

chapter 2

crisis financing

Governments and private donors channelled US\$27.3 billion in international humanitarian assistance to relieve the suffering of people affected by crises in 2017. The growth in volumes of international humanitarian assistance has slowed, rising by just 3% for the second year running, following increases of 20% and 16%, respectively, in 2014 and 2015. In 2017, contributions from governments and EU institutions stagnated, increasing by just 1.4%. An increase in estimated contributions from private donors was the primary driver of the limited overall growth in international humanitarian assistance.

There were two fewer UN-coordinated appeals [41] in 2017 than in 2016. Nonetheless, total requirements for all UN appeals increased by over a quarter to US\$25.2 billion. Most of these funds were requested for a small number of large appeals. Seven appeals requested more than US\$1 billion and accounted for two-thirds (67%) of all requirements.

The volume of funding received for UN-coordinated appeals also increased in 2017. The US\$14.9 billion received was an increase of US\$2.4 billion from 2016. This represented the largest volume of funding ever contributed. Despite this record level of commitments, the increase in funding did not keep pace with the growth in requirements – 59.2% of appeal requirements were met. This represented a funding shortfall of US\$10.3 billion, the largest volume yet recorded.

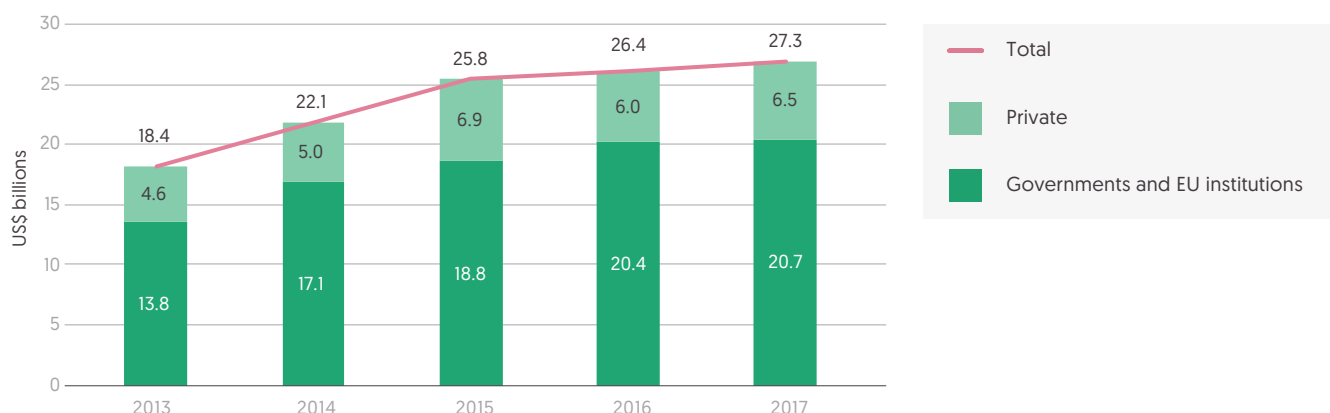
The appeals of the Red Cross and Red Crescent Movement requested smaller amounts than UN appeals but their requirements were proportionately much better met. In 2017, the International Committee of the Red Cross (ICRC) met 93% of appeal targets, while the International Federation of Red Cross and Red Crescent Societies (IFRC), fulfilled 87% of appeal targets.

Governments have the primary responsibility to prepare for, respond to and support recovery from crises in their own territories. However, where domestic capacity cannot meet the scale of needs, international assistance can alleviate suffering and address the longer-term developmental needs often underpinning and exacerbating crisis. While the volume of international humanitarian assistance to its largest recipients is rising, these countries have not received comparable increases in levels of non-humanitarian official development assistance [ODA].

Other institutional sources of financing, both domestic and international, can support people to prepare for, recover from and become resilient to crises. Multilateral development banks have an increasingly important role to play in this respect. The Global Concessional Financing Facility (GCFF) is one of many World Bank instruments within its recently established Global Crisis Response Platform. From its launch in September 2016 to the end of 2017, US\$357 million had been channelled to the GCFF for the refugee response in Jordan and Lebanon.

International humanitarian assistance

Figure 2.1
International humanitarian assistance, 2013–2017



The growth of international humanitarian assistance seen in recent years has slowed. The slight increase in 2017 was primarily driven by an increase in the estimated contribution of private donors.

- International humanitarian assistance increased for the fifth consecutive year, reaching a new high of an estimated US\$27.3 billion.
- Since 2013, the rate of growth of international humanitarian assistance has slowed, increasing year-on-year by 20%, 16% and 3%, and again by 3% between 2016 and 2017.
- Funding rose by US\$843 million from US\$26.4 billion in 2016 and has increased by US\$9 billion, or 48%, from the amount provided in 2013.
- Funding reported by governments and EU institutions stagnated, increasing by just 1.4% (US\$286 million) from 2016, while an increase of 9% (US\$558 million) in estimated contributions from private donors (see Chapter 3, *donors: who gives assistance?*) was primarily responsible for the overall rise in international humanitarian assistance.

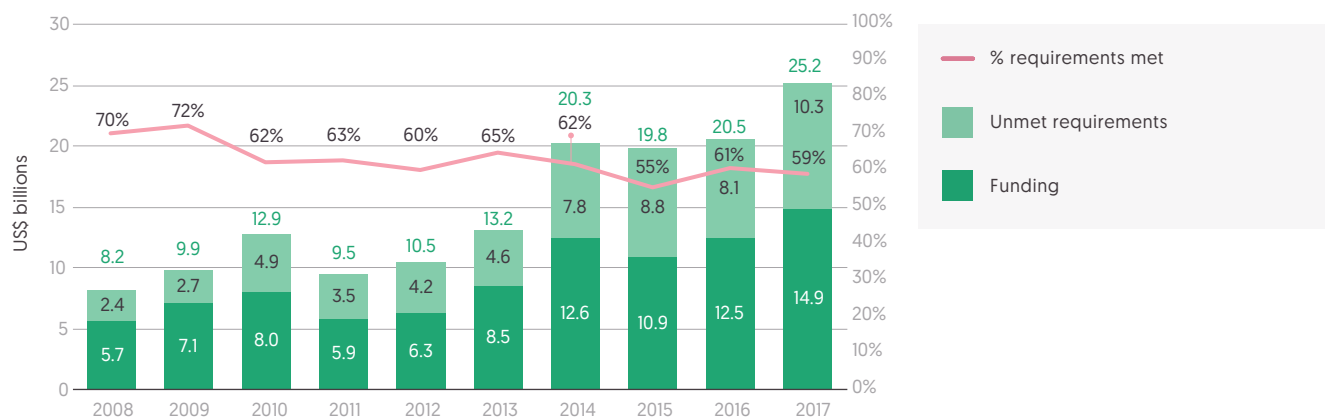
Source: Development Initiatives based on Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), UN Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service (FTS), UN Central Emergency Response Fund (CERF) and our unique dataset for private contributions.

Notes: Figures for 2017 are preliminary estimates. Totals for previous years differ from those reported in previous Global Humanitarian Assistance reports due to deflation and updated data and methodology (see our online *Methodology and definitions*). Data is in constant 2016 prices.

How did assistance compare with requirements set out in appeals?

Figure 2.2

Requirements and funding, UN-coordinated appeals, 2008–2017



UN-coordinated appeals are central to humanitarian response. They give a summary of the assistance many UN and non-governmental humanitarian responders provide to many major crises.

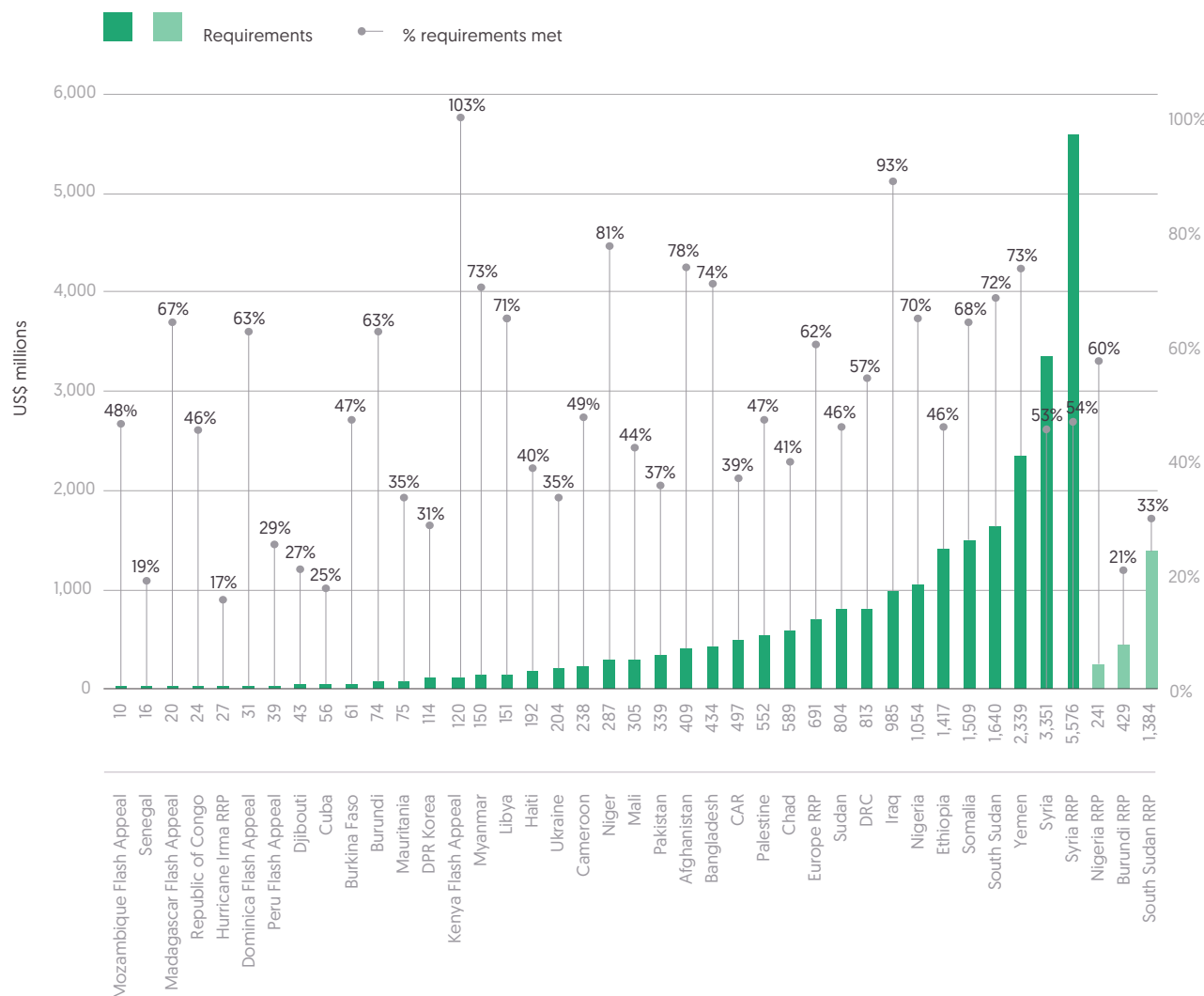
- The total amount requested through UN-coordinated appeals increased by almost a quarter (23%) in 2017 to US\$25.2 billion.
- This increase in requirements, of US\$4.7 billion from 2016 to 2017, followed three years of only slight variation in total appeal requests. It was the largest percentage increase since the Syria crisis drove appeal requirements up by over a third from 2013 to 2014.
- The 2017 increase in requirements was driven by major increases for ongoing crises in Syria, Yemen, Somalia and Nigeria (collectively totalling US\$1.9 billion), and large requests from two new appeals in Ethiopia and Pakistan (totalling US\$1.8 billion).
- Total funding received for UN-coordinated appeals increased by US\$2.4 billion to US\$14.9 billion, the largest volume of funding ever received.
- Despite this increase, there was a funding shortfall of US\$10.3 billion against appeal requirements, the largest volume shortfall ever.
- While the volume of total funding received reached record levels, the growth in appeal requirements outpaced funding, resulting in only 59.2% of total requirements being met – the second lowest proportion of requirements fulfilled since 2008.
- Despite the increase in total funding requirements, there were two fewer UN-coordinated appeals (41) in 2017 than in 2016.

Source: Development Initiatives based on UN OCHA FTS and UN High Commissioner for Refugees (UNHCR) data.

Notes: 2012 data includes the Syria Regional Response Plan (3RP) monitored by UNHCR. 2015 data does not include the Yemen Regional Refugee and Migrant Response Plan. To avoid double counting of the regional appeals with the country appeals in 2015, the Burundi Regional Refugee Response Plan does not include the Democratic Republic of the Congo component, the Central African Republic (CAR) Regional Refugee Response Plan only includes the Republic of Congo component, and the Nigeria Regional Refugee Response Plan does not include any country component. 2016 and 2017 data does not include regional appeals tracked via UNHCR (CAR and Yemen in 2016; South Sudan, Burundi and Nigeria in 2016 and 2017). Data is in current prices.

Figure 2.3

Requirements and proportion of UN-coordinated appeals requirements met, 2017



Aggregate totals mask significant differences between individual appeals.

- The 41 appeals in 2017 ranged in size from the Syria Regional Response Plan (RRP), requesting US\$5.6 billion, to the Mozambique Cyclone flash appeal, requiring US\$10 million.
- Seven appeals requested over US\$1 billion (Syria RRP, and the humanitarian response plans for Syria, Yemen, South Sudan, Somalia, Ethiopia and Nigeria), collectively representing 67% of total funds requested (almost US\$17 billion). The Yemen and two Syria appeals alone accounted for 45% (US\$11.3 billion) of all appeal requirements.
- In 2017, the average proportion of requested funding received for the 10 appeals with the highest requirements was 61%, compared with 37% for the 10 appeals with the lowest requirements and an overall average of 59%.

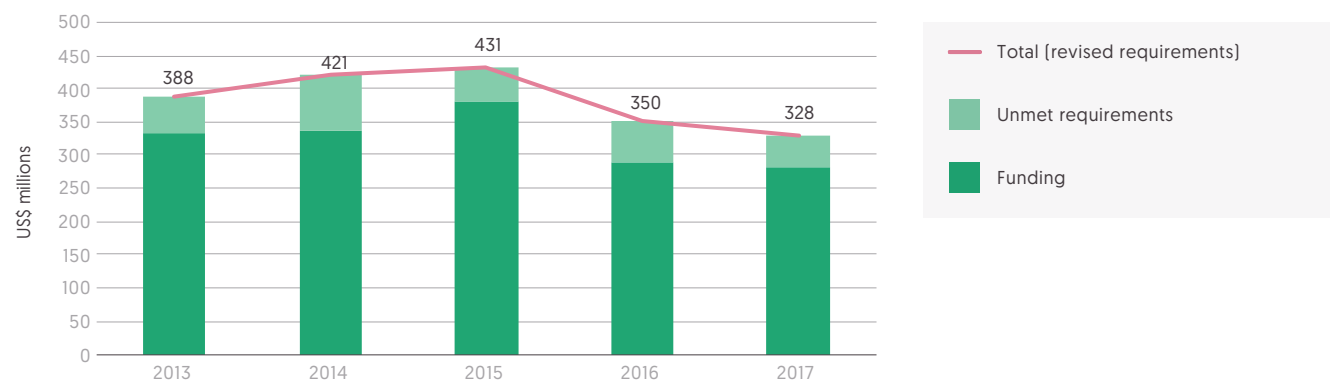
Source: Development Initiatives based on UN OCHA FTS and UNHCR data.

Notes: CAR: Central African Republic; DPR Korea: Democratic People's Republic of Korea; DRC: Democratic Republic of the Congo. The three regional response plans (RRPs) are shaded to avoid double counting with country humanitarian response plans (HRPs). There is no double counting in country HRPs for the Syria RRP or the Regional Refugee & Migrant Response Plan for Europe January to December 2017. Data is in current prices.

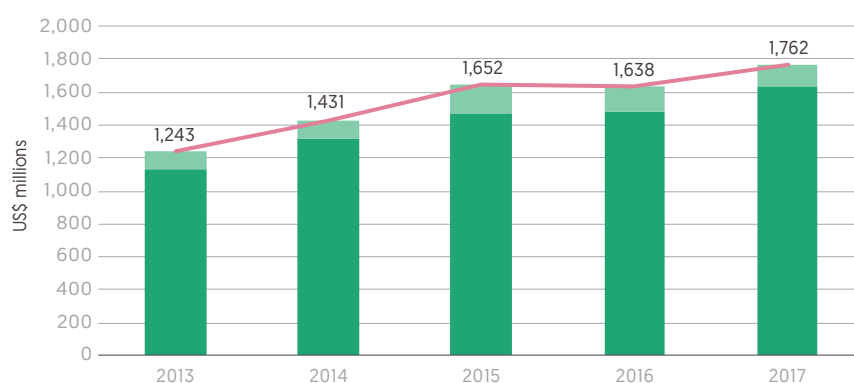
Red Cross appeals

Figure 2.4

IFRC appeals requirements and funding, 2013–2017



ICRC appeals requirements and funding, 2013–2017



The International Red Cross and Red Crescent Movement sets out its requirements separately, maintaining independence from the UN-coordinated appeals.

IFRC emergency appeals relate primarily to disasters associated with natural hazards.

- In 2017 requirements totalled US\$328 million, a decrease of 5% from 2016 [US\$350 million].
- The IFRC received US\$286 million, fulfilling 87% of requirements.
- Over the last five years, at least 80% of IFRC appeal targets have been met [averaging 85% of requirements met].

ICRC appeals respond mainly to conflict-related situations.

- In 2017 requirements totalled US\$1.8 billion, an increase of 7.6% from 2016 [US\$1.6 billion].
- ICRC appeal targets have grown steadily from 2013 to 2017, increasing from US\$1.2 billion to US\$1.8 billion, a 42% rise.
- Funding received has mirrored growth in appeal targets, with US\$1.6 billion raised in 2017.
- The proportion of requirements met was 93% in 2017, with an average over the last five years of 91% of identified funding received.

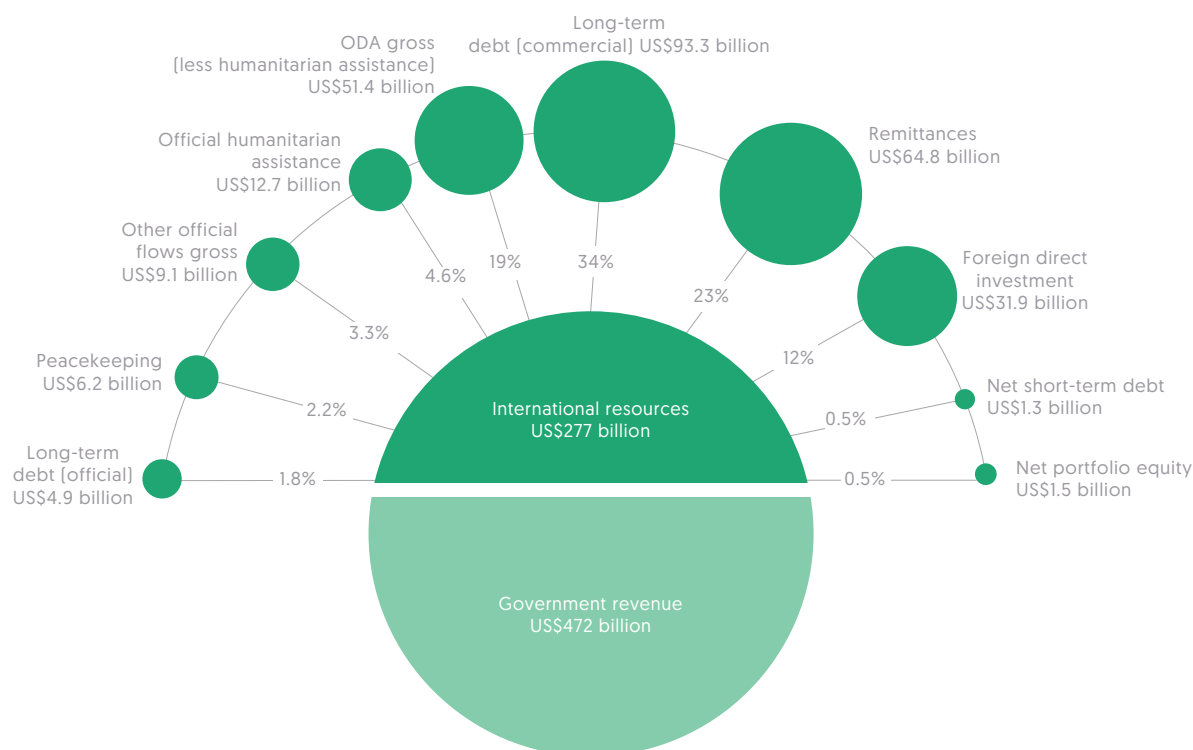
Source: Development Initiatives based on data provided bilaterally from the International Federation of Red Cross and Red Crescent Societies (IFRC), International Committee of the Red Cross (ICRC) and OECD DAC.

Notes: IFRC figures show revised annual budgets and funding for all emergency appeals and thematic programmes and may differ from previous years' reports. ICRC figures represent total budgets and contributions for all field operations. Swiss Francs amounts have been converted to US\$ based on OECD exchange rates. Data is in 2016 constant prices.

Resources beyond humanitarian assistance

Figure 2.5

Resource mix in the 20 countries receiving the most international humanitarian assistance, 2016



International humanitarian assistance is a critical resource to target the needs of people affected by crisis but a wide range of other domestic and international resources can and do complement humanitarian assistance. The figure above shows resource flows to the 20 largest recipients of humanitarian assistance in 2016.

- Governments should be the primary responders to crises using their own revenues. In the 20 countries receiving the most international humanitarian assistance, the proportion of analysed resources from domestic government non-grant revenue was 63% in 2016.
- In 2016, the largest international flow to these 20 countries was commercial long-term debt (12% of all resources), while ODA (excluding humanitarian assistance) accounted for 6.9% and official humanitarian assistance for 1.7%.
- Aggregate figures mask significant differences in the resource mix between countries. For instance, remittances to Turkey and Iraq accounted for just 0.3% and 1.8% of all analysed resources, respectively, while those to Pakistan and Nigeria accounted for 26% and 37%, respectively.

There are notable differences in the mix of international resources flowing to the 20 largest recipients of humanitarian assistance compared with other developing countries:

Source: Development Initiatives calculations based on OECD DAC, UN OCHA FTS, UN CERF, UN Conference on Trade and Development, World Bank and International Monetary Fund data and data from peacekeeping budgets or funding snapshots.

Notes: Government revenue may include grants for Turkey and Yemen. Negative flows for net portfolio, short-term debt and foreign direct investment have been set to zero at the country level.

- Peacekeeping [2.2% compared with 0.1%], ODA (excluding humanitarian assistance, 19% compared with 4.4%) and official humanitarian assistance [4.6% compared with 0.2%] represented a greater proportion of the analysed international resource mix in the 20 largest recipients of humanitarian assistance.
- Long-term commercial debt represented 37.3% of international resources in other developing countries, with a similar proportion among the largest humanitarian recipients [34%], but foreign direct investment accounted for a significantly greater share of international resources in other developing countries [26.3% compared with 12%].

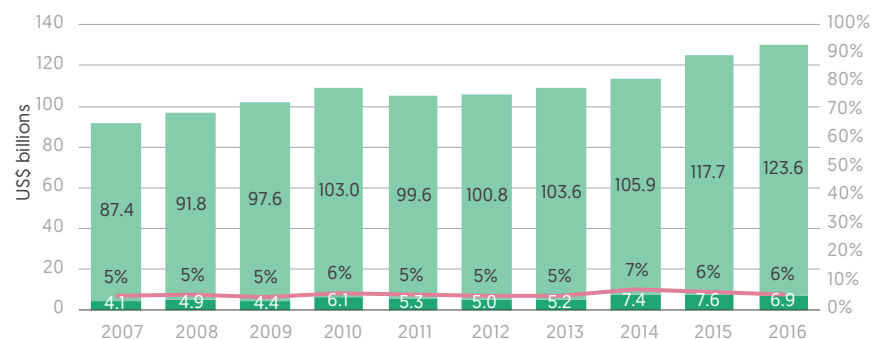
ODA

Figure 2.6

Humanitarian assistance as a proportion of ODA to the 20 largest recipients of international humanitarian assistance, 2007–2016



Humanitarian assistance as a proportion of ODA to all other recipients of international humanitarian assistance, 2007–2016



Source: Development Initiatives based on OECD DAC, UN OCHA FTS and UN CERF data.

Notes: Largest 20 recipients refer to the largest 20 ODA-eligible recipients and are taken from Development Initiatives' international humanitarian assistance recipient calculations for 2016. Humanitarian assistance figures include official humanitarian assistance only. Data is in constant 2016 prices.

Although both show an upward trend from 2007, humanitarian assistance is growing faster than ODA.

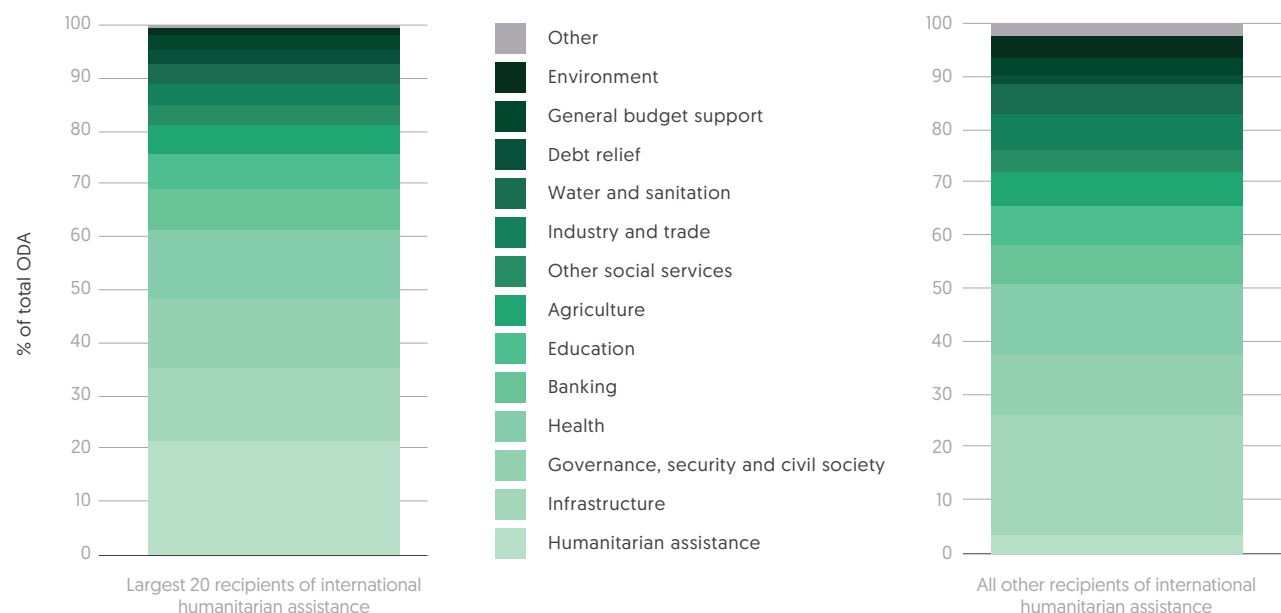
- In 2016, official humanitarian assistance constituted a growing, and higher than average, proportion of ODA – rising from 11.4% in 2015 to 11.7% in 2016, compared with an average for the previous decade (2006 to 2016) of 9.2%.
- From 2015 to 2016, volumes of official humanitarian assistance also grew at a faster rate than volumes of gross ODA (less humanitarian assistance), increasing by 9% to US\$19.5 billion, compared with 6% growth of ODA (less humanitarian assistance) to US\$167 billion.
- This faster growth is consistent with longer trends: over the last decade (2007–2016), official humanitarian assistance has grown at three times the rate of ODA (less humanitarian assistance). It has risen by 124%, from US\$8.7 billion to US\$19.5 billion, while overall ODA has grown by 41%, from US\$119 billion to US\$167 billion.

Over the past decade, increasing volumes of international humanitarian assistance to the countries most affected by crisis (the 20 largest recipients of humanitarian assistance) have not been matched by investments of non-humanitarian ODA.

- Between 2007 and 2016, in the 20 largest recipients of humanitarian assistance, volumes of non-humanitarian ODA remained relatively constant (except in 2006), fluctuating between US\$26.5 billion and US\$30.5 billion. Given that humanitarian ODA has increased significantly over this period, non-humanitarian ODA has decreased as a share of total ODA from 85% to 71%.
- In 2016, people living in countries among the 20 largest recipients of international humanitarian assistance¹ received less non-humanitarian ODA per person than those living in other developing countries, at US\$113 per person compared with US\$121 per person.

Figure 2.7

Largest recipient ODA sectors in largest 20 humanitarian assistance recipients, 2012–2016



An overall comparison of ODA disbursements by sector between the 20 largest recipients of humanitarian assistance and other developing countries between 2012 and 2016 shows some differences.

- The share of ODA allocated for infrastructure spending among the 20 largest recipients of humanitarian assistance [14% of ODA] was lower than among other developing countries [23%].²
- Differences between the 20 largest recipients of humanitarian assistance and other developing countries were also notable in other sectors accounting for smaller proportions of ODA – with lower proportionate spending on industry and trade [4% for the 20 largest recipients and 7% for others] and environment [1% and 4%] but a larger share spent on debt relief [3% for the 20 largest recipients and 1.5% for others].

While, in aggregate, there are similar proportions of spending in many sectors, there are variations in sector allocations among the 20 largest recipients of humanitarian assistance.

- For 2012–2016, the sectors and countries where the highest proportionate allocations of ODA were made, compared with the average for the 20 largest recipients, are: governance, security and civil society in Afghanistan [44% compared with the average of 14%]; health in Nigeria [51% compared with 14%]; infrastructure in Pakistan [33% compared with 13%]; and banking in Turkey [62% compared with 6%].

Large year-on-year changes in allocations were seen in: health spending and other social services in Iraq (rising, respectively, from 2% and 1% in 2015 to 34% and 38% in 2016); and general budget support to Yemen (growing from 6% in 2014 to 53% in 2016).

Source: Development Initiatives based on OECD DAC, UN OCHA FTS and UN CERF data.

Notes: Largest 20 recipients refer to the largest 20 ODA-eligible recipients and are taken from GHA's international humanitarian assistance recipient calculations for 2016. Humanitarian assistance figures refer to official humanitarian assistance only. The proportion of each sector represents its share of overall ODA.

Multilateral development banks

Multilateral development banks play an increasingly important role in crisis financing. They channel funds as humanitarian assistance, and also provide financing beyond humanitarian assistance to countries affected by and at risk of crisis.

Many multilateral development banks have a growing range of instruments and mechanisms that can provide crisis financing for preparedness, response, recovery and reconstruction. The volume of financing available is also significant. For instance, the World Bank's IDA18 Replenishment, running from 2017 to 2020, sets out financing commitments of more than US\$14 billion to address conflict, fragility and violence.

These instruments – from risk financing for disasters to loans for refugee-hosting countries – are not substitutes for humanitarian grants but do expand the toolkit for tailored ex-ante and ex-post financing for crises. Yet it is currently difficult to track their respective scale and impact in humanitarian contexts and more timely and transparent reporting is needed.

Source: Development Initiatives based on World Bank Group Global Crisis Response Platform Board Report, guidance notes and Projects & Operations database.

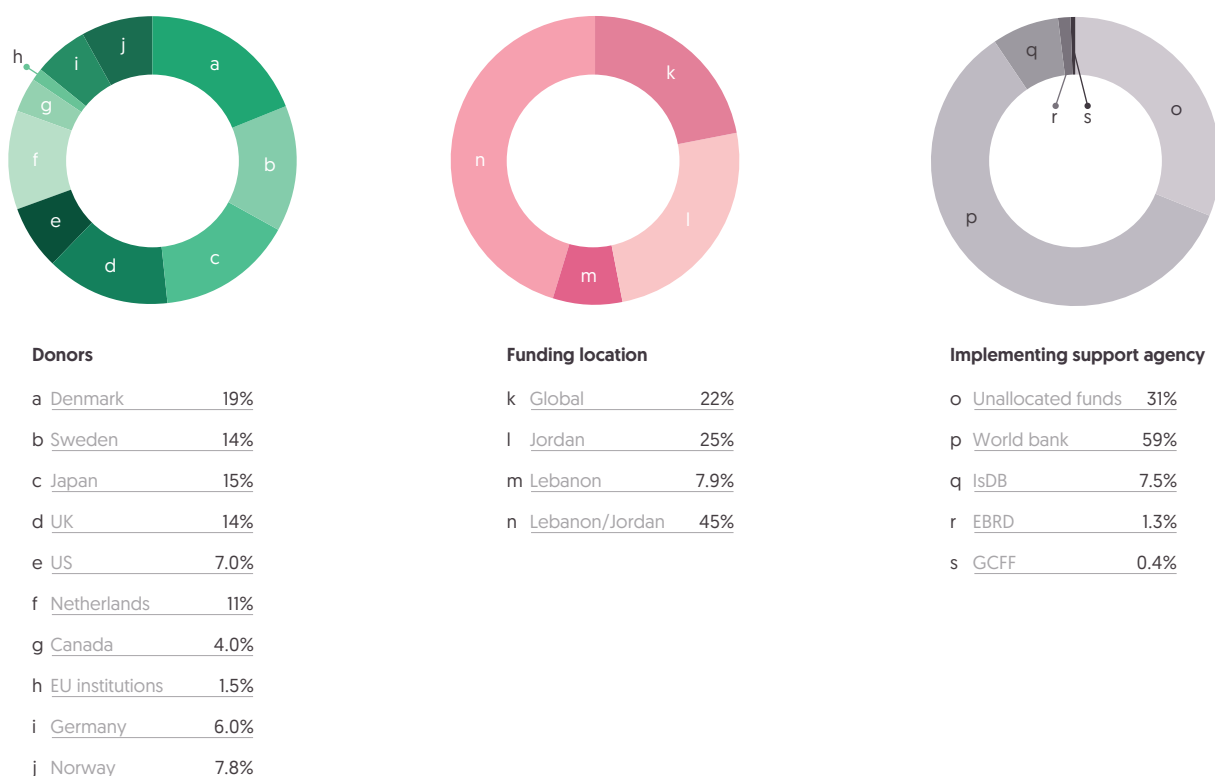
Notes: CAT-DDO: Catastrophe Deferred Drawdown Option; FCV: Fragility, conflict, and violence; GFDRR: Global Facility for Disaster Reduction and Recovery; IBRD: International Bank for Reconstruction and Development; IDA: International Development Association; MENA: Middle East and North Africa; MIGA: Multilateral Investment Guarantee Agency.

Table 2.1
Summary of World Bank Global Crisis Response Platform

Type of mechanism	Names	Source of financing
Loan	Development Policy Financing	IBRD
Loan	Investment Project Financing	IBRD
Loan	Global Concessional Financing Facility	Supporting countries (Canada, UK, US, the Netherlands, Japan, the EU, Germany, Norway, Denmark, Sweden)
Loan	Proposed MENA Guarantee Facility	World Bank
Loan: contingent credit line	Catastrophe Deferred Drawdown Option	IBRD
Loan: contingent credit line	Proposed CAT-DDO for Health Emergencies	IDA
Grant	Program-for-results	IBRD
Grant	Crisis Response Window	IDA
Grant	Immediate Response Mechanism	Governments [Voluntary]
Grant	Contingent Emergency Response Component	IDA
Trust fund	GFDRR	World Bank
Trust fund	Country-specific trust funds	World Bank
Risk insurance	Risk pools	World Bank
Risk insurance	Pandemic Emergency Financing Facility	Governments
Bonds/guarantees on bonds	Cat Bonds, Cat Swaps, Weather Derivatives	World Bank
Guarantee on loans	IDA special allocation for FCV risk mitigation	IDA
Pooled funds	IDA Sub-window for Refugees	IDA
Multiple mechanisms	Regional IDA Program	IBRD
Within the Private Sector Window	IDA Private Sector Window	IDA
Guarantees on loans	Risk Mitigation Facility	IDA
Risk insurance	MIGA Guarantee Facility	IDA
Loan	Local Currency Facility	IDA
Loan/guarantees on loans	Blended Finance Facility	IDA

The World Bank established a Global Crisis Response Platform in 2016 to bring together its portfolio of crisis financing tools. One of these is the Global Concessional Financing Facility (GCFF) created in response to the Syria crisis. This supports middle income countries hosting large numbers of refugees by providing low interest development loans to host governments to respond to the needs of refugees and their host communities. Figure 2.8 illustrates the volume of inflows and outflows through the GCFF to Lebanon and Jordan.

Figure 2.8
Contributions to and allocations from the GCFF, 2016–2017



By the end of 2017, a total of US\$515 million³ had been committed by 10 donors to the GCFF for Jordan and Lebanon, of which US\$357 million had been received.

- As of 31 December 2017, two-thirds [US\$244 million] of the funding received had been approved for implementation via three implementation support agencies, which then disburse financing to the 'benefitting countries', with the World Bank channelling the most (87%, US\$212 million).⁴
- GCFF loans may finance expenditure over a number of years and so direct comparisons with annual flows of international humanitarian assistance are not possible. However, to place the scale of GCFF financing in some context, the combined total for international humanitarian assistance to Jordan and Lebanon in 2016 was US\$1.4 billion.

Source: Development Initiatives based on World Bank data.

Notes: EBRD: European Bank for Reconstruction and Development; IsDB: Islamic Development Bank. The graph only includes funds that have been received by the Global Concessional Financing Facility (GCFF) during the financial year 2016/17 and does not include unfulfilled pledges or effective contributions. Totals may not add up due to rounding. Data is in current prices.

notes

chapter 2

1. Calculation is based on data for 17 of the 20 largest recipients of humanitarian assistance in 2016. Poverty headcount figures for Afghanistan, Lebanon and Somalia were not available.
2. The proportion of ODA spending on humanitarian assistance was higher among the 20 largest recipients of humanitarian assistance than among other developing countries.
3. This includes investment income.
4. The other implementation support agencies are the Islamic Development Bank and the European Bank for Reconstruction and Development, which received 11% (US\$27 million) and 2% (US\$4.6 million), respectively, of GCFF disbursements.