Global Humanitarian Assistance

Private funding for humanitarian assistance

Filling the gap?

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A DEVELOPMENT INITIATIVE

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Introduction

The effects of the global economic crisis started to show for the first time in international aid budgets in 2011. Bilateral official development assistance (ODA) from the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries saw its first decrease since 1997. Bilateral humanitarian assistance also reduced, albeit to a lesser degree (2%) than overall ODA (with 3% decrease from the 2010 levels). In 2012, both ODA and humanitarian assistance have continued to decrease (by 2.6% and 7.7% respectively), as more donors restrict their budgets. On the other hand, 2011 saw a severe – even if foretold – food insecurity crisis in the Horn of Africa region, as well as heavy flooding in Pakistan and Central America. Yet the 2011 United Nation's (UN) Consolidated Appeal Process (CAP) presented its lowest level of needs met in a decade.

Such a gloomy aid environment did not inspire optimism regarding the possible behaviour of private voluntary contributions, which had experienced a record year in 2010 due to the Haiti earthquake and the Pakistan floods when financial support from individuals, corporations, and private trusts and foundations mobilised US$6.3 billion in what was the largest outpouring of private funding since the Indian Ocean tsunami response in 2005. Major sudden-onset natural disasters – like the Haiti earthquake – and the subsequent media coverage are generally perceived to have the potential to marshal a greater response from the general public than slow-onset emergencies such as drought and famine, which were the prevalent emergencies in 2011. The bleak economic outlook in developed countries, coupled with ever-more strained household budgets, also appeared to be challenging the foundations of private voluntary contributions in recent years. However, private giving in 2011 decreased by just 10% to US$5.7 billon, confirming that private funding has become increasingly responsive to humanitarian needs over the past decade.

According to humanitarian organisations interviewed for this report, reduced government support and growing demands on resources have prompted a surge in private fundraising. For many agencies, private money is not just the solution to the dilemma of how to continue providing an adequate response to the growing number of humanitarian challenges when the squeeze in donors' aid budgets does not appear to abate. More importantly, private voluntary contributions – especially those raised through regular giving from individuals – are becoming a way of ensuring that humanitarian response is not limited by official and government donors' strict earmarking for specific geographic and sector priorities, and that international aid also reaches victims in traditionally neglected emergencies.

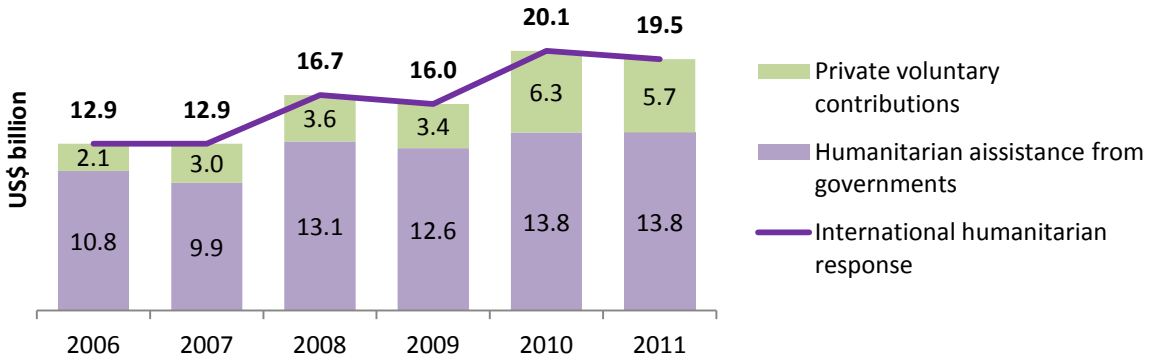
Much remains to be done in terms of the transparency and reporting of private humanitarian assistance before we can fully understand how private contributions are used by humanitarian organisations. As aid organisations become more reliant on private money and private donors become more demanding of information, consistent reporting of private funding and expenditure should also improve. In the meantime, the Global Humanitarian Assistance (GHA) programme continues to track private funding flows by studying the role that delivery agencies play in mobilising private support to humanitarian crises. For the purpose of this research we mean any organisation with a mandate to deliver humanitarian assistance to affected populations, whether non-governmental organisations (NGOs), United Nations (UN) agencies or the International Red Cross and Red Crescent Movement. For people in need, delivery agencies are the key element in the humanitarian assistance chain, and very often the only recognisable face of international support. They also marshal and implement the vast majority of private support for international aid.

This report provides analysis of private funding to humanitarian crises between 2006 and 2011 from our own research.

Highlights

Over the past decade, governments globally have contributed at least US$117.0 billion to assisting victims of humanitarian crises. More than half of this money – 56% – has been spent in the five years since 2008, and 2010 saw the highest level of humanitarian funding ever, at US$13.8 billion. The international humanitarian response – accounting for government as well as private giving to emergencies – amounted to US$97.7 billion for the period 2006 through to 2011, with a quarter of this coming from private voluntary contributions. Private funding as a share of the total humanitarian response grew from 16% in 2006 to 31% in 2010 and 29% in 2011.

Figure 1: Total humanitarian assistance from governments and total private voluntary contributions, 2006–2011



Source: Development Initiatives based on OECD DAC and FTS data for humanitarian assistance from government donors and Development Initiatives' own research for private funding.

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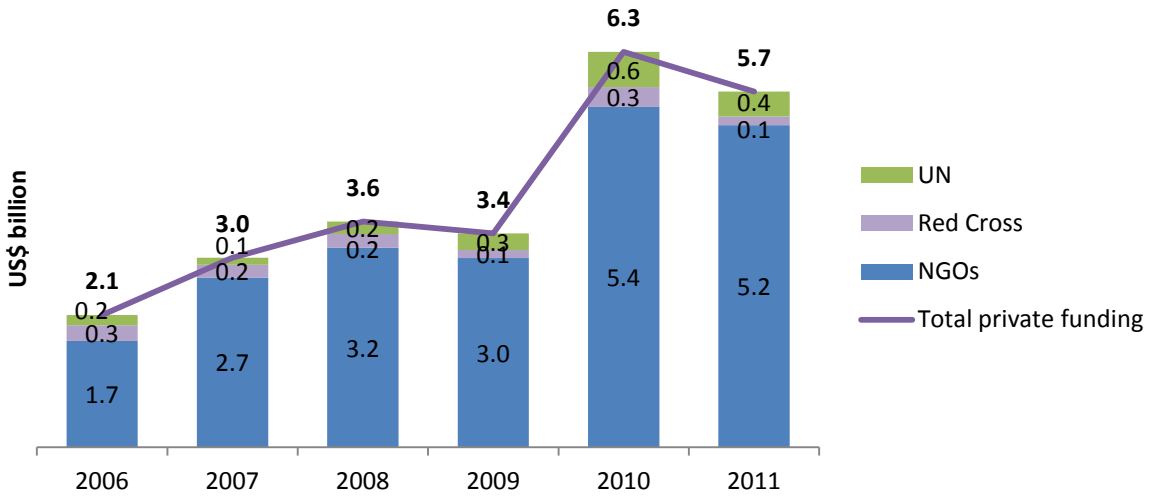
Based on a conservative estimate, at least US$24 billion was raised from private donors in response to humanitarian needs between 2006 and 2011. A record US$6.3 billion was donated in 2010 largely prompted by the emergency operations in Haiti and Pakistan. In 2011, a severe food insecurity crisis in the Horn of Africa region joined the ongoing emergencies in Haiti and Pakistan and mobilised US$5.7 billion, maintaining private voluntary contributions at considerably higher levels than anticipated. Thus, private funding has remained remarkably consistent and appears to be defying the economic crisis that is affecting developed countries and squeezing traditional donors' aid budgets.

While this is good news, it would be premature to conclude that private money can directly replace the shortage of institutional funding (i.e. income from donor governments and multilateral organisations). Firstly, early data from the DAC suggests further reductions in official humanitarian assistance for 2012 (the preliminary figure for 2012 is US$12.9 billion), as the effects of the financial crisis are felt in more government donors' official development assistance (ODA). The same adverse economic environment is likely to continue to negatively impact families' earnings and disposable income, as well as corporate and charitable giving. Therefore, it is unclear how private giving will fare in the near future, particularly if there are no large-scale humanitarian crises to spur people into donating. Secondly, there is issue of government donors' commitment to international aid financing, which they have a responsibility to uphold despite the current economic downturn.

Figure 2: Total private voluntary contributions for humanitarian crises by type of recipient organisation, 2006–2011



Source: Development Initiatives research

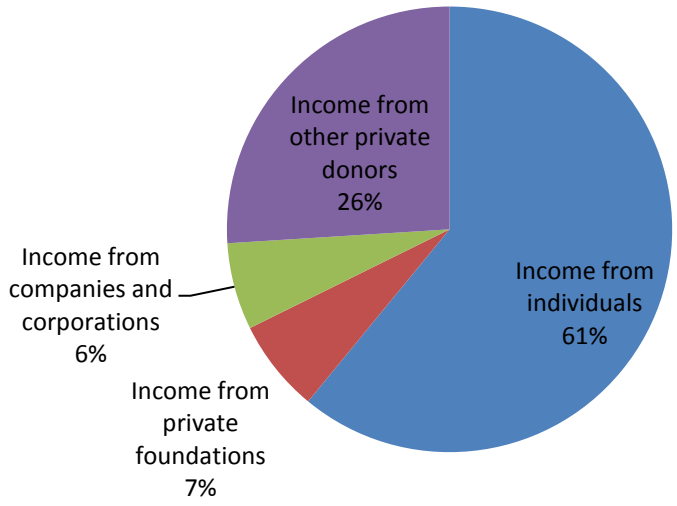
In 2011, over half the 4 million people originally affected by the earthquake and cholera outbreak in Haiti were still relying on humanitarian assistance.[1] In Pakistan, at least 20 million people began the

[1] UN OCHA, Consolidated Appeal for Haiti 2011

year 2011 without food, shelter, or water and sanitation as a result of severe floods that hit the country between June and August 2010.[2] In August–September 2011, a further 5.3 million, mainly in the province of Sindh, suffered further flooding.[3] Meanwhile, the lives of over 13 million people in the Horn of Africa were devastated by a food crisis following one of the worst droughts in 25 years.[4] Such extensive destruction of lives and livelihoods warranted large-scale relief operations, sustaining the previous year's increase in humanitarian funding. Private contributions in 2011 consequently remained closer to 2010 levels than expected, following the significant jump the year before.

NGOs remain the main channel for private support and have seen their net private income increase steadily since 2006, with a slight drop in 2009 following a relatively quiet year in emergency terms and a marginal 5% decrease in the latest available data. In 2011, NGOs' funding has proven more resilient than anticipated following record giving in 2010, which was the worst year for humanitarian crises since 2005. UN agencies and the Red Cross present a more fluctuating trajectory, with sharp increments in 2010 and steep falls in private voluntary contributions in 2011. However, while UN agencies have lost less than a third (approximately 30%) of their private income compared to 2010, the Red Cross has suffered more severely with a 57% reduction in private income.

Figure 3: Total estimated private contributions by type of donor included in GHA unique study set, 2006–2011

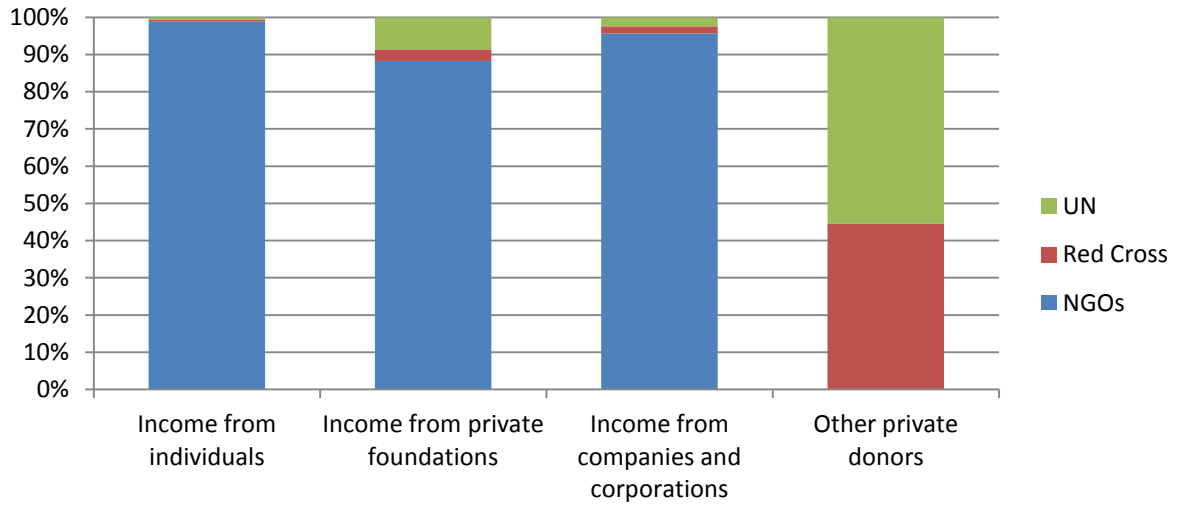


Source: Development Initiatives research. Note: NGOs included in the study set represent only a proportion of NGOs reporting to the UN OCHA FTS. NGOs receive a higher proportion of their private income from individuals than Red Cross and UN humanitarian agencies. As such, scaled up to represent all NGOs reporting to the FTS, the income from individuals section would represent a greater proportion at 77%.

[2] UN OCHA, Pakistan floods rapid response plan, September 2011
[3] Oxfam International, Oxfam responds as fresh flooding in Pakistan affects over 5 million, September 2011
[4] Disaster Emergency Committee, East Africa Crisis Appeal

By far the largest amount of private voluntary contributions between 2006 and 2011 came from individual giving: at least US$17 billion was raised from the general public. Foundations – such as the Bill and Melinda Gates and the IKEA Foundations – and private corporations – like Crédit Suisse Group, ING and Microsoft Corporation – provided similar levels of funding, at US$1.5billion and US$1.6billion respectively. Additionally, US$2 billion came from other unclassified private donors, the majority of which were national committees of UN organisations and Red Cross national societies.

Figure 4: Total private contributions by type of donor and recipient organisation, 2006–2011



Source: Development Initiatives research

A cross-analysis of the data by type of humanitarian organisation and private donor shows that NGOs mobilise the largest public support for their work: 85% of all private income comes from individual giving, in comparison to just 8% for UN agencies and 9% for Red Cross organisations. Those receive the largest shares of private funding through their national societies – who mobilise resources from a variety of donors, including from the general public. National societies accounted for 84% and 80% of private fundraising for the Red Cross and the UN humanitarian agencies correspondingly. Individual giving was second with 9% and 8% respectively and support from trusts and foundations come in third and fourth place.

Private contributions to aid organisations

Private contributions to NGOs

NGOs are by far the main mobilisers of private funding. Their work in the front line of humanitarian programming and aid delivery provides them with a broad supporter base, and invests them with high levels of legitimacy when it comes to fundraising. It is therefore unsurprising to see NGOs

implementing large amounts of funding from both official and private donors. Our estimates suggest that the NGO community received US$20.6 billion in private income in the years from 2006 through to 2011. Support from private donors increased year on year, from US$1.7 billion to US$5.2billion. Humanitarian income from institutional sources has also seen an overall increase, from US$1.1 billion in 2006 to US$3.4 billion in 2011, peaking at US$3.8 billion in 2010 (see figure 5, below).

NGOs saw their private humanitarian income decline the least of all agency types from its peak in 2010. The decrease was moderate – at 5.3% – indicating that these organisations continued to play a crucial role in mobilising funding for emergencies. While over half (56%) of the NGOs in our unique data set saw their private humanitarian funding decline in 2011 (see the *Methodology* section for the full list of organisations), 44% witnessed an increase of 30% on average. Growth ranged from 11% for Oxfam International to 57% for the Canadian Foodgrains Bank. Among the NGOs who experienced negative variations from the 2010 peak, Médecins Sans Frontières (MSF) were the least affected with just a 4% fall, while the Norwegian Refugee Council (NRC) lost 78% of their private income from the previous year.

Outline methodology

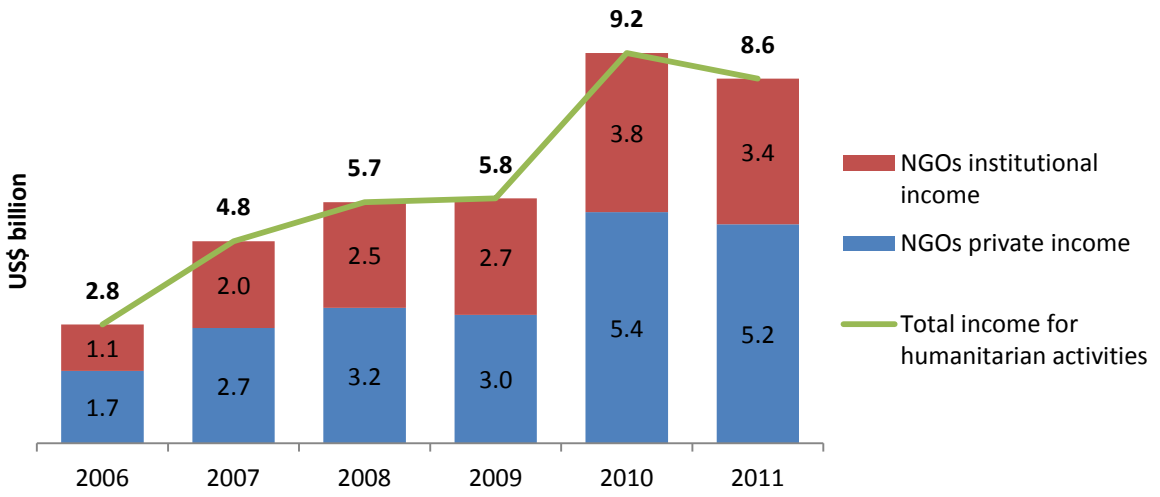
Sources of information include:

- Direct information and analysis of annual reports for a unique study set of 80 NGOs that form part of nine representative and well-known NGO alliances and umbrella organisations, such as Oxfam International (see table 4).
- Direct information and analysis of annual reports for five key UN agencies with humanitarian mandates: World Food Programme (WFP), United Nations Children's Fund (UNICEF), United Nations High Commissioner for Refugees (UNHCR), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Health Organization (WHO).
- Direct information and analysis of annual reports for the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC).

Our estimation of total private voluntary contributions worldwide is composed of an estimate of total private income for all humanitarian NGOs, plus the private income reported by the five UN agencies analysed in this paper and the private income of the IFRC and ICRC.

See the Methodology section for how we estimate total private income for all humanitarian NGOs.

Figure 5: NGOs' humanitarian income from private and institutional sources, 2006–2011



Source: Development Initiatives based on data from its own research

It is worth noting that, in nominal terms, NGOs' private funding is proving to be more resilient to the changing context than their institutional financing: while the former sustained an upward trend during the whole period, with only slight reductions in private income in 2009 and 2011 due to the absence of any extraordinary emergency appeals, funding from official sources experienced an 11% decrease in 2011 despite ongoing major relief operations.

Private and institutional funding

For the purpose of this report we refer to:

Private funding: as funding from individuals, private trusts and foundations, and companies

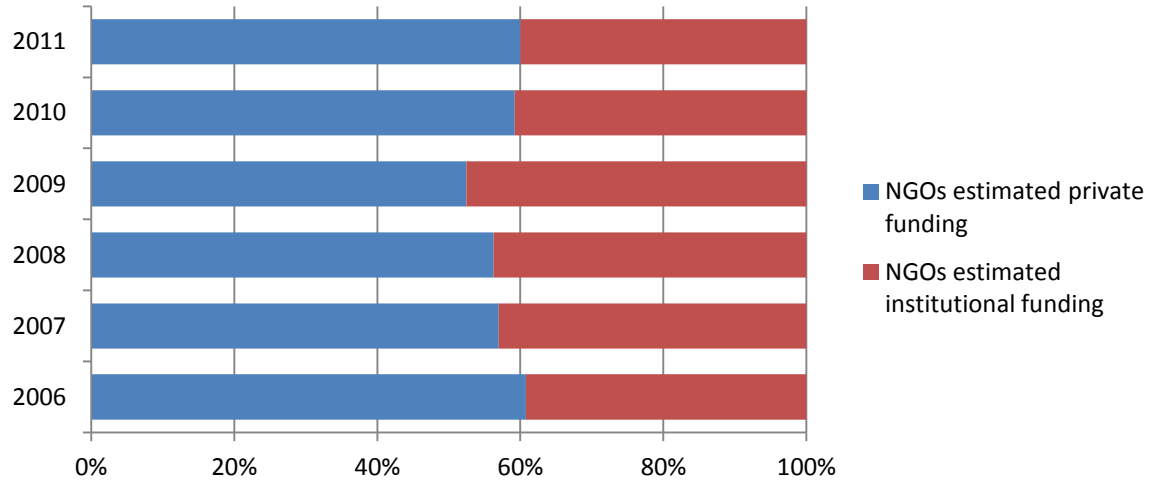
Institutional funding: as funding from donor governments as well as multilateral funding from international institutions, such as the African Development Bank, UN pooled funds etc.

Stronger performance of private money in NGOs' budgets can be linked to increasingly more strategic and active private fundraising beyond specific emergency appeals. While appeals can boost private giving –MSF estimates that nearly one million new donors supported their 2010 Haiti appeal – regular contributions form the most desired type of private income. As NGOs do not have access to core, un-earmarked funding in the way many UN agencies and the International Committee of the Red Cross do, regular giving from individual donors becomes a solid and reliable financial basis. Unrestricted contributions make up the NGO's emergency reserve fund, can allow the organisation

to initiate a crisis response operation while launching a specific appeal, support their work in less-high profile humanitarian contexts and support the daily running of the organisation.

In that sense, our data suggests that an average of 58% of NGO income comes from private donors, the highest share of all aid organisations (for comparison, only 8% of UN income and 18% of income for the Red Cross Movement came from private voluntary contributions during the same period).

Figure 6: Shares of NGOs' income by type of donor, 2006–2011



Source: Development Initiatives research

Overall figures for the NGO community, however, hide considerable variations within the group. Within our unique study set, MSF receives the largest proportion of its income as private money. On average, only 10% of all MSF funding is raised from governments and institutional donors. In contrast, the Danish Refugee Council (DRC) relies on official funding for 96% of its income.

MSF is also exceptional for its sheer volume of private income: in 2011it received US$1.1 billion. This was just US$43 million less than the previous year, representing around 3.7% decrease. If it were a government donor, MSF would have been the fourth-largest humanitarian donor after the United States, the European Union and almost on a par with the United Kingdom. 87% of MSF's private donor income is from individuals, who have proven to be the most stable and reliable form of support to the organisation.

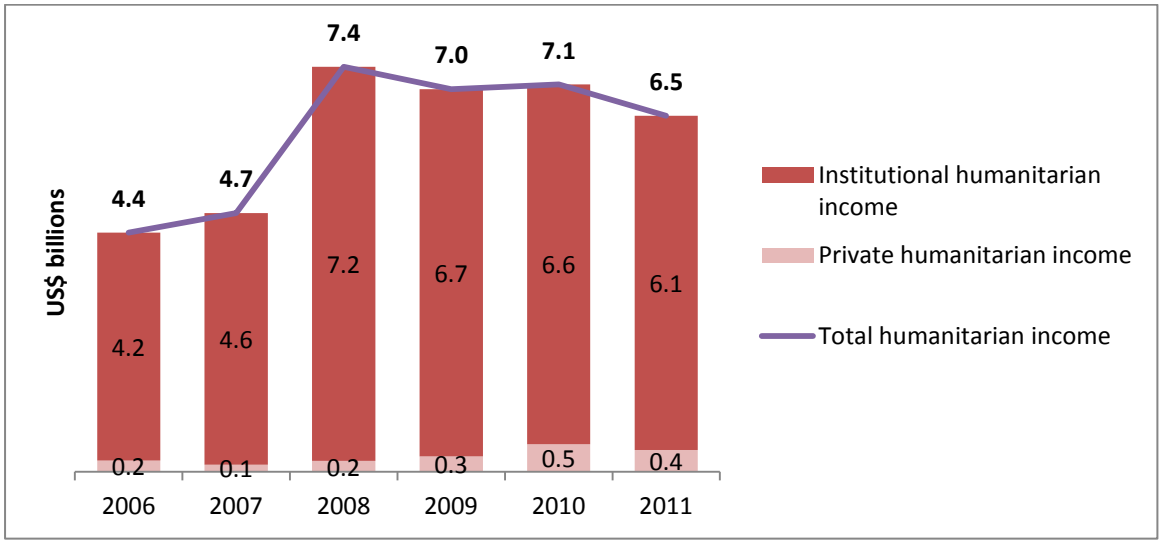
For Action Contre la Faim (ACF), on average a quarter of its funding comes from private donors with nearly 600,000 active individual donors in the years 2010-2011. ACF France, which makes the bulk of the ACF International budget and operations, has actually seen their private income increase by 11% compared to 2010, thanks in particular to a response to the Horn of Africa food crisis. Their 2012 target for private fundraising is set at US$47.5million, representing a lower level compared to the financial results reached in 2011 (US$55 million).

NGOs are not only the main mobilisers of private income, but they also implement a considerable share of funding on behalf of other organisations, namely UN agencies. However, assessing the total volume of funding that is passed from one part of the delivery system on to another to implement is very challenging, as most UN agencies do not systematically collect data on the volume or share of their expenditure that has been implemented by partner organisations. Nevertheless, partial data from the GHA 2012 Private Funding report suggested that some UN agencies may 'subcontract' as much as a quarter of all their expenditure to NGOs.

Private contributions to the UN

UN agencies, funds and organisations are collectively a major player in humanitarian assistance financing. Five UN agencies with a humanitarian mandate – United Nations High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the United Nations Children's Fund (UNICEF), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Health Organization (WHO) – collectively reported a total budget for humanitarian activities of US$6.5 billion in 2011, with WFP alone managing US$3 billion. However, of this, only US$397million, or just over 6%, was private money – decreasing from US$569 million (8% of humanitarian income) in 2010.

Figure 7: UN agencies' aggregate humanitarian income by type of donor, 2006–2011

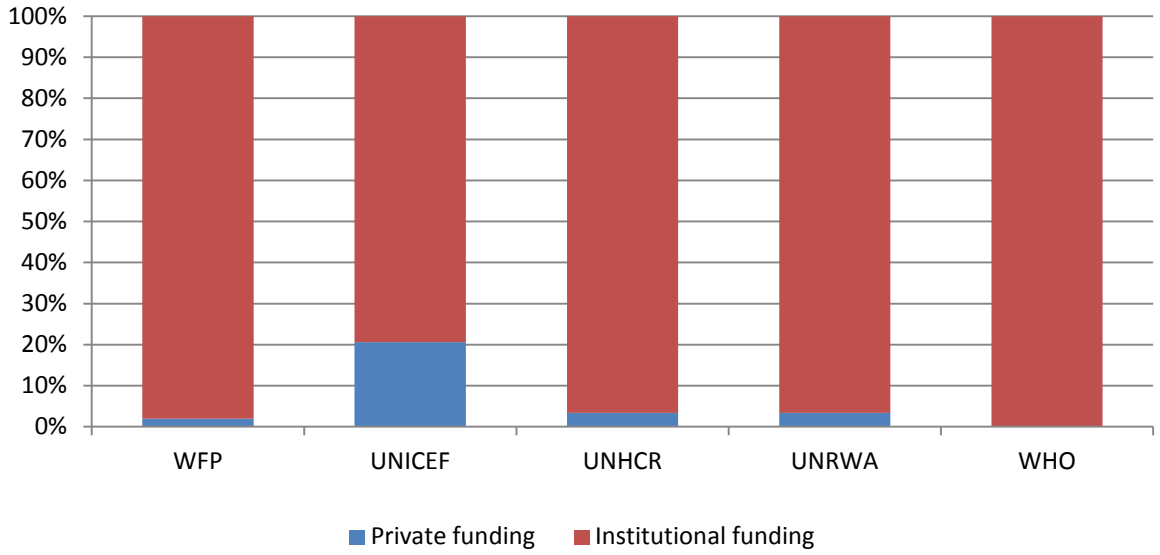


Source: Development Initiatives research

UN agencies' share of private contributions is consistently low, with an average of only 5%for the years from 2006 through 2011. As with NGOs, this overall figure hides variations from one organisation to another: for example, UNICEF received on average 26% of its income from private donors, while only 2% of WFP's humanitarian budget came from private sources. UNHCR and UNRWA had similar priorities, depending on official sources for 97% and 96% of their incomes

respectively. Finally, WHO's humanitarian income from private source is marginal, not exceeding 0.1% on average.

Figure 8: Average share of UN agencies' income between 2006 and 2011 by agency type

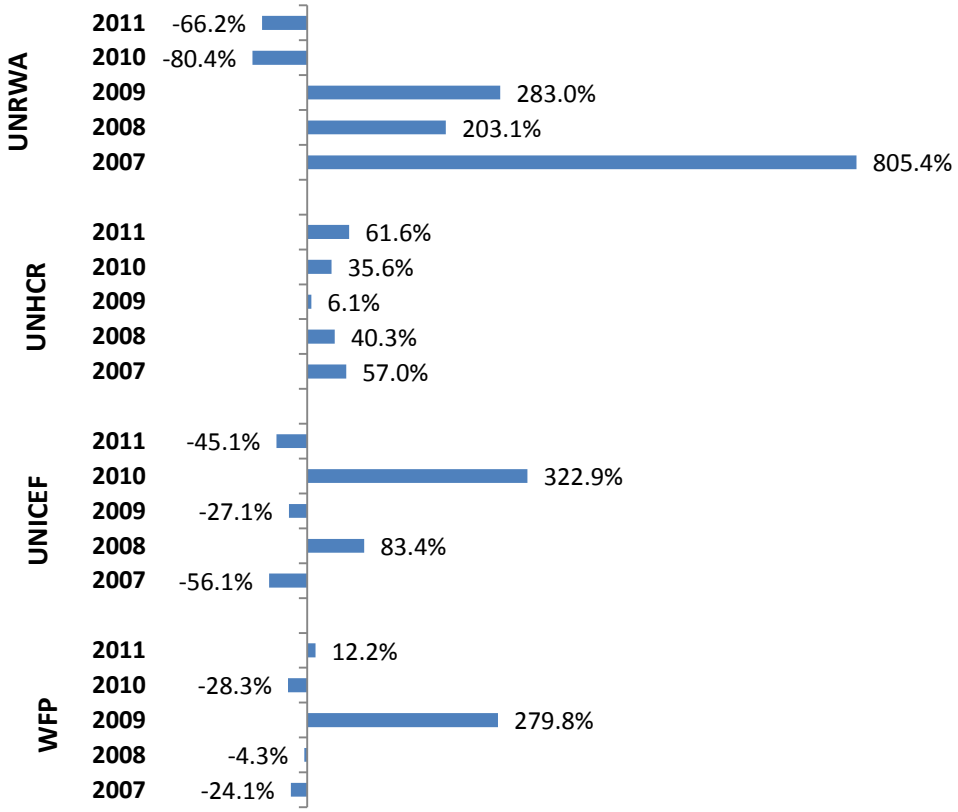


Source: Development Initiatives research

Some interesting individual tendencies can be observed during the period 2006-2011. WFP is the humanitarian agency with the largest budget within the UN family. Between 2006 and 2011 it raised US$20.3billion for its humanitarian activities; of this, US$400 million came from private donors. Private voluntary giving experienced a turning point in WFP's recent history in the year 2009, when it reached US$117 million. Unlike most organisations, WFP private contributions decreased in 2010 – despite the Haiti and Pakistan relief operations – to US$84 million, which nevertheless still represented nearly a three-fold increase from pre 2009 levels. In 2011 private humanitarian income saw a growth of 12%, amounting to US$84 million.

Funding to UNRWA fluctuates in line with the political situation in the West Bank and Gaza Strip. A growth in income between 2007 and 2008 can be linked to the re-launch of peace talks between Israel and the Palestinian Authority, following the international conference in Annapolis. Both private and institutional contributions rose sharply (at 280% and 50% respectively) in 2009 following Israeli military attacks on Gaza. Private voluntary contributions to UNRWA declined in both 2010 and 2011 at an average of 70% from the year before.

Figure 9: Percentage variations in private humanitarian income from the previous year for selected UN agencies, 2007-2011



Source: Development Initiatives research

UNICEF's private income is raised through 36 national committees, which support its work in some of the richest countries in the world and account for the relatively high percentage of private money that the organisation mobilises on a regular basis. However, UNICEF's primary area of delivery is in development settings and private expenditure accounts, on average, for only a third of the organisation's overall expenditure. Thus, UNICEF's private humanitarian funding – albeit the highest among all UN agencies – tends to fluctuate as it depends on UNICEF participating in major emergency operations. In 2011, 30 national committees generated US$133 million for the emergency in the Horn of Africa through fundraising channels such as direct mail, e-appeals, telemarketing and SMS. National committees signed up an additional 402,000 regular donors to mobilise funds for UNICEF's regular resources. The total number of regular donors to the organisation has now reached more than 2.8 million.

In recent years, UNHCR has recognised the importance of private funding and has engaged in more strategic and active fundraising worldwide. While private voluntary contributions amounted to only US$22 million in 2006, they reached US$111 million in 2011 and are expected to increase to US$160 million in 2012, on track for the US$400 million target for 2018.

Table 1: UNHCR's private donors contributing over US$100,000 in 2011

UNHCR's private donors	Contributions in US$
IKEA Foundation	23,744,975
España con ACNUR	14,767,566
Private donors in Italy	13,615,035
Australia for UNHCR	13,604,566
Japan Association for UNHCR	8,669,682
Deutsche Stiftungfür UNO-Flüchtlingshilfe	5,909,302
USA for UNHCR	5,873,000
Private donors in China (Hong Kong SAR)	3,468,084
Private donors in Thailand	3,330,039
Dutch Postcode Lottery (NPL)	1,854,396
Fast Retailing Co., Ltd. (UNIQLO)	1,767,838
Private donors in Canada	1,615,303
Private donors in the Republic of Korea	1,329,357
Private donors in Japan	1,019,761
Microsoft Corporation	977,550
Private donors in the United Kingdom	912,226
Lebara Foundation	848,656
Novartis Foundation	775,000
UN Foundation (UNFIP)	689,765
HQ online donations	639,961
World Assembly of Muslim Youth	533,333
ShelterBox Trust Limited	500,000
International Olympic Committee	408,456
Private donors in Sweden	340,954
Private donors in Switzerland	331,302
Swedish Postcode Lottery	320,137
Private donors in Greece	318,629
Stichting Vluchteling	278,915
BASF Social Foundation	272,851
Hewlett-Packard	200,000
Asfari Foundation	199,456
The LEGO Foundation	184,094
Private donors in Portugal	183,834
United Parcel Service	170,000
Charities Aid Foundation	155,639
Skype Communications	150,000
Lions Club International	149,400
Foundaca Calouste Gulbenkian	145,349
Comitato Collaborazione Medica	143,340
Divac Foundation	118,653
Total private funding	**111,075,292**

Source: Development Initiatives based on UNHCR Global Report 2011, p.94-95

Private funding in the CERF: the big decline

A key element of the humanitarian reform process that formally began in 2005 was the need to improve funding for humanitarian crises on a global scale, especially through the use of pooled funding. This resulted in the evolution of the existing global revolving fund, which had a loans facility of US$50 million, into the present-day Central Emergency Response Fund (CERF), with its substantial grant-making possibilities as well as the original loan element.

CERF receives broad support from 126 United Nations Member States and observers, regional governments and the private sector, including corporations, non-governmental organisations and individuals. Since its inception in 2006, CERF has received more than US$2.8 billion.

Despite the challenging global economic climate, CERF mobilised the highest amount ever from donors in 2011. Over US$465 million was raised for the Fund in pledges and contributions from Member States, observers and private donors. This is the second time in the Fund's history that it exceeded the US$450 million annual fundraising target set for it by the General Assembly.

Despite this positive overall performance, CERF's private income has been declining in recent years and is currently at the lowest level since its inception, representing at a mere US$211,586 in 2012.

Private funding to the CERF was at its highest level of US$4.4 million in 2010 (representing 1.2% of all of its income), driven up by the mega-disasters in Haiti and Pakistan. However, 2011 brought a 96% decline in private contributions, the most significant of all humanitarian organisations analysed in this report. Voluntary giving from private donors in 2012 increased somewhat, but remained low in comparison to any other year since 2006.

Private contributions to the Red Cross Movement

The International Red Cross and Red Crescent Movement, made up of the International Federation of the Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC) and 186 national societies, is the world's largest humanitarian network, with a presence in almost every country.

The Movement has a complex resource architecture that includes:

- bilateral pathways – direct funding between two elements of the Movement, such as between national societies, and
- multilateral pathways – when funds are channelled through several elements – for example, from one national society to another via IFRC.

Resources are mobilised from various sources – governments, multilateral organisations, private contributions and commercial enterprises, amongst others. Currently, the volumes and trends of resources within the Movement as a whole are not being captured as data and funding flows within the different pathways are not compiled into a single analysis, although the Federation Secretariat is taking major steps towards understanding the full scale of the Movement's finances.

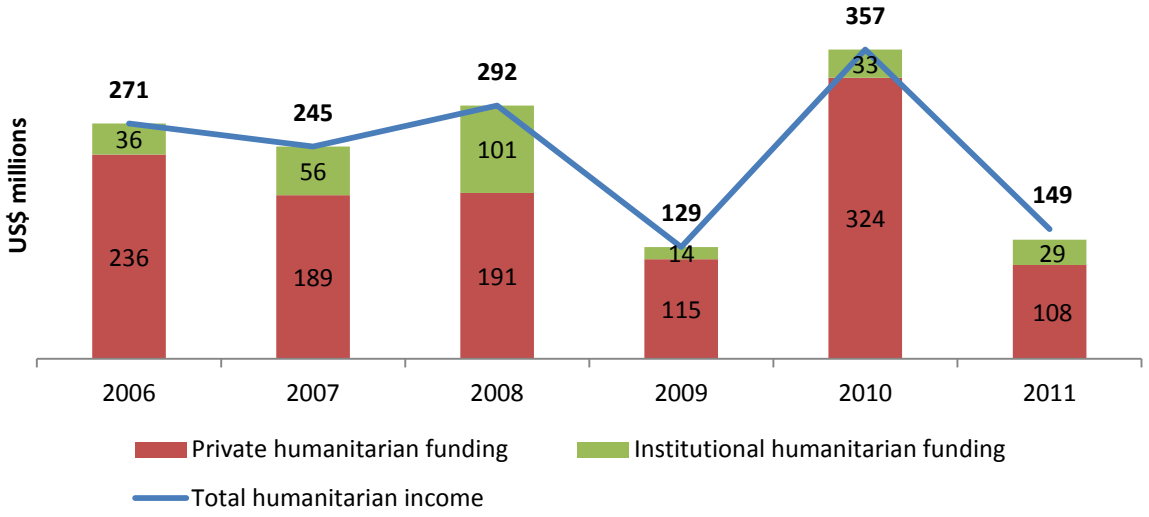
This section presents our analysis of IFRC and ICRC data on multilateral funds. This analysis gives only a partial picture; for example, in 2009 IFRC estimated that multilateral funding provided only 30% of the Movement's total income. Although some national societies detail financial statements in their annual reports, using these statements for analysis is challenging, as the data is not comparable. The rollout of IFRC's Federation-wide reporting system will capture total income and total expenditure data, as well as sources of income and patterns of expenditure.

The International Federation of Red Cross and Red Crescent Societies (IFRC)

IFRC is the world's largest volunteer-based humanitarian network, reaching 150 million people each year through its 187 member National Societies. IFRC works on disaster preparedness, disaster response and post-crisis recovery and rehabilitation in disasters and health emergencies, to meet the needs and improve the lives of vulnerable people.

IFRC's funding patterns place it closer to the NGO group than to the UN agencies we have examined. In the period 2006–2011, the Federation mobilised US$1.4 billion for humanitarian assistance, 80% of which was private money. The Red Cross national societies provide the largest share of IFRC funding from both private and government sources, while IFRC's federal body, the Secretariat, raises only limited funding directly.

Figure 10: IFRC humanitarian income by type of donor, 2006–2011



Source: Development Initiatives research

IFRC's work is split between humanitarian (or emergency) and development (or long-term rehabilitation and reconstruction) activities, where humanitarian assistance accounts on average for 60% of all expenditure. IFRC's humanitarian work is very much linked to emergency response, and therefore it is not surprising that humanitarian income varies dramatically in some years. For instance in 2009, both private and institutional funding declined by 56% due to the absence of any major crises. Nevertheless, the Federation responded to as many as 383 disasters that year.

In 2011 the IFRC received US$149 million in support of its humanitarian appeals and programmes, compared with US$357 million 2010. Private humanitarian contributions were US$108 million down from US$324 million in 2010.This significant decrease can be attributed to the high number of contributions received in 2010 for the Haiti earthquake emergency appeal.

The IFRC's overall unrestricted income consists primarily of statutory contributions from member national societies. In 2011, its unrestricted income totalled US$53 million (47 million Swiss francs). This compares with US$38 million (40 million Swiss francs) in 2010, with the increase due to a large one-off voluntary contribution from a single private source at the beginning of 2011.

IFRC's commitment to resilience building[5]

In 2011, the IFRC's Governing Board took the significant decision to ring fence a minimum of 10% of each emergency appeal budget for resilience-building measures. IFRC considers that it is important that countries receiving aid routinely include disaster preparedness and risk reduction into their national development plans and budgets. Studies have shown that every single US dollar spent on prevention and risk reduction saves an average of US$10–15 in economic losses or saves an estimated US$4 in disaster response. In just one specific example, in Nepal's Ilam district, US$1 invested in locally-driven livelihoods and resilience-building activities returned US$19 in demonstrated impact.

Developing countries have to deal with the economic consequences of disasters with little or no help from the international community. A disaster can have a huge economic impact with annual losses of up to 20% of gross domestic product. Many countries offset these economic losses with their development budget. IFRC says that if we are serious about making aid and development more effective, we have to invest in the right places because we can't leave something this important to chance. In that sense, the 10% commitment to programmes and actions that build long-term resilience makes sound economic sense.

The International Committee of the Red Cross (ICRC)

The ICRC is a major humanitarian player, with an annual budget of over US$1 billion. It differs from the IFRC in its overall mandate, which is exclusively humanitarian regardless of the duration of the crisis or the extent of the activities implemented. It also has quite a different pattern of funding from that of the Federation.

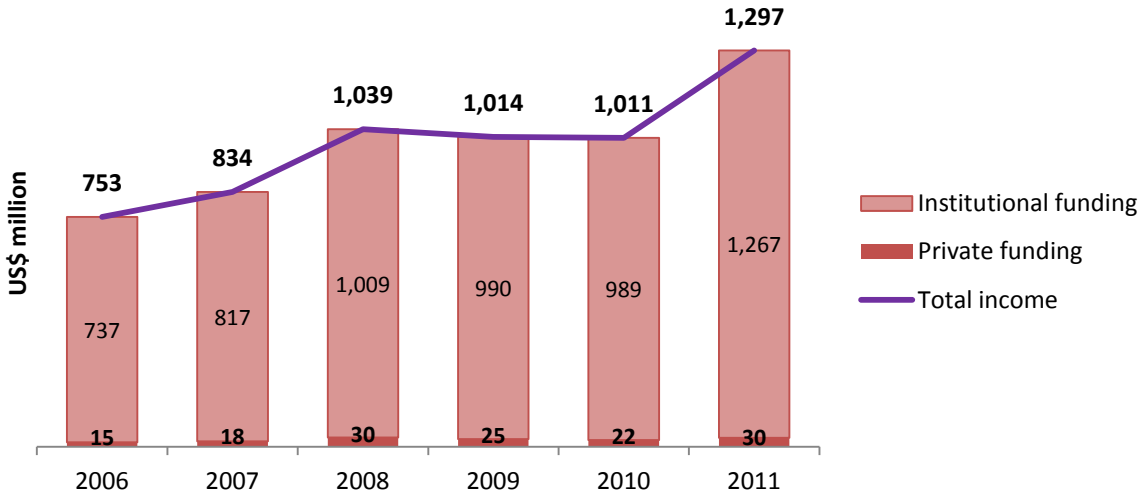
On average, 98% of ICRC financing comes from institutional donors and a mere 2% is raised from private donors. Within such small a proportion, between 2006 and 2011, 86% of all private contributions to ICRC came from individuals (54%) and foundations (32%), with corporate giving accounting for 14% of the total.

Strengthening ICRC's response[6]

The ICRC aims to improve and systematise its ability to place the needs of affected populations at the centre of its humanitarian response, and enhance its response through local resources and skills. Thus, ICRC has started to strengthen its ties with Red Cross national societies of global influence in order to develop strategic partnerships. In addition, ICRC is also improving its collaboration with other humanitarian organisations and the private sector on both operational and strategic issues.

[5] Adapted from information from IFRC Annual Report 2011, p.11
[6] Adapted from information from ICRC Annual Report 2011, p. 50

Figure 11: ICRC humanitarian income by type of donor, 2006–2011



Source: Development Initiatives research

Un-earmarked funding and ICRC's independence[7]

In 2011, ICRC's operational flexibility was preserved as a number of governments continued to provide un-earmarked or only loosely earmarked contributions (mostly by geographical region). Apart from some private donors, governments that made substantial contributions in flexibly earmarked funds include Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Kuwait, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States.

The ICRC continued to witness a steadily growing number of specific donor demands for tighter earmarking and ad-hoc reports. For the organisation it is essential to maintain flexibility in the use of its funds, particularly in relation to earmarking and reporting, in order to meet humanitarian needs effectively. Experience has shown that there is a direct correlation between flexible funding policies and the ICRC's ability to maintain its independence and rapid response capacity.

Key recipients: all humanitarian assistance

In the past decade, government donors have allocated at least US$96 million to countries receiving humanitarian assistance. Africa has taken the largest share of the funding, followed by Asia and the Middle East. Sudan has been the largest recipient of international response from donor governments in that period receiving US$10.6 billion. The West Bank and Gaza Strip (or occupied Palestinian territory, oPt), is the second largest receivingUS$6.7 billion, followed by Afghanistan and

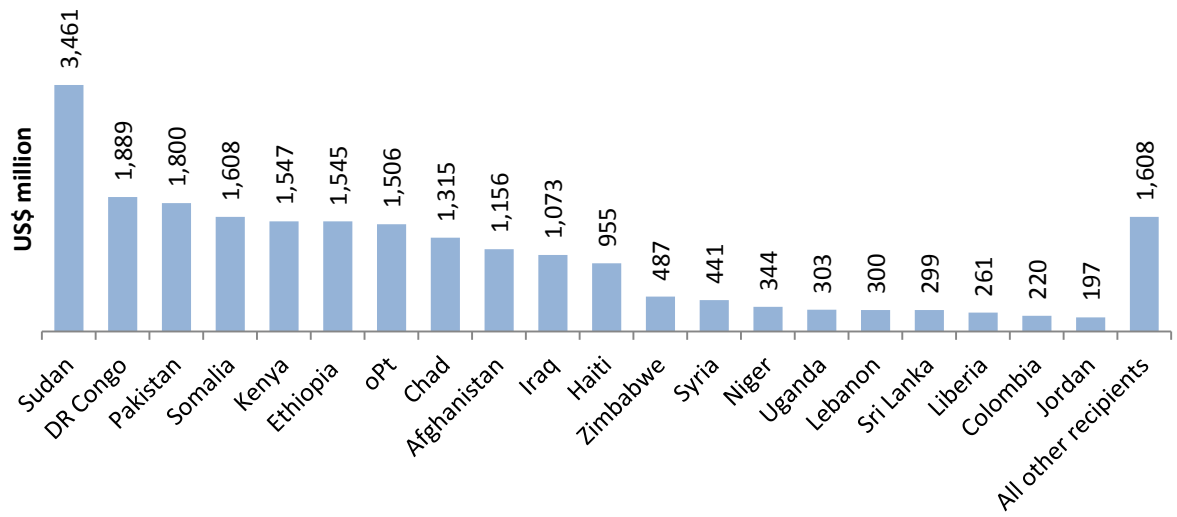
[7] Adapted from information from IFRC Annual Report 2011, p. 74

Pakistan (each receiving US$6.1 billion), and Ethiopia (US$5.9 billion). Iraq, Haiti, the Democratic Republic of Congo (DRC), Somalia and Indonesia complete the list of the ten top recipients.

Humanitarian funding is allocated by international and national donor governments but is delivered on the ground by the humanitarian delivery system, made up of an array of implementing organisations: international and national NGOs, the Red Cross movement and UN and other multilateral agencies. It is therefore not surprising that the top 20 recipients of humanitarian assistance channelled through our unique study set of delivery agencies between 2006 and 2011 closely echo the recipients of governmental humanitarian assistance.

Only three countries do not appear on both lists – Syria, Colombia and Liberia – which are major concerns for aid organisations, but they are replaced by Bangladesh, Myanmar and Indonesia in the priorities of government donors.

Figure 12: Aggregate funding to top 20 recipient countries of humanitarian assistance channelled through delivery agencies, 2006–2011



Source: Development Initiatives research

The two-year-long conflict in Syria has resulted in over 1.6 million registered refugees (as of 2 August 2013, Syria Regional Refugee Response portal). The war is having a devastating effect on lives and livelihoods within the country and, to an increasing degree, the region, which are hosting Syrian refugees who have been driven to flee their homeland out of fear for their safety.

However, government funding to Syria has not seen a major increase in line with the current events, due to limited humanitarian access in the country. In 2011 international government donors allocated just US$106 million to Syria, making it the 23rd largest recipient of humanitarian assistance that year. Yet the humanitarian organisations participating in our study alone channelled at least

US$79 million to the Syrian people between them in 2011, suggesting that a large part of their funding for this crisis came from private rather than official sources.

Colombia had the highest number of internally displaced persons (IDPs) of any country in the world in 2011. The Colombian government estimated that there were at least 4.9 million IDPs in the country at the end of 2011; however, the Internal Displacement Monitoring Centre considers that there may be as many as 5.5 million. Colombia is a high priority for the ICRC, which has spent over US$184 million there in the past six years, and for the Norwegian Refugee Council, which has contributed US$37 million in the same period.

Unsurprisingly, humanitarian assistance channelled through delivery agencies showed annual variations during the period 2006-2011. Countries such as Sudan have seen their allocations grow dramatically in the past three years, with more than a two-fold increase in 2009 compared with the previous year. However, humanitarian assistance to Liberia decreased during the middle part of the period, before reaching a record high in 2011. Of the 20 top recipients of humanitarian funding channelled through delivery agencies, all except one (Uganda) have seen their funding increase in 2011 from the previous year. Thus, while the countries received some US$4.5 billion in 2010, their allocation almost doubled a year later, reaching US$8.2 billion.

Haiti and Ethiopia present the sharpest increases of all recipients analysed. Both countries are prone to suffering from both natural and man-made humanitarian emergencies; nonetheless, until it was struck by the 7.0 scale earthquake on 12 January 2010, Haiti was a typical example of a forgotten crisis where aid and aid agencies were sparse and scarce. Aid to the country increased by 600% on the previous year as a consequence of the international relief operation in 2010. In Ethiopia, where the government strictly oversees aid flows and seldom issues emergency appeals, humanitarian funding has been flowing at a much steadier rate. For instance, Haiti had never been amongst the top 10 recipients of OECD DAC donors' humanitarian assistance until 2010, when it jumped straight to the top position from sixteenth place the year before. Quite unlike Ethiopia, which never ranked lower than sixth in the period 2006-2011 and overtook Haiti in the rankings at the end of the period (Ethiopia was fifth down from forth in 2010 and Haiti was seventh down from first).

The sharp increase in aid channelled through humanitarian organisations to Ethiopia in 2008 is due to a drought, which affected 6.2 million people. Since then, humanitarian assistance to Ethiopia has increased from US$98 million to US$646 million.

Table 2: Top 20 recipient countries of humanitarian assistance channelled through aid organisations, 2006–2011, US$ millions

	2006	2007	2008	2009	2010	2011
Afghanistan	97	134	164	156	205	564
Chad	100	153	167	280	286	481
Colombia	24	31	40	38	42	86
DRC	149	186	231	452	367	720
Ethiopia	4	10	98	393	486	646
Haiti	14	24	36	41	281	537
Iraq	41	168	204	225	254	386
Jordan	11	56	60	64	7	60
Kenya	85	118	145	384	299	653
Lebanon	52	41	74	48	37	122
Liberia	75	76	26	15	6	89
Niger	25	24	33	41	51	199
Palestine/OPT	203	272	259	305	275	475
Pakistan	106	64	56	256	469	880
Somalia	72	108	177	398	268	756
Sri Lanka	27	74	82	64	39	100
Sudan	278	338	362	876	878	1,100
Syria	0	55	108	102	96	187
Uganda	49	75	29	95	48	36
Zimbabwe	4	15	57	225	118	125
Key	0-62	63-125	126-250	251-500	501-1000	

Source: Development Initiatives research

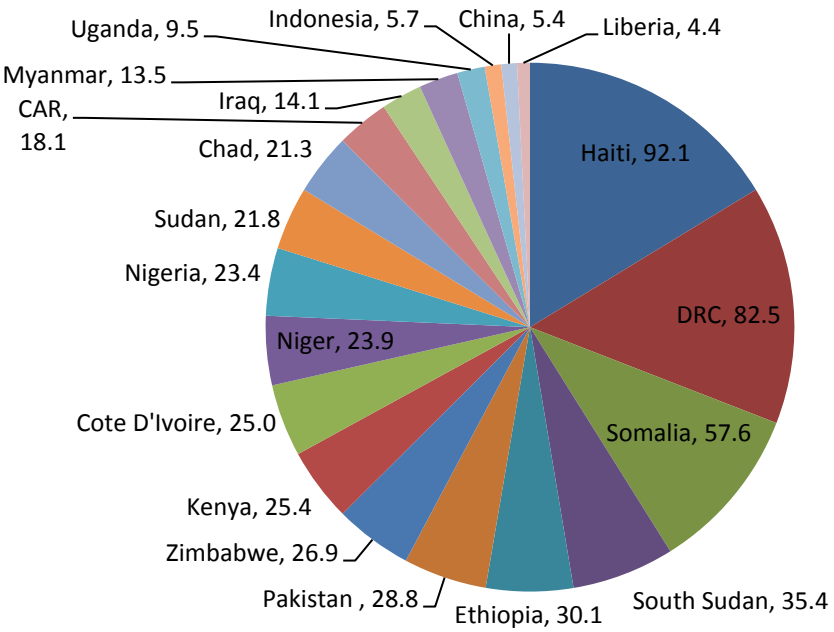
Humanitarian assistance appears to be increasingly concentrated in the 20 recipient countries. Their share of all humanitarian funding channelled through aid organisations has grown from 52% at the start of the period to 71% at the end.

Key recipients: private humanitarian assistance

If tracking total private voluntary contributions for humanitarian assistance is challenging, gauging where this private money goes is even more difficult. Very few humanitarian organisations report their private country or sector expenditure separately from their overall funding allocation. GHA would like to assess whether private income is used differently from other sources of funding and to verify whether it does indeed go towards supporting neglected emergencies and sectors of aid.

However, just five organisations from our study set were able to provide disaggregated expenditure by source of income for 2011: Canadian Foodgrains Bank, the Danish Refugee Council, MSF, NRC and UNICEF. Of their data, Haiti was the top recipient of private expenditure in 2011 with US$92 million, followed by DRC with US$83 million and Somalia with US$58 million. South Sudan ranked fourth, in contrast to the official humanitarian expenditure by DAC donors where it took only ninth place.

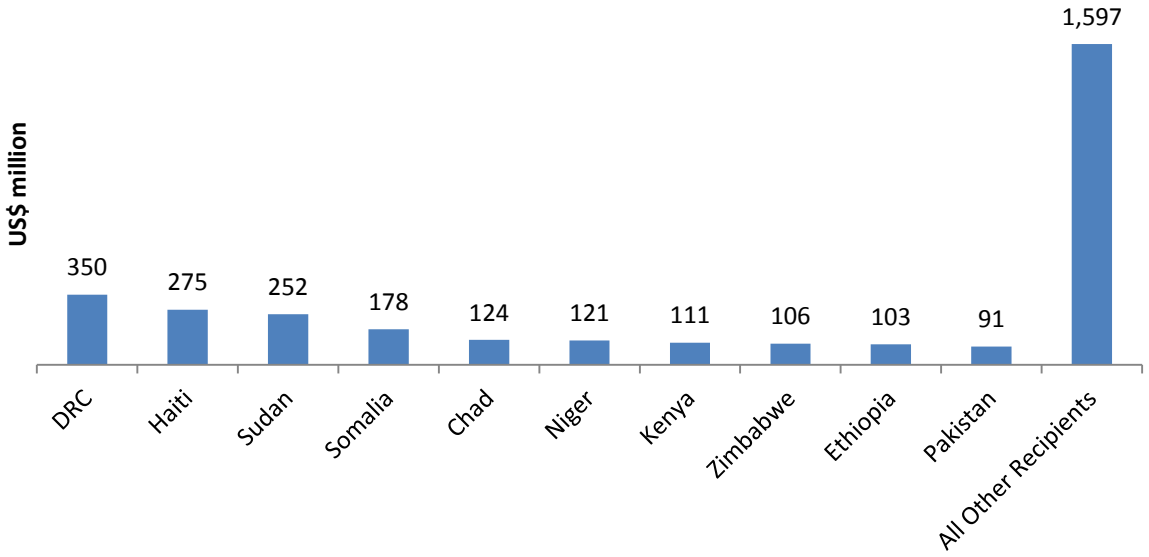
Figure 13: Top 20 recipient countries of private voluntary contributions in 2011 from UNICEF, Canadian Foodgrains Bank, Danish Refugee Council, MSF and NRC, US$ millions



Source: Development Initiatives research

Private humanitarian expenditure data for the six-year-period between 2006 and 2011 is limited to information provided by the four NGOs above, as UNICEF has only recently begun to disaggregate its humanitarian expenditure by funding source and retrospective data is not available. Such a partial sample hardly allows for reliable extrapolation of data or sound examination of trends. Yet it does reveal an interesting picture of private expenditure that is worthy of analysis in its own right. Collectively, Canadian Foodgrains Bank, the Danish Refugee Council, Médecins Sans Frontières and the Norwegian Refugee Council allocated a total of US$3.3 billion to recipient countries between 2006 and 2010. Over half of the private expenditure – 52% – went to the top ten recipients.

Figure 14: Top 10 recipient countries of private voluntary contributions from Canadian Foodgrains Bank, Danish Refugee Council, MSF and NRC: aggregate data, 2006–2011



Source: Development Initiatives research

There are a few key differences between the larger recipients of these four organisations' private voluntary contributions and those of overall humanitarian assistance channelled through delivery agencies in this period. While in the previous chapter's analysis the oPt was the seventh largest recipient of humanitarian assistance (and it is second in terms of donor governments' allocations over the past decade), private expenditure there was negligible. Afghanistan and Iraq – two of the key countries of interest for humanitarian assistance from government donors – also receive very low levels of private expenditure.

The situation is quite the opposite in Niger, which ranked sixth in terms of aggregate private funding for both the 2006-2010 and 2006-2011 periods, and the Central African Republic (CAR), which ranked tenth in the 5-year period 2006-2010, and was down to twelfth with the inclusion of 2011 data (2006-2011) due to the raise of Pakistan following two consecutive years of catastrophic floods. These countries suffer from chronically low institutional and government funding levels, but are key areas for allocations of private voluntary contributions for humanitarian assistance. Niger received US$212 million in the six years from 2006 through to 2011 and CAR US$86 million, raised mainly by MSF.

Table 3: Private expenditure from MSF, NRC, Danish Refugee Council and Canadian Foodgrains Bank to top 20 recipient countries, 2006–2011, US$ millions

	2006	2007	2008	2009	2010	2011
Afghanistan	0.1	0.2	1.3	0.7	0.8	1.0
Angola	16.5	3.3	0.0	0.0	0.0	0.0
CAR	8.4	9.9	17.1	14.1	18.1	18.1
Chad	14.9	28.7	25.9	14.0	19.7	21.3
Cote D'Ivoire	10.0	8.2	3.7	0.3	0.9	24.1
DRC	41.9	47.9	55.4	58.5	65.0	80.9
Ethiopia	11.1	9.7	26.5	12.1	15.6	27.7
Haiti	11.2	16.1	18.1	15.5	132.1	82.2
Iraq	2.3	13.9	17.9	14.1	12.0	14.1
Kenya	14.8	17.5	19.8	16.2	16.9	25.4
Liberia	16.6	10.7	9.2	6.8	5.5	4.4
Myanmar	4.7	7.8	8.4	7.8	8.8	13.5
Niger	18.5	19.4	24.5	14.6	20.3	23.9
Nigeria	6.7	6.7	13.2	13.3	23.1	23.4
Pakistan	13.6	5.6	7.7	12.6	28.9	22.4
Somalia	13.4	28.7	32.3	26.1	26.1	51.1
South Sudan	N/A	N/A	N/A	N/A	N/A	35.4
Sudan	47.6	50.5	60.4	38.7	42.2	12.4
Uganda	9.5	9.1	11.8	7.7	10.5	9.5
Zimbabwe	9.4	11.7	16.0	19.1	23.4	26.9
All other recipients	139.6	146.6	179.7	166.6	194.9	254.3
Key	0-9	10-19	20-49	50-80	80-130	

Source: Development Initiatives research

There are some striking year-on-year variations in private expenditure at country level between 2006 and 2011. Haiti boasts the largest annual variation in nominal terms with a US$115 million net increment in humanitarian spending in a single year. However, Haiti and Cote D'Ivoire are the two recipients showing the largest annual variations in proportional terms, increasing from US$15.5 million to US$132.1 million and US$0.9 million to US$24.1 million respectively.

Sudan and Uganda are the two recipients with the steadiest rate of private humanitarian expenditure, bearing in mind that the drop in 2011 funding to Sudan is accounted for by the split of the country into two. If taken together, financing to Sudan and the Republic of South Sudan remain close to 2010 levels.

Finally, DRC has been a regular recipient of private money during the period. It is also the only country showing an uninterrupted, progressive increment in private expenditure over the period.

Private fundraising

Private fundraising has become increasingly relevant in the past five years, boosted by the budget crunch in many traditional donor countries as well as the consequent increase in aid earmarking and expenditure restrictions. UN organisations such as UNHCR have recognised the need for a more strategic approach and have increased their investment in private fundraising over the past seven years, with a strategy for a twenty-fold increase in private income between 2006 and 2018. For other humanitarian actors who have long nurtured close relationship with private donors – such as individuals or big contributors from the charitable and corporate sectors – the new strategy focuses on keeping their donor base continuously involved in their work and maintaining donation levels as the economic crisis continues to bite.

For many humanitarian organisations, private voluntary contributions provide a solution to the reduction in government donors' support. Ten DAC donors reduced their bilateral humanitarian spending in 2011 by a combined total of US$946 million. While this decrease was partially compensated by the increment in humanitarian spending from the rest of the OECD DAC group and the overall drop in funding was just US$59 million, for humanitarian organisations based in donor countries with shrinking humanitarian budgets, such cuts had a deep impact. Preliminary figures would suggest that in 2012, 15 of the 24 DAC donors reduced their bilateral humanitarian assistance by a combined total of US$1.5 billion, with an overall decrease in DAC donors' humanitarian assistance of US$1.4 billion.

Raising funds from the public

Private giving has emerged as a reliable source of income in difficult times. However, it is not realistic to expect that private fundraising can directly replace government spending. Beyond the key issue of donors' commitment to humanitarianism and its financing, which donors have the responsibility to uphold despite the current economic downturn – as donors like the EU Institutions and the UK are doing – there is the matter of the fundraising costs. Institutional and private fundraising come at far greater price in terms of resources. While a fundraising department of just a few people can raise and manage many millions of government donors' allocations, mobilising resources from private donors, especially from the general public, requires substantial investment in resources, both human and material. While many humanitarian actors have long relied on private voluntary contributions for the bulk of their activities and have the necessary structures in place, for other cash-stripped organisations, moving into private fundraising in the midst of quickly diminishing government support may prove extremely challenging.

Volunteers can provide vital reinforcement during face-to-face campaigns. However, a more strategic approach to private fundraising will require a media presence and campaigning with a targeted approach to different donor groups, as well as relationship building with high-value donors. These are likely to require a whole different level of investments, which may be outside the reach of many small or more cash-deprived organisations. NGO platforms, such as the UK's Disaster

Emergency Committee (DEC)[8] or Netherlands' Samenwerkende Hulporganisaties[9], are an effective method of uniting resources and efforts in the face of public campaigning and fundraising. The DEC member agencies share vital information in the period leading up to an appeal launch, enabling the DEC Secretariat and Trustees to assess the gravity of the disaster or emergency and the probable level and effectiveness of any collective response. Thus, the DEC draws on many years of experience to plan and deliver each appeal, striving to ensure that the relevant support reaches the people who need it as quickly as possible.[10]

Emergency appeal-driven giving appears to have been immune to the effects of the economic crisis. At US$80 million, the 2011 East Africa appeal was the largest ever appeal for Africa by Oxfam and also their best ever funded appeal, receiving a total of US$119 million of which US$48 came from the general public and US$7 million came from foundations and trusts[11]. Emergency-specific donations, however, are very much driven by the media profile of the crisis and by levels of public awareness. On the contrary, trusts and foundations are more responsive to entrenched and forgotten emergencies as their contributions are motivated by higher degree of knowledge of humanitarian situations worldwide. Emergency-driven giving is also a good way to get people engaged in an organisation's work in order to become regular donors.

Regular, unrestricted donations are by far the preferred form of private donorship for humanitarian organisations, as they have no strings attached. Therefore, they can be used for sudden onset emergencies, to top up the organisation's emergency reserve, or to support work in hidden crises. While emergency giving has been on the rise, regular donations have – on the whole – been suffering due to the impact of the economic downturn, to a greater degree, as households are struggling to cope and have less disposable income. This also means that capturing new and maintaining existent individual donors is increasingly difficult.

Private fundraising in a recession: private sector partnerships

The economic crash in developed countries has affected individual giving in three main ways according to MSF:

- acquisition of new regular donors is becoming more difficult;
- existing individual donors are dropping out or decreasing the amount of their gifts as their income shrinks; and
- response rates to campaigns are reducing.

Over the last two years, the economic climate has spurred more companies and NGOs to place greater emphasis on cross-sector partnering than previously. According to the C&E 2012 Corporate-

[8] www.dec.org.uk
[9] http://samenwerkendehulporganisaties.nl
[10] Disaster Emergency Committee'How we work', http://www.dec.org.uk/about-dec/how-we-work
[11] http://www.oxfam.org/sites/www.oxfam.org/files/er-horn-of-africa-2011-2012-progress-report-050712-en.pdf

NGO Partnership Barometer, organisations placed a much greater emphasis on corporate-NGO partnerships as an efficient way to drive value in a tough climate.[12] The Barometer also discovered an overwhelming level of confidence that strategic partnerships between NGOs and businesses are meeting their objectives and delivering value**,** with 90% of respondents expressing such views.[13]

According to the same study, awareness and interest in "shared values" is high across both the corporate and NGO sectors, as the idea combines the unique competencies of businesses and NGOs to deliver products or service solutions with both commercial scale and social impact. Some NGOs have created specific policies on private partnerships in response to the need for a more diversified donor base, as well as the realisation of the progressive involvement of many individuals and groups without prior humanitarian experience in relief work as the result of high-profile emergencies such as the 2004 Indian Ocean tsunami and the earthquakes in Kashmir (2005) and Haiti (2010).

Oxfam International's position on the Private Sector and Humanitarian Relief[14]

Oxfam argues that the increasing involvement of the private sector in humanitarian relief can add to overall humanitarian capacity as the private sector brings skills and competencies, as well as new practices and perspectives to the humanitarian aid community.

However, private sector involvement in humanitarian relief must conform with the humanitarian principles embodied in the Red Cross/Crescent and NGO Code of Conduct, including impartial aid based on assessed need, accountability to beneficiaries as well as donors, reduction of future vulnerability as well as immediate relief and coordination.

Oxfam recommends that humanitarian agencies pursue long-term partnerships with private sector entities, so that the private sector's engagement in humanitarian work is strategic and not just reactive. Partnerships can be bilateral or through consortia, via a variety of modalities.

Oxfam has adopted processes for its own engagement with the private sector that it recommends to other humanitarian NGOs. These include screening potential private sector partners to address ethical concerns, potential conflicts with Oxfam's mission and humanitarian principles, and conflicts of interest for the company. Pilot projects can test the working relationship and suitability/appropriateness of contributions before projects are scaled up.

These principles apply to private sector humanitarian engagement, including response to natural disasters, conflicts, and complex emergencies, as well as in post-disaster recovery and reconstruction.

[12] C&E Corporate-NGO Partnership Barometer 2012, p. 6, http://www.candeadvisory.com/barometer
[13] Ibid
[14] From Oxfam International Policy Compendium Note on the Private Sector and Humanitarian Relief, updated March 2012, http://policy-practice.oxfam.org.uk/publications/the-private-sector-and-humanitarian-relief-215649

UNHCR's new private fundraising strategy also places an emphasis on leadership giving through partnerships with corporations and high-profile individual donors who share the organisation's strategic vision and values. The UN agency has a partnership with the IKEA Foundation, which has funded UNHCR's self-reliance initiative for refugees in East Sudan and Bangladesh since 2009. In 2011 the IKEA Foundation provided a three-year grant worth US$62 million – the largest private donation in UNHCR's history – which funds the agency's work on shelter and care for families fleeing famine and conflict in the Horn of Africa, while also allowing UNHCR to develop an innovation lab to provide continuous innovations and improvements to the agency's work.

While corporate donors are often considered more demanding than individuals and their donations can involve a greater reporting burden and earmarking, many humanitarian organisations believe that business involvement can contribute positively to humanitarian work. However, partnerships must enable the transfer of resources as well as create a real understanding of, and engagement in, humanitarian work. This is the case with UNHCR's partnership with IKEA as well as Marks & Spencer's collaboration with Oxfam, which was voted the most admired corporate-NGO partnership in the UK in 2012 for the second year running, according to the C&E 2012 Corporate-NGO Partnership Barometer. The partnership involves M&S and Oxfam sharing knowledge and working together to drive sustainable production and consumption and includes a clothes exchange, through which anyone donating an item of M&S clothing to Oxfam receives a money-off voucher for use at M&S store. In the same study, the Procter &Gamble, Pampers and UNICEF "1 Pack = 1 vaccine" campaign was voted the second most admired partnership for their work together to provide maternal and infant tetanus vaccines in the developing world. In addition to delivering a core service for UNICEF's stakeholders, this ongoing global campaign secures significant commercial and brand value for Pampers (P&G).

"Cash is king"

Clearly, humanitarian-corporate partnerships for humanitarian assistance cannot be limited to funding. Although corporate philanthropy has remained important, companies are increasingly seeking more direct ways to engage in disaster response. According to a recent report on corporate engagement published by Washington-based think tank the Center for Strategic and International Studies (CSIS), this can be achieved through instrument design, by undertaking multi-stakeholder initiatives in specific sectors and, controversially, through unilateral delivery of assistance and programme implementation.[15] This rise in corporate action stems from an improved understanding of the roles and responsibilities of business in line with Corporate Social Responsibility principles.

Notwithstanding a number of innovative developments in public-private partnerships in recent years, cash is still king in the disaster space, says the CSIS. Cash is highly valued by humanitarian organisations because of its speed, flexibility and versatility in supporting the recovery of local

[15]White, S. and Lang, H. (2012), Corporate Engagement in Natural Disaster Response: Piecing Together the Value Chain, Center for Strategic and International Studies (CSIS) 2012,http://csis.org/files/publication/120117_White_CorporateEngagement_Web.pdf

markets. However, corporate cash contributors are increasing pressure on humanitarian organisations to improve accountability standards. In addition to cash, companies commonly provide commodities and services for disaster relief. During the 2004 Indian Ocean tsunami, companies contributed US$142 million (nearly 25% of all corporate giving) in-kind, through products and services. Another model of humanitarian assistance developed by mobile technology and financial institutions is the employment of fee and service waivers in times of crisis. During the 2010 earthquake in Haiti, Digicel, Haiti's main mobile telecommunications operator and the largest one in the Caribbean, provided US$10 million in free credit to cell-phone subscribers and offered direct support to the government by prepaying its taxes to increase revenue for rebuilding efforts.[16] All these initiatives have proven an important means to facilitate communication and to make cash immediately available to affected populations during a crisis.

Developments in private sector partnerships

Finally, a growing number of companies are formalising strategic global partnerships with UN humanitarian agencies, international organisations and NGOs. Multi-year partnerships offer the added value of enabling the partners to bring assistance models to scale, to work together on the design of innovative relief and recovery instruments, and to exchange key expertise. Companies like FedEx and UPS were some of the first to combine core competencies with humanitarian organisations such as WFP, CARE and the American Red Cross, but new and innovative partnerships are now being created around the world.[17] The three-year partnership (2011–2013) between the Coca-Cola Company and the IFRC is noteworthy in this regard, in that it not only capitalises on Coca-Cola's core competences in bottling and logistics, but also leverages its sheer reach into communities around the world through the various partners in the Coca-Cola system.[18]Given Coca-Cola's franchise operations in 206 countries and the IFRC's 186 national societies worldwide, the matching is exciting and could eventually represent the largest humanitarian network on the planet. The aim of the partnership is to identify and scale up collaborative practices in two key areas — disaster response, and preparedness and public engagement. In 2012 Coca-Cola and the IFRC were already working together in 50 countries.

In the face of the increasing involvement of corporations beyond the realm of corporate donorship and into actual humanitarian response, there may be a need for agreement on a binding international framework to regulate partnerships between private companies and humanitarian organisations in the field. Currently, the only international guidance that exists comes from the Guiding Principles for Public-Private Collaboration for Humanitarian Action, which were developed in 2008 by the World Economic Forum and the UN Office for the Coordination of Humanitarian Affairs (UN OCHA).

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[16] Bridges, Greenhill, and Rogan (2010), Innovations in Corporate Global Citizenship: Responding to the Haiti Earthquake, http://www3.weforum.org/docs/WEF_HaitiResponse_Report_2010.pdf

[17]White, S. and Lang, H. (2012), Corporate Engagement in Natural Disaster Response: Piecing Together the Value Chain, CSIS, 2012

[18] The Coca-Cola Company and the International Federation of Red Cross and Red Crescent Societies (IFRC), http://w3.ifrc.org/Docs/pubs/Corporate/Fact%20Sheet%202.pdf

What is the future role for private humanitarian donorship?

Private giving tendencies for the near future remain uncertain. While recent trends would appear to invite optimism, the full effects of the economic crisis on private contributions are not yet clear. The crisis first seemed to impact on private giving in 2009, but huge Haiti and Pakistan emergency operations in 2010 were enough to revert the tendency. The expected slump in either government or private humanitarian funding in 2011 did not materialise, in part due to more flooding in Pakistan but mainly due to the acute food insecurity crisis in the Horn of Africa and the effectiveness of many international organisations – UK-based in particular – to mobilise vast resources for disaster relief operations. Whilst 2012 was characterised by the drought and food crisis in the Sahel, it appears unlikely that this emergency marshalled similar levels of funding as the East African crisis.

As the crisis deepened further in 2012, it spread beyond Southern European countries and began to make a deeper dent in some Northern economies. According to a recent UK study, austerity measures are having some impact on NGOs, many of which have experienced flat or negative growth in their private income.[19] On the other hand, early 2012 data from some UN agencies and major NGOs appears to indicate that while private funding may be slightly lower than in 2011, a big drop is not expected. It seems to confirm the key role that the new and more strategic approach to private fundraising is playing in sustaining funding amidst the challenging economic environment.

As more organisations are tapping into private giving some important questions emerge: how far can private funding stretch in times of prolonged crisis, and how saturated are traditional fundraising markets? Humanitarian organisations are already experiencing increasing competition for limited private resources. Big humanitarian players who are relatively new to private funding, such as the ICRC, may be looking to expand their private donors, which will bring them into direct competition with national Red Cross and Red Crescent societies and, by extension, with the IFRC. Furthermore, fundraising markets in developed countries may already be near exhaustion and new donors difficult to acquire, meaning private fundraising will need to focus increasingly on emerging markets in Asia and Latin America, and will have to develop whole a new set of donor engagement strategies.

Mid-term prospects for humanitarian-corporate partnerships for 2012-2015 remain bright, however: both businesses (82%) and NGOs (85%) expect the role of cross-sector partnerships to become more important over the next three years.[20] Investment of time, commitment and resources in business-NGO partnering is set to grow, with 77% of business and NGO respondents expecting their investment in cross-sector partnerships to either increase or increase significantly over the next three years.[21]

[19] People in Aid, The 2012 INGO Management Agenda: A Benchmarking Report for the INGO Sector, http://www.peopleinaid.org/pool/files/pubs/people-in-aid-management-agenda-final.pdf
[20] People in Aid, The 2012 INGO Management Agenda: A Benchmarking Report for the INGO Sector, http://www.peopleinaid.org/pool/files/pubs/people-in-aid-management-agenda-final.pdf
[21] C&E Corporate-NGO Partnership Barometer 2012, p.29, http://www.candeadvisory.com/barometer

Recommendations

There is currently no single data repository that systematically collects information on private funding worldwide, so GHA is reliant on individual organisations either publishing or providing us with data on their private funding in order to compile the data underpinning this report.

The lack of standard reporting of private funds contributes to the overall inadequacy of information available on humanitarian financing, particularly that of private donors. Without improved reporting and better information in this area, it will remain impossible for response agencies and governments to accurately allocate funding and resources according to need. A 2009 UNDP consultation of 77 developing country governments also showed a clear demand from stakeholders for more and better information about the activities of all development actors, including NGOs and foundations.

As resources have become larger and more diversified, the need for information on all available finances has become more pressing. We know there are large resource flows going to humanitarian emergencies from sources other than institutional donors or the few private foundations that report to the DAC and/or FTS, which are currently going unreported. In order for us to gain a better understanding of what resources are available and where, foundations, corporations and delivery agencies need to publish information on private humanitarian financing in a comprehensive, uniform way that is directly comparable to the reporting of institutional and government donors.

International Aid Transparency Initiative (IATI)

IATI is a multi-stakeholder initiative that seeks to improve the transparency of information on aid to increase its effectiveness in reducing poverty. IATI's vision is to provide a single common format for the transparent reporting of all activities by all participants in the delivery of development cooperation – including private funders as well as governments. At the 2011 OECD DAC High Level Forum on Aid Effectiveness, all of the 159 countries that endorsed the Partnership Agreement for Effective Development Cooperation committed to publishing their aid transactions to the IATI standard by 2015. There are currently over 170 organisations already publishing information to the IATI format.

IATI is currently working with humanitarian actors including UN OCHA, to improve its capacity for the reporting of humanitarian assistance. Better quality, more comparable and timely data on all humanitarian flows – including private flows, which make up over 25% of all international humanitarian funding – would improve donor response and enable a more comprehensive picture of humanitarian contributions through the system, tracking not only inputs but outputs and eventually outcomes, thus contributing to a more efficient and effective system. One of the benefits of greater transparency should also be the ability to trace resources through to the ultimate beneficiary.

In 2011, the Hewlett Foundation became the first private foundation to publish its data to IATI, and it is both hoped and anticipated that more foundations and private funders will follow suit as awareness builds around the value of making the information publicly available.

Methodology

Until relatively recently, our understanding of humanitarian financing to and through the spectrum of delivery agencies has been limited to the funding received from traditional donor governments.

Private voluntary contributions for international development have become an increasingly relevant phenomenon in recent years. With major private donors, such as the Bill & Melinda Gates Foundation, who rival some traditional donor governments in terms of the scale of their funding, awareness has risen of the relevance of this form of financing. Moreover, it is increasingly accepted that our understanding of the efficiency and effectiveness of aid will not be complete unless a better grasp of other resources spent in aid contexts is acquired. However, assessing the total volume of private voluntary contributions available at any given moment remains very challenging.

Currently, there is no single data repository that systematically collects information on private funding worldwide. Different initiatives track private contributions on a national level, but methodologies differ and direct aggregation of data is not possible. The GHA programme has developed a methodology that allows us to estimate the global volume of private funding, as well as to understand how this funding is raised and spent and by which part of the international aid system.

For that purpose, we approach delivery agencies directly and gather financial information on their income and expenditure by means of a standardised data set, developed by the GHA programme. Where direct data collection is not possible, we use organisations' annual reports and audited accounts to extract key data and complete the standardised data set. For the purpose of our work, delivery agencies include NGOs, UN agencies and Red Cross organisations.

Thus, our sources of information for this report are as follows:

- Direct information and analysis of annual reports for a unique study set of 84 NGOs that form part of nine representative and well-known NGO alliances and umbrella organisations, such as Oxfam International (see table 4).
- Direct information and analysis of annual reports for five key UN agencies with humanitarian mandates: World Food Programme (WFP), United Nations Children's Fund (UNICEF), United Nations High Commissioner for Refugees (UNHCR), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Health Organization (WHO).
- Direct information and analysis of annual reports for the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC).

The time period covered in our research is 2006 to2011. The actual financial figures are guided by the accounting years of the organisations concerned; these may vary considerably, ranging from a calendar year to a year ending 31 March, 30 June or 30 September. Different accounting or financial

years have been combined in the analysis; therefore, in practice, the figures represent more than a 12-month period.

Our estimation of total private voluntary contributions worldwide is composed of an estimate of total private income for all humanitarian NGOs, plus the private income reported by the five UN agencies analysed in this paper and the private income of the IFRC and ICRC. In order to estimate the total private voluntary contributions raised by NGOs worldwide, we have established the annual share that our NGO study set represents of all humanitarian NGOs. This share is calculated on the basis of reporting to the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) Financial Tracking Service (FTS), which records humanitarian funding from a wide range of private and governmental donors. The share varies on an annual basis as the total number of NGOs and their overall humanitarian income is driven by the number, type and geographic location of crises around the globe.

Table 4: NGOs study set: ten representative alliances and umbrella organisations

Organisation	Number of member organisations in the Study Set
Action Contre la Faim	3
Canadian Foodgrains Bank	1
Caritas	35
Concern	3
Danish Refugee Council	1
Médecins Sans Frontières	19
Mercy Corps	2
Norwegian Refugee Council	1
Oxfam	15
Total	80

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