

Position paper

# THE WORLD HUMANITARIAN SUMMIT

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**Making financing work  
for crisis-affected people**

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## Background

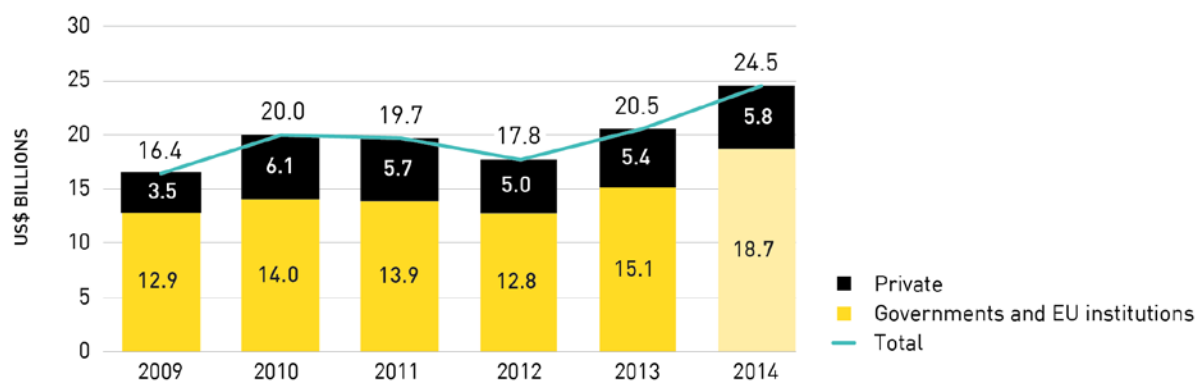
The World Humanitarian Summit (WHS) brings together a range of stakeholders to set an agenda for the future of humanitarian action. Thematic and regional consultations have been ongoing since 2014 and will culminate in a meeting in Istanbul in May 2016. Development Initiatives (DI) has contributed to the consultation process, primarily with a focus on financing through membership of the Humanitarian Effectiveness Thematic Team, and will continue to remain engaged for the duration of discussions as well as the follow-up.

This paper outlines the actions that we believe are necessary to ensure that financing improves the lives of people affected by crisis. It draws on the extensive data and analysis presented in this year’s [GHA report](#), as well as GHA’s 2014 WHS [think piece](#). Rather than replicate these or other key papers on humanitarian financing, this paper presents a short summary of an overall vision and three key areas for action for the WHS. Not only should these points be reflected in the WHS synthesis report and the UN Secretary General’s report, but they are relevant for all actors engaging in the summit and the delivery of recommendations thereafter.

## Introduction

Financing is currently failing crisis-affected populations. Increasing numbers of people are affected by crises and unable to access the resources they need to cope. Despite a record US\$24.5 billion of international humanitarian assistance in 2014 (see Figure 1), the shortfall continues to grow.<sup>1</sup> The scope of humanitarian action has broadened beyond emergency response to include preparedness and the protracted aftermath of crises, but it is neither appropriate nor sufficient for the task. Other forms of finance, such as domestic, development, climate and security-related resources are already critical in crisis-prone and crisis-affected contexts, but are not mobilised to the extent required. A lack of transparency within and across financial systems prevents us from understanding the full picture of the range of resources – humanitarian and beyond – that reach crisis-affected populations. Change is urgently required, both inside and outside the humanitarian system, to ensure that vulnerable people are better protected from crises in the years to come.

**Figure 1: International humanitarian response, 2009–2014**



Source: Development Initiatives based on OECD DAC, UN OCHA FTS, Central Emergency Response Fund, International Monetary Fund World Economic Outlook, UN System Chief Executives Board for Coordination data and GHA’s unique dataset for private contributions. Notes: Figures for 2014 are preliminary estimates. Totals for some years may be different from those reported in previous GHA reports due to updated data and methodology. Private figures are in current prices.

## What is the financing for? A vision that puts people affected by crisis first

As a first and foundational step, the WHS must put people at the centre<sup>2</sup> of all of its discussions, priorities and resulting recommendations. It should do so within an **overall vision that no-one should lose their life, livelihood, assets, hope or dignity as a result of crisis**. This is not just a question of accountability and participation – it is critical to ensuring that the summit achieves real, relevant and coherent change for those facing crisis now and in the future. The summit is a unique opportunity to rearticulate and send a global message about who and what humanitarian action is for, thereby stimulating outcome change for recipients, not just system change for implementers.

Thus far the WHS has admirably reached out and fostered discussion across geographic regions and sectors. Without a clear vision it risks losing the opportunity to bring these different views together. By thinking big and putting people first – and doing so in the context of a holistic approach that protects people through a combination of resources – the necessary changes to the international humanitarian system can follow.

## Within this vision, we propose the following three recommendations:

### 1. Increasing transparency of financing to inform local, national and international level decisions during a crisis

We know that global financing for humanitarian preparedness and response is much bigger and more complex than the limited picture we are able to see from existing reporting platforms. There is no global reporting system for domestic government expenditure on humanitarian assistance and therefore no reliable total for these contributions. Many international donors do not report their allocations to existing reporting platforms and private contributions are also often missing. The current set-up makes it difficult to gain a holistic picture of financing for crisis-affected countries across different spheres, such as development, humanitarian, security and climate adaptation – and to understand what people are actually receiving.

Improving the financial data available in humanitarian crises is essential to increase operational effectiveness. Better reporting would improve transparency in terms of:

- 1) the **totality** of funding, including resources beyond humanitarian assistance
- 2) **traceability** beyond the first-level recipient to see the transaction chain from donor to crisis-affected person and the time it takes for the money to work its way through the system
- 3) **timeliness** to allow real-time data on available resources in fast-moving humanitarian settings.<sup>3</sup>

Commitments to use and improve existing systems and tools for publishing data on development and humanitarian financing, such as the International Aid Transparency Initiative (IATI), would bring immediate results. Improvements to the IATI standard currently in progress mean that by the end of 2015 it will be fully compatible and interoperable with the UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS) and other aid coordination platforms.

This revolutionary step-change in the availability of information during an emergency depends on one key commitment: the preparedness of donors and other agencies to publish and refresh their data on humanitarian activities in a regular and timely fashion, particularly in sudden onset and rapidly escalating emergencies, when daily updating is critical to allow a real-time picture of the changing funding situation.<sup>4</sup>

The WHS should seek a clear commitment from all stakeholders to agree to this by the end of 2016 and to put in place a roadmap for implementation. Beyond that, all stakeholders can commit to a more accountable response to the needs of crisis-affected people by supporting national data systems and new technology and innovations in the availability and use of data.

In the meantime, within financial reporting there is only a limited picture of what humanitarian assistance is spent on and how. We cannot tell how much is multi-year funding nor is there a reliable means of identifying how much is spent on, for example, cash programming or disaster risk reduction. The existing gender marker<sup>5</sup> is poorly used. The WHS is an opportunity to call for mandatory use of the IASC gender marker, to be applied throughout the programme cycle. Creative thinking is also required to adapt and maximise the use of this and other potential markers that rely on project-based approaches in an increasingly 'project-less' and 'sector not specified' international humanitarian system.<sup>6</sup>

## **2. Widening approaches for deeper impact: coherently mobilising national and international resources for sustainable solutions**

There is already a diverse range of actors – local, national and international – working in crisis contexts and drawing on many different funding streams. Despite the obvious common ground, efforts are fragmented and resources are often out of synch.

### **a. Supporting national ownership and building on national resources**

Domestic governments have the primary responsibility to respond to crises in their territories<sup>7</sup> and often invest significant amounts in both preparedness and response.<sup>8</sup> However, the capacity of national authorities to meet people's needs in crises varies enormously,<sup>9</sup> as does the political commitment to assist the most vulnerable. Where possible, particularly in settings prone to natural hazards and often in middle income countries,<sup>10</sup> country ownership and international alignment with national priorities is vital.<sup>11</sup> The WHS is an opportunity to reiterate this message and take practical steps to begin rewiring the international instinct to 'fix' the problem.

Where this is not possible, largely in conflict and complex situations, there are obvious constraints to alignment at operational level. In such situations, donors and operational agencies must look for opportunities to support community-level priorities and use their international leverage to call for coherent political solutions to conflicts that generate humanitarian needs in the first place.

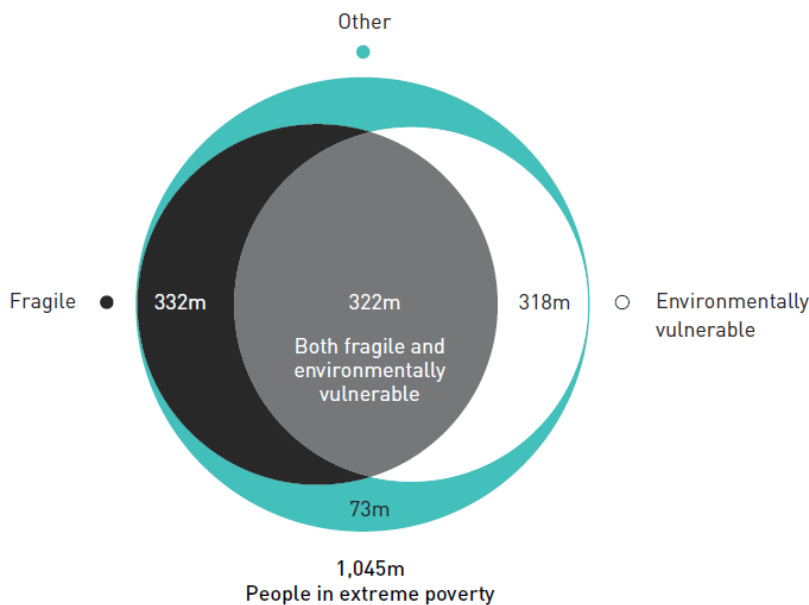
Protracted refugee situations demonstrate the clear need to find durable political and economic solutions beyond the stop gap measures that humanitarian finances are able to provide. Models based on nationally-led, regionally coherent approaches that seek to break the cycle of humanitarian dependence, such as the [Syria Regional Refugee Response and Resilience Plan \(3RP\) 2015-2016](#), can

provide a way forward, but need to be supported by a more sophisticated development and private financing toolkit.<sup>12</sup>

**b. Better targeting of international non-humanitarian resources**

Crisis, poverty and vulnerability are inextricably linked. 93% of people in extreme poverty live in places that are politically fragile, environmentally vulnerable or both (see Figure 2). International humanitarian assistance is neither sufficient nor appropriate to address the full spectrum of needs in crisis contexts. The financing pool for crisis-affected contexts needs to be expanded and the centre of gravity shifted away from international humanitarian assistance. The WHS can call on donors, governments and the UN to commit to making other resources work better, for example by facilitating remittances and targeting official development assistance (ODA) to reach the most vulnerable. Ultimately, humanitarian assistance should be considered a contingency when all else fails.

**Figure 2: Estimated number of people living in extreme poverty in environmentally vulnerable and politically fragile countries, 2013**



Source: Development Initiatives based on World Bank World Development Indicators, World Bank PovcalNet, INFORM, FFP Fragile States Index. Notes: Chart not to scale. ‘Fragile states’ as defined by the group of ‘very high warning’ countries (scoring over 80) on the 2013 Fragile States Index. Environmentally vulnerable countries defined as countries scoring ‘high’ and ‘very high’ across INFORM indicators ‘natural hazard’, ‘vulnerability’ and ‘lack of coping capacity’. Poverty estimates use World Bank PovcalNet 2011 modelled data; regional poverty estimates have been applied to 33 countries with missing poverty data, 13 of which are under the classification of politically fragile, environmentally vulnerable or both.

In situations where government will and capacity is strong, domestic resources should be the key funding stream; underpinned by other sources of public and private financing, preferably pre-emptive, such as climate adaptation funding to build resilience and risk financing<sup>13</sup> to reduce the humanitarian and economic impact of disasters. International actors can also play a role in supporting governments and domestic private sectors to ensure that spending actually results in improved resilience for the most crisis-affected people, through support to social protection schemes and other safety-net mechanisms. In protracted and recurrent crises, more diverse and

long-term international funding is needed to target the drivers of fragility and vulnerability, such as ODA for conflict, peace and security.<sup>14</sup>

Conversations within the WHS need to influence the ongoing post-2015 processes on risk, development and climate change. And vice versa – the WHS has to engage in follow-up to dialogues from Addis Ababa (the Third International Conference on Financing for Development) and Sendai (the Third UN World Conference on Disaster Risk Reduction) to put crisis-affected people at the centre of any future commitments on financing for development and risk reduction.

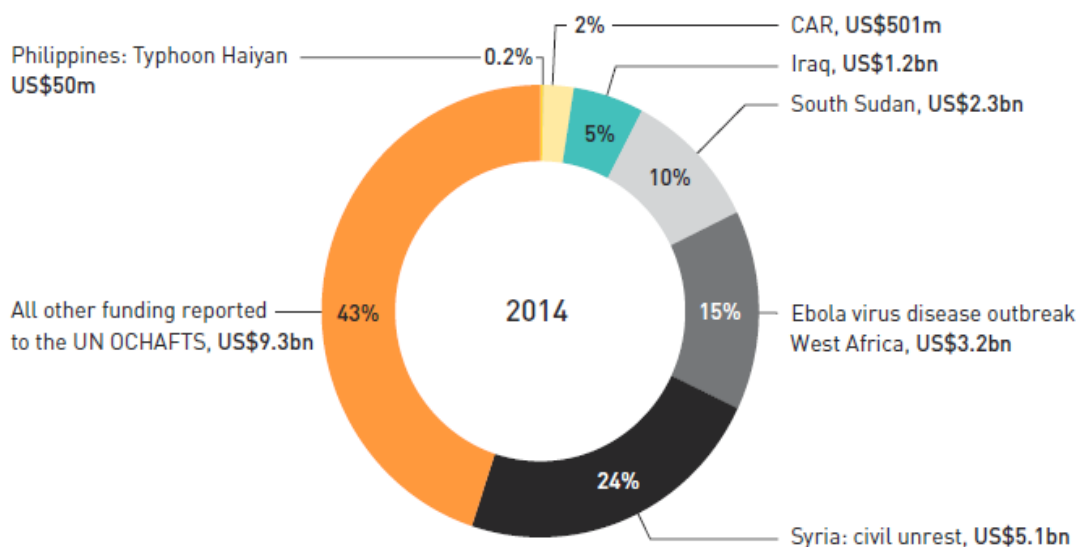
### 3. Making better use of existing resources: reforming humanitarian financing

International humanitarian assistance will continue to be needed at scale in the years to come to respond to urgent needs where other resources are not yet operating at scale, or in the case of conflict settings, unsuited to meet the needs of the most vulnerable. As well as the obvious need to mobilise more funding, donors and responding organisations need to urgently improve the efficiency of humanitarian financing. This third key recommendation does not cover all the necessary changes in humanitarian financing, many of which are well-articulated elsewhere. Rather, we focus on the key areas we believe would make the most impact and create momentum for further change.

#### a. Pre-empting peak demands

Proactive approaches are required to meet the peak demands<sup>15</sup> driven by multiple simultaneous major emergencies. In 2014, responses to the crises in Syria and South Sudan and the Ebola virus disease outbreak accounted for 49% of all funding reported to UN OCHA’s FTS.

**Figure 3: Funding to L3 emergencies plus Ebola and all other funding reported to FTS, 2014**



Source: Development Initiatives based on UN OCHA FTS data. Notes: Data was downloaded on 9 April 2015 for 2014 figures and includes funding both inside and outside the appeals. The Philippines Typhoon Haiyan emergency was designated L3 status in November 2013, and declassified on 14 February 2014. Typhoon Haiyan data includes all funding between 1 January 2014 and 14 February 2014. Funding to Syria and South Sudan emergencies includes funding to those countries and also includes those in their respective refugee response plans.

The WHS should call for multi-year funding to become the norm for responding to protracted and foreseeable needs, benefiting both donors and humanitarian agencies.<sup>16</sup> Similarly, means of ensuring that predictable recurrent costs are covered will allow better agility, sustainability and cost-effectiveness.<sup>17</sup>

#### **b. Better donor coordination**

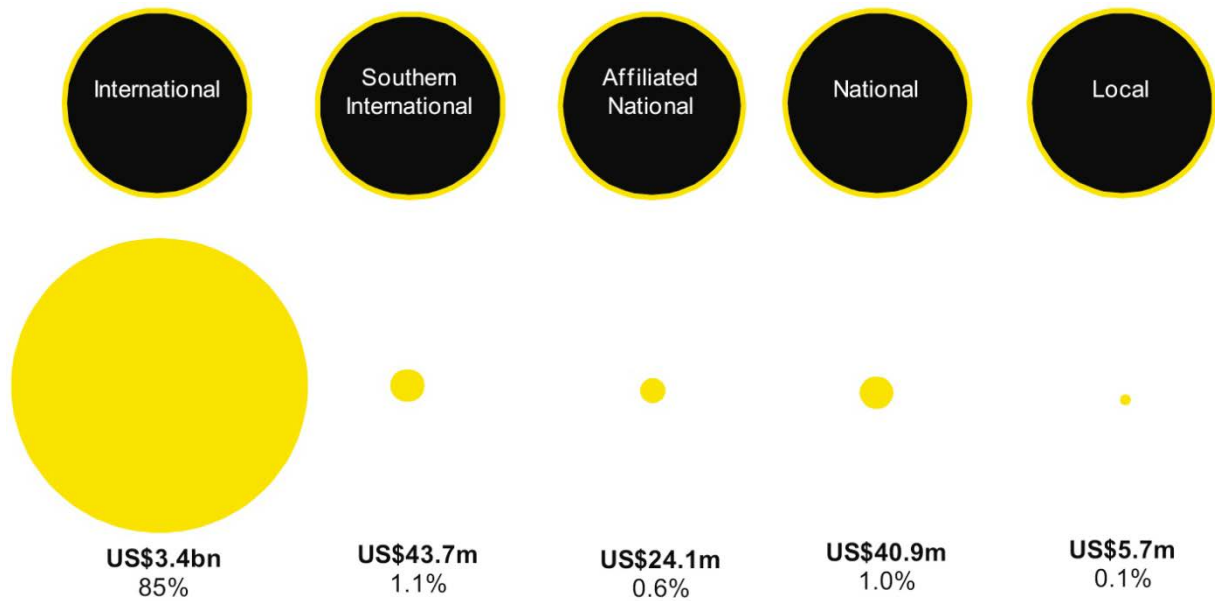
Better coordination between donors about funding allocations and decision-making processes could create a more transparent 'division of labour'<sup>18</sup> and help to even out funding across emergency situations. Particular outreach is needed to bring emerging donors into the conversation and encourage mutual learning, not least donors from the Gulf states, whose contributions more than doubled between 2013 and 2014.<sup>19</sup> Donors also need to situate themselves in the context of other resource streams such as private funding<sup>20</sup> and Islamic financing<sup>21</sup> and consider their complementary roles. A global coordination process, ideally building on an existing mechanism such as the Good Humanitarian Donorship initiative<sup>22</sup> with additional planning processes and triggers, could begin to address the current concentration of funding to certain crises and the neglect of others.

#### **c. Funding for the first and last responders**

Localising response has consistently been a key theme of WHS discussions.<sup>23</sup> Yet recent data suggests that only 3.1% of all funding reported to UN OCHA's FTS was channelled through the governments of affected states.<sup>24</sup> Humanitarian assistance may not always be the best means of supporting the affected state: alternative funding modalities, including those of multi-lateral development banks, may be better placed. However, default modes of assessment, coordination and appeals that present barriers to channelling humanitarian financing via the affected state need to be reconsidered.

Similarly, local and national non-government organisations (NGOs) directly received only 0.2% of all funding reported to UN OCHA's FTS in 2014 and 1.2% of all funding received directly by all NGOs (see Figure 4).<sup>25</sup> Much more reached them indirectly, but the current lack of traceability does not permit an understanding of the quantity, quality, timeliness and cost of this indirect funding. As part of WHS discussions, international actors need to rise to the challenge and find ways of better supporting local and national NGOs via the most direct and most appropriate channels. This will mean reviewing the implications of awarding large grants to a small number of organisations with long transaction chains thereafter; modifying and expanding pooled funds to make them more accessible to national and local NGOs; investing significant resources and expertise in capacity building in partnership with local actors; simplifying grant allocation and reporting requirements; and finding ways to combat the negative impact of counter-terrorism legislations on humanitarian organisations working in areas controlled by non-state armed groups.

**Figure 4: International humanitarian assistance to NGOs by type, 2014**



Source: Development Initiatives based on UN OCHA FTS data. Notes: Values are those committed/contributed (constant 2013 prices). Notes: Scaled by percentage. US\$485m (12%) went to 'undefined NGO's – those that it was not possible to classify according to the headings shown above.

## Conclusion

The WHS is a moment of real opportunity to make a difference. Current humanitarian needs are immense and the changes that the WHS brings about have to be commensurate with the scale of the problem. While it is clear that there are no magic solutions, we believe that the summit itself in May 2016, and more importantly the work that follows, can begin to shape a better way forward for crisis-prone and affected people. In terms of financing, there is no shortage of good ideas circulating on how to do things better. Fixing entrenched humanitarian financing habits may appear challenging, but the real test is a bigger one: mobilising actors outside of the limited circle of the international humanitarian community to achieve a common vision that truly leaves no-one behind.

<sup>1</sup> The shortfall for UN-coordinated appeals alone was US\$7.5billion in 2014 – 38% of the total requirements. See [GHA Report 2015](#) p22

<sup>2</sup> The call to put people at the centre of humanitarian action has been articulated by a number of groups and initiatives. A [WHS position paper by the ACT Alliance](#) published in January 2015 made a clear call to improve accountability to disaster-affected populations and shift the power balance to locally-led responses. The ALNAP study, [Rhetoric or reality? Putting affected people at the centre of humanitarian action](#), by Dayna Brown and Antonio Donini, 2014, summarises what is meant by terms such as engagement, accountability and participation and looks at the extent to which these ideas have been implemented in reality. This was reiterated in the [ALNAP-organised Global Forum for Improving Humanitarian Action](#) that took place in New York in June 2015.

<sup>3</sup> [GHA Report 2015](#), chapter 9.

<sup>4</sup> Upfront investments in linking reporting systems, such as automation via IATI, would reduce the reporting burden in the heat of a crisis.



<sup>5</sup> The IASC Gender Marker was introduced in 2010. For further analysis on its weak and declining use please see [GHA Report 2015](#), p87

<sup>6</sup> Several UN-coordinated appeals are using ‘alternative costing’ approaches. While there is no standardised methodology, these appeals have in common an approach that uses the average costs of delivering goods and services instead of the usual projects to estimate overall funding requirements, see [GHA Report 2015](#), p25. In 2014, the amount of funding reported to appeals that did not specify a sector almost trebled from 2013 to US\$1.3 billion. This may be explained by a lack of detailed reporting from certain donors, un-earmarked contributions and funding for multi-purpose cash programming, see [GHA Report 2015](#), page 82.

<sup>7</sup> UN resolution 46/182.

<sup>8</sup> The [GHA Report 2015](#) includes case studies on the contributions of domestic governments to the humanitarian needs of crisis-affected populations within their borders. For example, by May 2015 Turkey had become the world’s largest refugee-hosting country, primarily due to the conflict in neighbouring Syria, and is leading the management and financing of the Syrian refugee response on its territory. No global data exists on the value of domestic response, but Sierra Leone’s expenditure on the Ebola response and Mexico’s disaster response expenditure are illustrated in the GHA Report 2015 to demonstrate its importance in two different economic and crisis contexts.

<sup>9</sup> See Ramalingam and Mitchell, ‘[Responding to changing needs? Challenges and opportunities for humanitarian action](#)’, ALNAP, November 2014. Also see the [GHA Report 2015](#) Chapter 8: What other finance matters?

<sup>10</sup> The [GHA Report 2015](#) (pp15–16) includes analysis on the growing number of displaced people hosted in middle income countries. By mid-2014 displaced populations in middle income countries were more than three times those in low income countries.

<sup>11</sup> See the [Sendai Framework for Disaster Risk Reduction 2015–2030](#)

<sup>12</sup> The [Syria Regional Refugee Response and Resilience Plan \(3RP\) 2015–2016](#) explicitly builds on national response plans and calls on international donors to “find a new architecture” and “break down the financing silos” to provide both humanitarian and development funding.

<sup>13</sup> Lydia Poole, [A Calculated Risk: How Donors Should Engage with Risk and Transfer Mechanisms](#), OECD DAC, July 2014

<sup>14</sup> Rachel Scott, [Financing in Crisis? Making humanitarian finance fit for the future](#), OECD DAC, June 2015

<sup>15</sup> [Future Humanitarian Financing, Looking Beyond the Crisis](#), CAFOD, Food and Agriculture Organization (FAO), World Vision, 2015

<sup>16</sup> See the [GHA Report 2015](#), p101 for analysis of multi-year appeals and multi-year funding. Other references to calls for an increase in multiannual funding include: [Future Humanitarian Financing, Looking Beyond the Crisis](#), CAFOD, FAO, World Vision, 2015; Rachel Scott, [Financing in Crisis? Making humanitarian finance fit for the future](#), OECD DAC, June 2015; Courtenay Cabot Venton (for DFID), [Value for Money of Multi-year Approaches to Humanitarian Funding](#), June 2013.

<sup>17</sup> Rachel Scott, [Financing in Crisis? Making humanitarian finance fit for the future](#), OECD DAC, June 2015

<sup>18</sup> GHA (unpublished), Coordinating decision-making: meeting needs, mapping donors preferences in humanitarian response, June 2015; Rachel Scott, [Financing in Crisis? Making humanitarian finance fit for the future](#), OECD DAC, June 2015

<sup>19</sup> [GHA Report 2015](#), pp34–35 – in 2014, the six Gulf states combined gave a total of US\$1.7 billion in humanitarian assistance.

<sup>20</sup> GHA, [Humanitarian assistance from non-state donors: latest trends](#), May 2015

<sup>21</sup> GHA, [An act of faith: humanitarian financing and zakat](#), March 2015

<sup>22</sup> [Good Humanitarian Donorship initiative](#)

<sup>23</sup> CAFOD, [Funding at the Sharp End: Investing in national NGO response capacity](#), July 2013

<sup>24</sup> [GHA Report 2015](#), page 76.

<sup>25</sup> [GHA Report 2015](#), pages 74–75.

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