



DELIVERY

Channels and implementers

How funding is channelled to respond to the needs of people in crisis situations has implications for the efficiency and effectiveness of the assistance provided. However, reporting platforms currently only provide visibility for the money going into the system – the first link in often complex and lengthy transaction chains between donors and the intended recipients of assistance.

From available data, we know that the majority of international humanitarian assistance is channelled, at least in the first instance, through UN agencies. In 2014, approximately two-thirds of all funding (64% or US\$12.5 billion) from government donors was channelled via multilateral organisations. Most of this went to the six major UN agencies involved in humanitarian response and coordination, of which the World Food Programme (WFP) and the UN High Commissioner for Refugees (UNHCR) received the largest shares.

Non-governmental organisations (NGOs) received the second largest proportion of direct humanitarian funding in 2015 (19% or US\$4.2 billion). International NGOs received the bulk of this funding, though both the volume and their share of overall NGO funding decreased between 2014 and 2015.

Localisation of aid has emerged as a rallying cry in the run up to and since the World Humanitarian Summit (WHS). It is widely accepted that humanitarian action is best planned, managed and delivered as close to crisis-affected populations as possible. Despite this logic, funding for national and local actors remains low. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA) data, funding channelled directly to local and national NGOs accounted for just 0.4% of international humanitarian assistance in 2015 – albeit an increase on the 0.2% they received the previous year. At the same time, domestic authorities received just 1.2% (US\$256 million) of international humanitarian assistance in 2015, compared with 3% (US\$734 million) in the previous year.

Pooled funds continue to play an important role in humanitarian financing. UN-managed humanitarian pooled funds mobilised US\$1.3 billion in 2015 – a 28% rise from the previous year. Investments in country-based pooled funds grew in particular, with an increase in funding of almost 50% in 2015 from the previous year.

Channels of delivery

UN agencies continue to be the main recipients of direct humanitarian assistance from donors. In 2014, the latest year for which recipient data is available, government donors channelled approximately two-thirds of their funding (64% or US\$12.5 billion) via multilateral organisations (primarily UN agencies) – an increase in volume but a slight decrease in proportion from the year before when 66% or US\$10.2 billion of funding was channelled in this way. Estimates show that private donors gave proportionately much less of their funding to multilateral organisations than government donors did in 2014 – 9%; this is similar to levels in the previous year.

NGOs received the second largest amount and proportion of direct international humanitarian assistance in 2014: a total of US\$8.0 billion, up 7% from the US\$7.4 billion they received the year before. Private donors showed a strong preference for channelling their money via NGOs – giving 86% of their funding this way in 2014 (US\$4.7 billion). In contrast, government donors only channelled 17% (US\$3.2 billion) of their humanitarian assistance directly through NGOs.

The volume of international humanitarian assistance channelled through the International Red Cross and Red Crescent Movement (RCRC) rose by nearly a third between 2013 and 2014 – from US\$1.6 billion to US\$2 billion; the majority of this came from government donors. RCRC funding is a combination of contributions to the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC) (see Chapter 3), and national Red Cross and Red Crescent societies (see *Case study: Funding to the Nepal Red Cross earthquake response*, page 72).

In 2014, government donors channelled approximately two-thirds of their funding via multilateral organisations, primarily UN agencies.

TRACKING HUMANITARIAN FUNDING

The report of the High-Level Panel on Humanitarian Financing in 2016 stressed the need for more transparent humanitarian financing, allowing all actors to ‘follow the money’ from donor to recipient.¹ Current reporting practices do not systematically track funding in this way and rather emphasise what goes into the system and the initial transaction between donor and the first recipient of funding. The main platforms for reporting international humanitarian assistance (UN OCHA’s Financial Tracking Service (FTS) and the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC)’s Creditor Reporting System (CRS)) do not reveal what happens to the funding after that point as it moves through sometimes complex and lengthy transaction chains before ultimately reaching crisis-affected populations.²

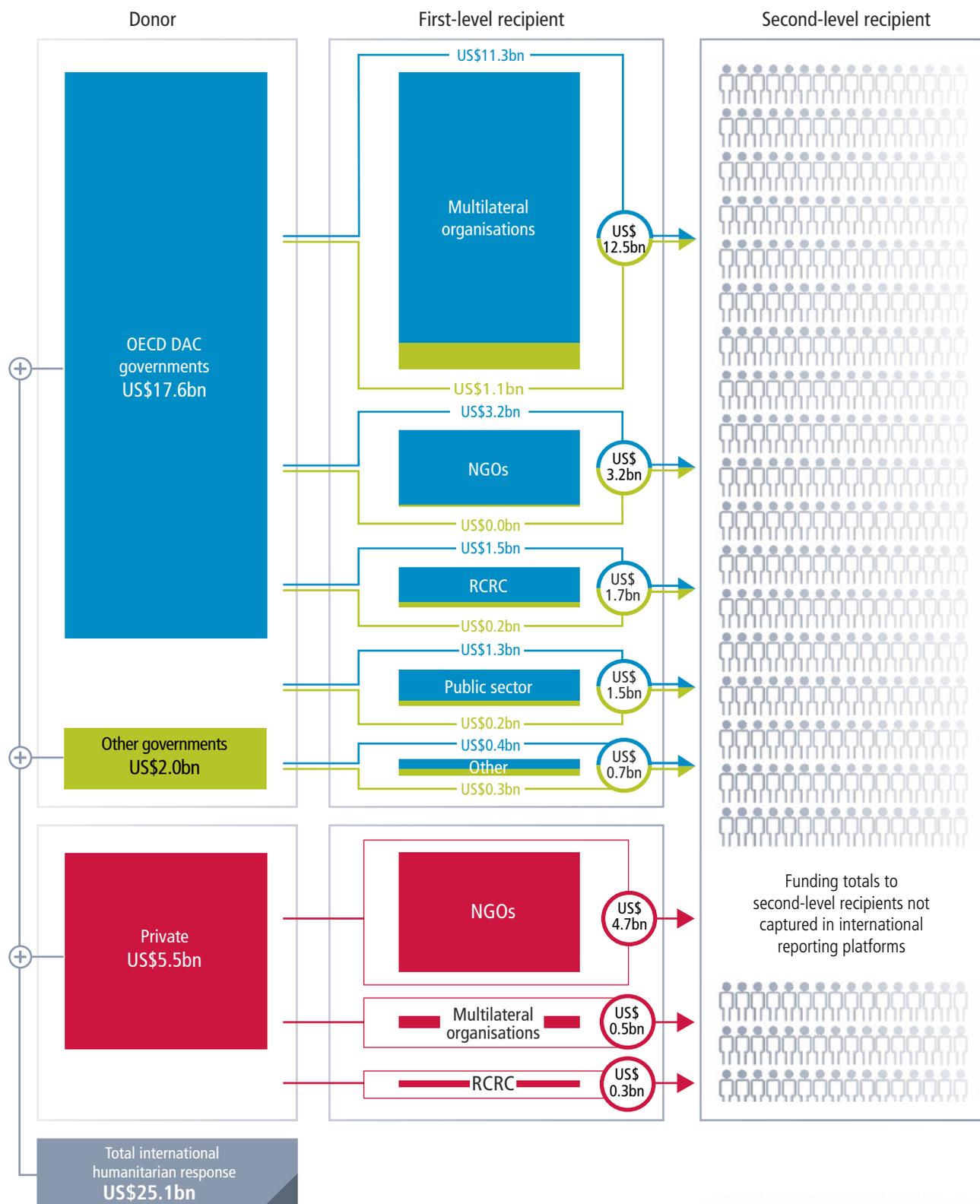
Chapter 7 includes an example of one such transaction chain, but the ability to trace funding through the system at scale is still not currently

feasible. This level of detail and transparency is essential, both in terms of ensuring accountability of funding to both donors and people living in poverty, and increasing the efficiency and effectiveness of valuable disbursements.³

The International Aid Transparency Initiative (IATI) Standard does offer a solution. It allows funds to be traced through the delivery chain. However, for this to be possible, all actors – including donors and implementing agencies – must provide good quality data on their contributions and humanitarian activities.⁴ Commitments made by donors and humanitarian organisations at the 2016 WHS as part of the ‘Grand Bargain’⁵ (see also Chapter 7) show encouraging signs of a willingness to improve the transparency of funding and to work with IATI as the basis for an agreed common reporting standard.⁶

FIGURE 6.1

Funding channels of international humanitarian assistance, 2014



Sources: Development Initiatives based on OECD Development Assistance Committee (DAC), UN Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service (FTS), UN Central Emergency Response Fund (CERF) data and Development Initiatives' unique dataset for private voluntary contributions

Notes: Our first-level recipient data from government donors and EU institutions uses OECD DAC Creditor Reporting System (CRS), UN CERF and UN OCHA FTS data. The figures in our calculations for total humanitarian assistance from OECD DAC donors use data from OECD DAC Tables 1, 2a and 'Members' total use of the multilateral system', so totals may differ. 'Public sector' refers both to the OECD definition and reporting to the FTS. OECD DAC CRS codes 'other', 'to be defined' and 'public-private partnerships' are merged to 'other'. Private funding figures use our unique dataset on private voluntary contributions for humanitarian assistance. RCRC: International Red Cross and Red Crescent Movement. Data is in constant 2014 prices.

UN agencies

A large share of international humanitarian assistance is channelled, at least in the first instance, through UN agencies. Six UN agencies in particular receive the bulk of that funding, given their central role in humanitarian response and coordination: WFP, UNHCR, UNICEF, UN OCHA, the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the Food and Agricultural Organization (FAO).

In 2014, 46% of international humanitarian assistance from government donors was channelled through these six^{6a} UN agencies (US\$8.9 billion). This was an increase in volume but a slight decrease in proportion from the 49% they received

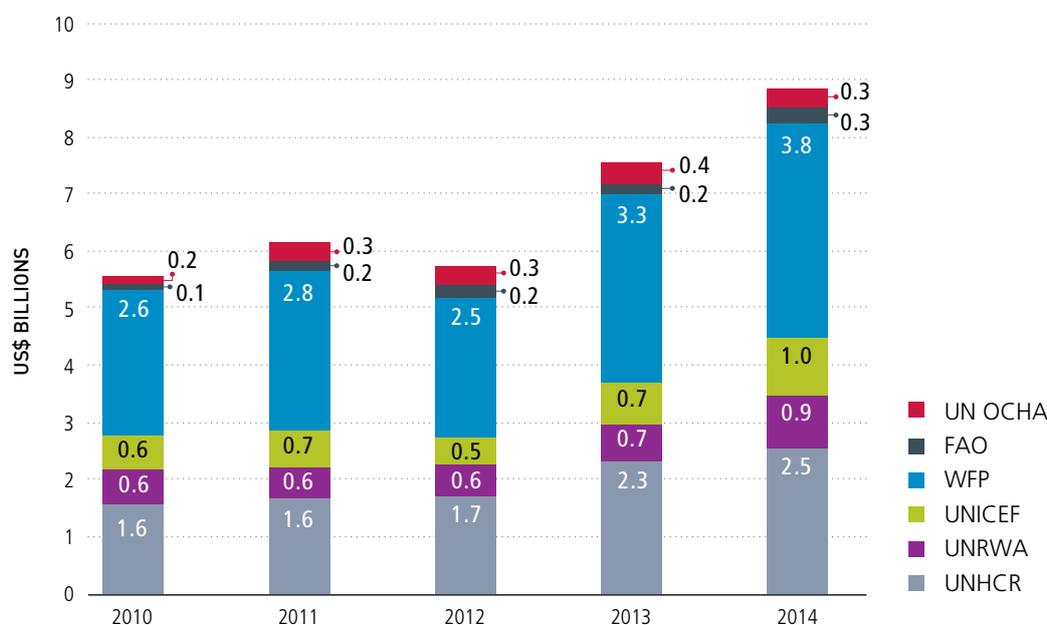
in 2013 (US\$7.6 billion), though in line with their average share over the last five years. Of these six UN agencies, WFP and UNHCR received the largest shares of humanitarian assistance from governments – 44% and 29% respectively between 2010 and 2014.

The volume of funding increased to five of the six major UN agencies between 2013 and 2014. The largest increase in volume was for WFP, with a rise of US\$456 million (14%); but UNRWA and UNICEF experienced the largest proportional increases in funding for humanitarian activities, with funding growing by 42% for both agencies.

In 2014, 46% of international humanitarian assistance from government donors was channelled through six UN agencies.

FIGURE 6.2

International humanitarian assistance from governments to six UN agencies, 2010–2014



Sources: Development Initiatives based on OECD Development Assistance Committee (DAC), UN Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service and UN Central Emergency Response Fund data

Notes: The calculation for the figure includes earmarked and unearmarked humanitarian assistance given by governments to the UN High Commissioner for Refugees (UNHCR), UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), World Food Programme (WFP), UNICEF, Food and Agriculture Organization (FAO) and UN OCHA. Data represents contributions reported by governments to the DAC and FTS and may vary from income reported by agencies in their annual reports. Unearmarked humanitarian contributions for FAO and UN OCHA from the DAC governments are not included for 2010 due to a lack of available data. Full methodological notes on how unearmarked funding is captured can be found in *Methodology and definitions*. Data is in constant 2014 prices.

Pooled funding

Pooled funds can provide an important counterbalance to geographic or project donor preferences and ensure a flexible and responsive source of financing for emergencies. Funding channelled through UN-managed humanitarian pooled funds – the global Central Emergency Response Fund (CERF) as well as country-based pooled funds (CBPFs) – received combined contributions of US\$1.3 billion in 2015. This represented a 28% increase from the previous year and a record volume since they were first introduced, accounting for 6.2% of the international humanitarian assistance reported to the FTS in 2015.

Contributions to the CERF (which disburses only to UN agencies and the International Organisation for Migration) accounted for 34% of UN-managed pooled funding in 2015 (US\$462 million) – a slight increase from 2014 but consistent with its five-year average. In 2015, the CERF funded responses in 45 countries through either its rapid response or underfunded emergencies windows. To narrow the gap between urgent humanitarian needs and the funding provided, a proposal was put forward at the WHS to increase the CERF from US\$500 million to US\$1 billion; this was met by broad support from UN member states.⁷

CBPFs, which currently operate in 18 countries, are increasingly seen as an effective way of making funding responsive to identified humanitarian needs and accessible to humanitarian organisations, including national and local NGOs, without placing a heavy administrative burden on donors. Their popularity was evident in 2015 with an almost 50% increase in their funding from the previous year, reaching a total of US\$883 million. This increase was primarily a result of large contributions from the governments of the UK and the Netherlands, as well as a significant carry-over from the previous year, which combined accounted for 44% of funding for CBPFs in 2015.

A small number of countries receive the bulk of UN-managed pooled funding. In the past five years, nearly half of all contributions through

FIGURE 6.3

Total funding to UN-managed humanitarian pooled funds, 2011–2015



Source: Development Initiatives based on UN Office for the Coordination of Humanitarian Affairs Financial Tracking Service and UN Central Emergency Response Fund data

Notes: CBPF: country-based pooled funds – these consist of funding from emergency response funds and common humanitarian funds. CERF: Central Emergency Response Fund. Data is in constant 2014 prices.

the CERF and CBPFs have been allocated to five recipient countries: South Sudan (US\$722 million), Sudan (US\$415 million), Somalia (US\$394 million), Democratic Republic of the Congo (DRC; US\$384 million), and Ethiopia (US\$293 million). In 2015, South Sudan received the most pooled funding for the second year running, at US\$114 million (mostly through the South Sudan Common Humanitarian Fund). Yemen followed, receiving allocations of US\$99 million (through both the Yemen Emergency Response Fund and the CERF's rapid response window).

A number of government donors are consistently the largest supporters of pooled funds, many of whom are also among the group of donors who provide the most humanitarian assistance bilaterally. The UK (US\$1.5 billion), the Netherlands (US\$561 million), Sweden (US\$760 million), Norway (US\$511 million) and Germany

(US\$205 million) are the five donors who contributed the most to pooled funds between 2011 and 2015, accounting for 65% of total contributions in that period.

The CERF and CBPFs are not the only multi-donor humanitarian funding mechanisms; NGOs also manage pooled funds at global and country levels.⁸ The NGO-managed START Fund is a notable complement to UN-managed pooled funds.⁹ In 2015, the Fund was activated in 20 countries with reported funding totalling US\$12.9 million; in many cases this was in response to small and medium-scale emergencies that otherwise received relatively little international funding.

Localisation

NGOs receive international humanitarian assistance from donors both directly as first-level recipients and indirectly, in the form of sub-grants from other agencies. In 2015, data reported to UN OCHA FTS shows that NGOs received US\$4.2 billion of direct funding – 19% of the total humanitarian funding reported to the FTS.

International NGOs (INGOs) received over three-quarters of that direct funding in 2015, almost half of which went to the 10 INGOs that received the most.¹⁰ However, the volume of funding channelled through INGOs between 2014 and 2015 decreased – from US\$4.6 billion to US\$3.2 billion – as did their share of the overall NGO funding, down from 88% to 77%.

National and local organisations are widely recognised as having a key role to play in preparing for and responding to crises, though generally only receive a small proportion of the reported funding. Direct funding to national and local NGOs did increase in 2015, however. Local NGOs received US\$7.6 million of direct funding in 2015, up from US\$5.6 million in 2014; and the amount of direct funding to national NGOs more than doubled between 2014 and 2015, from US\$36.9 million to US\$80.0 million. Local and national NGOs combined received 2.1% of all direct funding to NGOs in 2015, compared with 0.8% the previous year; and their share of the total assistance reported to UN OCHA FTS increased from 0.2% in 2014 to 0.4% in 2015. This increase can be partially explained by a rise in funding for local and national NGOs from private individuals and organisations between 2014 and 2015 (up by US\$35.3 million) as well as increased funding through CBPFs. Local and national NGOs in DRC received particularly high levels of direct funding in 2015 compared with in 2014.

It is likely that local and national NGOs receive significantly more funding indirectly, but current reporting systems do not record exactly how much (see box *Tracking humanitarian funding*, page 66). UN-managed CBPFs have directed significant amounts of their

funding to national and local NGOs – a reported 17% (US\$85 million) of the US\$500 million provided through CBPFs in 2015 was channelled through national NGOs.¹¹ The UN's CERF is only directly accessible to UN agencies and the International Organisation for Migration. However, those organisations pass on a proportion of their funding to NGO partners, including local and national NGOs. In 2014, 23% of CERF funding was sub-contracted to implementing partners, 52% (US\$55 million) of which went to local organisations.^{12,13}

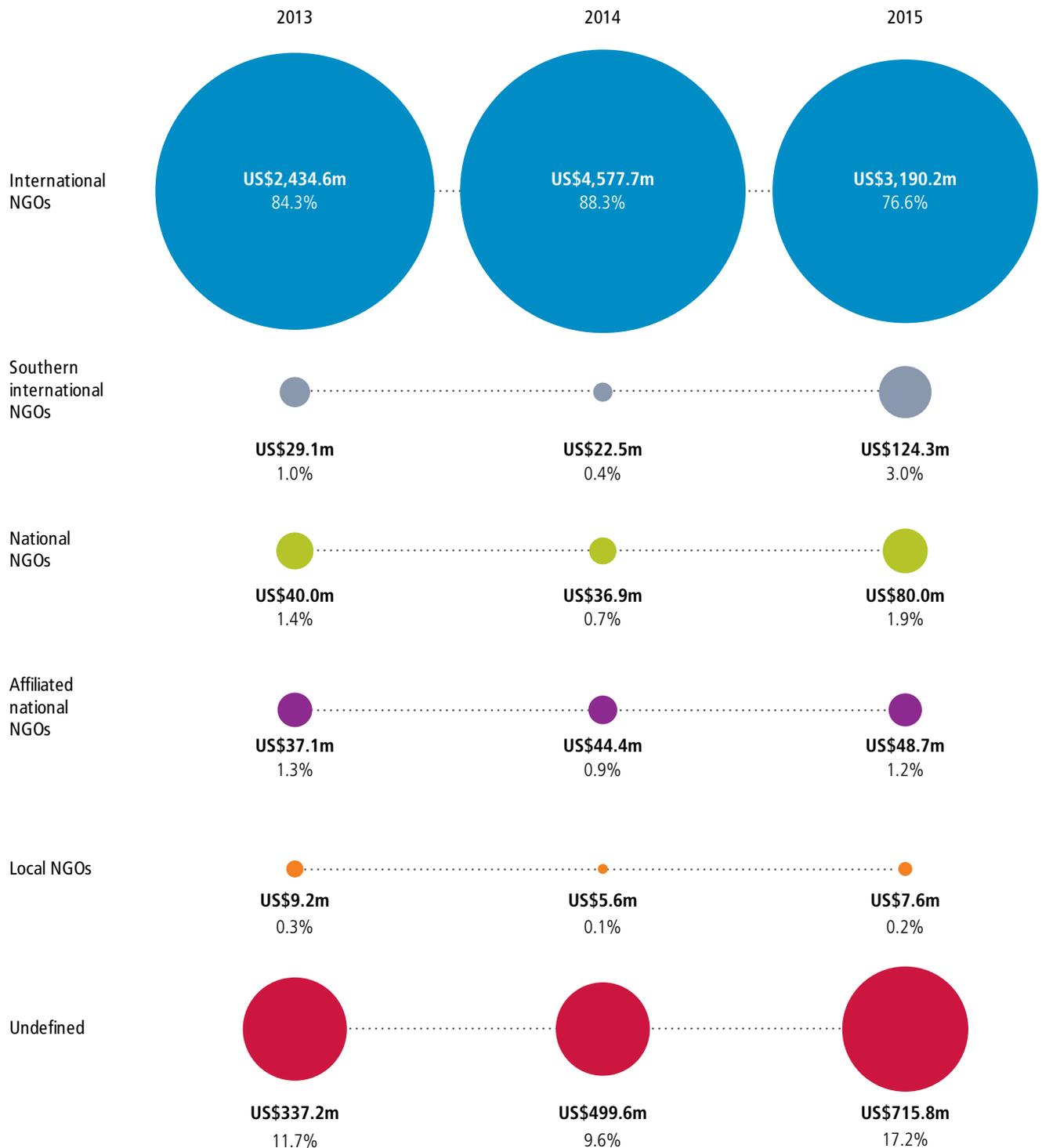
The UN Secretary-General's report for the WHS called on the international community to put local response at the heart of humanitarian efforts, not least by increasing direct funding to local partners.¹⁴ The summit saw the launch of NEAR (Network for Empowered Aid Response), a network of local and national NGOs that aims to "restructure the global response to economic, human and environmental threats".¹⁵ A number of initiatives are also underway to increase direct and indirect funding to national and local NGOs, including the 'Charter for Change' that sets a specific target of 20% of humanitarian funding to be passed to southern-based NGOs by May 2018.¹⁶ Signatories to the WHS-related Grand Bargain have committed to "a global, aggregated target of at least 25% of humanitarian funding to local and national responders as directly as possible".¹⁷

Other reforms are also needed if local and national NGOs are to more equitably access resources to assist their communities. These include investments to build local partner capacity; simplified grant allocation and reporting requirements; and finding ways to combat the negative impact of counter-terrorism legislations on local and national humanitarian organisations working in conflict settings.¹⁸

Local and national NGOs combined received 2.1% of all direct funding to NGOs in 2015, compared with 0.8% the previous year.

FIGURE 6.4

International humanitarian assistance channelled directly to NGOs by category, 2013, 2014 and 2015



Source: Development Initiatives based on UN Office for the Coordination of Humanitarian Affairs Financial Tracking Service data

Notes: Figure shows humanitarian assistance to each category of non-governmental organisation (NGO) as a percentage of the total humanitarian assistance channelled through NGOs; it does not show funding channelled to categories of NGOs as a percentage of total international humanitarian assistance. Discrepancies between the totals in this chart and in the narrative are due to rounding. Data is in constant 2014 prices. Circles are scaled by percentage. For NGO-coding methodology, see *Methodology and definitions*.

Case study: Funding to the Nepal Red Cross earthquake response

One of the strongest messages resonating from the WHS was the call for more international support for localised humanitarian action.¹⁹ Most crisis prevention, response and recovery is designed and implemented by national and local actors – including domestic authorities, local civil society groups and crisis-affected community members.

National Red Cross and Red Crescent societies represent a sizeable and significant body of this localised response, with presence in 190 countries and a network of over 13 million active volunteers.²⁰ They receive direct and indirect funding from a diverse and complex set of sources, including domestic government and private funding, bilateral grants from international governments, funds passed through

RCRC appeals and bilaterally between national societies.

Figure 6.5 illustrates this complexity in the case of funding for the Nepal Red Cross Society following the Nepal earthquake in April 2015. An IFRC appeal for the earthquake response requested US\$81.4 million²¹ and received US\$56.5 million in cash and in-kind contributions – 69% of the requested amount.²²

The majority of funding for the Nepal Red Cross Society’s response, as shown in Figure 6.5, was transferred from other national societies but originated in donations from government donors (US\$9.1 million), private donors (US\$0.1 million) and unspecified donors (US\$34.0 million). Funding channelled bilaterally in this way between national societies

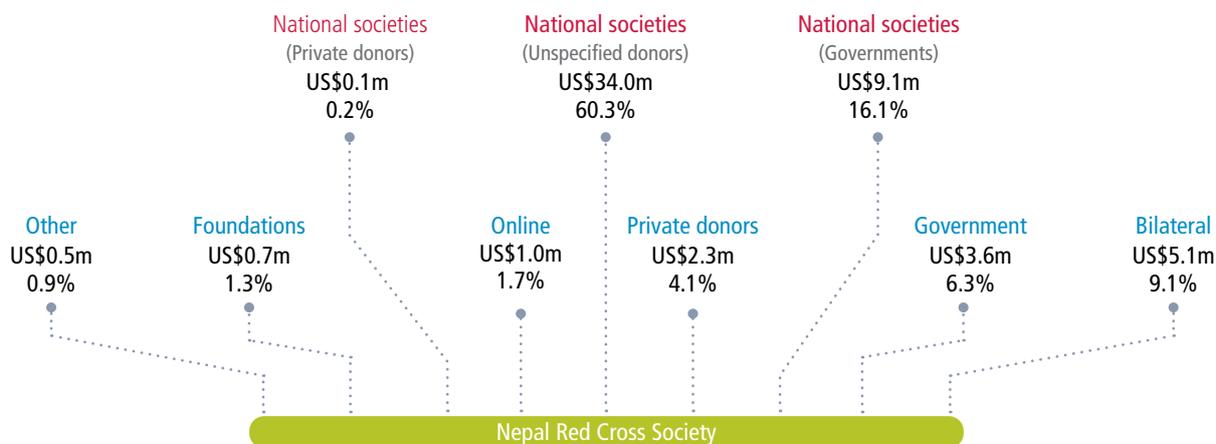
provided US\$43.2 million of cash and in-kind assistance, accounting for 77% of the total response.

Almost half of the funding from other national societies (48%) came from Europe and just less than a quarter (24%) from North and Central America. Funding from other national societies in South and Central Asia, which includes Nepal, accounted for just 0.2% of the total.

Funding from government donors accounted for 22% or US\$12.7 million of the total amount received – US\$3.6 million in direct transfers from governments to the Nepal Red Cross Society, and US\$9.1 million received indirectly from governments via other national societies.

FIGURE 6.5

Funding sources for the Nepal Red Cross Society in response to the Nepal earthquake, 2015



Source: Development Initiatives based on International Federation of Red Cross and Red Crescent Societies (IFRC) data

Notes: Coding on funding sources based on our own methodology. ‘Other’ refers to ‘Other multi’ and NGOs (Save the Children, OPEC fund, United Way, World Health Organization’s Voluntary Emergency Relief Fund and IFRC at the UN Inc). Data is in current prices.

Governments of affected states

Within the context of the same localisation debate, the role of domestic authorities in crisis-affected countries is also critical. Even in the case of large international responses, national governments retain the primary responsibility of responding to crises in their own territories and often invest significant sums in both crisis preparedness and response (see Chapter 2).²³

There are some obvious constraints to national and international alignment at operational level in conflict and complex settings. However, where the will and the capacity to lead humanitarian response exist, international actors should respect and support those efforts while simultaneously complying with humanitarian principles of independence, impartiality and neutrality.²⁴

National leadership may be widely accepted in theory, but very little international humanitarian assistance

is generally channelled via the authorities of crisis-affected states. In 2015, only 1.2% (US\$256 million) of the total international humanitarian assistance reported to the FTS was channelled through governments, a significant decrease on the amount reported in the previous year (3% or US\$734 million).

Peaks in the amount of funding channelled through governments of crisis-affected states can be largely attributed to specific disasters or health emergencies – for example, the Haiti earthquake and Pakistan floods in 2010; and the Ebola virus disease outbreak in 2014.²⁵ However, the recipients of the most bilateral humanitarian assistance between 2011 and 2015 also included Yemen (US\$186 million), which received direct funding from Gulf state donor governments in response to violent conflict and displacement.

Donors vary in their willingness to provide humanitarian assistance via the

governments of affected states. Donors outside of the OECD DAC are generally more likely to provide bilateral support than are their DAC counterparts. In 2015, 70% of all funding channelled to affected governments directly was provided by government donors outside the DAC group. The three that gave the most were Saudi Arabia (US\$121 million), the United Arab Emirates (US\$34 million), and Kazakhstan (US\$8 million).

According to FTS data, DAC donors chose to channel only 0.5% (US\$75 million) of their international humanitarian assistance through the governments of affected states in 2015. This compares with 3% (US\$478 million) in 2014,²⁶ when bilateral support to governments in Ebola-affected countries accounted for a peak in funding, almost half of which (46%) was contributed by the government of the UK.

FIGURE 6.6

International humanitarian assistance to governments of affected states, 2006–2015



Source: Development Initiatives based on UN Office for the Coordination of Humanitarian Affairs Financial Tracking Service (FTS)

Notes: Data for this figure includes only funding that is channelled through the domestic government in the affected country as reported to the FTS. (Note that data from the 'Public sector' in Figure 6.1 refers to funds that were channelled through the donor-government public sector, the recipient-government public sector and a third-party-government sector as reported to OECD Development Assistance Committee Creditor Reporting System and FTS). Data is in constant 2014 prices.