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Humanitarian aid: it's not just about the money

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Presentación

El **Instituto de Estudios sobre Conflictos y Acción Humanitaria (IECAH)** es una iniciativa independiente que surge en el año 2000 con el objetivo de contribuir a la mejora de la acción humanitaria española y a la construcción de la paz. Centra su actividad en los ámbitos de la investigación, la docencia, la sensibilización y la consultoría sobre estas materias y se articula como una red flexible y abierta, alrededor de un núcleo central de investigadores permanentes al que se añaden tanto personas como instituciones de diferente perfil.

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Las opiniones y datos aportados en estos documentos son responsabilidad de los autores, velando el IECAH por el rigor y la calidad de los mismos.

.Index.

The Picture of humanitarian aid.....	4
What we do know	11
Official (DAC) Humanitarian Assistance	11
Humanitarian Assistance from Non-DAC donors.....	18
Humanitarian Assistance Through NGOs	23
Financing Mechanisms	26
What don't we know	33
The long view.....	34
What does data tell us about humanitarian assistance over time?.....	34
Converging Worlds: Humanitarian Assistance and Development Aid?	37

The Picture of humanitarian aid¹

Humanitarian intervention is not only how much money is spent and by whom; it's also about how and where it is spent. Every choice made - to which country and through which organization, by which mechanism, to which sector of life - has an impact, not only in-country but also well beyond the individual intervention itself. If there was one important piece of analysis we would like readers of the Global Humanitarian Assistance (GHA) report to go away with after reading, it would be this: it's not just about the money.

Of course that is a little deliberately misleading since the amount of money is still important, a small amount of money very well spent may not make up for a vast amount badly spent. However there remain choices, decisions and trends and all of them have an impact. So what are the major points and major trends we can look at for 2009?

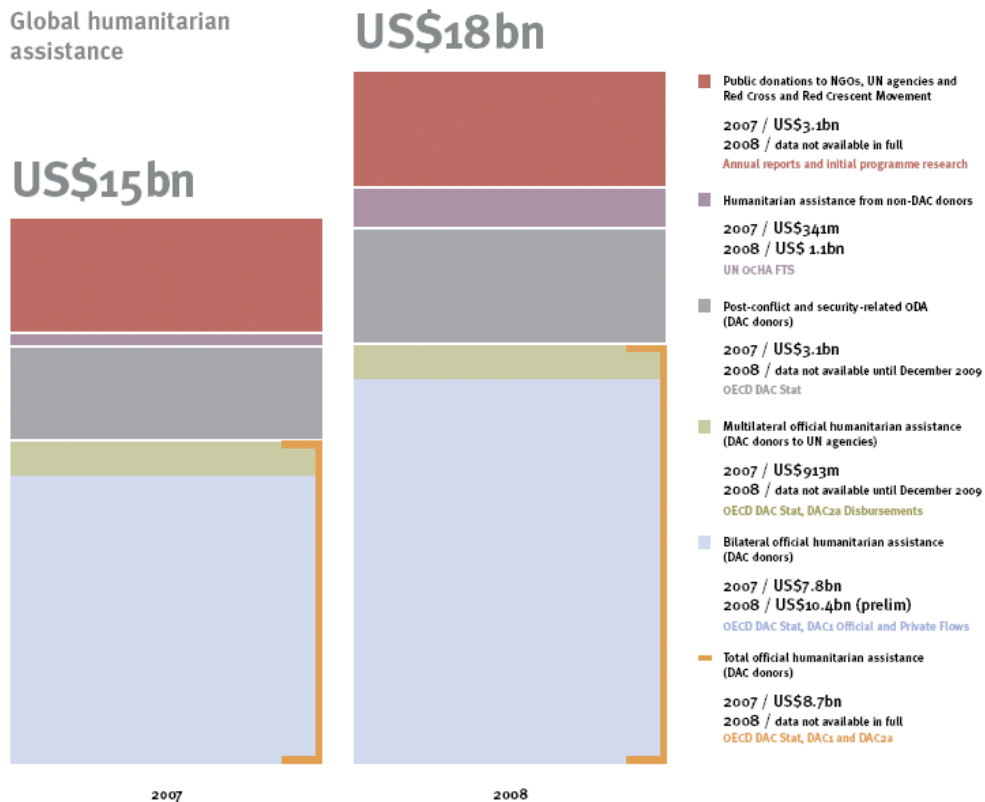


Figure 1: Global Humanitarian assistance, 2007 and 2008 [Source: Development Initiatives 'guesstimate' based on OECD DAC Stat DAC1, DAC2a, UN OCHA FTS, annual reports and programme research]

¹ This is a summary of the Global Humanitarian Assistance Report 2009. For full details including the possibility to download please go to www.globalhumanitarianassistance.org

Firstly our 'guesstimates' of global humanitarian assistance suggest that aid has gone up and gone up quite significantly from 15 billion USD in 2007 to 18 billion in 2008. The bulk of this change has been in official humanitarian assistance from countries that are part of the Development Assistance Committee (DAC). This grouping of what could be called the traditional donors of development aid contributed an additional 2.6 billion dollars of humanitarian aid in 2008 according to the preliminary figures.

However before going into detail into DAC and other humanitarian spending let us take a look at some likely future trends.

If DAC donors keep their current promises for aid increases, total ODA levels will be US\$145 billion by 2010. This will be an additional US\$42 million in real terms on top of aid levels in 2007. Humanitarian aid has been relatively static during the last ten years, between 7.6 and 10% of ODA. If it is 10% of ODA in 2010 it will therefore be US\$14.5 billion by 2010 - an increase of 67% from 2007.

In terms of sectors the ODA spend on post-conflict and security related activities increased sharply in 2007, rising from US\$1.9 billion to just over US\$3 billion. Fragile and post-conflict states are high on the policy agenda and new funding instruments are being developed or piloted to respond to them, suggesting that aid on these sectors may be increased in future. Protracted crises will probably continue to receive funding.

Non-DAC donors are increasingly relevant to international interventions politically even though it could be argued this has not translated into a great increase in humanitarian aid. The Tsunami of 2005 appeared to have stimulated an increase in aid from these countries and has continued since then, with major emergencies or nearby countries receiving the bulk of their aid. Non-DAC interest in humanitarian aid (including pooled funding mechanisms such as the CERF) appears on the rise.

Set against these potential increases in resources for humanitarian aid is the global financial crisis. It may be that there is more need just at the time when donors and people from wealthy nations have less to spend. In November 2008 DAC donors reiterated commitments to meeting aid pledges yet in some cases, without adequate budget provisions. Whilst there is some belief that humanitarian aid is more protected than development funding (public support based on the fact that humanitarian aid saves lives immediately) and that the same isolation that leaves people in need of humanitarian interventions may have insulated them from the full affects of the global crisis, there are still grave doubts on the future of humanitarian aid.

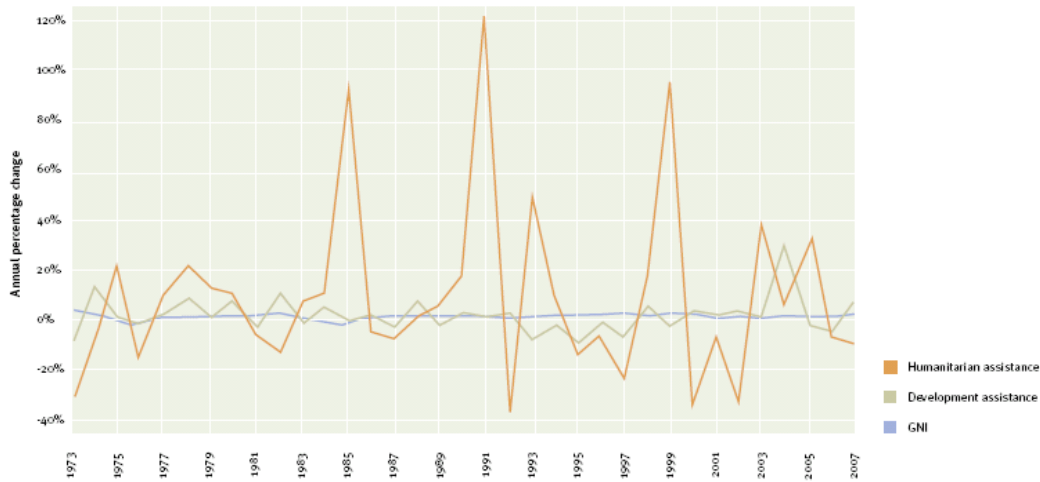


Figure 2: Percentage changes in humanitarian assistance, development assistance and GNI for DAC donor countries combined, 1973-2007 [Source: Development Initiatives analysis based on OECD DAC statistics]

In fact there is no clear relationship between changes in Gross National Income (GNI) and humanitarian assistance, so there is no reason to conclude that humanitarian assistance will fall as a direct result of the financial crisis. Governmental humanitarian assistance grew in 2008 despite a reduced growth rate of GNI. Three things are evident: large disasters drive the major peaks in humanitarian aid regardless of GNI; humanitarian assistance is much more variable than development; in the last five years, development and humanitarian assistance have had a more shared pattern of growth than in previous decades.

The other major source of humanitarian aid financing – public contributions – shows little change between 2006 and 2007 (2008 data not complete as yet). Based on a review of 19 major NGOs and NGO coalitions there was a decrease of 4% or US\$117 million in 2007 with six NGOs reporting increases and 13 reporting decreases. Public contributions account for at least one-fifth of international humanitarian assistance, however, should the financial crisis affect households greatly across developed countries, this could seriously impact on available humanitarian resources.

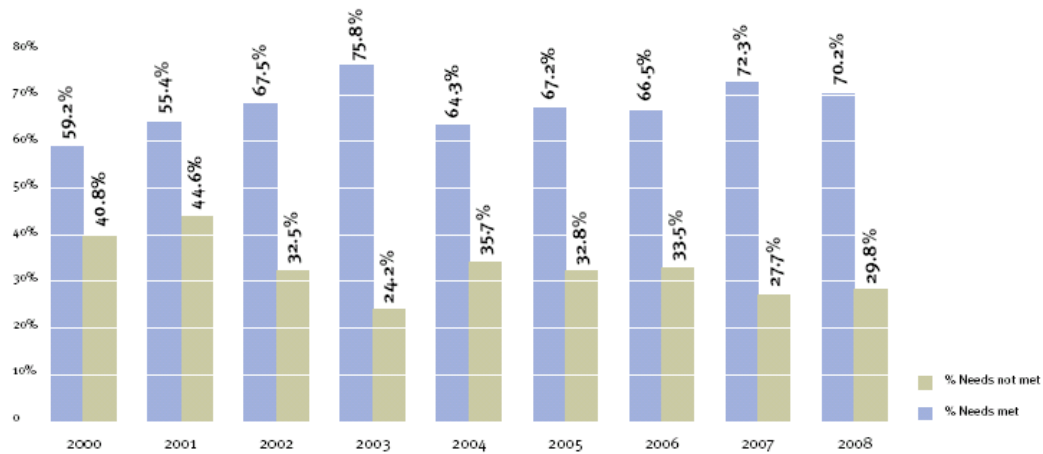


Figure 3: UN CAP appeal needs met and not met as a percentage of revised requirements, 2000 - 2008 [Source: Development Initiatives analysis, UN OCHA FTS data]

The next question we need to ask is whether or not the money spent has actually met humanitarian needs. Currently the only reliable tool we have to measure needs (and a proxy measure at that) is the UN Consolidated Appeals Process (CAP) because it sets out the financing requirements and priorities for each country, and then measures the funds received.

For example, looking at the graph above we can see that in 2008 70.2% of needs were met whilst the trend over the last eight years shows between 59.5% and 75.8% of needs being met depending on the year. However the amounts differ drastically depending on the year. For example in 2005 and 2008 unmet needs were around US\$2 billion whilst it was US\$1.4 billion in 2007.

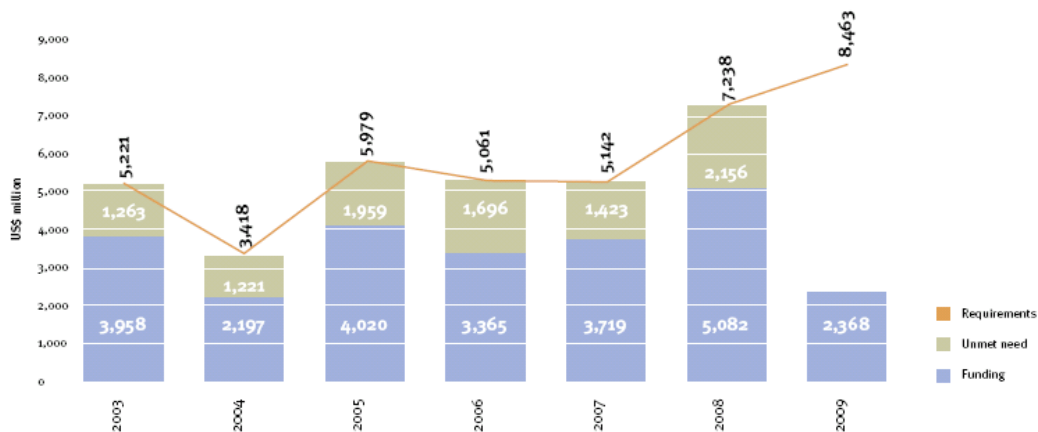


Figure 4: UN CAP appeal requirements, funding and unmet needs, 2003 - 2009 [Source: Development Initiatives analysis, UN OCHA FTS data]

Within the CAP there is a huge variation in the size of appeals – typically the largest appeal will be six or seven times the average of the rest. For the past five years Sudan has been the largest appeal and accounted for a large proportion of unmet needs.

	Unmet needs in Sudan US\$m	Unmet needs as a share of Sudan's total requirements	Unmet needs in Sudan as a share of total unmet needs for all appeals
2008	592	30%	28%
2007	241	18%	17%
2006	541	34%	32%
2005	888	47%	45%

Table 1: Unmet needs in Sudan in relation to unmet needs for all appeals [Source: Development Initiatives analysis, UN OCHA FTS data]

Whilst the very big crises may actually account for the bulk of unmet need in terms of percentage, it is the small crises that suffer from having a poor amount of requirements funded.

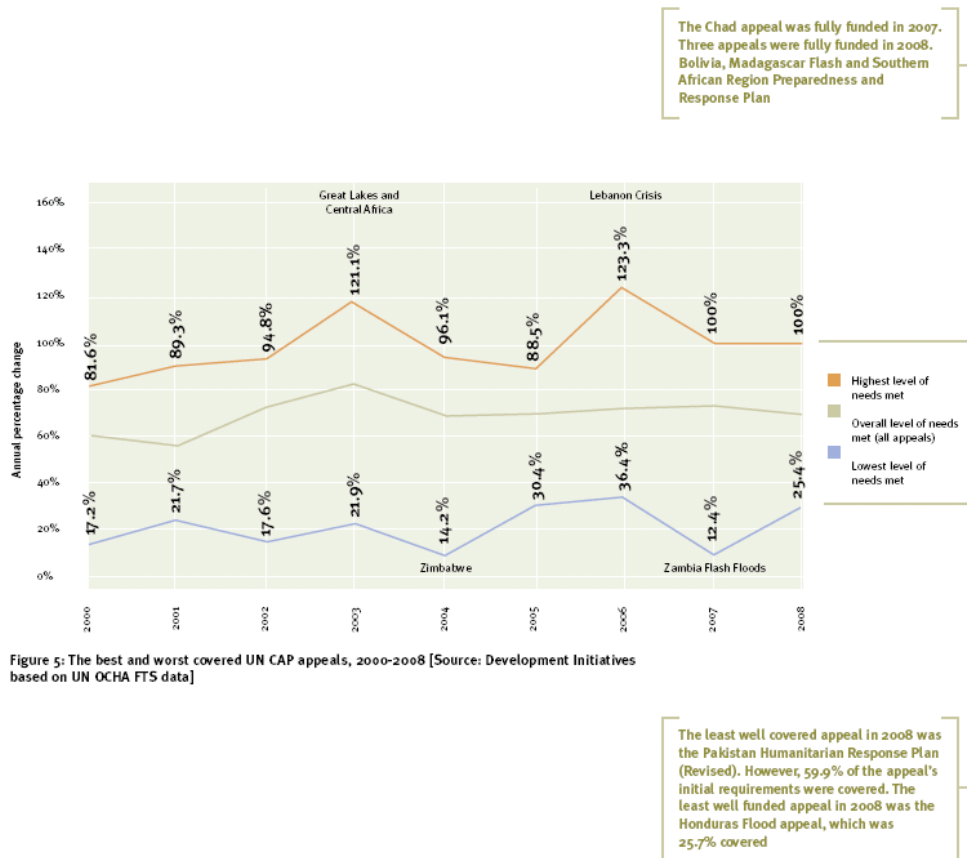


Figure 5: The best and worst covered UN CAP appeals, 2000-2008 [Source: Development Initiatives based on UN OCHA FTS data]

Most consolidated appeals relate to complex conflict-related emergencies. Major natural disasters usually result in a flash appeal. In 2007 30 countries had CAP appeals (15 consolidated and 15 flash). Sudan and Democratic Republic of Congo – both complex emergencies – were the countries with the largest UN CAP appeal requirements and the largest shares of the funding in both 2007 and 2008. Somalia received the third largest volume of funding in 2007 and 2008.

By far the largest flash appeal by volume and share of year's total was the Indian Ocean Tsunami with requirements of US\$1.4 billion (23.65% of the year's total) in 2005. The same year saw the South Asia Earthquake with requirements of US\$561 or 9.4% of the total.

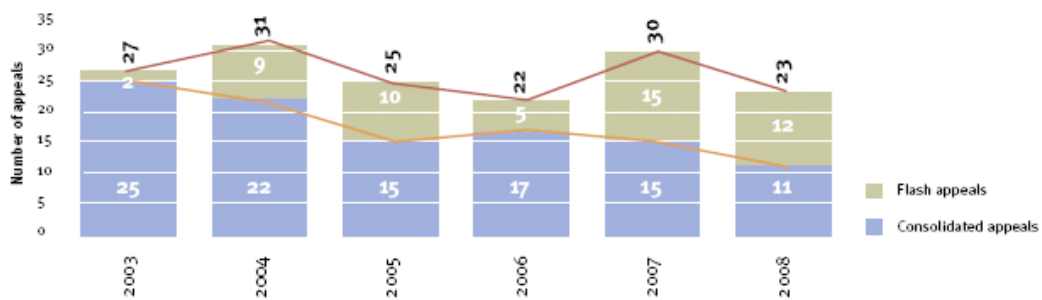


Figure 6: Number of UN CAP appeals [Source: Development Initiatives based on UN OCHA]

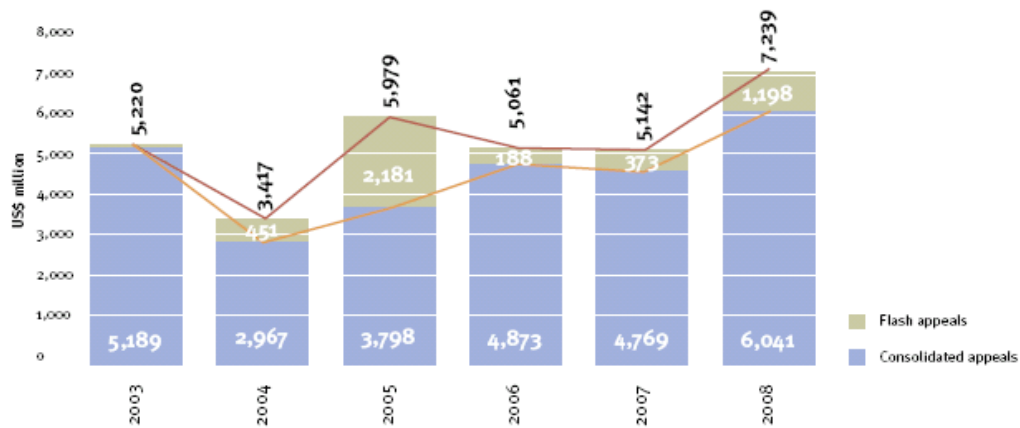


Figure 7: UN CAP appeal requirements, 2003 - 2008 [Source: Development Initiatives based on UN OCHA FTS data]

By their nature both the number and scale of flash appeals vary year on year. However the share of requirements that have been funded is often different to appeals for complex emergencies; these are usually funded by about 70% of total whilst flash appeals are much more variable, some years nearly 100% and others down to about 40%.

Six of the best covered appeals since 2003 have been flash appeals – three of which (Lebanon 2006, Kenya 2006, Timor-Leste 2006) were overfunded and three (Bolivia Flash 2008, Madagascar Flash 2008, Southern African Region Response 2008) were fully covered.

What we do know

Official (DAC) Humanitarian Assistance

Turning in more detail to DAC donors, how much do they actually spend on humanitarian aid? Preliminary data for 2008 shows a 15.1% increase in humanitarian expenditure of DAC donors from 2007, rising from US\$8.6 billion to US\$10 billion in 2008, now almost matching the exceptional response to exceptional disasters in 2005.

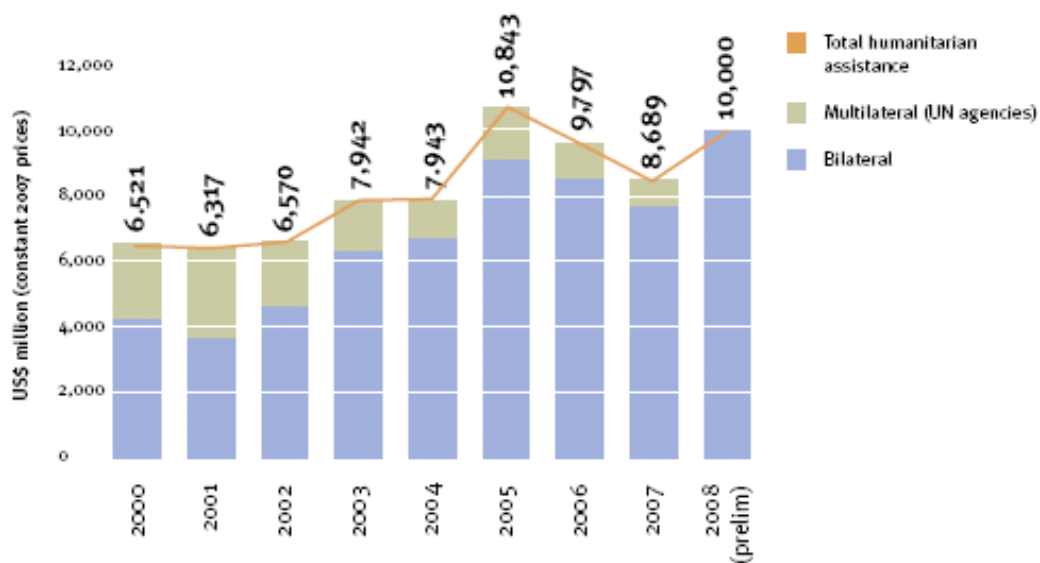


Figure 8: Total official humanitarian assistance expenditure, 2000-2008 [Source: Development Initiatives analysis based on OECD DAC1 and 2a]

Whilst there was a dip in humanitarian spending in 2006 and 2007, the long-term trend remains upwards with amounts in 2007 still over 33% higher than 2000, and almost 175% higher than in 1990 in real terms. Figures and analysis reveal a ratchet-effect where a major-disaster peak in spending is followed by higher levels of humanitarian aid in future years.

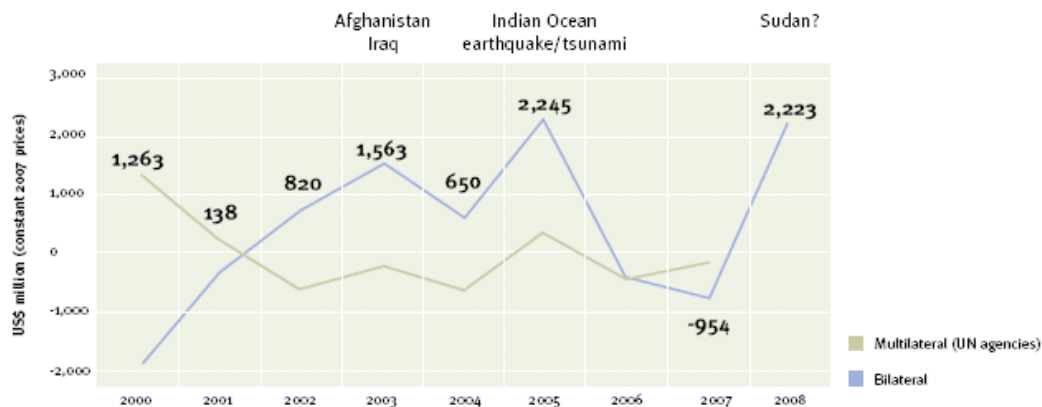


Figure 9: Change in volumes of bilateral and multilateral humanitarian assistance, 2000-2007 (with preliminary bilateral data for 2008) [Source: Development Initiatives based on OECD DAC 1 and 2]

Humanitarian needs and expenditure naturally change year on year, depending on natural disasters, but with a strong caveat regarding complex emergencies, where expenditure remains quite constant over time. This has some particularly important implications.

Official multilateral humanitarian assistance is much less volatile than official bilateral humanitarian aid because it represents core, unearmarked contributions to UN agencies which tend to change less year on year.

Humanitarian assistance can flow through many different agencies and organisations on its path from DAC donors to affected people. The public sector, UN agencies, Red Cross/Crescent movement, EC and NGOs are all channels for humanitarian assistance. Some of these will then in turn become donors themselves.

In 2007 50.4% of DAC humanitarian assistance was channelled through multilateral organisations (mostly United Nations agencies) whilst 25.3% went to NGOs and civil society. This latter group is a broad category including the Red Cross/Crescent, research institutes, national NGOs in the donor country as well as those registered in the receiving country. Some donors name over 50 individual NGO recipients. Different donors give more importance to some methodologies of expenditure than others. For example Portugal gives all its aid to the public sector and France nearly 90% whilst other donors (Greece, Belgium) give more than 60% to multilateral institutions. Some countries such as Sweden and Norway give nearly 50% to NGOs.

Collectively the EC and EU member states contributed 50.9% (US\$4.4 billion) of total official humanitarian expenditure in 2007. However the single largest donor by volume was the United States which contributed US\$2.9 billion or 34.5% of DAC donor aid followed by the EC² at US\$1.6 billion and the UK at US\$743 million respectively.

² We treat the EC as both a donor agency and multilateral recipient of EU member state funds, providing direct support to developing countries as well as playing a "federating" role with other EC institutions and EU member states.

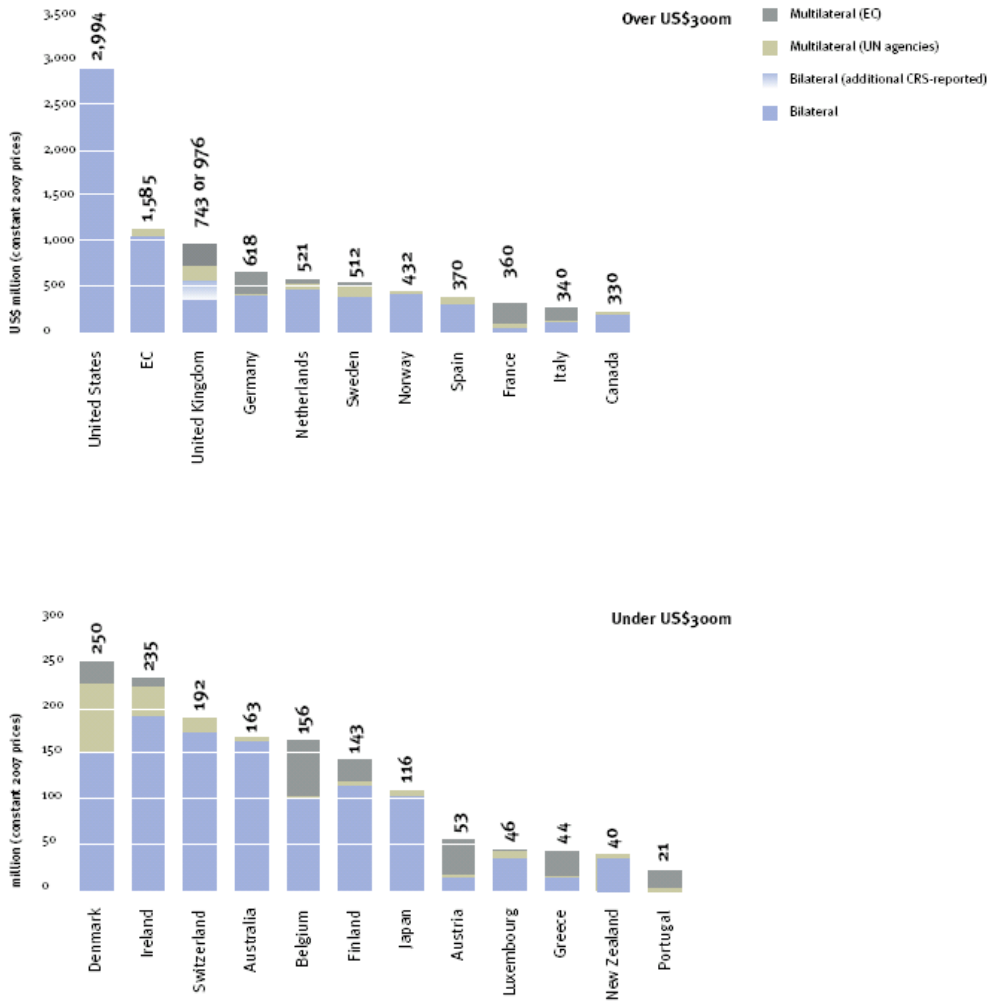


Figure 10: Total humanitarian expenditure by DAC donor, 2007. The totals for each of the 23 DAC donors shown here should not be added together as this would lead to the double counting of EC's total official humanitarian assistance expenditure [Source: Development Initiatives analysis based on OECD DAC Tables 1 and 2a]

In terms of generosity a different picture can be found if we use percentage GNI or population as our base marker. Whilst 19 DAC donors gave more humanitarian aid by volume than Luxembourg in 2007 if we use a per-citizen basis it gave (at US\$98) almost ten times more than the US (US\$10 per person.) The data on aid as a percentage of GNI reveals a similar picture.

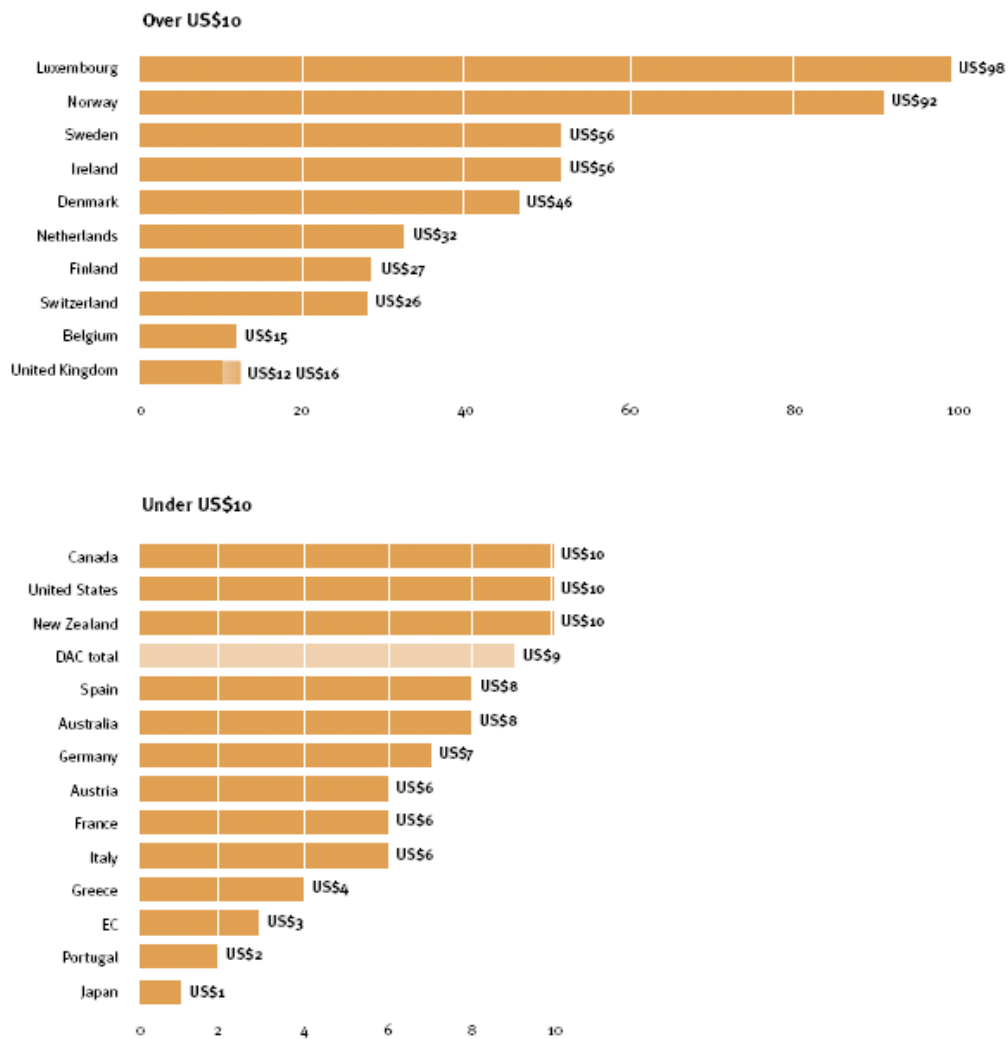


Figure 11: Total official humanitarian assistance per citizen, 2007 [Source: Development Initiatives analysis based on OECD DAC1 and 2a]

Luxembourg, Sweden, Norway, Ireland and Denmark are all revealed as being the most generous donors in terms of the share of their wealth; all spent 0.11% of their GNI on humanitarian aid in 2007 (although it should be noted that whilst there is a commitment of donors to reach 0.7% of GNI in total ODA there is no equivalent for humanitarian aid).

Where is it Spent?

Sudan was the largest recipient of humanitarian assistance from DAC donors for the third consecutive year in 2007, receiving US\$1.3 billion (17.1%) of the US\$7.4 billion allocated to specific countries. The next largest recipients were Palestine/OPT and DRC (all of which had the largest UN CAP appeals in 2007 too.)

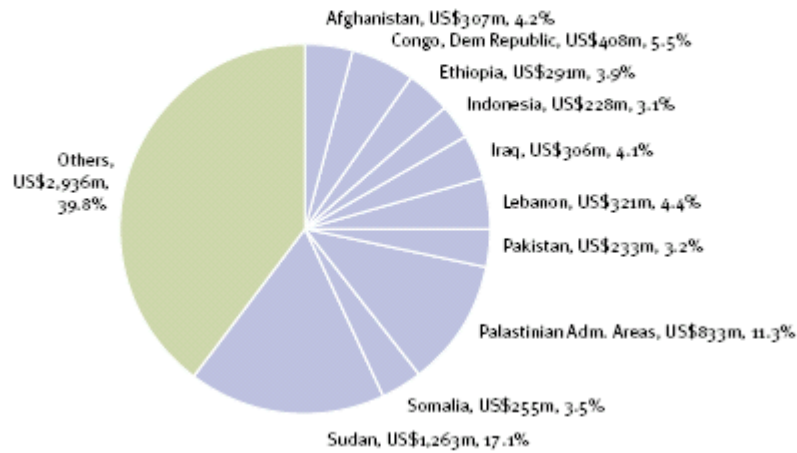


Figure 12: Top 10 recipients of total humanitarian assistance from DAC donors, 2007 [Source: Development Initiatives based on OECD DAC data]

Humanitarian assistance is clearly concentrated on a small number of countries. The ten largest recipients of humanitarian assistance from DAC donors accounted for 60.2% (US\$4.4 billion) of the total in 2007 and over the last 8 years the same countries have dominated in terms of volume of assistance.

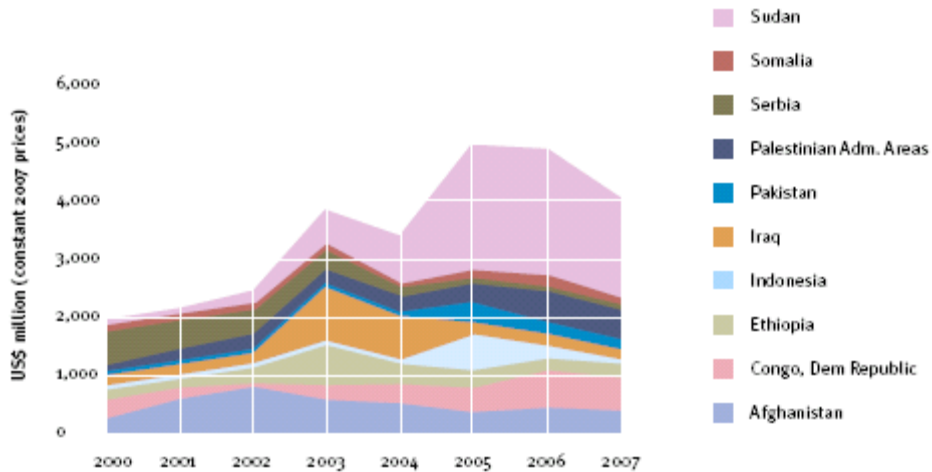


Figure 13: Top 10 recipients of total official humanitarian assistance since 2000 [Source: Development Initiatives analysis based on DAC2a, OECD DAC]

Together, the top 10 recipients of total official humanitarian assistance since 2000 have accounted for 52.9% of the total over the period and of these only Serbia, as can be seen below, had a clear end point whilst for others the funding has been continuous.

What exactly are the priorities?

Using the UN CAP appeals as our key indicator of global priorities, DAC donors are directing their funding towards these identified needs. In 2007 DAC donors reported US\$2.9 billion through the UN OCHA FTS in support of the CAP, equivalent to 37.1% of DAC donors' official humanitarian expenditure, larger than both 2006 and 2008.

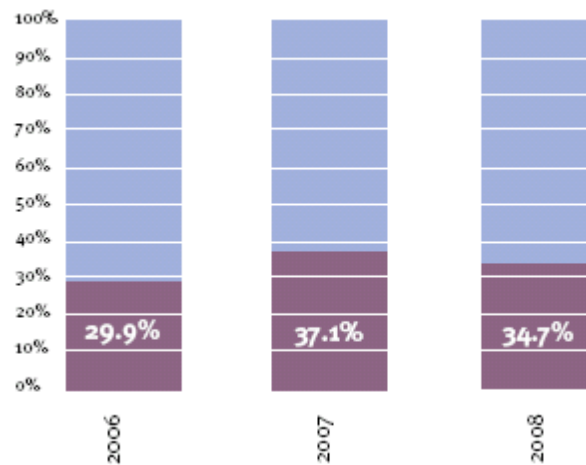


Figure 14: Official bilateral humanitarian assistance expenditure spent 'inside the CAP', 2006 - 2008 [Source: Development Initiatives based on OECD DAC and UN OCHA FTS data]

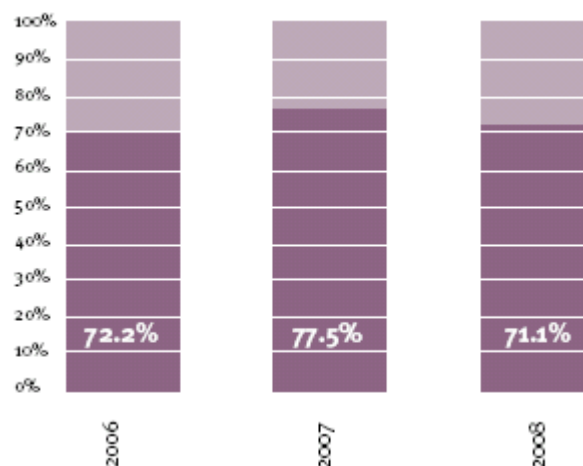


Figure 15: DAC donor share of commitments to UN CAP appeal funding, 2006 - 2008 [Source: Development Initiatives analysis, UN OCHA FTS data]

This represented a share of 77.5% of total CAP identified need in 2007, again higher than both 2006

In terms of sectoral priorities, food has traditionally dominated both sectoral requirements and donor expenditure inside the CAP, accounting for US\$6.4 billion (28.9%) of the US\$22.1 billion spent by DAC donors on UN appeals between 2006 and 2008.

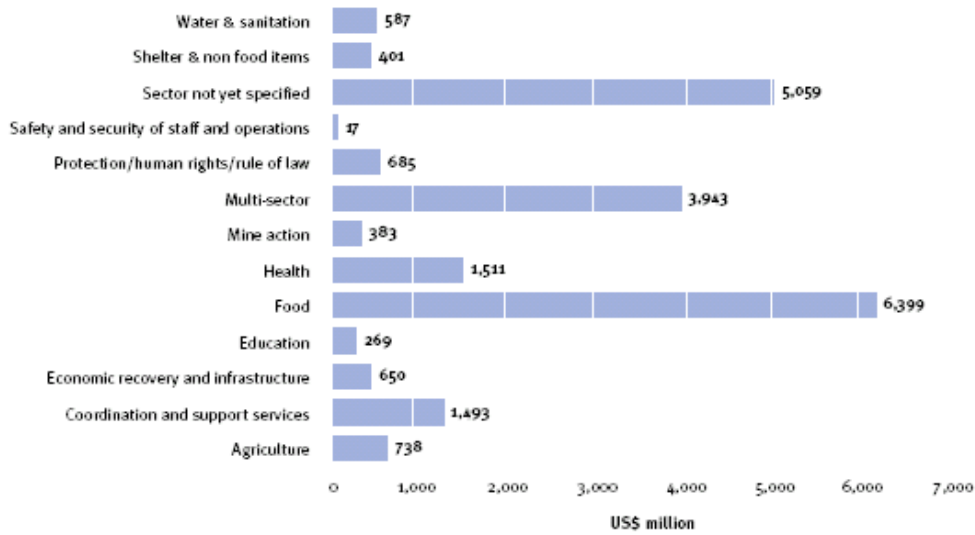


Figure 16: DAC donor funding 'inside the CAP' by sector, 2006 - 2008 [Source: Development Initiatives analysis, UN OCHA FTS data]

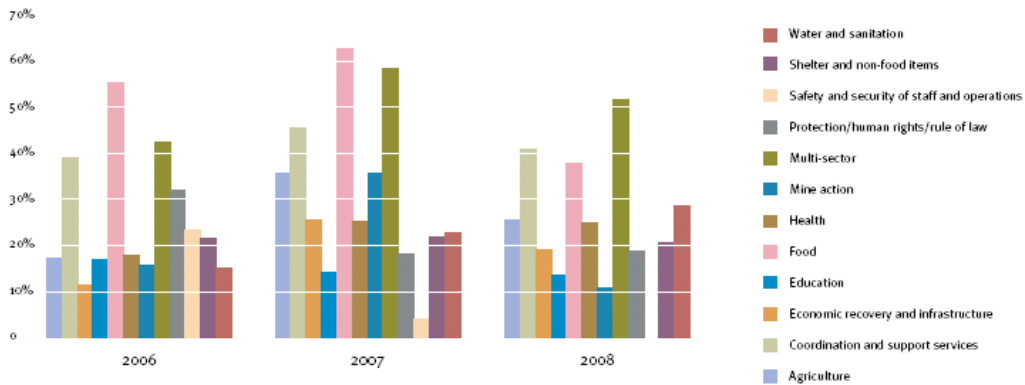


Figure 17: DAC donor funding as a share of sectoral requirements inside the CAP, 2006 - 2008 [Source: Development Initiatives analysis, UN OCHA FTS data]

Funding for coordination and support services has remained constant at close to 5% of total DAC spending in each year but in each case it has met around only 40% of the actual need in the sector. DAC donors contributed less than one-third of required funding for economic recovery and reconstruction, education, health, protection, safety/security of staff, shelter and water/sanitation.

Humanitarian Assistance from Non-DAC donors³

The role of non-DAC donors in humanitarian aid has tended to be overshadowed by that of the DAC members, which still give the bulk. Analysis reveals that some non-DAC donors are increasingly more significant (in terms of volume) in humanitarian aid than some DAC donors whilst the way this group gives is also particularly significant.

Non-DAC donor aid has changed over the years partly because of the changing status of members. Looking back to the establishment of the DAC in 1960 some of those members were still in receipt of ODA whilst a number of countries soon-to-join also received aid; this included Greece, Korea, Portugal etc. The volumes of non-DAC ODA are also significant.

- In 1970 Arab countries were giving more ODA than all but DAC countries.
- In 2007 Korea and Turkey gave more ODA than 5 DAC members.
- In 2007 Arab countries reported ODA of US\$2.6 billion, which taken as a whole is larger than 11 of the 23 DAC members.

Today there are 98 non-DAC donors of humanitarian funding (according to FTS) compared to just 58 in 2006.

How much do non-DAC donors spend on humanitarian aid?

A small number of non-DAC donors contribute more humanitarian aid than some DAC countries. In 2008 Saudi Arabia gave US\$727 million in aid, making it the third largest donor whilst the UAE and Kuwait gave more humanitarian assistance than 8 DAC donors including 2 G8 countries⁴. In 2008 these Gulf States dominated non-DAC donor reported humanitarian assistance contributing more than 90% of the non-DAC humanitarian total.

³ We use the term non-DAC to describe government donors that are not members of the OECD DAC. These countries are sometimes called 'emerging' or 'new' donors, somewhat misleading given that they have often been giving humanitarian aid for many years. The categorisation is here simply because data is available for DAC countries in a way that it is not for non-DAC. However given the reliance on voluntary reporting to the FTS database it is important to realise that it may not be as complete a picture of non-DAC humanitarian aid as is the reality.

⁴ In addition to cash and in-kind contributions non-DAC donors contribute significantly to supporting refugees and although data on the costs of supporting refugees is not available the figure below shows how 20 countries were housing the largest number of refugees in 2007, 15 of them non-DAC countries whilst three countries – Syria, Iran, Pakistan – hosted 34.7% of all refugees.

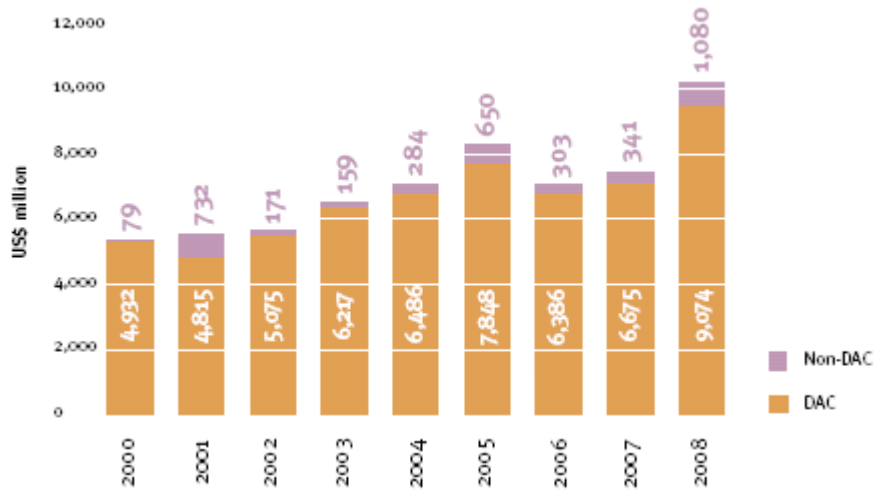


Figure 18: FTS-reported DAC and non-DAC humanitarian assistance, 2000-2008 [Source: Development Initiatives analysis based on UN OCHA FTS data]

Non-DAC donors contributed just over US\$1 billion (10.6%) of the total US\$10 billion reported in humanitarian assistance to the FTS in 2008, the highest since 2000 with just under half contributions to WFP, US\$125 million to China (11.6%) and US\$105 million to Yemen (9.8%).

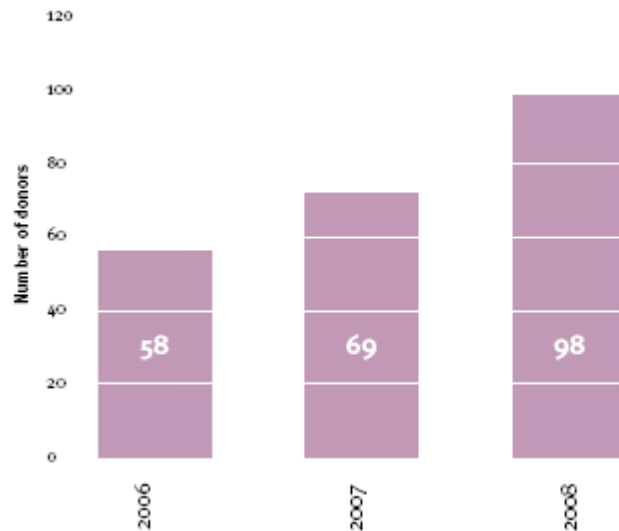


Figure 19: Number of non-DAC donors reporting to the FTS, 2006-2008 [Source: Development Initiatives analysis based on UN OCHA FTS data]

As with DAC donors, peaks in reporting funding from non-DAC donors is usually attributed to one or two dominant receipts, with 91% of 2005 responding to the Tsunami and 88% of 2001 Saudi Arabia's contribution to Palestine.

Who are the main recipients of non-DAC humanitarian aid?

In 2008 76 countries received assistance from non-DAC donors a similar number to 2006 and 2007. In 2008 the top three recipient countries were China, Yemen and Palestine/OPT, collectively just under 70% of reported humanitarian contributions.

Top 10 recipient countries 2008	US\$m	%
China	125	26.2
Yemen	105	22.1
Palestinian Occupied Territories	87	18.3
Myanmar	35	7.3
Sudan	24	5.1
Tajikstan	17	3.6
Korea, Republic of	16	3.3
Georgia	8	1.7
Jordan	8	1.7
Syrian Arab Republic	5	1.1
Other recipients	46	9.6
Total recipient countries	477	
Total	1,080	

Table 2: Top 10 recipient countries of non-DAC donor humanitarian assistance, 2008 [Source: Development Initiatives based on UN OCHA FTS]

The concentration of funding on relatively few crisis is a year-on-year feature with Lebanon, Bangladesh and China all playing a huge part in receipt of non-DAC humanitarian aid in 2006,2007 and 2008, receiving 55%, 53% and 26% of the totals respectively. Importantly non-DAC donors provide the majority of humanitarian funding in the recipient countries they prioritise. For example:

- In 2006 DAC donors gave more humanitarian assistance to Lebanon than non-DAC donors: US\$394 and US\$136 million respectively.
- In 2007 non-DAC donors gave US\$173 to Bangladesh compared to DAC US\$100 million.
- In 2008 non-DAC donors gave US\$125 million to China compared to DAC US\$83 million.

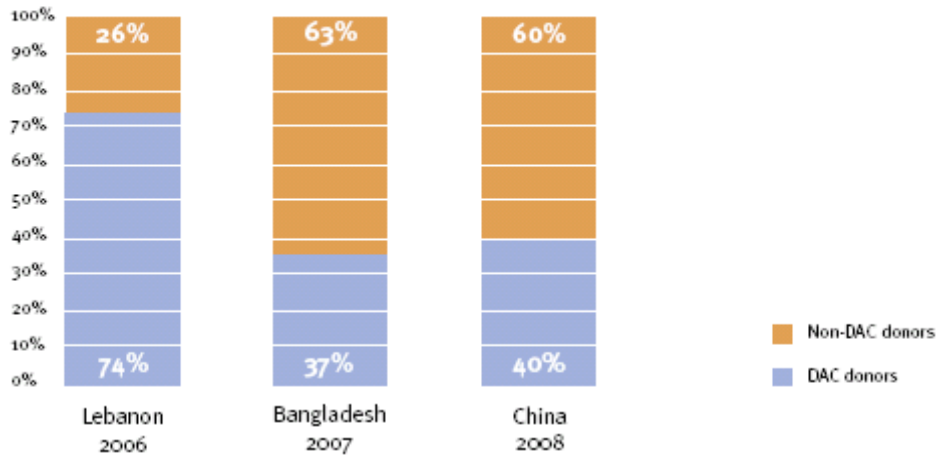


Figure 20: DAC and non DAC shares of FTS-reported contributions to top recipients of non-DAC humanitarian assistance 2006-2008 [Source: Development Initiatives analysis based on UN OCHA FTS data]

Non-DAC donors also give priority to assisting geographically closer areas so that in 2008:

- Central Asia gave 60.7% to its own region.
- East and SE Asia gave 74.4% to its region.
- Middle East gave 21.8% to its own region.

How do non-DAC donors channel their aid?

In 2008 non-DAC countries channelled around half of assistance through the UN (53%) a figure very similar to DAC countries whilst they also gave similar amounts through pooled multilateral channels (with the DAC favouring those ones managed by the UN.)

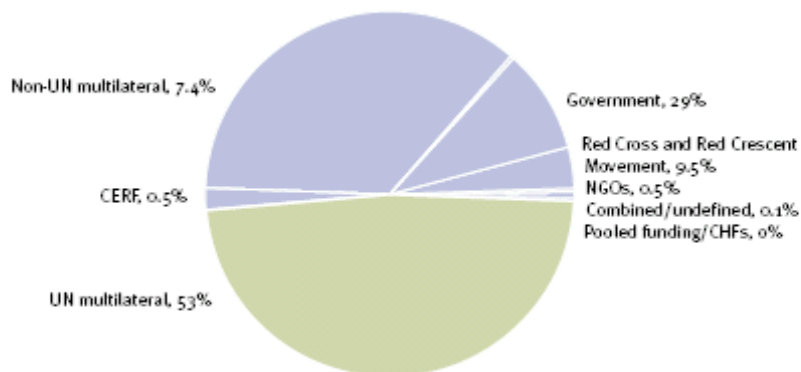


Figure 21: Shares of humanitarian assistance from non-DAC donors by channel. 2008 [Source: Development Initiatives analysis based on UN OCHA FTS]

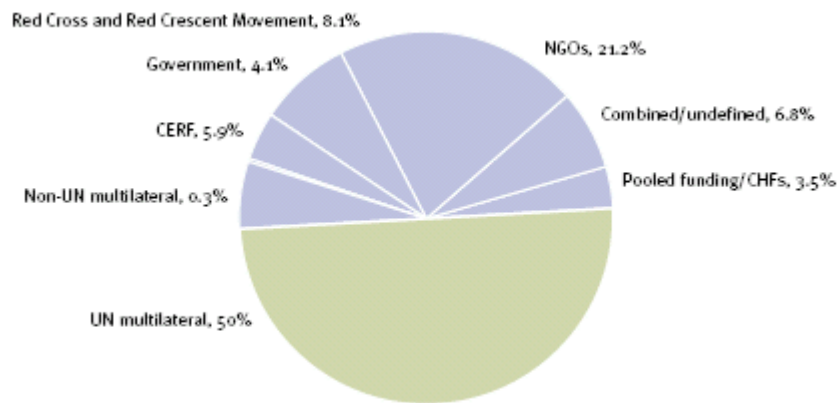


Figure 22: DAC donor channels of humanitarian assistance as reported through the FTS, 2008 [Source: Development Initiatives analysis based on UN OCHA FTS data]

The CERF for example sees relatively little amounts of funding from the three major non-DAC donors and although many non-DAC countries contribute the total amount US\$6 million is very little compared to US\$442 contributed by DAC donors.

Another major difference is that non-DAC donors give almost nothing to NGOs whilst DAC donors give close to 20% year-on-year.

Perhaps the most important difference in non-DAC humanitarian aid compared to DAC donors is the proportion of aid that they give directly to the governments of affected countries. In 2008 funding allocated to governments by non-DAC donors was US\$313 million of the total and given that most aid is concentrated on a few countries this is a significant amount of money, especially to those countries in receipt of funds.

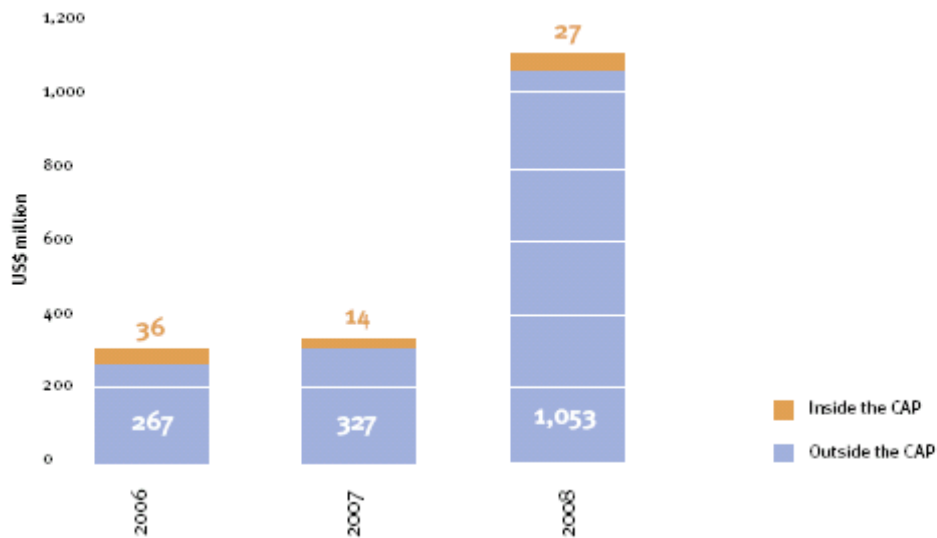


Figure 23: Non-DAC donor contributions inside and outside the UN CAP appeal, 2006-2008 [Source: Development Initiatives analysis based on UN OCHA FTS data]

It is not surprising therefore, given that national governments are almost always not included inside CAP appeals, that non-DAC contributions towards humanitarian crises are much less towards UN CAP appeals, less than 2% in 2008 for example. Balancing this statistic however is how non-DAC donors are often more likely to fund some of the relatively neglected flash appeals, such as the Yemen floods from 2008.

Humanitarian Assistance Through NGOs

NGOs are major humanitarian actors not only spending money from DAC countries and multilateral agencies but also raising money from the general public.

It is estimated that in 2007 US\$2.6 billion of the total US\$4.9 billion in humanitarian assistance spent by NGOs came from the public or corporate donations whilst the remaining US\$2.3 billion came from the multilaterals and donor nations.

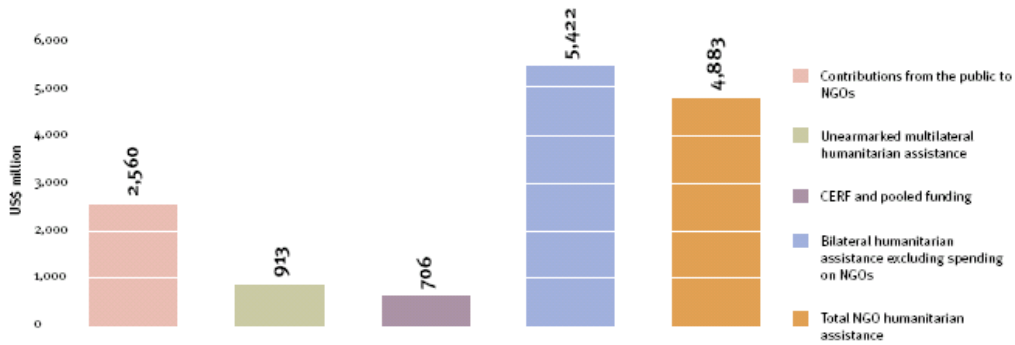


Figure 24: Channels of humanitarian funding compared, 2007. Please note these numbers are for comparative purposes and should not be added together [Source: Development Initiatives analysis based on NGO reports, OECD DAC statistics, CERF and CHF reports]

To give a sense of scale the public's contributions to NGOs in 2007 was more than three times the total expenditure of the CERF and country pooled level funds. NGOs are also major players in terms of volume of aid. Caritas and Medecins Sans Frontiers reported the highest levels of humanitarian assistance in 2007; both international groups made up of individual agencies in different countries and both exercising decisions on funds far above that of many nation-states; for example MSF's humanitarian expenditure is more than all DAC donors except the EC and US, whilst World Vision and Caritas provided more than all but four DAC donors.

The amount and share of publicly raised money is also significant for reasons beyond the amount added to general humanitarian aid:

- Funding of NGOs from the general public appears much more rapid than public funds.
- Public donations are usually not earmarked within an emergency.
- Raising public funds also raises awareness and can influence policy.

The proportion of funds received from donor countries compared to the general public differs greatly between NGOs. Norwegian People's Aid receives almost all of its funds from official donor countries whilst MSF obtains nearly 90% of funds from the public.

The amount of money channelled through NGOs varies from country to country with Norway and Sweden giving more than 45% of bilateral assistance through NGOs (these countries also being providers to unearmarked support to UN agencies and pooled funding mechanisms). Meanwhile whilst the EC, UK and US do not channel the largest proportion of their aid through NGOs, in terms of volume they contribute significantly.

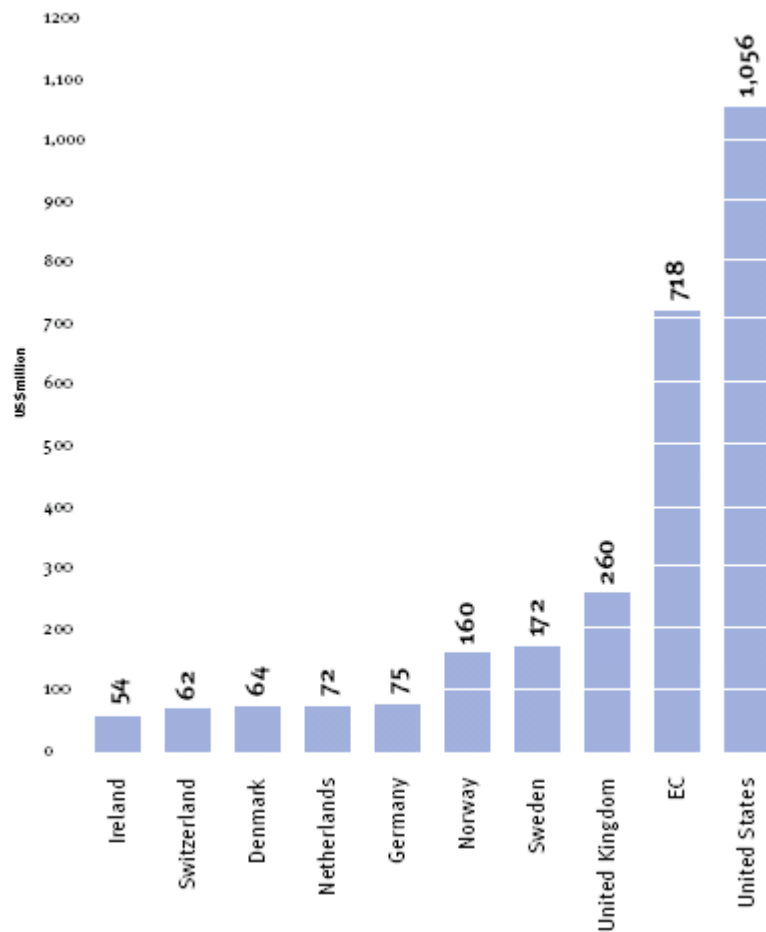


Figure 25: Humanitarian assistance spent through NGOs 2007: top ten donors [Source: Development Initiatives analysis based on DAC CRS] Note: Not all donors are included as some fail to report the channel of delivery for their humanitarian assistance]

The type of NGO supported also varies so that whilst half the NGOs supported by Ireland and Netherlands are international, the majority of donors concentrate on NGOs based in their own countries.

Where do NGOs spend their humanitarian assistance from non-official sources?

In 2007 the largest share of NGO humanitarian assistance went to Africa (63%), compared to 43% of share of DAC donor spending. The biggest difference in regional priorities is the Middle East where DAC governments give 16% of aid compared to NGO spending of 6%.

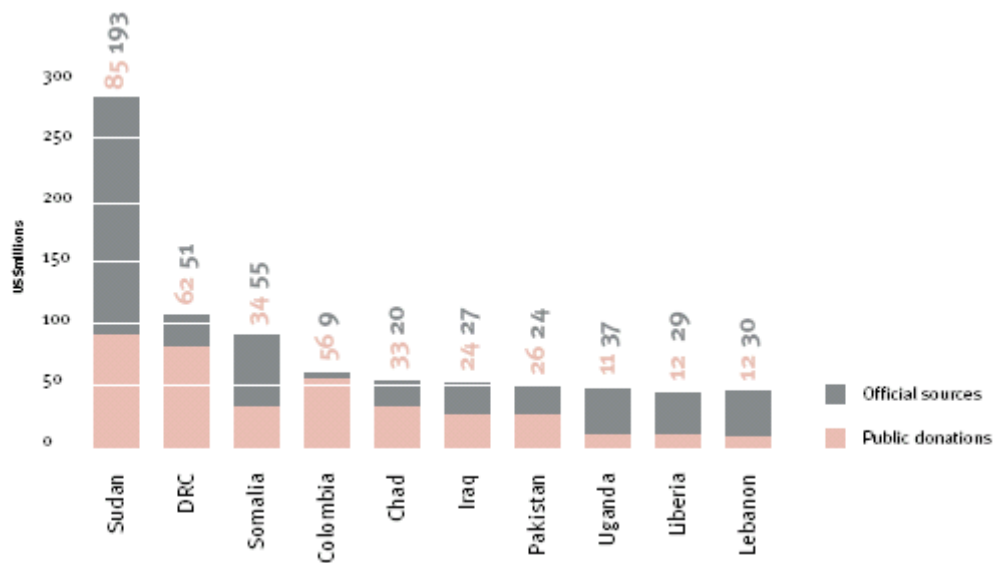


Figure 26: Top ten recipients of NGO humanitarian assistance, 2007 [Source: Development Initiatives analysis based on NGO reports]

Some priorities are clearly shared. Five countries among the top ten recipients of NGO expenditure are also recipients of DAC aid: Sudan, DRC, Somalia, Iraq, Pakistan. Public awareness, fuelled by media attention, is important in driving humanitarian assistance from governments and voluntary contributions from the public. Some countries are funded overwhelmingly from public donations. Among the large recipients of NGO humanitarian assistance, Colombia, Chad, Niger and Haiti were all financed primarily by the public.

Smaller, often neglected, crises have a different pattern of financing. NGOs report that there is little advantage in appealing to the public for forgotten emergencies and they rely on either government funding or their own reserves to meet such needs. As a result a large number of countries receive small amounts of humanitarian assistance from nearly entirely donor countries. Thus official funding was the source of finance for almost all NGO humanitarian activity in Western Sahara, Tanzania, Guinea Bissau, Eritrea, Timor-Leste, Madagascar and Swaziland.

Financing Mechanisms

There have been some major innovations since 2000 in instruments used to finance humanitarian assistance, which often have their roots in the Humanitarian Reform agenda. The innovations have been driven by the imperative to fund according to need, the recognition that some crises are much better funded than others and that priority needs have been left unmet.

In most humanitarian situations the shaping forces are largely outside of donor control. The one thing that is within their control is financing and these new modalities (like any kind) can empower one group at the loss of another. Not only does a recipient obtain funds it can also now dictate who beneath it in the chain will receive. Furthermore it is in a position to better affect donor policy.

Pooled financing also affects priorities since they are often tied into a strategic plan for the recipient country and therefore can only be spent on those priorities already identified. Organisations that want

to receive those pooled funds therefore have to be part of processes of joint assessments, coordination etc; in fact these mechanisms provide incentives for such behaviour. These mechanisms may also have some negative effects such as when government receipt is precluded, suggesting a lack of domestic capacity that does not actually exist.

Financing mechanisms affect behaviour, architecture, influence of groups and priorities – there is no neutral choice.

What are the 'new' mechanisms?

They include the global Central Emergency Response Fund (CERF), established in 2005 and country-specific Common Humanitarian Funds (CHF) and Emergency Response Funds (ERF). The CERF aims to ensure that funding flows more equitably between different crises while the country-level pooled funds are instruments designed to get funding to flow to priorities within a specific crisis.

Funding for both has been increasing for three years and in 2008 they received US\$861 million between them.

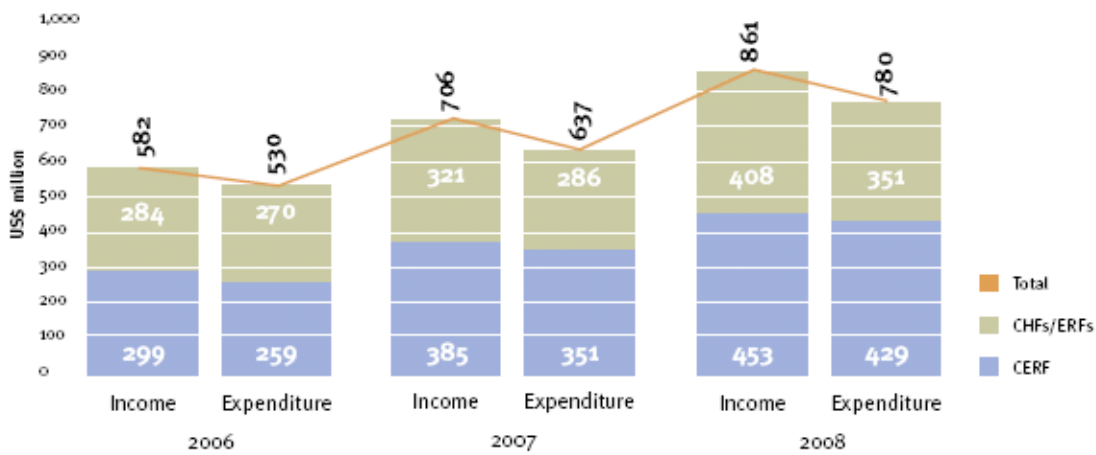


Figure 27: CERF and country-level pooled funding mechanisms [Source: Development Initiatives analysis based on UN CERF data and OCHA in-country field office data]

Some donors are actually channelling substantial shares of their humanitarian aid through these structures – over one-fifth of the UK and Netherlands total official humanitarian assistance was allocated to these mechanisms in 2005. The CERF has attracted a large number of donor countries as well as some private contributions.

The Central Emergency Response Fund

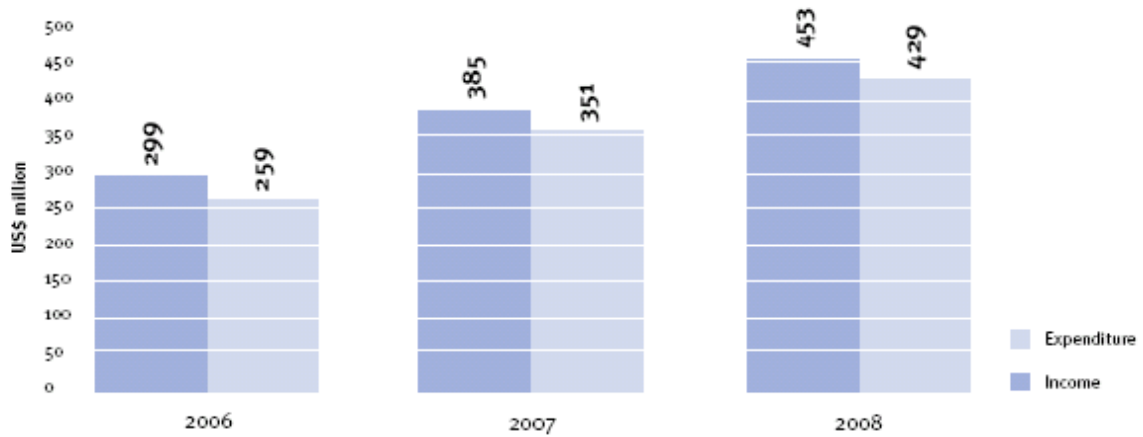


Figure 28: CERF income and expenditure, 2006 - 2008 [Source: Development Initiatives analysis based on UN CERF data]

The CERF is a fund open to both the UN system and IOM and is managed by the Emergency Relief Coordinator (the head of UNOCHA) who decides on the allocations of funds. The fund is split into two elements, one focuses on rapid response whilst another targets underfunded emergencies. Funding for the CERF (which has been seen as largely successful) has increased year-on-year with total expenditure now in excess of US\$1 billion.

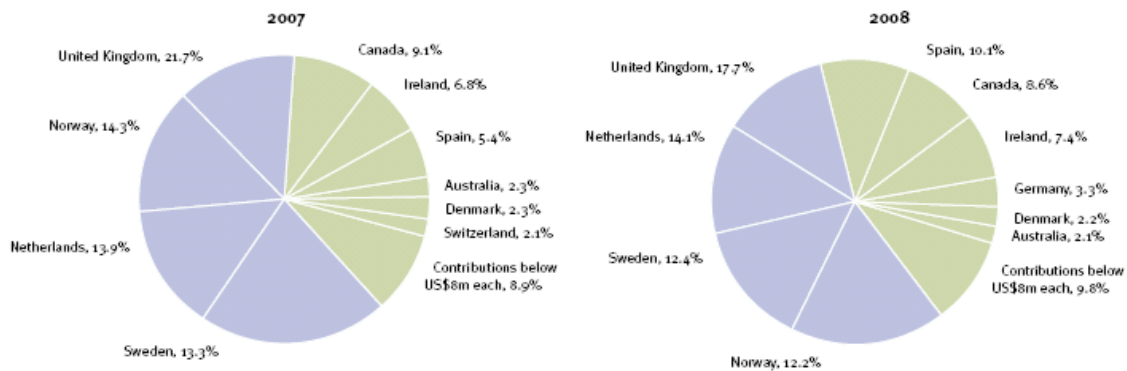


Figure 29: Shares of commitments to the CERF, 2007 and 2008 [Source: Development Initiatives analysis based on CERF data]

The CERF is reliant on four donors for more than half of its requirements, with the Netherlands, Norway, Sweden and the UK financing 61% in its first three years. These donors' collective shares fell from 63.2% in 2007 to 56.5% in 2008 reflecting increasing contributions from Canada, Spain and Ireland. In 2007 19 of 23 DAC donors supported the CERF increasing to 22 in 2008, the amount contributed rising from US\$378 to US\$447.

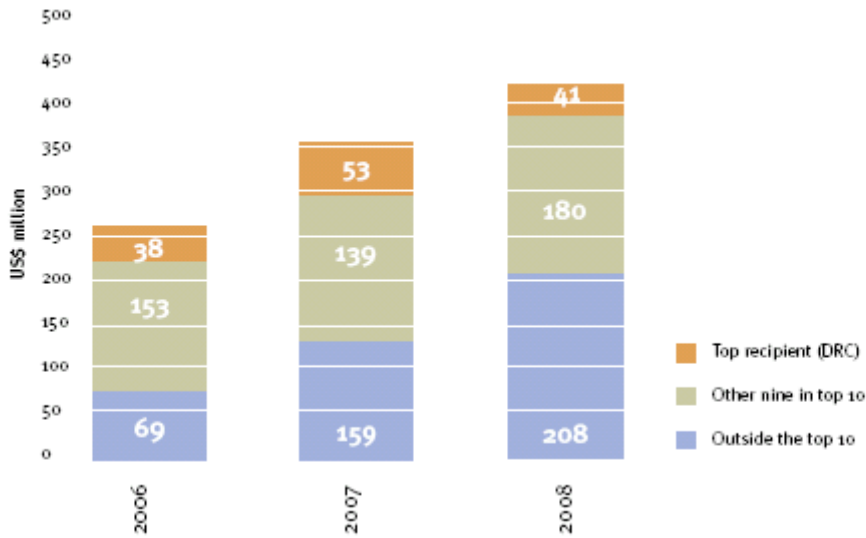


Figure 30: Concentration of CERF funding, 2006-2008 [Source: Development Initiatives analysis based on UN CERF data]

Half of CERF funding has gone to nine countries over its lifetime, four of which have been present every year amongst the top-funded (DRC, Sudan, Sri Lanka, Ethiopia). This group of countries has received 28.5% of funds disbursed by the CERF since it began. Allocations have become increasingly less concentrated however. In 2006 three-quarters of the funding went to ten countries but by 2008 that share had dropped by half although because in general the CERF has increased in expenditure amounts to those major recipients has remained the same.

Common Humanitarian Funds

The CHF, country-pooled funds managed jointly by UNOCHA and UNDP, are present in only three countries at present: Sudan, DRC and Central African Republic (the latter beginning in only 2008.) The main characteristic of CHF is that they receive funds unearmarked allowing money to be allocated on the basis of need, thus CHFs are relatively flexible and can meet CAP and other identified needs much easier. They are usually tied into country plans, however.

Since 2006 donors have contributed a total of US\$850 million of CHFs – nearly US\$500 to the CHF in Sudan and over US\$350 to the CHF in DRC.

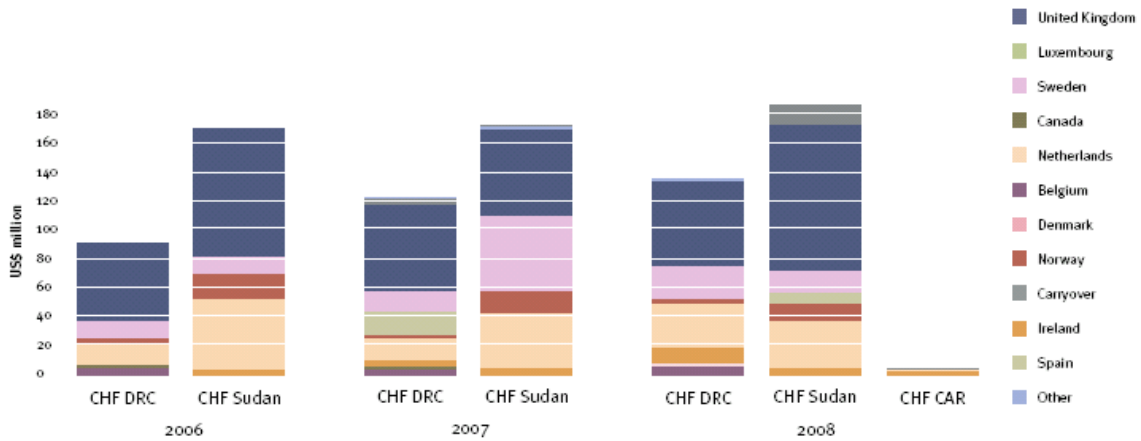


Figure 31: CHF income by donor, 2006 - 2008 [Source: Development Initiatives analysis based on OCHA in-country field office data]

The UK has provided a substantial volume in each year to each CHF, more directed towards Sudan than DRC, whilst the Netherlands (the second largest contributor of aid) moved more money towards DRC over the three years.

Income for the CHF has risen steadily since 2006 whilst the Sudan CHF has remained almost constant over the three years.

CHF funding can be allocated to both NGOs and the UN. Since 2006 30% of funding has been channelled directly through NGOs. In both DRC and Sudan the amount allocated to NGOs has increased, reaching 47.6% in DRC and 35.3% in Sudan. Only relatively increased funds to DRC in particular have upheld the UN US\$ volume.

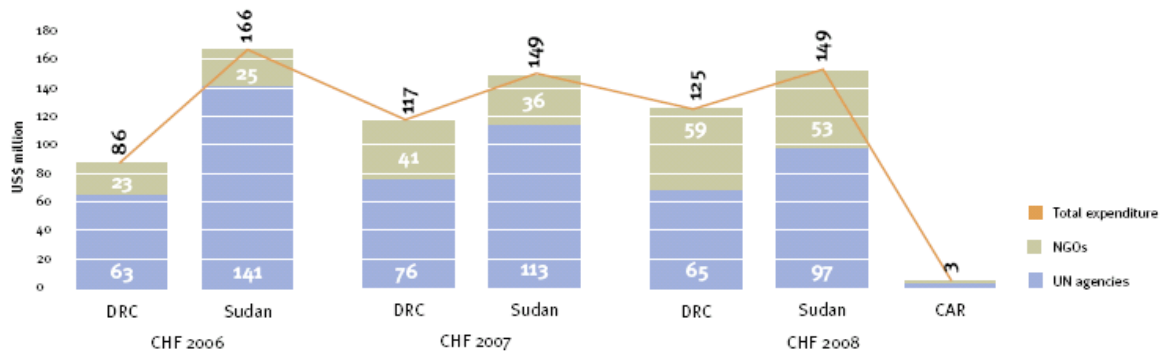


Figure 32: CHF expenditure and channels of delivery, 2006 - 2008 [Source: Development Initiatives analysis based on OCHA in-country field office data]

Emergency Response Funds

Contributions to ERFs are unearmarked and pooled, differing from CHFs in that they provide most of their funding to short-term small-scale NGO projects. They are managed in-country by OCHA. They are seen as plugging the gap in humanitarian aid, a pooled mechanism that allows for fast action in response to a sudden crisis.

Since 2006 ERFs have received a total of US\$168 from donors, US\$152 of which comes from 12 particular DAC donors. The UK and Netherlands are the largest contributors, financing 30% and 24.8% of funding in 2008 respectively. Funding for ERFs increased between 2007 and 2008, attributable largely to contributions to Ethiopia.

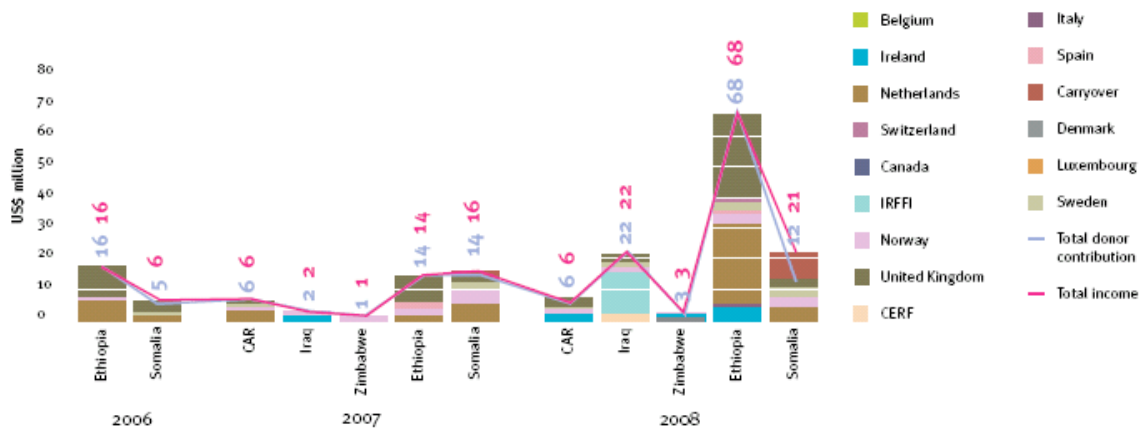


Figure 33: ERF expenditure and donors, 2006-2008 [Source: Development Initiatives analysis based on OCHA in-country field office data]

Shares of funding allocated to NGOs and UN agencies vary depending on the context with Somalia and Zimbabwe funds being largely given to NGOs (78% for both in 2008). In Ethiopia 40% was received by the UN in 2006 and 2008 although only just over 22% in 2007. CAR reflects an average of ERF channels with two-thirds of funds going through NGOs and the remaining through the UN.

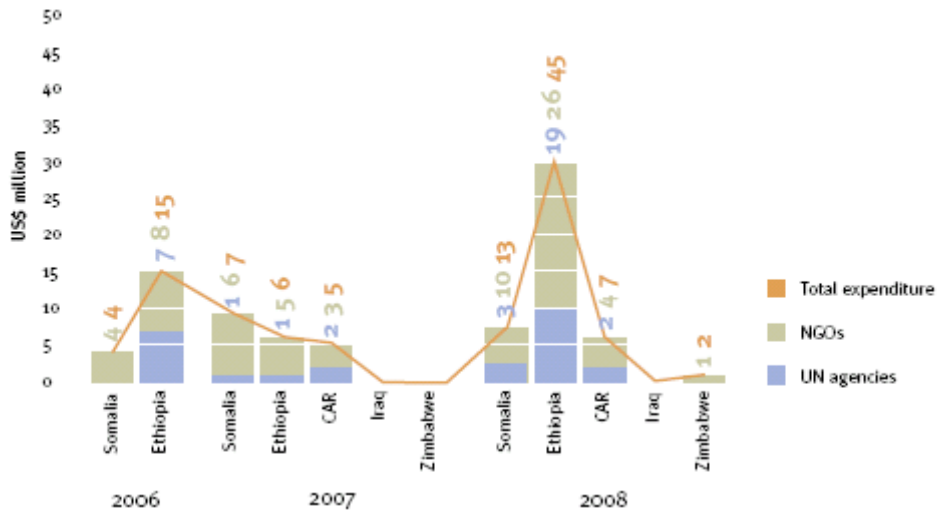


Figure 34: ERF expenditure by channel of delivery, 2006 - 2008 [Source: Development Initiatives analysis based on OCHA in-country field office data]

Overall the allocation has been 34.9% to UN agencies and 65.1% to NGOs over the lifetime of the ERFs, the opposite of funding channels in the CHFs, where the UN has received around 70%.

What don't we know

The details mapped out in the previous section may suggest we know a lot about the humanitarian world and its finances - if not all then at least a good deal. It is true that the Global Humanitarian Assistance programme does make an attempt to map out everything relevant that it can obtain and present it for decision-makers and stakeholders of all kinds. What may not be so obvious is how far we still have to go and how much we may still not know.

Firstly there is no simple single database of humanitarian needs and expenditure that we can easily interrogate. We know a reasonable amount about the money that DAC donor countries spend because they collect details of spending and generally follow guidelines of what is something and what is something else. For non-DAC donors (increasingly important politically if not so much in overseas development financing) it becomes more difficult as our only collected source of data is that done by OCHA through a voluntary-reporting database called the Financial Tracking System. Other information such as how much NGOs and the Red Cross/Crescent receive from personal donations has to be gleaned from individual reports from individual agencies: a time consuming and complicated process since different organisations call the same thing different names or different things the same name.

What is more interesting is how little we do know. This is not just a question of the difficulty of measurement. There are at least two other important components of humanitarian interventions that are not well included in the global humanitarian picture, one of which has been largely neglected and the other which appears so complicated as to defy attempts to 'count.'

Firstly there is the issue of domestic response i.e. the response within the affected region or country. Humanitarian interventions are felt to be something that international institutions and organisations do in countries that need help. However the actual fact is that there is a huge quantity of humanitarian aid that happens in-country, by national and local governments, by national civil society, national private sector, communities, families and individuals, and finally through remittances sent back home to developing nations. Much of this goes uncounted by the international humanitarian community because it does not fit easily within the coordinating structures and forums set up to better manage aid. Take as an example the Gujarat earthquake of 2001; there the UN investigated how much of the post-disaster aid was international in origin and it was only 6% of the total amount. Similarly in Nepal following the Koshi valley flood of 2008 the international community was unaware that local communities had provided much support to affected families even before the international community was aware there was a disaster.

Secondly and equally important is the issue of 'needs'. In a crude sense, if 18 billion US\$ a year are being spent on humanitarian aid there should be 18 billion US\$ a year of need. We simply could not say that. Humanitarian interventions are only loosely connected with actual needs. This may sound counter-intuitive but it's not. It's because the issue of 'needs' is frighteningly complicated; they are not uniformly expressed from one country or crisis to another with competing vocabularies and indicators, with multiple organisations with multiple approaches and methodologies often not open to peer review and near impossible to compare across sectors and situations. Finally 'needs' often become a political battleground for institutions seeking influence and funding.

The long view

So beyond the figures of donors, NGOs and financing mechanisms what is the big picture? What are the connections between humanitarian assistance and poverty reduction over time?

Humanitarian assistance is traditionally distinguished from development assistance by being short-term, life-saving and exceptional, rather than longer-term, poverty-reducing and sustainable and much attention is given to filling the gap between these two. Yet the reality for many people is a lifetime of vulnerability and constant insecurity, manifesting in acute crises whilst reducing people's resilience to future disasters, promoting inter-generational poverty and vulnerability.

An in-depth look at the figures for humanitarian assistance reveals some important features.

What does data tell us about humanitarian assistance over time?

Firstly most humanitarian assistance is long-term, spent year on year in the same countries suffering the same protracted crises. Since 2002 long-term humanitarian assistance has accounted for over half of spending. In 2003 and 2004 it was 79% and 76% respectively, falling to around 50% in the last three years. That compares with a range of 29% to 41% for the period between 1995 and 2000.

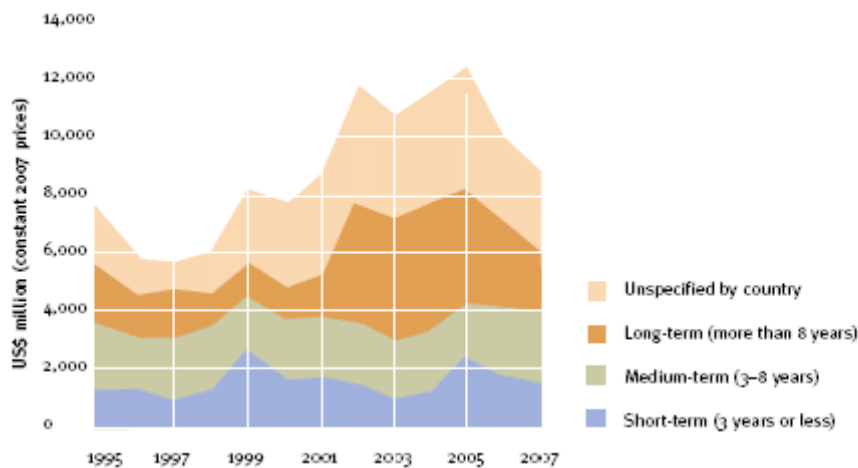


Figure 35: Long, medium and short-term humanitarian assistance 1995-2007 [Source: Development Initiatives based on OECD DAC1 and 2a data]

The countries that receive long-term humanitarian assistance fall into two categories. The majority of spending is in large countries in crisis: Sudan, Iraq, DRC, Afghanistan and Ethiopia but the other 11 recipients of long-term humanitarian aid include neglected emergencies, countries with protracted conflict and places where the environment for development assistance is unfavourable.

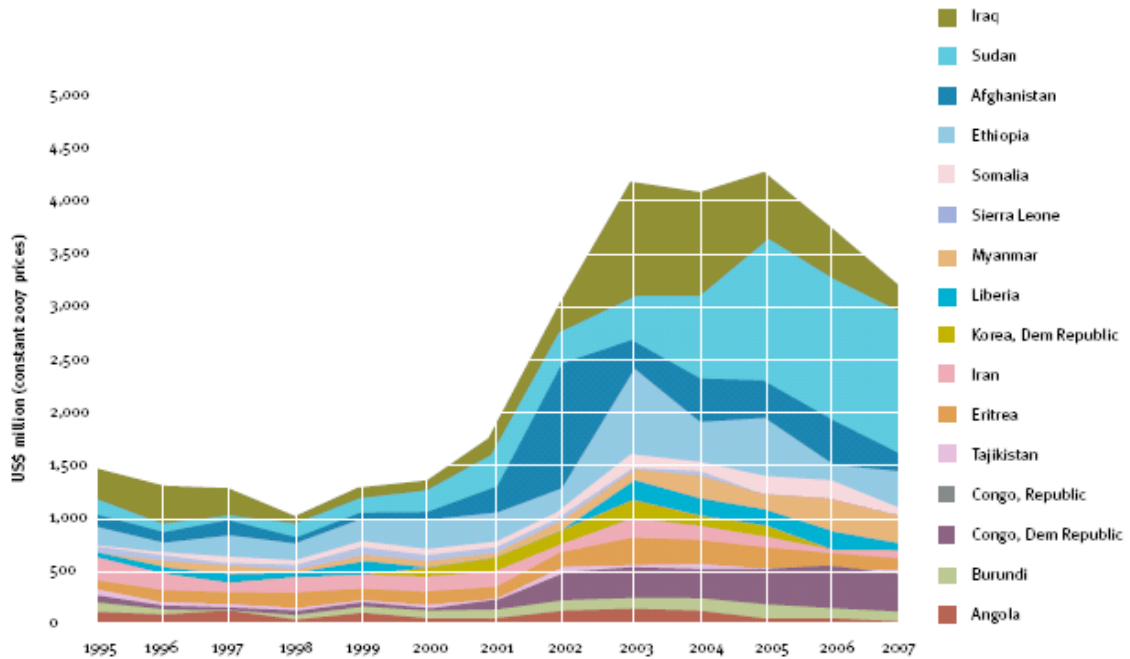


Figure 36:Countries that have received long-term humanitarian assistance 1995-2007 [Source: Development Initiatives based on OECD DAC 2a data]

Chronically poor countries account for 98% of long-term and 37% of medium term humanitarian assistance: not a surprise perhaps given the links between chronic poverty and conflict, disasters and insecurity. This reemphasises the importance of humanitarian aid for countries in chronic poverty. In sub-Saharan Africa, 30% of the population live in countries receiving long-term humanitarian assistance.

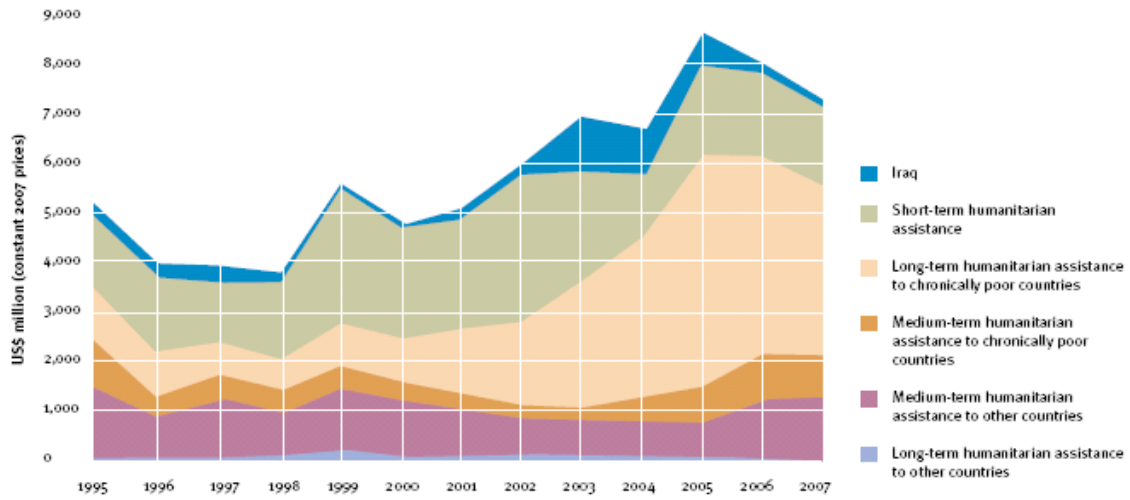


Figure 37: Humanitarian assistance to chronically poor countries 1995-2007 [Source: Development Initiatives based on DAC data]

Importantly in some chronically poor countries humanitarian assistance is often a large proportion of the total aid flow. In Chad, humanitarian assistance has been between 44% and 58% of total ODA for the past four years whilst DRC has received 40% this way since 1994. In Burundi (with a GDP of US\$118 and life-expectancy hovering at 50 years), nearly three-quarters of ODA has been humanitarian assistance since 1995. It is thus structured around responses to crises and shorter-term humanitarian thinking.

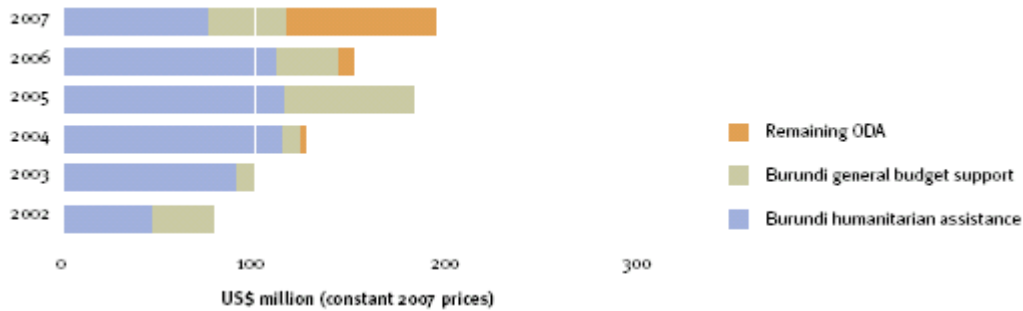


Figure 38: Humanitarian assistance, general budget support and ODA to Burundi, 2002-2007 [Source: Development Initiatives based on OECD DAC CRS data]

Converging Worlds: Humanitarian Assistance and Development Aid?

The history of humanitarian assistance, being distinct from development aid has a relatively short history. Only since 1973 (13 years after the establishment of the OECD DAC) did donors start monitoring humanitarian aid and it was not until 2003 that donors created clear guidelines for humanitarian action through the Good Humanitarian Donorship initiative.

This exception has and continues to allow donors to give aid countries that are not development priorities but are suffering from humanitarian crises as well as give aid to countries deemed not to be 'good policy' environments, such as North Korea.

Yet humanitarian and development assistance continue to grow ever closer, particularly through the drive to link relief to development, a relatively new concept that began in the mid 1990s. There have been many attempts to fill the apparent gap between relief aid provided outside state structures and development aid provided to governments, and whilst there is no agreement on models, there has been a convergence in general between humanitarian and development worlds.

Humanitarian work has expanded; not only does it fund countries in chronic poverty (as discussed earlier) but it also provides for early recovery and transition from crisis. The humanitarian community places increasing focus on tackling vulnerability beforehand rather than solely reacting to events.

The link between crisis, risk, vulnerability and the impact of disasters is increasingly visible in donor humanitarian policies as well with many countries developing new policies linking vulnerability to crises and poverty.

Development assistance meanwhile has become increasingly concerned with issues around fragility and conflict with 38% of development aid going to fragile states in 2007 and funding for security and peace increasing.

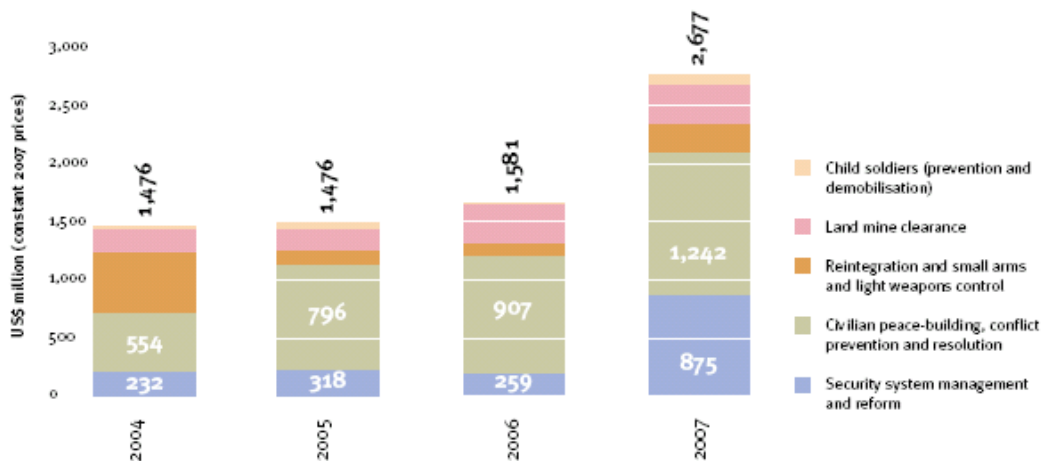


Figure 39: ODA to security-related sectors, 2004-2007 [Source: Development Initiatives based on DAC CRS data]

Vulnerability is increasingly seen as part of the development agenda with social protection and cash transfers now seen as mainstream instruments to fight poverty and meet humanitarian needs, as they reduce risk and increase resilience.

This is important. In a world of diminished and perhaps diminishing resources countries, communities and families in receipt of aid want to move on, move out of vulnerability, move out of poverty, move into security. They do not care much from which pot of money aid might come; they might care how 'joined-up' that aid might be.

Despite the convergences of previously disconnected humanitarian and development worlds, the institutions and people that manage different 'assistances' often work separately, use different financing mechanisms and work within different government structures, and thus there is a loss in coordination, planning and implementation of policy. There is still much work to do.