

chapter 6

methodology

and definitions

What is humanitarian assistance?

Humanitarian assistance is intended to save lives, alleviate suffering and maintain human dignity during and after man-made crises and disasters associated with natural hazards, as well as to prevent and strengthen preparedness for when such situations occur. Humanitarian assistance should be governed by the key humanitarian principles of: humanity, impartiality, neutrality and independence. These are the fundamental principles of the International Red Cross and Red Crescent Movement (RCRC), which are reaffirmed in UN General Assembly resolutions and enshrined in numerous humanitarian standards and guidelines.

In this report, when used in the context of financing data, humanitarian assistance refers to the financial resources for humanitarian action and international humanitarian assistance refers to those spent outside the donor country. Our calculations of international humanitarian assistance are based on what donors and organisations report as such and do not include other types of financing to address the causes and impacts of crises, which we refer to as crisis-related financing.

There is no universal obligation or system for reporting expenditure on international, or indeed domestic, humanitarian assistance. The main reporting platforms for international humanitarian assistance are the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) and UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS). OECD DAC members are obligated to report their humanitarian assistance to the DAC systems as part of their official development assistance (ODA), in accordance with definitions set out by the DAC.¹ Some other governments and most major multilateral organisations also voluntarily report to the DAC.

The FTS is open to all humanitarian donors and implementing agencies to voluntarily report contributions of internationally provided humanitarian assistance, according to an agreed set of criteria for inclusion.²

The analysis in the GHA report draws on data reported to the OECD DAC, as well as that reported to the FTS. Between these sources there is variation in the criteria for what can be included as humanitarian assistance, as well as volumes reported, so we aim to consistently explain and source the data that we use. We also use other sources to calculate international humanitarian assistance including reports from UN agencies and non-governmental organisations (NGOs) and data from the Central Emergency Response Fund (CERF); data sources and methodologies for these are also clearly marked and explained.

Cash

Our estimate of the amount of humanitarian assistance spent on cash-based programming in 2015 is based on data collected from 20 organisations through collaboration with the Cash Learning Partnership (CaLP), whose members were asked to supply data on the volume of their cash-based programming. This data was gathered for our report *Counting Cash: Tracking humanitarian expenditure on cash-based programming*,³ and supplemented with additional data for the purposes of this report. For a more detailed explanation of our methodology, see *Counting Cash*.⁴

Channels of delivery

We use 'channels of delivery' to describe the organisations receiving funding for the delivery of humanitarian assistance – multilateral agencies, NGOs, the public sector and the RCRC – whether they deliver the assistance themselves or pass it on to partner organisations. Our channels of delivery data in Figure 5.1 comes predominantly from the OECD DAC's Creditor Reporting System (CRS) and the FTS. For private donors' channels of delivery, we use our own dataset (see *Private funding*, page 89).

Constant prices

Our trends analyses on financial flows are in US\$ constant prices (base year 2015) unless otherwise stated. We use data from the OECD DAC and the International Monetary Fund (IMF)'s World Economic Outlook (October 2016 release) to convert financial data from current to constant prices using deflators. Consistent with our annual methodology, data in the *GHA Report 2016* was shown in constant 2014 prices, so totals may vary between reports. The rebasing of data from constant 2014 to constant 2015 prices, coupled with an increase in the value of the US\$ during 2015 against several national currencies, has resulted in a fall in the constant US\$ value of flows shown for certain countries.

Country and region naming conventions

Country and region naming conventions used throughout this report are based on those used by the OECD DAC or the UN. Region naming conventions are based on those used by the OECD with the exception of the Middle East and North of Sahara regions, which have been combined. The conventions used do not reflect a political position of Development Initiatives.

Crisis categories

For our analysis of crises by category, we applied thresholds to several indicators and cross-checked with other data sources. We used indicators in INFORM's Index for Risk Management to identify countries affected by conflict; for countries affected by disasters associated with natural hazards, we used Centre for Research on the Epidemiology of Disasters (CRED) Emergency Events Database (EM-DAT) data; and to identify refugee-hosting countries, we used data from the UN High Commissioner for Refugees (UNHCR) and the UN Relief and Works Agency Palestine Refugees in the Near East (UNRWA).

Earmarked funding

'Earmarked' funding comprises all non-core ('other') funding directed to multilaterals. It may include softly or tightly earmarked contributions, either by geography or sector.

Our calculation of earmarking to eight UN agencies – Food and Agriculture Organization (FAO), International Organization for Migration (IOM), UNICEF, UNHCR, UN OCHA, UNRWA, World Food Programme (WFP) and World Health Organization (WHO) – is primarily based on data provided directly to us by each agency, based on their internal reporting, and supplemented by publicly available information.

Exchange rates

We use exchange rates from the OECD DAC for DAC members and data from the IMF World Economic Outlook (October 2016 release) for other government providers.

Funding for local and national responders

Our analysis of direct funding to local and national responders in Figures 5.3 and 5.4 uses data from FTS that we then 'code' according to a set of organisational categories. These categories were developed by the Inter-Agency Standing Committee Humanitarian Financing Task Team as part of a consultative process led by Development Initiatives, CAFOD and UN OCHA.

- **National NGOs:** Those operating in the aid recipient country in which they are headquartered, working in multiple subnational regions, and not affiliated to an international NGO. This category can also include national faith-based organisations.
- **Local NGOs:** Those operating in a specific, geographically defined, subnational area of an aid recipient country, without affiliation to an international NGO/civil society organisation (CSO). This category can also include community-based organisations and local faith-based organisations.
- **Red Cross and Red Crescent National Societies:** Those based in and operating within their own aid recipient countries.
- **National governments:** National government agencies, authorities, line ministries and state-owned institutions in aid recipient countries such as national disaster management agencies. This category can also include federal or regional government authorities in countries where these exist.
- **Local governments:** Subnational government entities in aid recipient countries exercising some degree of devolved authority over a specifically defined geographic constituency such as local/municipal authorities.
- **Local and national private sector organisations:** Organisations run by private individuals or groups as a means of enterprise for profit, that are based in and operating within their own aid recipient countries and are not affiliated to an international private sector organisation.

Other categories of first-level recipients featured in this analysis are:

- **internationally affiliated NGOs:** NGOs affiliated to an international NGO through interlinked financing, contracting, governance and/or decision-making systems. This category does not include local and national organisations that are part of networks, confederations or alliances wherein those organisations maintain independent fundraising and governance systems.
- **southern international NGOs:** NGOs based in aid recipient countries that are not OECD member countries, carrying out operations outside the aid recipient country in which they are headquartered and not affiliated to an international NGO. The same organisation can be classified as a national NGO/CSO when carrying out operations in the country in which they are headquartered.

International humanitarian assistance

Our estimate of total international humanitarian assistance is the sum of that from private donors [see *Private funding*, page 89] and from government donors and EU institutions. Our calculation of international humanitarian assistance from government donors is the sum of:

- 'Official' humanitarian assistance [OECD DAC donors]
- International humanitarian assistance from donors outside the OECD DAC using data from the FTS.

Our 'official' humanitarian assistance calculation comprises:

- The bilateral humanitarian expenditure of OECD DAC members, as reported to the OECD DAC database under Table 1.
- The multilateral humanitarian assistance of OECD DAC members. This comprises:
 - The unearmarked ODA contributions of DAC members to seven key multilateral agencies engaged in humanitarian response: FAO, IOM, UNHCR, UN OCHA, UNICEF, UNRWA and WFP, as reported to the OECD DAC under Table 2a and the CRS. We do not include all ODA to FAO, IOM, UNICEF and WFP but apply a percentage to take into account these agencies that also have a 'development' mandate. These shares are calculated using data on humanitarian expenditure as a proportion of the total received directly from each multilateral agency.
 - The ODA contributions of DAC members to some other multilateral organisations [beyond those already listed] that although not primarily humanitarian oriented, do report a level of humanitarian aid to OECD DAC Table 2a. We do not include all reported ODA to these multilaterals but just the humanitarian share of this.
 - Contributions to the UN CERF that are not reported under DAC members' bilateral humanitarian assistance. We take this data directly from the UN CERF website.

When we report on the official humanitarian assistance of individual OECD DAC countries who are members of the EU, we include an imputed calculation of their humanitarian assistance channelled through the EU institutions, based on their ODA contributions to the EU institutions. We do not include this in our total international humanitarian assistance and response calculations to avoid double counting.

Our estimate for official humanitarian assistance in 2016 is derived from preliminary DAC donor reporting on humanitarian aid grants.

Turkey is captured and shaded differently in Figures 3.1 and 3.2 because the humanitarian assistance that it voluntarily reports to the DAC largely comprises expenditure on hosting Syrian refugees within Turkey. We do not include Turkey's spending on Syrian refugees in Turkey in our total international humanitarian assistance and response calculations elsewhere in the report as these only include amounts directed internationally by donors.

Poverty

We refer to the \$1.90 a day international poverty line in this report and use data from the World Bank's PovcalNet. The international poverty line is expressed in 2011 purchasing power parity (PPP) dollars. We use the international extreme poverty line with modelled estimates for 2013 in this year's report to provide the most comparable up-to-date analysis possible.

Private funding

We directly request financial information from humanitarian delivery agencies (including NGOs, multilateral agencies and the RCRC) on their income and expenditure to create a standardised dataset. Where direct data collection is not possible, we use publicly available annual reports and audited accounts. Our dataset includes:

- 236 NGOs that form part of 17 representative NGO alliances and umbrella organisations such as Oxfam International, and a further 18 large international NGOs operating independently
- multilateral contributions from UNHCR, UN Development Programme, UNICEF, UNRWA, WFP and the World Health Organization, as well as 162 IOM member states
- the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC).

Our private funding calculation comprises an estimate of total private humanitarian income for all NGOs, and the private humanitarian income reported by the seven UN agencies, the IFRC and ICRC. To estimate the total private humanitarian income of NGOs globally, we calculate the annual proportion that the 236 NGOs in our dataset represent of all NGOs reporting to the UN OCHA FTS. The total private humanitarian income reported to us by the NGOs in our dataset is then scaled up accordingly.

Data is collected annually, and new data for previous years may be added retrospectively. Due to limited data availability, detailed analysis covers the period 2011 to 2015.

Our 2016 private funding calculation is an estimate based on data provided by Médecins Sans Frontières (MSF), pending data from our full dataset. We calculate the average share that MSF's contribution represents in our private funding figure for the five previous years (2011–2015) and use this to scale up the private funding figure provided by MSF to arrive at an estimated total for 2016. The rationale for this methodology is that the share of MSF's private funding remains relatively consistent year on year (ranging between 20% and 26% of the total amount over the last five years).

Rounding

There may be minor discrepancies in some of the totals in our graphs and charts, and between those in the text, because of rounding.

Traceability

For our analysis on traceability of funding, the case study organisations were identified based on their involvement in UN-coordinated appeal responses and public availability of information on their income sources through annual reports and websites. Information on the original source of donations was accessed either through publicly available information or, where this was not available, donors were contacted directly to provide information.

UN-coordinated appeals

We use this generic term to describe all humanitarian response plans and appeals coordinated by UN OCHA or UNHCR, including strategic response plans/humanitarian response plans, flash appeals and regional refugee response plans. We use data from UN OCHA's FTS and UNHCR for our financial analysis of UN-coordinated appeals.

data sources

ACAPS	www.acaps.org/countries
Asian Development Bank <i>Bangladesh: Capacity Building for Disaster Risk Finance</i> (Final Report)	www.adb.org/projects/42249-013/main
Centre for Research on the Epidemiology of Disasters EM-DAT: International Disaster Database – www.emdat.be Université Catholique de Louvain, Brussels, Belgium	www.emdat.be/database
Country-based pooled funds (CBPF) Grant Management System CBPF allocations, CBPF Grant Management System, UN OCHA	https://gms.unocha.org/content/cbpf-allocations
Food and Agriculture Organization of the United Nations	www.fao.org/emergencies/resources/documents/resources-detail/en/c/423055/
International Aid Transparency Initiative	www.aidtransparency.net/
INFORM Index for Risk Management	www.inform-index.org
International Federation of Red Cross and Red Crescent Societies IFRC's appeal reports, IFRC, Geneva	www.ifrc.org
International Monetary Fund World Economic Outlook Database	www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx www.imf.org/external/pubs/ft/weo/2016/02/weodata/index.aspx
The National Board of Zakat (BAZNAS), Indonesia Indonesia Zakat Outlook 2017, Center of Strategic Studies, BAZNAS, Jakarta	www.puskasbaznas.com/outlook/indonesia-zakat-outlook-2017
National Bureau of Statistics, Nigeria General Household Survey Panel (GHS-Panel) 2015–2016	www.nigerianstat.gov.ng/report/476
Organisation for Economic Co-operation and Development OECD.StatExtracts, OECD, Paris Development finance data, OECD, Paris <i>States of Fragility 2016: Understanding Violence</i> , OECD, Paris	http://stats.oecd.org www.oecd.org/dac/financing-sustainable-development/development-finance-data/ www.oecd.org/dac/states-of-fragility-2016-9789264267213-en.htm
Stockholm International Peace Research Institute SIPRI Multilateral Peace Operations Data	www.sipri.org
UN Conference on Trade and Development UNCTADstat, UNCTAD, Geneva	http://unctadstat.unctad.org
UN Development Programme Human Development Reports, Human Development Reports Office, UNDP, New York	http://hdr.undp.org/en/data
UN High Commissioner for Refugees Population Statistics Reference Database, UNHCR Mid-Year Trends (historical), UNHCR Global Trends reports, response plans' funding snapshots	http://data.unhcr.org http://popstats.unhcr.org/en/time_series http://reporting.unhcr.org/
UN Office for the Coordination of Humanitarian Affairs Central Emergency Response Fund/CERF, UN OCHA, New York Financial Tracking Service/FTS, UN OCHA, Geneva	www.unocha.org/ www.unocha.org/cerf https://fts.unocha.org
UN Relief and Works Agency for Palestine Refugees in the Near East UNRWA in Figures reports	www.unrwa.org/resources/about-unrwa
World Bank World Development Indicators, World Bank, Washington DC PovcalNet, World Bank	http://data.worldbank.org/data-catalog/world-development-indicators http://iresearch.worldbank.org/PovcalNet http://data.worldbank.org/data-catalog/international-debt-statistics www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data

definitions

Bond	A form of debt security whereby the bond issuer owes a debt to the bond holder and must pay the holder interest and/or repay the face value of the bond at a set 'maturity' date.
Cash-based programming	Providing humanitarian assistance in the form of cash or vouchers provided directly to beneficiaries. Related terms include cash programming, cash and vouchers, and cash-based transfers.
Concessional financing and loans	Lending terms that are more favourable for the borrower than those that can be obtained through the market. Benefits can include longer repayment periods, grace periods (before repayments have to begin), or interest rates offered below market terms.
Crowdfunding	Raising money by asking a large number of private individuals to each contribute a small amount, typically but not exclusively internet based. Can be philanthropic or investment oriented.
Direct giving	The direct transfer of financial assistance from individual donors to people affected by crises or projects operating in crisis-affected communities.
Earmarked funding	Conditions placed on funding by donors stipulating how or on what recipients may spend funds. Conditions can range from overall thematic and geographic priorities to requirements to spend money on specific goods and services delivered to a particular recipient group, and from softly to fully unearmarked. ⁵
Environmental vulnerability	Exposure to risk of climatic events or natural disaster. In this report we include countries scoring 'high' or 'very high' on the 'natural hazard' category of the INFORM Index for Risk Management, 2017 release, excluding those scoring 'low' or 'very low' on the 'lack of coping capacity' dimension.
Equity investments	In general terms this is the acquisition of shares in an enterprise in order to obtain dividend income or capital gains in the future. To be counted as ODA, an equity investment must be made by an official-sector agency in an enterprise in a country on the OECD DAC's list of ODA-eligible states, and must not be made to acquire a lasting interest in the enterprise.
Foreign direct investment (FDI)	Investment that reflects an objective to establish a lasting interest by a resident enterprise in one economy (direct investor), in an enterprise that is resident in an economy other than that of the direct investor (direct investment enterprise). ⁶
Fragility	In our analysis, fragile states are defined as per the OECD report, <i>States of Fragility 2016</i> , ⁷ which characterises fragility as a combination of exposure to risk and a lack of coping capacity to manage, absorb or mitigate those risks. It recognises five dimensions of fragility: economic, environmental, political, societal and security.
Grant	Transfer made in cash, goods or services for which no repayment is required. ⁸
Guarantee	The agreement made by a donor government to cover (for example) loan repayments if the partner country defaults, thus reducing the risk associated with the loan, and in turn allowing the loan to come with better terms, such as a reduced interest rate. ⁹
Impact bond	Finance tool designed to improve social, environmental or development outcomes of publicly funded projects/services, by making funding and payments to investors conditional on achieving agreed results. ¹⁰

Islamic social finance	A range of financial mechanisms that are designed to promote social protection of poor people, reduce vulnerability and increase economic equality; includes Zakat (contribution of 2.5% of annual assets) and sukuk (investment bonds compliant with Islamic law).
Loan	Transfer either in cash or in kind for which the recipient incurs a legal debt.
Multilateral development banks	Supranational institutions established by a group of countries with the common task of fostering economic and social progress in developing countries by financing projects, supporting investment, generating capital and providing technical expertise. ¹¹
Net portfolio equity	A form of international investment that does not confer significant control or influence. 'Portfolio' refers to a group of assets. Investments of 10% or more of the value or control of an asset or company are considered FDI, while investments below this threshold are portfolio equity. Investors receive returns through interest payments or dividends and can use equity to spread financial risks across different markets.
Other official flows (OOFs)	Transactions by the official sector with countries on the list of eligible recipients that do not meet the conditions for eligibility as ODA or official aid, either because they are not primarily aimed at development, or because they have a grant element of less than 25%. ¹²
Pooled funds	Mechanisms used to receive contributions from multiple financial partners and allocate such resources to multiple implementing entities. Humanitarian pooled funds can be global (e.g. CERF or the Start Fund) or country based. ¹³
Remittances	Monies earned or acquired by non-nationals that are transferred back to their country of origin. ¹⁴
Risk financing	The retention of risks combined with the adoption of an explicit financing strategy to ensure that adequate funds are available to meet financial needs should a disaster occur. Such financing can be established internally through the accumulation of funds set aside for future use or obtained externally through pre-arranged credit facilities. The banking sector, capital markets and international lending institutions are sources of risk financing. ¹⁵
Risk transfer	The shifting of risks to others who, in exchange for a premium, provide compensation when a disaster occurs, ensuring that any financing gap that might emerge is partially or fully bridged. Risk transfer may be obtained through insurance policies or capital market instruments such as catastrophe bonds. ¹⁶
Short-term debt	Debt that has maturity of one year or less. Maturity can be defined either on an original or remaining basis. ¹⁷
Social protection schemes	Public actions – carried out by the state or privately – that both enable people to deal more effectively with risk, vulnerability and shocks, and help tackle extreme and chronic poverty. Social protection includes various approaches, policies, programmes and actions that address risks, deprivation, poverty (e.g. income security payments or basic health coverage), or vulnerability to shocks. ¹⁸
Sovereign risk insurance	Insurance coverage paid by the state against the risk of costs incurred through disasters. Includes contingent credit (for relatively frequent, lower-impact events) and parametric risk transfer (for less common but higher-impact events).

abbreviations

CaLP	Cash Learning Partnership
CAR	Central African Republic
CBPF	Country-based pooled fund
CERF	Central Emergency Response Fund [UN]
CRED	Centre for Research on the Epidemiology of Disasters
CRS	Creditor Reporting System [DAC]
CSO	Civil society organisation
DAC	Development Assistance Committee [OECD]
DEC	Disasters Emergency Committee
DFID	Department for International Development
DI	Development Initiatives
DPP	Disaster prevention and preparedness
DRC	Democratic Republic of the Congo
EC	European Commission
ECHO	Department of Humanitarian Aid and Civil Protection [EC]
EM-DAT	Emergency Events Database [CRED]
EU	European Union
FAO	Food and Agriculture Organization
FCA	Forgotten Crisis Assessment [ECHO]
FDI	Foreign direct investment
FTS	Financial Tracking Service [UN OCHA]
GDP	Gross domestic product
GHA	Global Humanitarian Assistance [project by Development Initiatives]
GNI	Gross national income
HRP	Humanitarian response plan
IATI	International Aid Transparency Initiative
ICRC	International Committee of the Red Cross
IDA	International Development Association
IDP	Internally displaced person
IFRC	International Federation of Red Cross and Red Crescent Societies

IMF	International Monetary Fund
INFORM	Index for Risk Management
INGO	International non-governmental organisation
IOM	International Organization for Migration
MDB	Multilateral development bank
NGO	Non-governmental organisation
OCHA	Office for the Coordination of Humanitarian Affairs [UN]
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOFs	Other official flows
RCRC	International Red Cross and Red Crescent Movement
RRP	Regional refugee response plan
SDG	Sustainable Development Goal
SIPRI	Stockholm International Peace Research Institute
THEHO	The Health Support Organisation
TİKA	Turkish Cooperation and Coordination Agency
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNHCR	UN High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	UN Relief and Works Agency for Palestine Refugees in the Near East
US	United States
USAID	United States Agency for International Development
WDI	World Development Indicators
WEO	World Economic Outlook [IMF]
WFP	World Food Programme [UN]
WHO	World Health Organization [UN]
WHS	World Humanitarian Summit

chapter 6

- 1 OECD DAC definitions and reporting guidelines can be found here:
<http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/>
- 2 See criteria for inclusion at: https://fts.unocha.org/sites/default/files/criteria_for_inclusion_2017.pdf
- 3 Development Initiatives (Spencer, A and Lattimer, C), 2017. Blog: *Counting cash in humanitarian contexts*. Available at: <http://devinit.org/post/counting-cash>
- 4 See note 3.
- 5 Grand Bargain signatories, 2016. *The Grand Bargain – A shared commitment to better serve people in need*. Annex 1. Available at: <http://www.agendaforhumanity.org/initiatives/3861>
- 6 Adapted from a definition taken from the OECD glossary of statistical terms at: <http://stats.oecd.org/glossary>
- 7 OECD, 2016. *States of Fragility 2016: Understanding Violence*. Available at: <https://www.oecd.org/development/conflict-fragility-resilience/docs/fragility%20framework%202016.pdf>
- 8 OECD, 2015. *Financing in crisis? Making humanitarian finance fit for the future*. Available at: <http://www.oecd.org/dac/OECD-WP-Humanitarian-Financing-Crisis%20.pdf>
- 9 See note 8.
- 10 Adapted from a definition by the Center for Global Finance and Social Finance, 2013. *Investing in Social Outcomes: Development Impact Bonds. The Report of the Development Impact Bond Working Group*. Available at: www.socialfinance.org.uk/wp-content/uploads/2014/03/cgd-sf-dibreport_online.pdf
- 11 Adapted from a definition by the European Investment Bank: www.eib.org/about/partners/development_banks
- 12 OECD glossary of statistical terms at: <http://stats.oecd.org/glossary>
- 13 Definition adapted from Multi-Partner Trust Fund Office Gateway: <http://mptf.undp.org/overview/funds>
- 14 Definition adapted from International Organization for Migration: www.iom.int/key-migration-terms#Remittances
- 15 OECD, Disaster Risk Assessment and Risk Financing: A G20/OECD Methodological Framework, 2013. Available at: www.preventionweb.net/files/globalplatform/5198f8ec10490Disaster_Risk_Assessment_and_Risk_Financing.pdf
- 16 See note 15.
- 17 See note 12.
- 18 Development Initiatives, 2015. *Getting poverty to zero: financing for social protection in least developed countries*. Available at: <http://devinit.org/post/getting-poverty-to-zero-financing-for-social-protection-in-least-developed-countries/>