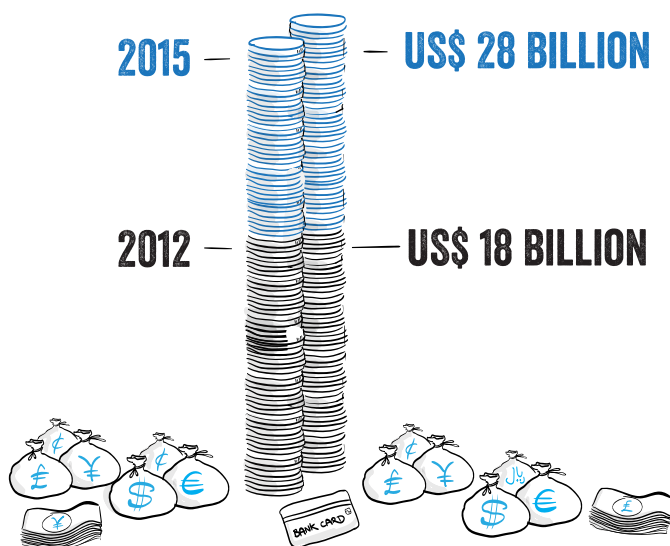


This briefing paper considers overall humanitarian financing trends: Where we are now? Where we are headed? What are the key challenges NGOs face, and where to go for more information?

## WHERE ARE WE NOW?

Financing international humanitarian assistance is at an all time high. Although it is difficult to track, in 2015, **USD28 billion** in traceable funding was spent, representing an increase of **USD10 billion** since 2012.<sup>i</sup>

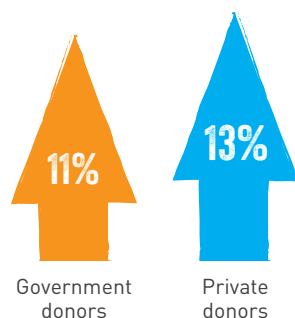


## Who is giving it?

In 2015, **Government donors gave USD21.8 billion**, representing a total of 78% of all tracked international humanitarian aid flow.<sup>ii</sup> Just 20 government donors contributed 97% of all international government contributions.<sup>iii</sup>

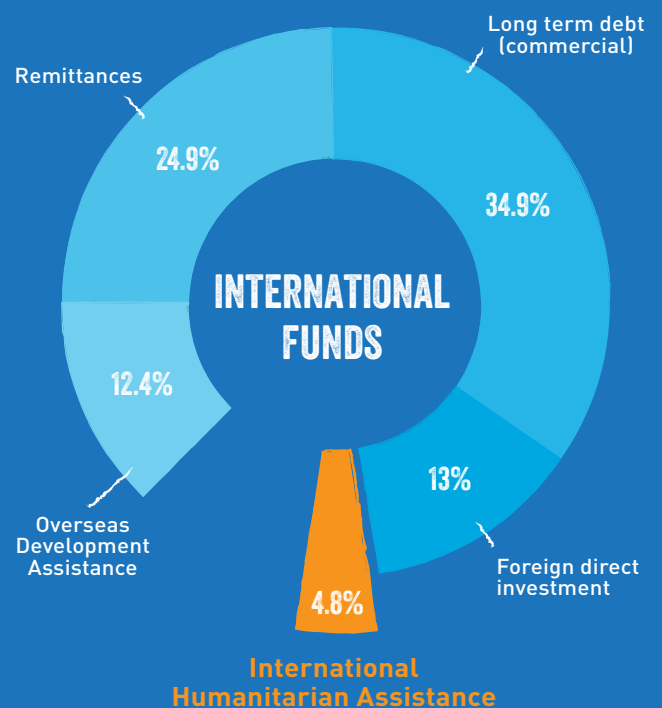
**Private donors**, including individuals, companies and corporations gave **6.2 billion**.<sup>iv</sup> From private donors, individuals give by far the most – 69%, averaged between 2010 and 2014.<sup>v</sup>

Overall, support from both Governments and private donors is increasing. In the last year alone, funding from Government donors has increased by 11%, and from private donors, by 13%.<sup>vi</sup>



## International Humanitarian Financing flows and the big picture<sup>vii</sup>

The 20 countries receiving the most assistance in 2014: In 2014, international humanitarian assistance represented just 4.8% of all international funds arriving in these countries.<sup>viii</sup>



## Where is it going?

In 2015, of the 10 countries receiving the most aid, five are in the Middle East. The top five crises (Syria, Yemen, South Sudan, Iraq and Sudan) received more than half of humanitarian funding allocated to specific emergencies.<sup>ix</sup>

Government donors also have preferences for where they fund, based on a range of strategic priorities. These are often publicly accessible on government aid or foreign affairs websites.

## Who is it going to?

In 2014, multilateral organisations – such as UNHCR, WFP and UNICEF - received 52% directly from governments and private sources. NGOs received 31% of these funds directly. (We will unpack direct and non-direct funding later in this briefing paper).<sup>x</sup>

Private donors are particularly strong supporters of NGOs. In 2014, 85% of private donors’ funds were channeled directly to NGOs. Comparatively, governments channeled 16% of their funding directly to NGOs.<sup>xi</sup>

In 2015, of funds tracked through OCHA’s Financial Tracking Service (FTS), NGOs as a whole received a total of USD4.2billion (19%) of humanitarian funding directly. Local and National NGOs directly accessed only 0.4% of international humanitarian assistance.<sup>xii</sup> This percentage is not only extremely low, but is also poorly tracked and

documented.<sup>xiii</sup> Nor does it represent funding received by NGOs as second level recipients – which will be discussed further in this briefing paper.

## Is It Enough?

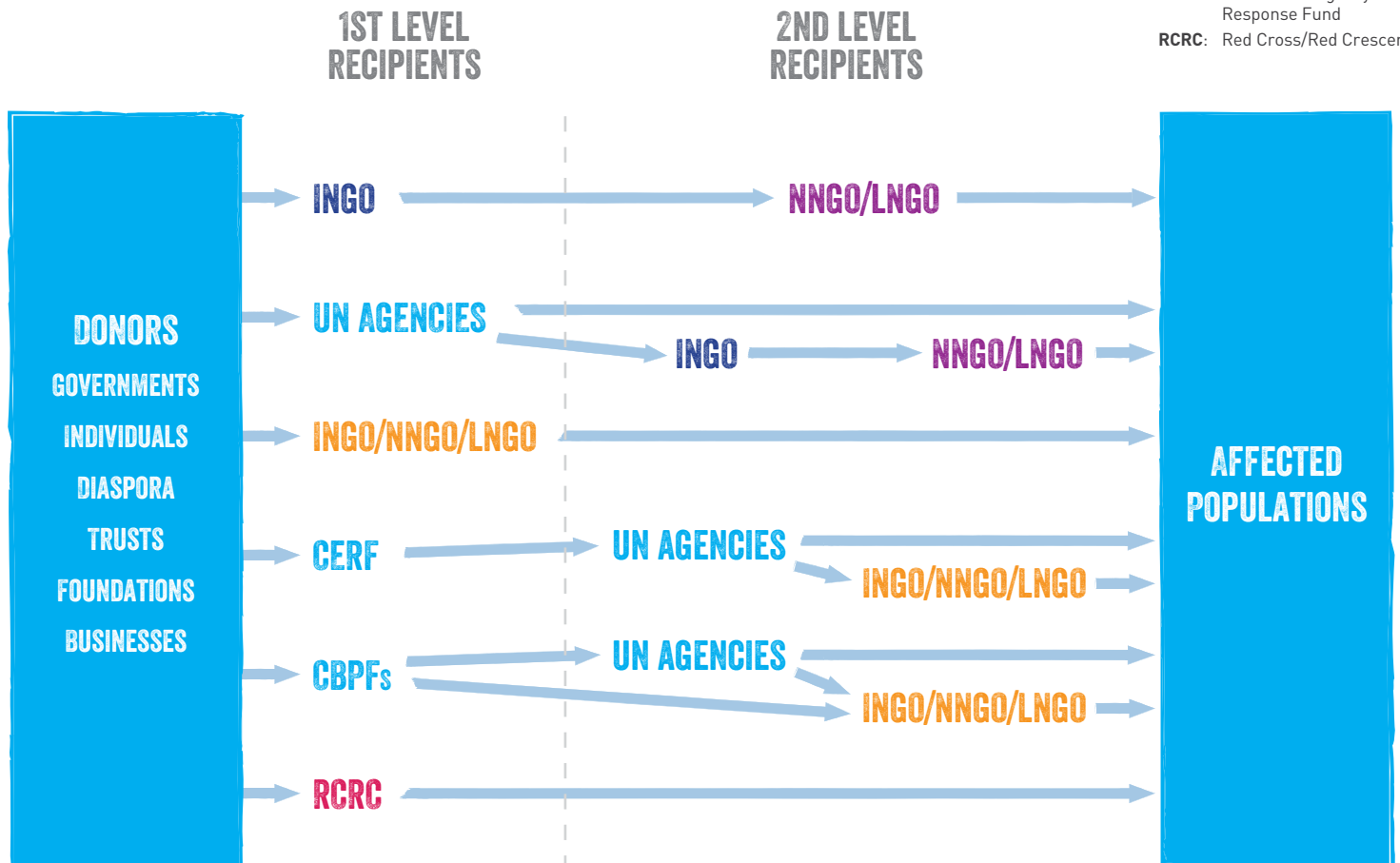
No. In 2015, contributions to UN coordinated appeals reached just 55% of their target, the largest shortfall recorded. These appeals however, do not represent all needs nor capture all humanitarian aid flows. In 2015, only 55% of humanitarian aid was programmed into UN coordinated appeals. A total of 45% of humanitarian aid is therefore not captured in these appeals and is directed towards, for example, Red Cross Red Crescent (RCRC) appeals or towards to various NGO appeals.<sup>xiv</sup> It is very difficult therefore, to create an accurate picture overall humanitarian appeals and shortfalls.

## How do these funds reach affected populations?

Humanitarian aid takes various paths to reach affected populations. The diagram below helps to illustrate some of the numerous, often complicated pathways these funds take before reaching affected populations:

### DIAGRAM KEY:

- INGO: International NGO
- LNGO: Local NGO
- NNGO: National NGO
- CBPFs: Country Based Pooled Funds
- CERF: Central Emergency Response Fund
- RCRC: Red Cross/Red Crescent



## Are we tracking all aid flows effectively?

No. OCHA's Financial Tracking Service (FTS) attempts to track international aid flows. The FTS is a voluntary, self-reporting mechanism and not all donors list their contributions. This mechanism does not capture all aid flows, especially from emerging, nontraditional and private donors.

The FTS also only tracks '**first level recipients**': Those recipients receiving funds directly from government and private donors. The FTS does not track '**second level**

**recipients**': Those recipients who partner with first level recipient to deliver humanitarian aid. It is therefore currently impossible to create a clear picture of how humanitarian funds reach affected populations.

If all humanitarian actors would report to the **International Aid Transparency Initiative (IATI)** data standard, it could help address these challenges by making information about aid spending easier to access, use, and understand.

## WHERE ARE WE HEADED?

### What are the emerging humanitarian financing trends?

#### GOVERNMENT DONORS

Considering government donors in 2015, members of **OECD's DAC** accounted for 88% of reported assistance from government donors.<sup>xv</sup> However, the humanitarian donors that are increasing their contributions most are governments in the Middle East and North Africa. Humanitarian support has risen close to 500% from these donors since 2011. Much of these funds were allocated to humanitarian response in the Middle East & North Africa region.<sup>xvi</sup>

#### ISLAMIC SOCIAL FINANCE

**Islamic Social Finance** is considered to be an under-utilized source to finance humanitarian action, with various mechanisms including zakat (mandatory alms-giving), sukuk (similar to social impact bonds), and waqf (a type of endowment).

Research undertaken in 2015 by the Islamic Development Bank on zakat (mandatory alms-giving) estimates between US\$ 232 billion and US\$ 560 billion is circulating annually.<sup>xvii</sup> A range of initiatives are engaging in Islamic Social Financing, such as the Malaysian Maybank Islamic and some humanitarian organisations are working towards a humanitarian sukuk.<sup>xviii</sup>

A more nuanced understanding of the various Islamic Social Finance mechanisms and processes is needed. Humanitarian donors and agencies should engage in discussion with academics, Islamic scholars, theologians and practitioners to share learning and improve channels between Zakat funds given and the international humanitarian response system.<sup>xix</sup>

#### POOLED FUNDS

**Pooled funds** are also becoming an increasingly important funding mechanism.

Disbursements from the **Central Emergency Response Fund (CERF)** reached USD462 million in 2015.<sup>xx</sup> Whilst the CERF is directly accessible only by the UN, these agencies often partner with NGOs to implement CERF funded activities. Noting the Secretary General's call to double of the CERF to USD1 billion, the Grand Bargain has called for an exploration of whether NGOs could directly access CERF.

**Country Based Pooled Funds (CBPF)**, operating in 18 countries (as of September 2016) are accessible directly by NGOs and reached USD883million in 2015, representing an increase of 50% in just one year.<sup>xxi</sup> The Secretary General has called for an increase in the overall portion of humanitarian appeal funding channeled through CBPFs to 15%, which would essentially triple CBPF funding.

NGOs are also managing a growing number of pooled funding mechanisms. The **START fund** (established and managed by a consortium of NGOs) is providing a quick alternative for NGOs to access timely humanitarian funding. The **NEAR Network** is exploring options for NGO-run pooled funds at the local level. (*Pooled Funding mechanisms will be further discussed in Topic 3*).

**MEMBERS OF  
OECD'S DAC  
ACCOUNTED FOR** **88%**  
**OF REPORTED ASSISTANCE FROM GOVERNMENT DONORS**

# NGO CHALLENGES IN ACCESSING AND NAVIGATING HUMANITARIAN FINANCING

Below is a snapshot of some key challenges faced by NGOs accessing humanitarian financing. Whilst these are challenges faced by all NGOs, their impact is often felt most strongly by National and Local NGOs.

Key challenge	What's being done about it? What more can be done?
<p><b>Limited direct funding to local and national NGOs.</b></p>	<ul style="list-style-type: none"> <li>- The Grand Bargain includes a commitment for 25% of funds, by 2020 to be channeled, as directly as possible, to local and National NGOs. It also commits to the development, with the <b>Inter Agency Standing Committee (IASC)</b> of a "localization tracker."</li> <li>- The <b>Charter for Change (C4C)</b>, an initiative led by both National and International NGOs, aims to practically implement changes to enable more locally-led responses. The Charter includes a list of commitments, with a growing number of INGOs committing to implement by May 2018. One of these commitments is to commit to pass 20% of humanitarian funding to National NGOs.</li> <li>- The Start fund and NEAR network's pooled funding mechanisms increase the options for local and National NGOs to access funding rapidly.</li> </ul>
<p><b>Most donors have a limited capacity to administer numerous grants, therefore preferring to manage a smaller number of larger grants.</b></p>	<ul style="list-style-type: none"> <li>- Increasing emphasis is being placed on pooled funding mechanisms (to be discussed in a later webinar).</li> <li>- An increasing number of NGOs are bidding for large grants using a consortium structure, thereby increasing the size and reducing the number of specific grants.</li> </ul>
<p><b>Government donor grant programs operate with very different rules, regulations resulting in burdensome reporting requirements.</b></p>	<ul style="list-style-type: none"> <li>- A coalition of NGOs, led by ICVA, have commenced an initiative - Less Paper more Aid, which identifies the impact of reporting in terms of timing of reporting, diversity of formats and alternatives.</li> <li>- The Grand Bargain includes a commitment to simplify and harmonise reporting by 2018 and reducing burdensome requirements and sharing Partner Capacity Assessments.</li> <li>- Technological advances can be better utilized to streamline data collection for reporting, for example, <b>WV's Last Mile Mobile Solution (LMMS)</b>.</li> </ul>
<p><b>Slow disbursement of funds. Funds from OCHA (e.g. CBPFs) takes approximately/on average 51 days to reach NGOs. Bi-lateral donors can also take weeks or months to disperse funds to NGOs. This can be especially challenging for local and national NGOs struggling to meet upfront costs.</b></p>	<ul style="list-style-type: none"> <li>- The Pooled Fund Working Group has addressed this as a challenge and is working to streamline and accelerate the process.</li> <li>- Some donors have now developed Rapid Response budget lines, (e.g.: DFID, ECHO). However, NGOs often need to have a UK/EU based HQ who has been pre-qualified.</li> <li>- The Start Fund provides small-scale grants in small to medium size emergencies. Projects can be selected within 72 hours of an alert.</li> <li>- Some donors are open to identifying 'crisis modifiers' within ongoing programming. This can allow an agreed % of funding to be reallocated for humanitarian action when triggers have been met.</li> </ul>

**LEARN MORE:** Visit [www.icvanetwork.org](http://www.icvanetwork.org) for the webinar, video, further information and references.

**JOIN ICVA:** Contribute to Working Groups, Task Teams and Humanitarian Financing Policy Development.