as weaknesses in monitoring how these funds are spent and the impact they have.⁸ For example, although the UN's Central Emergency Response Fund (CERF) Rapid Response grant offers one of the most rapid mechanisms available to UN agencies, evidence that the CERF has saved lives is limited,⁹ and it is not a rapid funding mechanism for NGOs. Donors should continue to channel appropriate levels of funding directly to NGOs, who are the main frontline implementers of international humanitarian assistance.

Oxfam recommends that donors:

- Provide longer-term, flexible and more predictable funding to address both humanitarian needs and their causes;

- Allocate humanitarian funding impartially – according to relative need – across different crises and sectors;
- Shift away from in-kind food aid towards more flexible and appropriate responses, such as cash grants to people in need;
- Demand evidence from UN pooled funds of their demonstrable impact on affected communities, and of more effective management of these funds;
- Maintain an appropriate level of direct funding to NGOs, including retaining and strengthening bilateral fast-response funding mechanisms.

2.3. Allocation of humanitarian funding must be fair and according to need

Humanitarian funding is too often guided by media pressure, or political or security agendas, rather than human need. According to the 2006 World Disaster Report, the success of UN appeals closely mirrored media coverage of emergencies, while aid per beneficiary decreased in line with lower media coverage.¹⁰ In 2011, most donors gave modest funds for Somalia until the explosion of international media coverage and the UN's description of 'famine' in the middle of the year.¹¹ Despite recent improvements, several regions are consistently under-resourced, including West Africa's Sahel, which faces continuing and largely unreported shocks (poor rains, political instability, high food prices and epidemics).

In contrast, Haiti's earthquake in 2010 received sustained media attention – and high levels of funding. Providing the funds can be spent appropriately over a long-enough timeframe, such generosity seems entirely appropriate. But some of this funding was at the expense of "invisible" emergencies, where human needs may have been equally great.

Political interests can be equally powerful in driving aid. Few UN humanitarian appeals are well-funded, but 2011 saw a stark contrast between the 83 per cent funding for Libya and most others.¹²

Allocating humanitarian aid more fairly requires an effective, commonly-used means of assessing the relative needs from crisis to crisis. One such tool that Oxfam has been closely involved in is the Integrated Phase Classification (IPC), it is at present only implemented in a handful of crises.¹³ At a global level, ECHO's Global Needs Assessment is an internationally comparable needs assessment tool.

Effective coordination between humanitarian actors is also essential to guarantee that overall humanitarian needs are met. This includes working with, rather than in parallel with, the national coordination systems on the ground, as well as effective and inclusive implementation of the UN-led 'cluster' system¹⁴ – that seeks to coordinate different sectors such as food, water and sanitation, and shelter – as well as good coordination between donors themselves, including through the Good Humanitarian Donorship (GHD) forum.¹⁵

Oxfam recommends that:

- Donors and implementing agencies ensure that assistance is given on the basis of solid needs assessments, sensitive to vulnerability and conflict, and using appropriate standards.
- Donors co-ordinate effectively to ensure global humanitarian funding needs are met, support the effective management of UN-led 'clusters', and respect national coordination schemes.

2.4. Humanitarian funding must be more timely, predictable and efficient

Humanitarian disasters require a rapid and appropriate response. Yet in many cases, funding is received well after the height of the crisis. Some donors have rapid mechanisms, such as ECHO's Primary Emergency funds and the UN Rapid Response Mechanism in DRC. But many mechanisms continue to be too slow. A lack of early funding for the predictable downstream impact of the Pakistan floods in August 2010 resulted in fewer people receiving assistance, and for a limited range of needs. In sudden onset emergencies and scale-ups, direct funding to NGOs will always be quicker than routing through the UN.

Many donors give informal commitments before a funding contract is signed. However, they rarely fund needs assessments, and many agencies do not have sufficient funds to pre-finance a response, nor can rely on promises of funding. Donors do not always allow backdating to cover expenditure incurred before signing contracts, which can be a constraint in a sudden onset emergency when implementation can start from Day 1. And some donors and UN agencies do not always fund the indirect costs (or Overheads of Administration) necessary for agencies to support their operations in the field. And when funds pass through different organisations before they get to the ground, as they do in the CERF for example, this can effectively slow down the humanitarian response.

Some donors are cutting *their* administration costs involved in providing separate humanitarian grants to individual agencies, by investing in UN pooled funds and funding NGO consortia. In Liberia an NGO Consortium (led by Oxfam and funded by DFID, ECHO and Irish Aid) finances work in water, sanitation, and hygiene (WASH), covering about two-thirds of the country. Such mechanisms may be effective if they provide added value, but donors must be careful not to pass on their management burdens to the implementing agencies, nor to demand that consortia are initiated in the midst of a major response.¹⁶ Efficient aid demands minimum links in the chain from donor to the disaster-affected person. Any new link must be justified by a tangible benefit, such as a more coordinated response or more impact on people in need.

As a result of such trends, many NGOs receive proportionately less direct humanitarian funding from donors and increasingly look to UN agencies to fund their response. UN agencies, however, have in some cases imposed extremely slow negotiations and contractual conditions that have delayed the humanitarian response.¹⁷

A key challenge to humanitarian agencies is the variety of donors' reporting requirements, driven in part by different governments' financial regulations. Accountability is essential at all levels –to donors, taxpayers, and to those in need of assistance themselves. More consistent reporting formats and procedures shared by different donors would improve cost-effectiveness and the impact of the funds themselves.

It is vital to focus on the cost-effectiveness of humanitarian aid. However, donors should use measures of cost-effectiveness that do not simply compare the unit costs of outputs, but measure effective results in meeting needs appropriately, and recognize differing costs of different approaches.

For example, measuring the cost-effectiveness of sanitation should not just consider the number of latrines built, but *whether they are used, whether communities' sanitation needs are met, and the incidence of water-borne disease.*

Output-based measures must not prioritize those who are easy to reach over those whose needs are equally great but are harder and more expensive to reach.

Oxfam recommends that:

- Donors and UN agencies should allocate and disburse funds swiftly – taking the most direct route possible to those in need, to achieve maximum impact on the ground. This includes UN agencies improving their funding towards national and international NGOs.¹⁸
- Donors should fund assessments and backdate funding to the date, where applicable, that an emergency begins; and consider pre-financing arrangements for implementing agencies.
- NGO consortia should only be formed when appropriate and when they provide added value, and the running costs are adequately supported by donors.
- Donors and UN agencies should consistently provide adequate indirect costs for implementing agencies, whilst minimizing the duplication of these costs at different levels.
- Donors should cooperate to streamline humanitarian funding reporting requirements for NGOs.

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- ¹ UN Office for Coordination of Humanitarian Affairs (2011) Overview of the 2012 Humanitarian Appeals: <http://www.unocha.org/cap/appeals/overview-2012-consolidated-appeals-and-similar-concerned-humanitarian-action-plan>.
- ² The DAC is a key forum of major bilateral donors (Australia, Austria, Belgium, Canada, Denmark, EC, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, US).
- ³ Development Initiatives (2011) *Global Humanitarian Assistance Report 2011*, p. 15: <http://www.globalhumanitarianassistance.org/wp-content/uploads/2011/07/gha-report-2011.pdf>.
- ⁴ Development Initiatives (2011) *Global Humanitarian Assistance Report 2011*, p. 6: <http://www.globalhumanitarianassistance.org/wp-content/uploads/2011/07/gha-report-2011.pdf>.
- ⁵ This is pending an accurate figure once all final data are available: Development Initiatives (2011) *Global Humanitarian Assistance Report 2011*: <http://www.globalhumanitarianassistance.org/wp-content/uploads/2011/07/gha-report-2011.pdf>.
- ⁶ Development Initiatives (2011) *Global Humanitarian Assistance Report 2011*, p. 6: <http://www.globalhumanitarianassistance.org/wp-content/uploads/2011/07/gha-report-2011.pdf>.
- ⁷ UN Office for Coordination of Humanitarian Affairs: Financial Tracking Service: [http://fts.unocha.org/reports/daily/ocha_R21_Y2011_asof_29_December_2011_\(02_04\).pdf](http://fts.unocha.org/reports/daily/ocha_R21_Y2011_asof_29_December_2011_(02_04).pdf); and Development Initiatives (2011), *op. cit.*, p. 61.
- ⁸ See Oxfam International's Humanitarian Policy Compendium Note on Food Aid: www.oxfam.org/en/files/oi_hum_policy_foodaid.pdf.
- ⁹ Oxfam International (2009) *Making Pooled Funding Work for People in Crisis*: <http://www.oxfam.org/en/policy/making-pooled-funding-work-people-crisis>.
- ¹⁰ UN Office for Coordination of Humanitarian Affairs (2011) *Five Year Evaluation of the Central Emergency Response Fund*: <http://ochaonline.un.org/cerf/WhatistheCERF/EvaluationsandReviews/tabid/5340/language/en-US/Default.aspx>.
- ¹¹ International Federation of Red Cross and Red Crescent Societies (2006) *World Disaster Report 2006*: www.ifrc.org/publicat/wdr2006/index.asp.
- ¹² UN Office for Coordination of Humanitarian Affairs (2011) *Somalia 2012 Consolidated Appeal*, p. 31, 'CAP Funding 2008-2011 by month' table: <http://ochaonline.un.org/somalia/AppealsFunding/CAP2012/tabid/7602/language/en-US/Default.aspx>.
- ¹³ UNOCHA Financial Tracking Service: <http://fts.unocha.org/pageloader.aspx?page=home> (last accessed 29 December 2011).
- ¹⁴ The IPC System is a tool designed to improve analysis and enable more effective response in emergency contexts. Originally developed by the *Somalia Food Security Assessment Unit*, the IPC is now being applied in other contexts. With funding from the EU and backed by FAO, WFP, Oxfam, Save the Children-UK, the Famine Early Warning System Network (FEWS-NET), and academic research centres, the IPC is being further refined and utilised in many emergency-prone countries. Oxfam is a member of the Steering Committee co-coordinating this refinement process.
- ¹⁵ See Oxfam International's Humanitarian Policy Compendium Note on Humanitarian Co-ordination: http://www.oxfam.org.uk/resources/policy/conflict_disasters/downloads/oi_hum_policy_coordination_update_08.pdf.
- ¹⁶ The GHD initiative provides a forum for donors to discuss good practice in Humanitarian Financing and other shared concerns. By defining principles and standards it provides both a framework to guide official humanitarian aid and a mechanism for encouraging greater donor accountability: <http://www.goodhumanitarianandonorship.org/>.
- ¹⁷ Oxfam experience suggests basic principles for consortia such as: small number of consortium members, focus on a specific thematic or geographical area, no duplication of existing coordination mechanisms.
- ¹⁸ In March 2009, a group of UK NGOs came up with a list of recommendations for improving UN-NGO funding partnerships: http://www.goodhumanitarianandonorship.org/documents/enhancing_un-ngo_humanitarian_funding.doc.
- ¹⁹ This is relevant to all UN humanitarian funding accessed by NGOs, including CERF and other pooled funding mechanisms.