

chapter 5

effectiveness

efficiency, flexibility and transparency

How humanitarian funding is given matters: the modalities and channels of delivery used can affect the efficiency and effectiveness of response. Within Grand Bargain commitments,¹ donors and humanitarian agencies have agreed to improve the way humanitarian funding is provided and delivered. Transparency is an important part of fulfilling these commitments and tracking progress against them.

International assistance is channelled through a number of different institutions and mechanisms. In 2015, almost half (46%) of all international humanitarian assistance was directed in the first instance through multilateral organisations, mainly UN agencies. The majority of UN funding went to eight UN agencies, six of which received increased humanitarian funding from the previous year.

Funding channelled directly to the International Red Cross and Red Crescent Movement (RCRC) increased by 21% in 2015; and direct funding to non-governmental organisations (NGOs) rose by almost a third, most of which (60%) came from private donors.

Local and national entities are often the primary responders in crises, yet only receive a small proportion of international humanitarian assistance directly, prompting calls for greater 'localisation'. Data reported to the UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS) shows that local and national responders directly received just 2% of international humanitarian assistance in 2016, most of which went to local and national governments. Local and national NGOs combined directly received just 0.3% (US\$66 million) of total reported international humanitarian assistance.

There has been some progress in improving the flexibility of funding for humanitarian organisations. Resources channelled through the UN-managed pooled funds – which allow money to be allocated according to changing needs – have almost doubled in the past 10 years, reaching US\$1.2 billion in 2016. However, proportionately more UN humanitarian funding is now being earmarked by donors, limiting recipient organisations' control to determine spending priorities and reduce reporting requirements. Data reported by eight UN agencies suggests that the proportion of unearmarked humanitarian funding has decreased over recent years, down to 14% of the total amount provided in 2016.

Cash-based programming offers more choice for recipients and can also generate efficiency gains within the humanitarian system. Approximately US\$2.0 billion was spent on cash-based programmes in 2015.

Channels of delivery

Humanitarian funding rarely reaches crisis-affected people directly. It may be channelled from the donor to an organisation for direct implementation of projects, or subsequently passed on to other implementing partners. Almost half (46%) of all international humanitarian assistance was channelled in the first instance through multilateral organisations – primarily the UN agencies – in 2015. Much of this funding was provided by government donors. Multilateral organisations were the recipients of 59% (US\$11.3 billion) of direct funding from governments – a drop from the previous year when 64% (US\$11.4 billion) of government funding was channelled this way.

The preference for funding to multilateral organisations was far greater for government donors in the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) in 2015 compared with donors outside of the OECD DAC. DAC donors provided 61% (US\$10.6 billion) of their humanitarian funding to multilateral organisations, compared with 34% (US\$654 million) for other government donors. This is a significant decrease for other government donors from the 59% they provided to multilateral organisations the year before and is mainly attributable to a drop in UN funding from Gulf state donors, in line with an overall decrease in their humanitarian assistance (see Chapter 3).

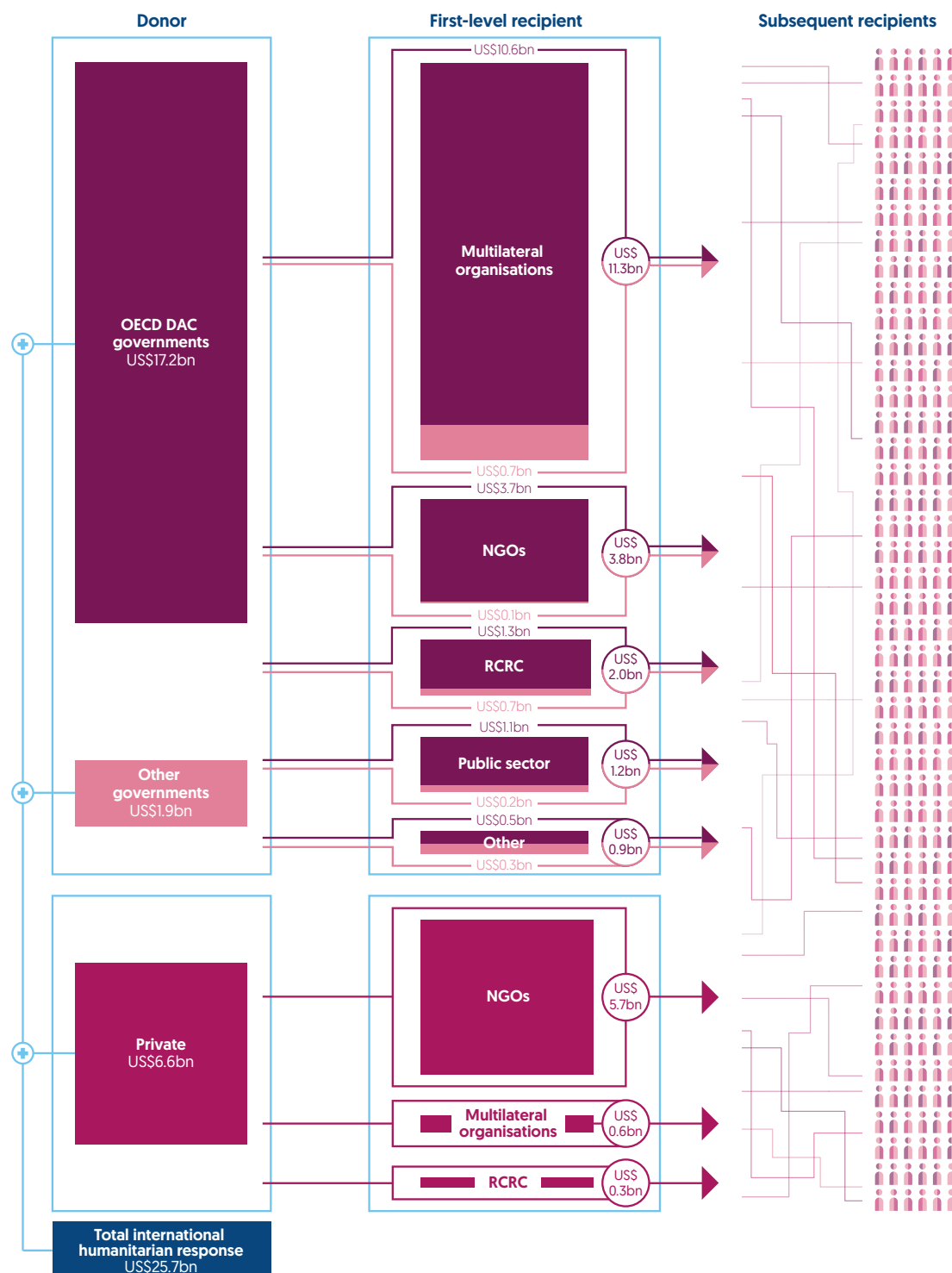
Direct humanitarian assistance to NGOs increased by almost a third (31%) in 2015 – from US\$7.3 billion in 2014 up to US\$9.5 billion. The majority of this (60%) came from private donors. NGOs are by far the preferred channel for private funding, receiving 87% (US\$5.7 billion) of all funding from non-state donors in 2015. Private donors generally channel much less funding through UN agencies – only 9% (US\$573 million) in 2015 was directed in this way, similar to the proportion in 2014.

Funding channelled to the RCRC also increased in 2015 – up 21% from the previous year to US\$2.3 billion. This was almost entirely due to an increase in funding for the RCRC from the United Arab Emirates.

The data shown in Figure 5.1 only captures the initial transaction between donor and the first recipient of funding. Comprehensive data on volumes of funding subsequently channelled to other organisations or ‘implementing partners’ is not currently available. Understanding how much funding is passed on, and the complexity of tracing the transaction chains between donors and recipients, is covered later in this chapter (see *Traceability of funding*, page 76).

Figure 5.1

Funding channels of international humanitarian assistance, 2015



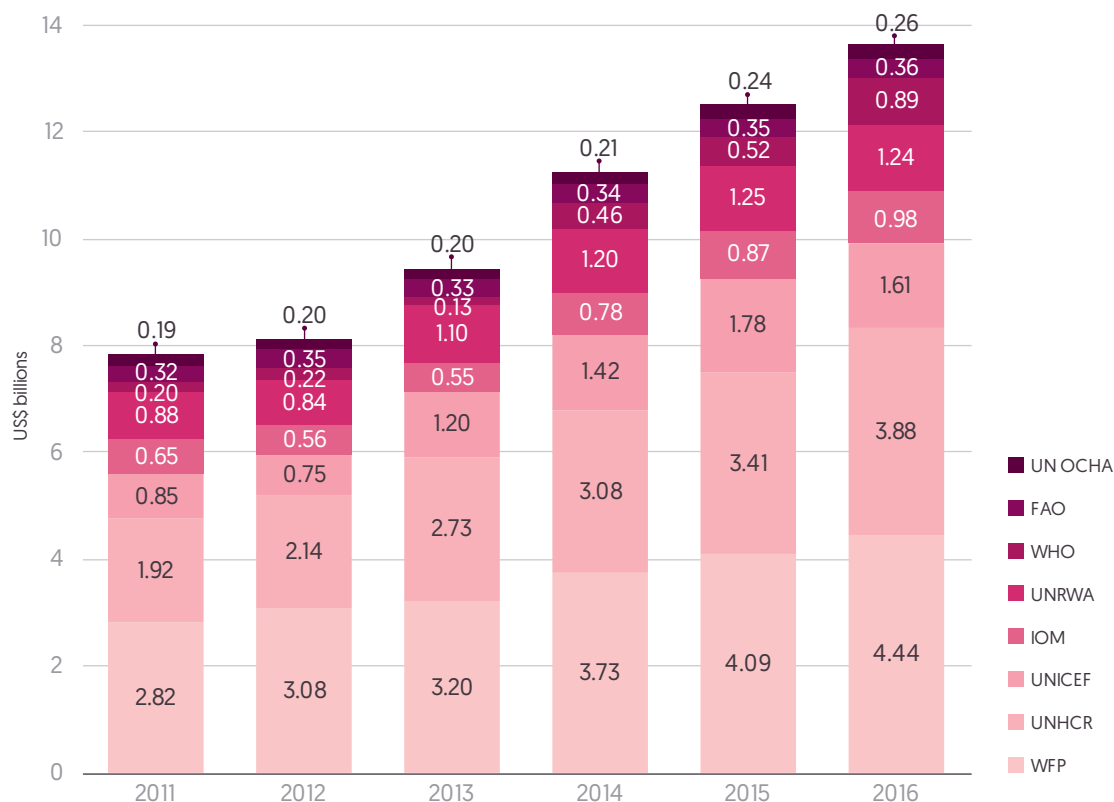
Source: Development Initiatives based on Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), UN Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service (FTS) and UN Central Emergency Response Fund (CERF) data and Development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

Notes: RCRC: International Red Cross and Red Crescent Movement. First-level recipient data from government donors and EU institutions uses OECD DAC Creditor Reporting System (CRS), UN CERF and UN OCHA FTS data. Calculations for total humanitarian assistance from OECD DAC donors use data from OECD DAC Tables 1, 2a and 'Members' total use of the multilateral system', so totals may differ. 'Public sector' refers both to the OECD definition and reporting to the FTS. OECD DAC CRS codes 'other', 'to be defined' and 'public-private partnerships' are merged to 'other'. Private funding figures use our unique dataset on private contributions for humanitarian assistance. This figure cannot be cross referenced with Figure 5.4, which uses data from UN OCHA FTS only. The data used in Figures 2.4 and 2.5 refers primarily to emergency appeals, rather than a broader spectrum of programmatic work, and is sourced bilaterally from IFRC and ICRC reports. It therefore differs from data reported to OECD DAC and UN FTS.

Funding to UN agencies

Figure 5.2

International humanitarian assistance and humanitarian-related contributions to eight UN agencies, 2011–2016



Source: Development Initiatives based on annual reports and data provided bilaterally by UN agencies.

Notes: The calculation comprises earmarked and unearmarked humanitarian assistance and humanitarian-related contributions given to Food and Agricultural Organization (FAO), International Organisation for Migration (IOM), UN OCHA, UNHCR, UNICEF, UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), World Food Programme (WFP) and World Health Organization (WHO). WFP figures represent total allocations to humanitarian operations as funding cannot be disaggregated by humanitarian and non-humanitarian contributions; further funding may be in the pipeline, but not yet recorded against humanitarian programmes. 2016 data for all agencies is preliminary and may be revised. The data used in this analysis differs from data used in Figure 5.1. Data is in constant 2015 prices.

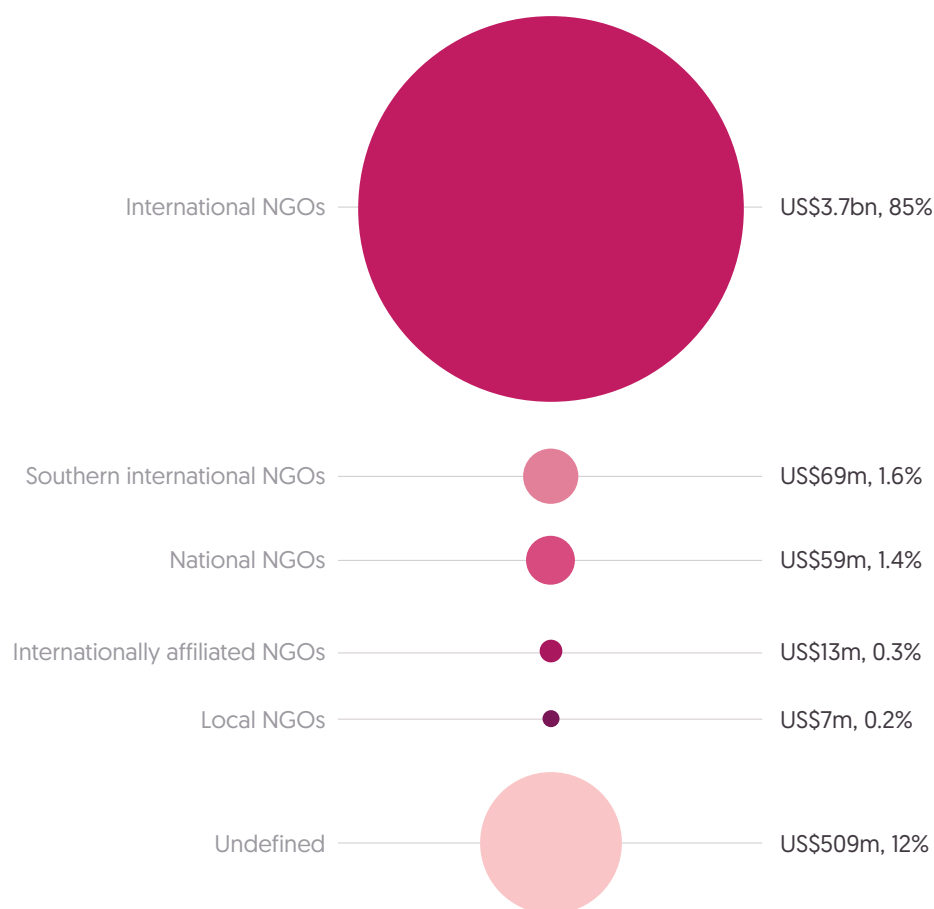
The largest share of international humanitarian assistance is channelled in the first instance through UN agencies (see previous section). A number of UN agencies have a key role in delivering and coordinating international humanitarian action including World Food Programme (WFP), UN High Commissioner for Refugees (UNHCR), UNICEF, the International Organisation for Migration (IOM),² the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), the World Health Organization (WHO), the Food and Agricultural Organization (FAO) and UN OCHA. In 2016, these eight organisations received US\$13.7 billion of humanitarian funding – an increase of 9% on the amount they received the previous year (see Figure 5.2).

Within the group of eight, WFP received the largest volume of humanitarian funding in 2016 (US\$4.4 billion, 32% of the total), followed by UNHCR (US\$3.9 billion, 28%) and UNICEF (US\$1.6 billion, 12%). The most notable increases in humanitarian funding over the six years between 2011 and 2016 were for WHO, with a more than four-fold (341%) increase up to US\$0.9 billion in 2016; UNHCR, with an approximate doubling of humanitarian contributions (increase of 102%); and UNICEF (increase of 89%). However, UNICEF was the only one of the eight agencies to show a notable decrease in funding in 2016 after a peak the previous year.

Direct funding to NGOs

Figure 5.3

International humanitarian assistance channelled directly to NGOs, by category, 2016



Source: Development Initiatives based on UN OCHA FTS data.

Notes: Figure shows humanitarian assistance to each category of non-governmental organisation (NGO) as a percentage of the total humanitarian assistance channelled through NGOs; it does not show funding channelled to categories of NGOs as a percentage of total international humanitarian assistance. Circles are scaled by percentage. For definitions of different NGO types and details of our methodology, see *Methodology and definitions*. Data is in current prices.

International humanitarian funding channelled through NGOs increased by almost a third in 2015 to US\$9.5 billion [see Figure 5.1]. This follows annual increases to NGO funding in the previous two years.

Analysis of FTS data shows that the vast majority [85%] of funding for NGOs in 2016 went to international NGOs (INGOs) [see Figure 5.3]. Of this, over half [53%] went to the largest ten recipients, and more than a third [36%] to the largest five recipients. Other types of NGOs received much less: southern international NGOs received 1.6% of the NGO total, and local and national NGOs combined received just 1.5%.

Funding for local and national responders

The primary responders in crisis situations are often local and national, but they only receive a small proportion of international humanitarian assistance directly. 'Localisation' was a strong theme throughout the World Humanitarian Summit (WHS) and has maintained momentum since through several processes and commitments.³ Most notably, the Grand Bargain calls for a global, aggregated target of at least 25% of humanitarian funding to go to local and national actors "as directly as possible" by 2020.⁴

Discussions since the WHS have focused on agreeing common definitions of local and national responders. Work is also underway to assess the feasibility of tracking direct and indirect funding to local and national organisations, including through the application of a 'localisation marker'.⁵

Applying a set of definitions of local and national responders that are still under discussion (see *Methodology and definitions*),⁶ and using data reported to UN OCHA's FTS, shows that local and national responders directly received 2% (US\$445 million) of international humanitarian assistance in 2016. This includes funding to local and national governments, local and national NGOs, RCRC National Societies and local and national private sector organisations.

Of these categories, the majority (81% or US\$359 million) went to national governments, representing 1.6% of total international humanitarian assistance reported to the FTS (see Figure 5.4) – more than half of which (59%) went to Yemen. Considerably more humanitarian funding may have been channelled to governments in 2016 that was not reported to the FTS.

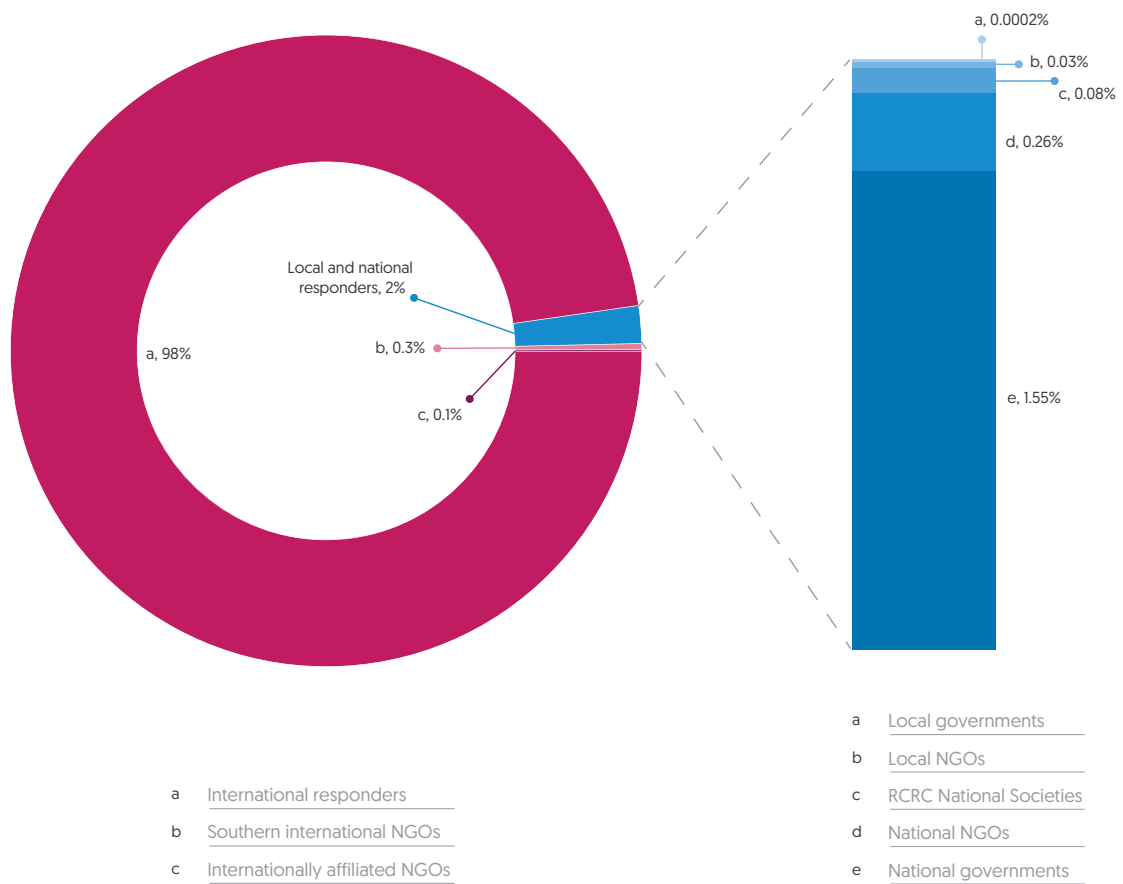
RCRC National Societies – those based in and operating within their own aid recipient countries – received 0.1% (US\$20 million) of the overall amount and 4% of the local and national responders' total. No direct funding to local and national private sector organisations was reported in 2016.

Local and national NGOs combined – critical actors in shifting the centre of gravity for humanitarian action – directly received 0.3% (US\$66 million) of total FTS-reported assistance, and 15% of the total going to national and local responders. Figure 5.3 shows how much funding local and national NGOs received of the reported total given directly to all NGOs.

We know that more funding reached local and national actors than the amounts reported to the FTS, and that local actors received considerably more indirect support, as partners and recipients of funding from international organisations (see *Traceability of funding*, page 76). Nevertheless, it is clear that global targets are a long way from being met. Nor can volumes of funding be a sole measure of progress on localisation; other aspects are also critical, including increasing the quality of funding, building more equitable partnerships and strengthening national capacities.⁷ Shared definitions of local and national responders, as well as a means of tracking their access to resources, are, however, important first steps in holding international donors and agencies to account.

Figure 5.4

Direct funding to local and national responders reported to UN OCHA FTS, 2016



Source: Development Initiatives based on UN OCHA FTS data.

Notes: RCRC: Red Cross and Red Crescent. Government authorities in Greece, Bulgaria and Bahamas are counted as national responders since they received international humanitarian assistance in 2016. RCRC National Societies that received international humanitarian assistance to respond to domestic crises are included. For organisation coding methodology, see *Methodology and definitions*.

Traceability of funding

While a small proportion of all international humanitarian assistance is provided directly to local and national actors [see previous section], we know that significantly more reaches them indirectly. Tracing that funding is an important part of improving humanitarian action – ensuring that assistance reaches people in need through those best placed to deliver it as quickly and efficiently as possible.

INGOs that signed up to the Charter for Change⁸ agreed to pass at least 20% of their humanitarian funding to southern-based NGOs by May 2018. A subset of the 29 Charter for Change organisations have already begun tracing their onward funding to monitor progress. Preliminary analysis of the data shows that many have already surpassed the target, with several reporting the onward transfer of between 60% to 87% of funding received to local and national NGOs. Others are still striving to reach the 20% goal.⁹

One early conclusion of Charter for Change monitoring is that tracking the onward funding to local actors is challenging – even more so when organisations use different definitions,¹⁰ financial systems and norms. Recent revisions to FTS now make it technically possible to track both incoming and outgoing funding flows and follow funding through the chain. However, a critical mass of reporting on indirect funding is needed before this can yield a full picture, and existing data must therefore be supplemented through exercises like the one conducted by Charter for Change.

Our own analysis of data gathered from several national organisations traces funding upwards from those delivering assistance on the ground [see two example organisations¹¹ featured in Figure 5.5]. This provides a sense of the overall picture of the funding going to those organisations and the route it takes before reaching them.

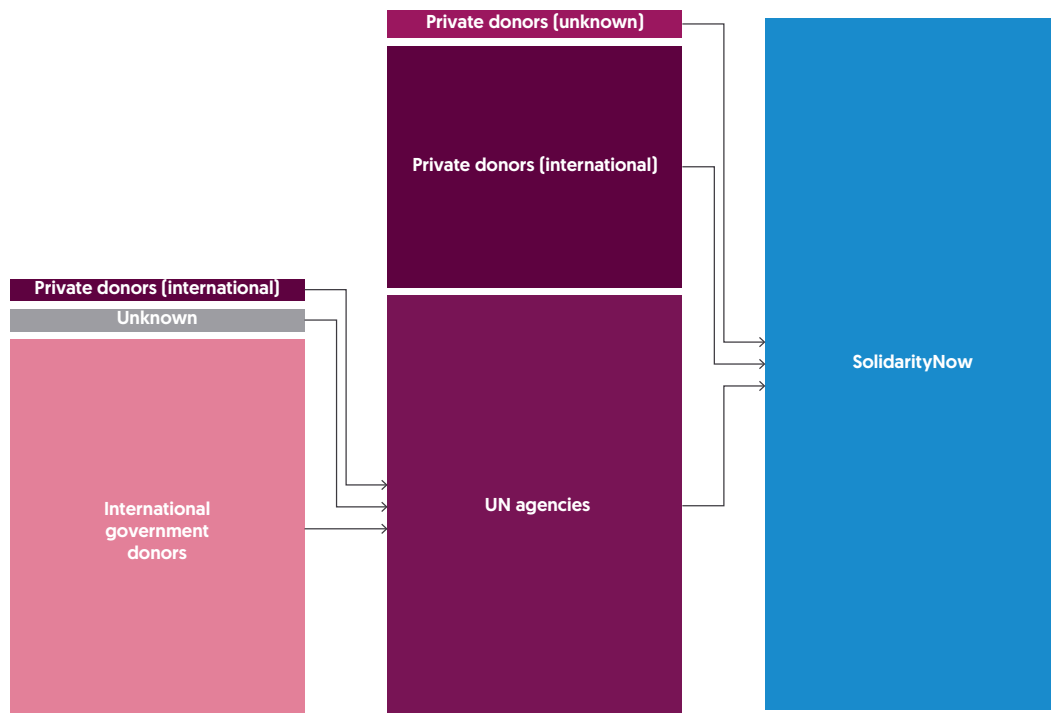
The data shows significant differences in their sources of funding and their reliance on international donors. Private donors appeared to play an important role for these organisations, in one instance accounting for almost half of total funding. A surprisingly high proportion of funding was provided directly by the original donor or funding source. Of their remaining [indirect] income, the majority involved just one ‘link’ in the transaction chain – almost always provided via an INGO, UN agency or pooled fund.

The data for these two agencies is clearly not representative of all national NGOs, nor are the findings specific to humanitarian action, since the participating organisations also cover broader portfolios, including development and peacebuilding activities. But the exercise does begin to show what can be learned from further detailed research. This will be critical to compare the efficiency and effectiveness of different funding models and approaches, including how long it takes for funding to reach local and national organisations, the costs associated with each transaction, the extent of resource mobilisation from national sources, as well as the terms and potential benefits of partnerships and sub-granting arrangements.

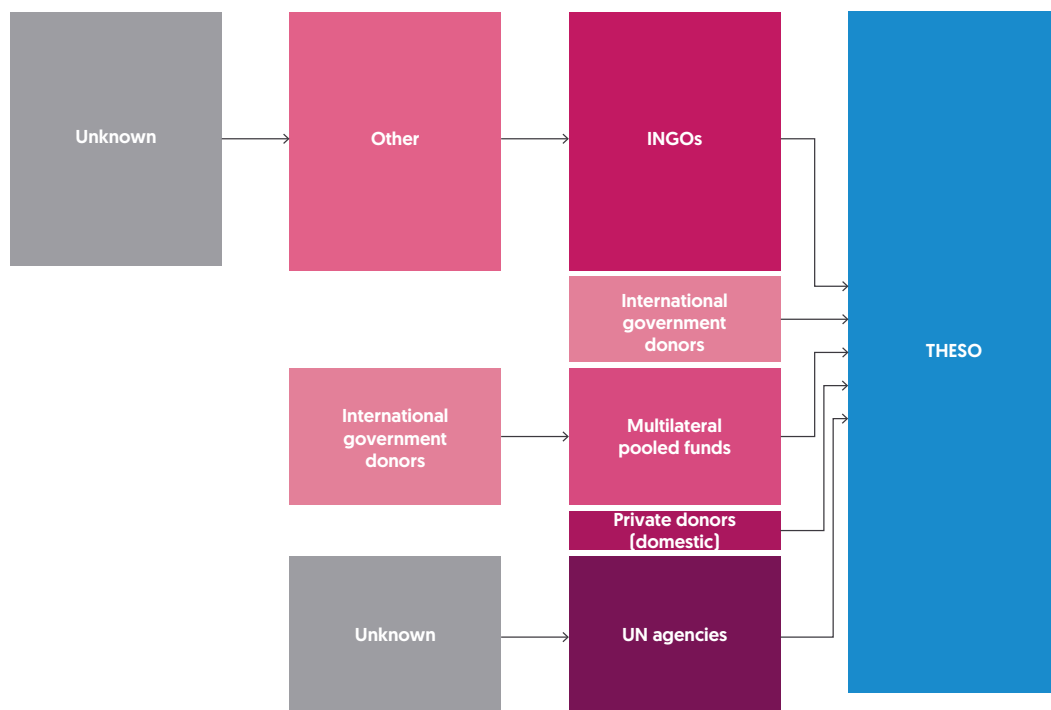
Figure 5.5

Tracing the funding sources of two national NGOs, 2016

SolidarityNow



THESO



Source: Development Initiatives based on publicly available data and data provided by SolidarityNow, The Health Support Organisation (THESO) and their donors.

Notes: International government includes EU institutions. Pooled funds that are hosted by a particular donor or agency are categorised as multilateral pooled funds. For organisation coding methodology, see *Methodology and definitions*. For THESO, 'Other' includes funding from the Japan Platform Foundation, whose funding sources are the Japanese government and private donors. However, we were unable to determine the precise contributions of each.

Pooled funding

Humanitarian pooled funds can offer relatively rapid access to flexible funding and complement bilateral funding models by directing funding to common response strategies, such as UN-coordinated humanitarian response plans.¹² They include both global and country-based funds, and UN as well as NGO-led funds.

Funding channelled through UN-managed pooled funds – the Central Emergency Response Fund (CERF) and country-based pooled funds (CBPFs) – has almost doubled over the past decade, reaching US\$1.2 billion in 2016 (see Figure 5.6). This is largely driven by an increase in funding for the CBPFs, of which there were 18 in 2016.¹³ They collectively received US\$755 million in 2016, increasing their share of UN-managed pooled funding from 45% in 2007 to 64% in 2016. Funding to the CERF also increased to its highest level yet of US\$432 million¹⁴ in 2016.¹⁵

Some government donors consistently support the UN-managed pooled funds. Between 2012 and 2016, five donors (the United Kingdom, Sweden, the Netherlands, Norway and Germany) provided three-quarters of all contributions.

A small group of crises receive the largest volumes of funding from the UN-managed pooled funds. Between 2012 and 2016, 44% of pooled funding from the CERF and CBPFs combined went to five countries: South Sudan (US\$603 million), Sudan (US\$416 million), Democratic Republic of the Congo (US\$383 million), Syria (US\$290 million) and Ethiopia (US\$264 million). Syria is a relative newcomer to the list with a 470% increase in funding for the Syria Humanitarian Fund from 2015 to 2016.

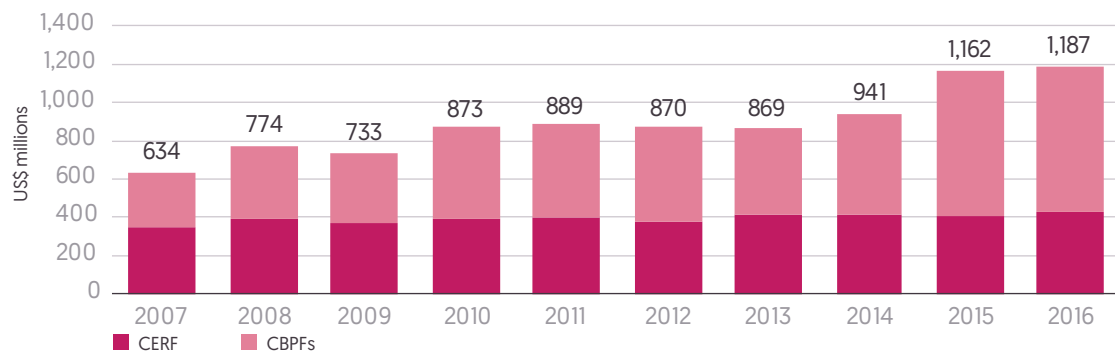
Calls for more localised humanitarian action (*Funding for local and national responders*, page 74) have increased attention on how pooled funding reaches people affected by crisis. The CERF only provides direct grants to UN agencies, but that funding can be subsequently sub-granted to non-UN partners for project implementation. In 2015, 51% of CERF funding was used for procurement of relief supplies by UN agencies, 23% for projects directly implemented by UN agencies, and 26% for projects implemented by others (see Figure 5.7).¹⁶ UNICEF sub-granted the largest amount of its CERF funding to second-level recipients (US\$48 million, 42% of the total received), followed by the UN High Commissioner for Refugees (US\$28 million, 40%) and the WFP (US\$21 million, 13%).

Unlike the CERF, the CBPFs can directly fund NGOs. Figure 5.8 shows that volumes of CBPF funding to NGOs and their share of total allocations increased from US\$196 million (51% of the total) in 2014 to US\$412 million (61%) in 2016. Just less than three-quarters of this was provided to INGOs in 2016, and around a quarter to national and local NGOs.

NGOs also lead a small number of global and national pooled funds. By March 2017, the Start Fund had responded to 100 crises, with rapid financing to fill funding gaps for small and medium-scale emergencies.¹⁷ In early 2017, the Start Fund opened a crisis anticipation window, using forecasting to inform proactive funding; and a new national Start Fund was established in Bangladesh.¹⁸ The NEAR (Network for Empowered Aid Response) is also exploring country-based pooled funding mechanisms as a way of investing in national and local capacities.¹⁹

Figure 5.6

Total funding to UN-managed humanitarian pooled funds, 2007–2016

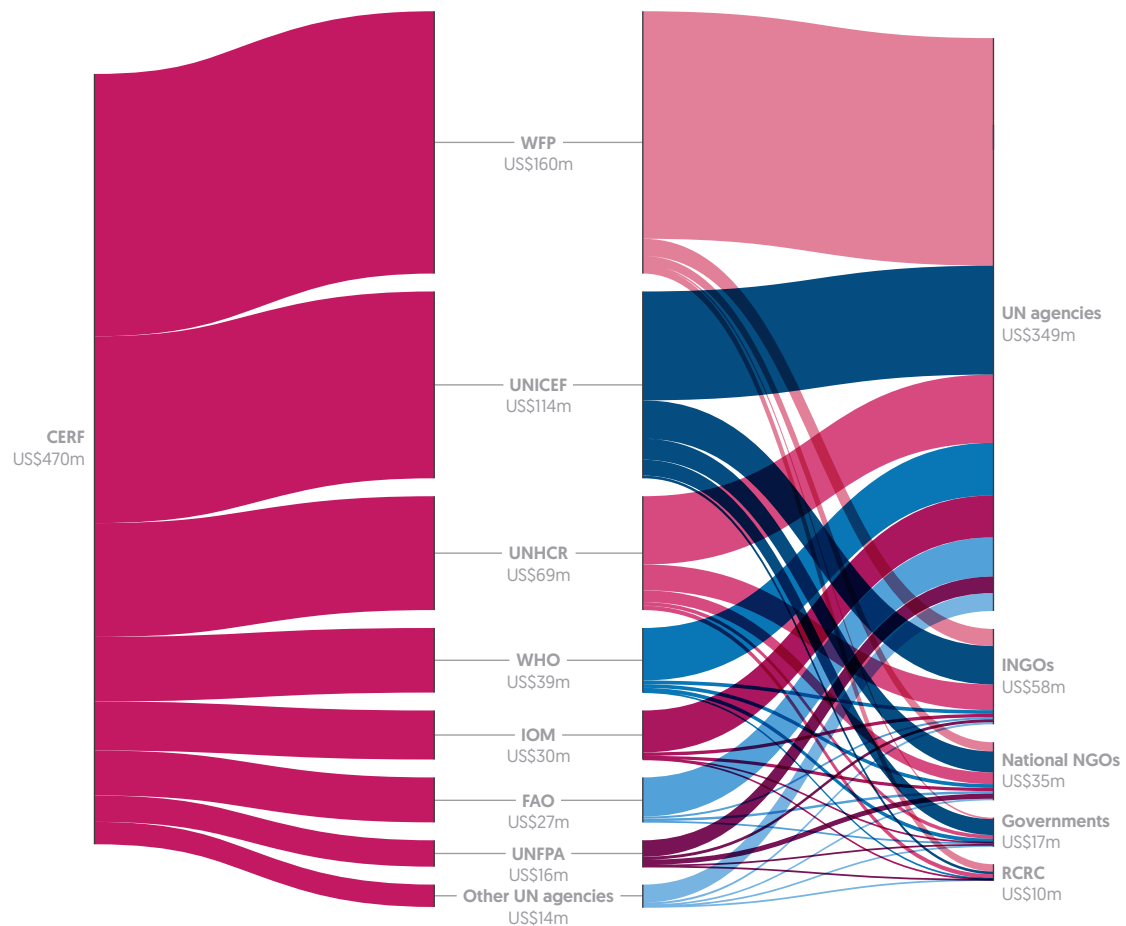


Source: Development Initiatives based on UN OCHA FTS and UN CERF data.

Notes: CBPF: country-based pooled funds – including emergency response funds and common humanitarian funds. Annual figures include carry-over from the previous year. Data is in constant 2015 prices.

Figure 5.7

First- and second-level recipients of CERF funding, 2015



Source: Development Initiatives based on UN CERF data.

Notes: INGO: international non-governmental organisation. RCRC: International Red Cross Red Crescent Movement. UN agencies include: Food and Agriculture Organization (FAO), International Organization for Migration (IOM), UNHCR, UNICEF, UN Population Fund (UNFPA), World Food Programme (WFP) and World Health Organization (WHO). 'Other UN agencies' includes: UN Development Programme, UN Office for Project Services, UN Relief and Works Agency for Palestine Refugees in the Near East, UN Women. The UN agencies' own classification of organisations, collated by CERF, is used for this analysis and differs from DI's methodology used in Figures 5.3 and 5.4. Data is in current prices.

Figure 5.8

UN-managed humanitarian country-based pooled funding by recipient type, 2012–2016



Source: Development Initiatives based on UN OCHA's FTS data and Country-based pooled fund (CBPF) Grant Management System. Notes: RCRC: International Red Cross and Red Crescent Movement. 'Other' includes: think tanks, academic and research institutions; national governments; foundations; unspecified organisations. Coding of organisations in receipt of funding from Turkey CBPF in 2016 is based on definitions used by CBPF Grant Management System. 'UN agencies and other multilateral organisations' includes the International Organization for Migration, which became a UN organisation in 2016. Data is in constant 2015 prices.

Unearmarked funding

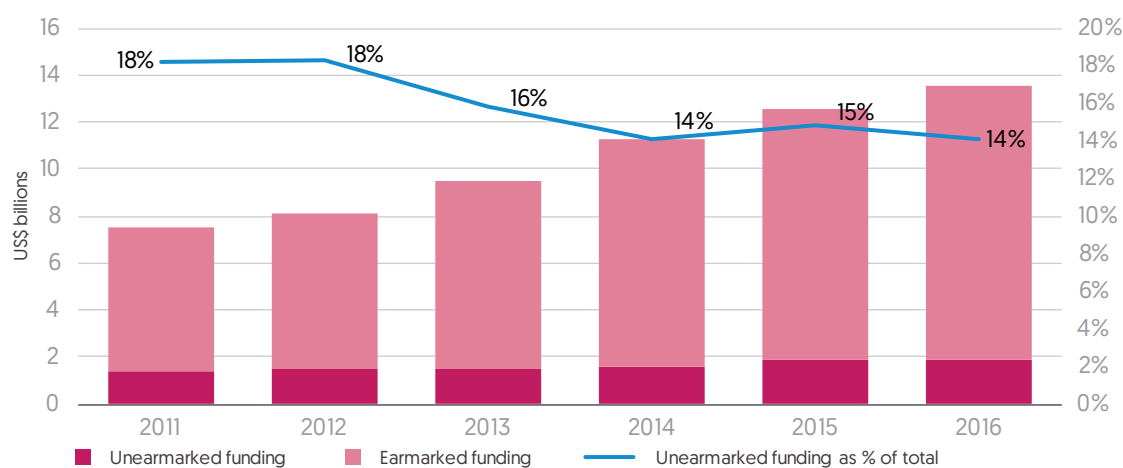
Unearmarked funding – funding without conditions on how the resources may be spent – provides humanitarian organisations with greater flexibility to respond to identified needs, and offers stability for longer-term programming and administration.²⁰ The 2003 Good Humanitarian Donorship principles include efforts to ensure the predictability and flexibility of funding, and explore the possibility of reduced earmarking.²¹ More recently, the Grand Bargain specifies a global target of 30% of humanitarian contributions to be unearmarked or 'softly earmarked'²² by 2020.²³

Self-reported data from eight UN organisations – UN OCHA, UNHCR, UNRWA, WFP, UNICEF, FAO, IOM and WHO – suggests that 14% (US\$1.9 billion) of the total humanitarian funding they received in 2016 was unearmarked according to their own definitions (see Figure 5.9). This represented an increase of US\$36,000 on the unearmarked funding they received in 2015, and a 33% increase on the amount received in 2011. However, a corresponding rise in the total volume of funding provided to these agencies, particularly in the form of earmarked contributions, has driven down the share of unearmarked funding from a high of 18% in 2011 and 2012, and resulted in a relative stagnation in the proportion of flexible funding received since 2014.²⁴

Some UN organisations received a higher proportion of unearmarked funding than others. UNRWA reported receiving the highest ratio of unearmarked funding in the group, at 59% of total funding received during the period 2011 to 2016; while FAO and IOM received the least, reporting that less than 2% of their total respective humanitarian funding was given in the form of unearmarked contributions.

There are challenges for donors in providing increased flexible funding – not least a lack of clarity around how unearmarked resources are allocated, and less visibility in relation to the funding that they provide.²⁵ Greater transparency, regular information sharing, and giving credit to donors that provide unearmarked funding could all act as incentives to increase the provision of flexible funding in the future.²⁶

Figure 5.9
Earmarked and unearmarked international humanitarian assistance and humanitarian-related contributions to eight UN agencies, 2011–2016



Source: Development Initiatives based on annual reports and data provided bilaterally by UN agencies.

Notes: The calculation comprises earmarked and unearmarked humanitarian assistance and humanitarian-related contributions given to UN OCHA, UNHCR, UN Relief and Works Agency for Palestinian Refugees in the Near East, World Food Programme, UNICEF, Food and Agricultural Organization (FAO), International Organisation for Migration (IOM) and World Health Organization. The data used in this analysis differs from data used in Figure 5.1. WFP figures represent total allocations to humanitarian operations as funding cannot be disaggregated by humanitarian and non-humanitarian contributions; further funding may be in the pipeline, but not yet recorded against humanitarian programmes. FAO data for 2011 and IOM data for 2016 are captured entirely as earmarked since a breakdown of earmarked and unearmarked funding is not available for those years. 2016 data for all agencies is preliminary and may be revised. Data is in constant 2015 prices.

Cash-based programming

It is now well accepted that giving people cash in crisis situations provides greater choice and dignity and generates efficiency gains in the humanitarian system.²⁷ In 2015, the High Level Panel on Humanitarian Cash Transfers recommended a scaling up of cash transfers and urged humanitarian donors and implementing organisations to systematically ask ‘why not cash?’.²⁸ Subsequently, the Grand Bargain committed signatories to increase the routine use of cash where possible and appropriate.²⁹

To establish a baseline against which to measure this progress, we estimate that approximately US\$2.0 billion was spent on cash-based programmes in 2015.³⁰ UN agencies’ programmes accounted for over two-thirds of this, with expenditure of almost US\$1.4 billion. While full data is not yet available, funding for cash is likely to have increased in 2016. UNHCR augmented its spending on cash-based programmes by more than 100% between 2015 and 2016 and WFP by around 29%.

Cash-based programming is a generic term used to describe interventions which deliver humanitarian assistance to beneficiaries in the form of cash transfers or vouchers.³¹ In 2015, as Figure 5.10 shows, UN agencies delivered around 55% of their cash-based programmes in the form of vouchers.³² Conversely, NGOs and the RCRC movement favoured cash over vouchers, with 86% of NGO cash-based programming and 96% of RCRC programming delivered as cash in 2015.

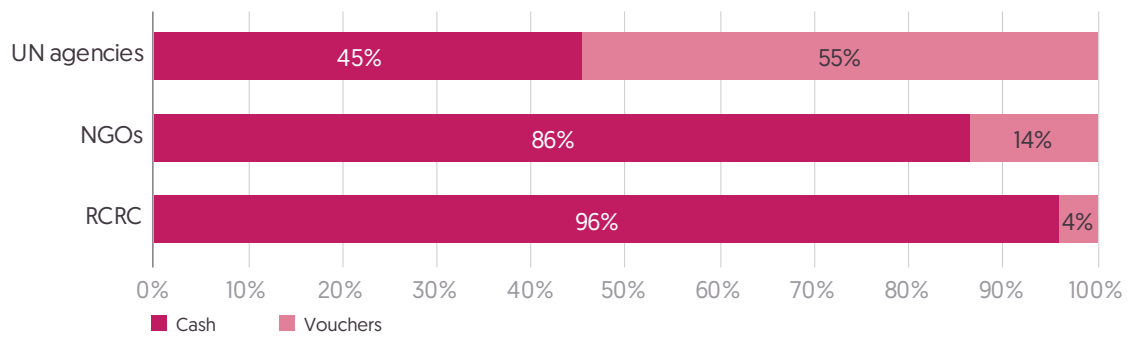
Conditionality in cash-based programming refers to qualifying conditions that a beneficiary must fulfil in order to receive either cash or vouchers.³³ In humanitarian contexts, this may, for example, take the form of ‘cash for work’ initiatives. Based on available data, our analysis suggests that most transfers (84%) were provided unconditionally in 2015.³⁴

Cash-based programming is becoming more common across a range of different crisis country settings (see Figure 5.11). The largest 10 country recipients of cash-based programming accounted for 90% of the total spend in 2015, compared with just over three-quarters (77%) in 2016. According to our analysis of FTS data, Yemen received 33% of all spending on cash-based programming in 2016, making it the largest recipient. Other countries that had not previously received significant amounts of funding for cash-based programming appeared in the group of 10 largest recipients of funding for cash in 2016. These included Iraq and Greece, as well as Malawi in response to El Niño-induced drought.

There is currently no single, systematic means of tracking financial investments in cash-based programming.³⁵ As spending on cash scales up, there is clear need for a common approach using comparable terminology and data. This includes agreeing a basic set of reporting categories for spending on cash, as well as consensus on what to count – the value transferred to beneficiaries only, or overall expenditure including associated programme and core costs. Subsequently, commitments from all relevant actors to systematically report their spending on cash will help strengthen the evidence base in this area.

Figure 5.10

Type of cash-based programming by organisation type, 2015

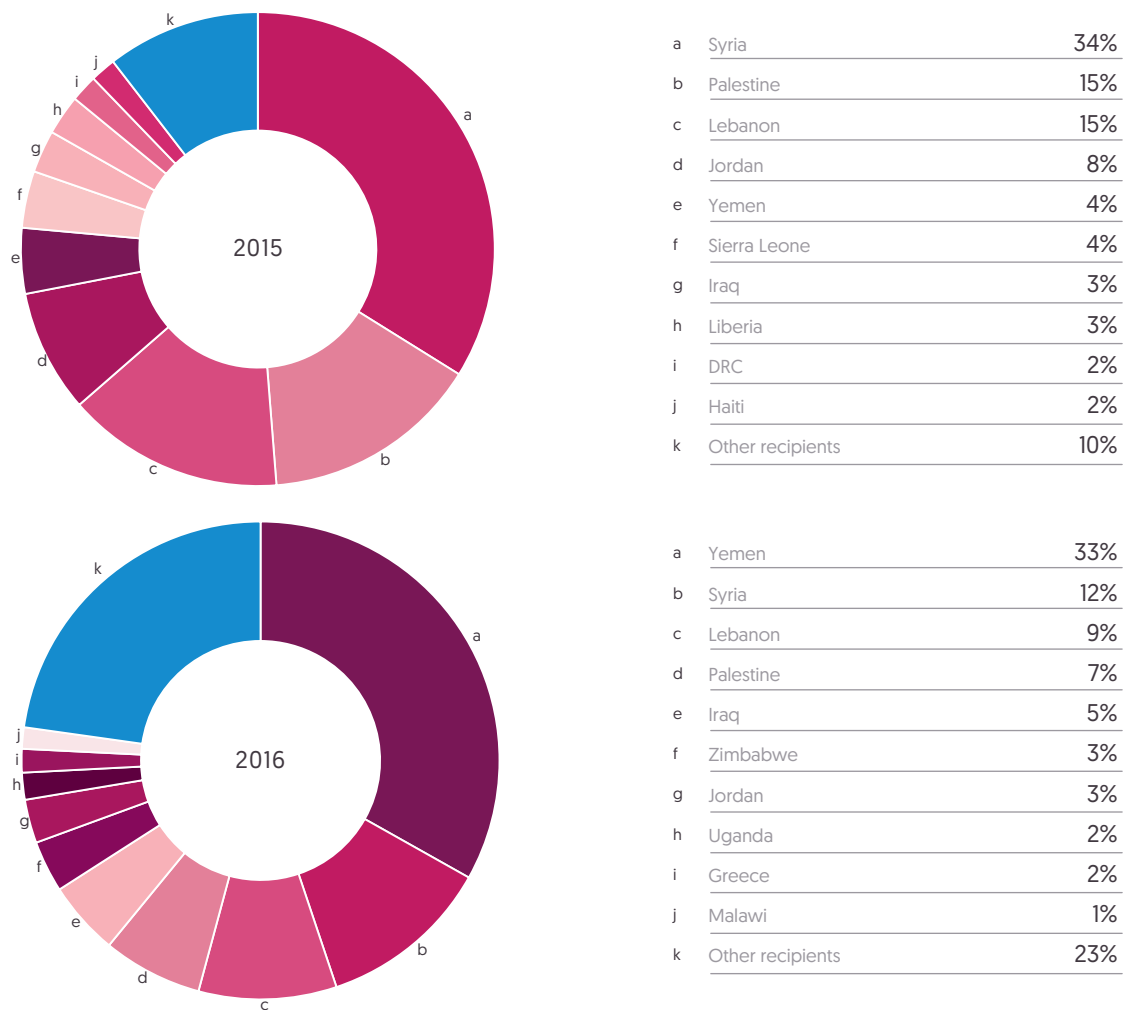


Source: Development Initiatives based on data supplied by agencies operating cash and voucher programmes.

Notes: RCRC: International Red Cross and Red Crescent Movement. This data is partial and only represents organisations where an accurate breakdown is possible. UN agency funding includes data from the World Food Programme and UNHCR only. This figure excludes a US\$3 million contribution directly implemented by a government agency. This analysis was initially published in a Development Initiatives/Overseas Development Institute report,³⁶ but has been supplemented with additional data and subsequently amended.

Figure 5.11

Ten countries receiving the most funding for humanitarian cash-based programming, 2015 and 2016



Source: Development Initiatives based on UN OCHA FTS data.

Notes: DRC: Democratic Republic of the Congo. This does not include analysis on projects reported as containing a partial cash element. This analysis was initially published in a Development Initiatives/Overseas Development Institute report³⁷ but has been supplemented with additional data and subsequently amended.

Transparency

Better information and more transparency can improve the way that all actors prepare for and address the causes and consequences of conflicts and disasters. A fuller and more contextualised understanding of the needs and circumstances of people affected by crises should in turn inform a more appropriate response [see Chapter 1]. More accurate estimates of the amount of funding available [see Chapter 2] and how it gets to people affected by crisis [see Chapters 3, 4 and 5] can reveal deficits and inefficiencies, while highlighting opportunities for more effective and collaborative ways of generating and combining funding.

Calls for greater financial transparency increased in the run-up to the WHS and have generated further traction since. The first of the 10 Grand Bargain commitment areas focuses on greater transparency. And transparency, in the form of better reporting and sharing of information, is also needed to track progress on a number of other Grand Bargain commitment areas, including localisation, multi-year funding, earmarking and cash.

Within the Grand Bargain, aid organisations and donors have committed to publish timely, transparent, harmonised and open high-quality data on humanitarian financing, using the International Aid Transparency Initiative (IATI) as the basis for a common standard.³⁸ Signatories also committed to better use of data and supporting the capacity of all partners to publish and access information.

Over three-quarters of the organisations that signed up to the Grand Bargain (37 out of 51 organisations or their members or affiliates) are already publishing some data to the IATI Standard, and over 60% (31 organisations or their members or affiliates) are publishing humanitarian data.³⁹ A recent survey of Grand Bargain organisations found that the three most frequently cited benefits of publishing humanitarian data to the IATI Standard were improved transparency and monitoring within organisations, better accountability to partners, and more effective external communication on the impact of their work.⁴⁰

There are recognised constraints, however. In the same survey, organisations raised concerns about data privacy and security issues, inadequate IT systems and human resources for effective publishing, and the need for further improvements to the IATI Standard to ensure that it meets the needs of the humanitarian community.⁴¹ Grand Bargain signatories will work together with the support of external partners in the coming months and years to overcome these challenges.

Beyond IATI, there are other developments that will support greater transparency of humanitarian financing. Earlier in 2017, the FTS platform was renewed to allow more effective reporting on a number of key areas. Other initiatives include the establishment of the Humanitarian Data Centre in the Hague, the Netherlands, during 2017, which aims to provide data services, encourage better data sharing, and build data literacy in the humanitarian community;⁴² as well as work on joined-up data standards [see Chapter 1] to make data from different providers more interoperable and comparable.⁴³ With sufficient coordination and commitment behind them, all of these initiatives have the potential to ensure that better data informs a better response to tomorrow's crises.

chapter 5

- 1 Grand Bargain signatories, 2016. *The Grand Bargain – A Shared Commitment to Better Serve People in Need*. Available at: <http://www.agendaforhumanity.org/initiatives/3861>
- 2 IOM became a related organisation of the UN in 2016 following the adoption of a UN General Assembly resolution. Before that, it was referred to as an intergovernmental organisation. See: <https://www.iom.int/news/iom-becomes-related-organization-un>
- 3 Localisation processes include: the Charter for Change with a set of commitments by international NGOs to enable a more locally-led response [see: <https://charter4change.org>]; the Urban Crisis Charter, which prioritises local municipal leadership [Global Alliance for Urban Crises, 2016. Urban Crises Charter. see: <https://unhabitat.org/wp-content/uploads/2016/05/Global-Alliance-for-Urban-Crises-Charter-for-WHS-Final.pdf>]; and the Grand Bargain, which commits aid organisations and donors to provide more support and funding to local and national responders [see note 1].
- 4 See note 1.
- 5 See note 1; Inter-Agency Standing Committee Humanitarian Financing Task Team (Poole, L), 2017. *Development of a localisation marker: Conclusions and recommendations*. Not available online.
- 6 National and local responders include: national and local NGOs; national and local governments; International Red Cross and Red Crescent Movement National Societies based in and operating in their own aid recipient countries; and local and national private sector organisations.
- 7 See: <https://charter4change.org>
- 8 Charter for Change is a framework agreed by a number of INGOs to change the way that the humanitarian system operates to enable more locally-led responses, see: <https://charter4change.org>
- 9 Charter for Change organisations shared preliminary data with Development Initiatives for this report. A fuller dataset is being compiled and the findings will be shared in the Charter for Change 2017 progress report, available at: <https://charter4change.org>
- 10 Some Charter for Change organisations had delayed upgrading their own internal financial tracking systems until common definitions of local and national responders had been endorsed by the Grand Bargain signatories and integrated in common reporting systems and standards.
- 11 Several NGOs provided data for this research. Those featured in Figure 5.5 are: The Health Support Organisation (THESO) in South Sudan, which provides emergency reproductive health services and disease surveillance and response, see: <https://theso.org/south-sudan>; and SolidarityNow, working with vulnerable populations in Greece, including refugees and asylum seekers, see <https://www.solidaritynow.org/en>
- 12 UN CERF, 2016. *CERF and the Grand Bargain*. Available at: <http://www.unocha.org/cerf/sites/default/files/CERF/CERF%20and%20the%20Grand%20Bargain.pdf>
- 13 UN OCHA, 2017. *About Country-Based Pooled Funds*. Available at: http://reliefweb.int/sites/reliefweb.int/files/resources/CBPF%20Factsheet%20March%202017_EN.pdf
- 14 Figures are deflated in constant 2015 prices and therefore differ from CERF's own data in current prices. According to data in current prices, CERF received its largest volume of contributions in 2013 (US\$480 million), US\$54 million higher than in 2016 when it received US\$426 million.
- 15 In addition to regular grant allocations, CERF funding can also be provided in loan form. This can cover situations when an organisation has received confirmation of funding, but the transfer of funds is delayed. Since 2006, 26 CERF loans have been approved totalling US\$228 million.
- 16 See forthcoming paper on 2015 CERF partnerships.
- 17 For more information on the Start Network and the Start Fund see: <https://startnetwork.org/start-fund>
- 18 Start Network, 2017. Blog: *First Start Network national fund is 'exciting moment' for humanitarian system*. Available at: <https://startnetwork.org/news-and-blogs/start-fund-bangladesh-ready-respond-country-crisis>
- 19 For more information see: <http://www.near.ngo/what-we-do>
- 20 Sida Helpdesk on Human Security and Humanitarian Assistance (Poole, L, Mowjee, T), 2017. Grand Bargain Workstream on Reducing Earmarking. Not available online.
- 21 Good Humanitarian Donorship, 23 Principles and Good Practice of Humanitarian Donorship [refers to Good Practices in Donor Financing, Management and Accountability, numbers 12 and 13]. Available at: <https://www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html>

- 19 For more information see: <http://www.near.ngo/what-we-do>
- 20 Sida Helpdesk on Human Security and Humanitarian Assistance (Poole, L, Mowjee, T), 2017. Grand Bargain Workstream on Reducing Earmarking. Not available online.
- 21 Good Humanitarian Donorship, 23 Principles and Good Practice of Humanitarian Donorship (refers to Good Practices in Donor Financing, Management and Accountability, numbers 12 and 13). Available at: <https://www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html>
- 22 The Grand Bargain specifies varying degrees of earmarking, ranging from: fully flexible core contributions (unearmarked); core contributions with limitations (softly earmarked); funding directed to an organisation's country operations or a specific objective/target (earmarked); to funding tied to specific projects, geographic areas or thematic priorities (tightly earmarked). See note 1.
- 23 See note 1.
- 24 Anticipated voluntary contributions to the operational part of the budget are used for IOM in 2016 as annual report data was not available at the time of analysis.
- 25 Sida Helpdesk on Human Security and Humanitarian Assistance (Poole, L, Mowjee, T), 2017. Grand Bargain Workstream on Reducing Earmarking. Not available online.
- 26 See note 1.
- 27 Overseas Development Institute (Bailey, S, Harvey, P), 2017. *Time for change: Harnessing the potential of humanitarian cash transfers*. Available at: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11419.pdf>
- 28 High-Level Panel on Humanitarian Cash Transfers, 2015. *Doing cash differently: How cash transfers transform humanitarian aid. Report of the High-Level Panel on Humanitarian Cash Transfers*. Available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9828.pdf>
- 29 See note 1.
- 30 The estimate of US\$2 billion for cash-based programmes in 2015 is based on data gathered from 20 of the largest implementers of cash and voucher programming. This builds on research conducted for the Overseas Development Institute (ODI) in 2016, supplemented by data shared more recently. The findings of the original research can be found here: Development Initiatives and ODI (Spencer, A, Parrish, C, Lattimer, C), 2016. *Counting cash: Tracking humanitarian expenditure on cash-based programming*. Available at: <https://www.odi.org/publications/10716-counting-cash-tracking-humanitarian-expenditure-cash-based-programming>
- 31 The Cash Learning Partnership [n.d.] 'Glossary of Cash Transfer Programme Terminology'. Available at: www.cashlearning.org/resources/glossary
- 32 The UN split of 45%/55% for cash/vouchers is somewhat deceptive, since the WFP delivered 80% in the form of vouchers, whereas UNHCR delivered 99% in the form of cash.
- 33 See note 31.
- 34 Development Initiatives & ODI (Spencer, A, Parrish, C, Lattimer, C), 2016. *Counting cash: Tracking humanitarian expenditure on cash-based programming*. Available at: <https://www.odi.org/publications/10716-counting-cash-tracking-humanitarian-expenditure-cash-based-programming>
- 35 See note 34.
- 36 See note 34.
- 37 See note 34.
- 38 IATI is a multi-stakeholder initiative that works to ensure that transparent, good quality information on development and humanitarian resources is available and used to help achieve sustainable development. At the centre of IATI is the Standard – a framework for publishing open data on development cooperation and humanitarian assistance in a comparable format. For more information see: <http://iatistandard.org>
- 39 See Development Initiatives, 2017. *Implementing and monitoring the Grand Bargain commitment on transparency: baseline report*: <http://devinit.org/post/baseline-report-implementing-and-monitoring-the-grand-bargain-commitment-on-transparency>
- 40 See note 39.
- 41 See note 39.
- 42 UN OCHA, 2016. *Humanitarian Data Centre in the Netherlands will increase data use and impact in humanitarian sector*. Available at: <http://reliefweb.int/sites/reliefweb.int/files/resources/OCHA%20HDC%20Announcement%20PR%20FINAL.pdf>
- 43 For more information on Joined-up Data Standards see: <http://juds.joinedupdata.org>