

With humanitarian needs increasing worldwide, NGOs continue to deliver the majority of humanitarian aid to disaster-affected populations. How funding modalities function is crucial to ensuring quality humanitarian aid. Hence the focus of this issue is on institutional humanitarian donors, as a key element in the humanitarian system. However, relationships between donors and the organisations they fund often goes beyond the funding itself; when real partnerships exist, it is very much appreciated by NGOs.

A group of key donors have agreed amongst themselves on clear standards for their work: the Good Humanitarian Donorship principles. An article on **donor peer reviews** undertaken by OECD-DAC which makes reference to these standards to assess humanitarian donorship, brings to light some of the common challenges faced by donors. These reviews are very interesting exercises with useful outcomes, as is reflected upon by one of the NGOs involved in the process. A clear lesson learnt from the peer reviews is the need to invest more in **Disaster Risk Reduction**, which is a topic that increasingly receives attention from donors such as Dutch government. However, making decisions on **funding allocations** is not always straightforward, especially for smaller donors, as illustrated in an article from Belgium.

Each donor obviously has its own policy priorities, but they also have their own requirements such as in terms of financial cycles, reporting and procurement guidelines. Hence two VOICE members reflect on the **challenges** related to fundraising from a **multitude of donors** and the differences in working with two of the largest humanitarian donors worldwide: the US and the European Commission.

Lastly, while the **United Nations** are a well-known humanitarian actor, what is less known is that they also often act **as a donor** for NGOs, either by partnering with NGOs for implementation of their programmes, or through the administration of pooled funds, which two VOICE members reflect on.

Humanitarian donors are of course part of a wider government structure, which may make decisions to the detriment of humanitarian objectives. In the 'View on the EU' section, the author reflects on the discussions related to the **EU 'comprehensive approach'** and opportunities and risks related to this for humanitarians. Finally, this issue's field focus looks at the increasingly forgotten crisis in **Pakistan**.

VOICE

VOICE stands for 'Voluntary Organisations in Cooperation in Emergencies'. It is a network representing 82 European non-governmental organisations (NGOs) active in humanitarian aid worldwide. VOICE is the main NGO interlocutor with the European Union on emergency aid, relief, rehabilitation and disaster risk reduction. As a European network, it represents and promotes the values and specificities of humanitarian NGOs, in collaboration with other humanitarian actors.

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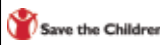


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FROM THE VOICE PRESIDENT



In these times of financial crisis, value for money and efficiency have become buzzwords for politicians and many donors, while increasing humanitarian needs are well-documented. Operational NGOs have to constantly look for diversification of their funding sources, while most donors have embarked on a revision of their funding policies, often reducing the number of NGOs they fund. It has to be welcomed that many EU Member States have (re-)written their humanitarian policies, including a reference to the European Consensus on Humanitarian Aid. One of the commitments to which the EU institutions and Member States have signed up to in the Consensus is that funding should go to the UN, Red Cross movement and NGOs.

A funding system that works is an important element for effective humanitarian aid. However, it is often hampered by high levels of bureaucracy, short term contracts, lack of donor coordination and/or lack of human resources in the respective ministries. Positively, initiatives have been taken by some EU Member States to harmonise/standardise project proposals and reporting templates. Donors agreeing on rules among themselves for multi-donor projects are another road to pursue. A parallel important development is the increasing number of OECD-DAC peer reviews among a number of donors. Also the recent common field trip by EU Member States' humanitarian and development officials to Ethiopia, organised by the Irish EU presidency, is a positive initiative. Hopefully such exchanges will ultimately result in better donor coordination when it comes to programming and reporting.

Today much too often donors are driven by national, or even parochial, political and visibility concerns when they allocate funds, instead of funding humanitarian aid where the biggest needs are identified. In addition, the EU has embarked on developing an EU comprehensive approach looking into how to best use its different programming tools in countries affected by crises and conflict. Yet the Consensus on humanitarian aid states clearly that humanitarian aid is not a crisis management tool. To ensure that "humanitarian aid shall be conducted in compliance with (...) principles of impartiality, neutrality and non-discrimination", in line with art.214 of the Lisbon Treaty, Member States now have a pivotal role. This needs to be addressed in the upcoming Communication on the comprehensive approach.

NGOs remain major implementers in the field: professional humanitarian NGOs work in close contact with local partners, have a number of quality and accountability initiatives they are committed to and have long-standing expertise and experience in crises-affected countries of the world. They have also been persistently advocating for stronger support from donors to Disaster Risk Reduction and enabling the link between relief, rehabilitation and development. However, it should be the development arm of donors rather than the humanitarian one, who should engage more to ensure the strengthening of capacity for humanitarian response by embedding this in long term sustainable development strategies.

Together with EU Member States, the European Commission represents a major donor for VOICE members. The Commission is committed to the humanitarian principles, has a focus on forgotten crises and implements through partners. For the VOICE network, closely monitoring the funding conditions linked to the Framework Partnership Agreement (FPA) of the Commission's humanitarian department, DG ECHO, remains a cornerstone of its work. Over the past 15 years, shaping the FPA has been the FPA Watch Group's task; the group represents all ECHO NGO partners. Currently the focus is on the 5th FPA which will enter into force in 2014. The goal is to make the new FPA a better adapted and more practical funding tool for field operations in line with the changing environment. One of the main objectives of the FPA Watch Group is to diminish the administrative burden on NGO partners, and to maintain a diversity of NGO partners who are able to cover the various needs of crises-affected populations. These goals are to be kept in mind also in relation to two recent initiatives which are taken forward by the NGOs themselves: the Joint Standards Initiative and the SCHR Certification project. Whether in funding or quality, approaches which provide incentives to NGOs to become more effective should be favoured over the imposing of sanctions.

Ensuring that funding parameters are not an unnecessary (or even ineffective) burden for organisations in charge of providing aid to affected populations ultimately benefits the latter. May this consideration never be lost from sight.

Nicolas Borsinger
President of VOICE

IMPROVING HUMANITARIAN DONORSHIP THROUGH PEER REVIEW

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'Donors are increasingly subject to value for money criteria, and must respond to calls for greater accountability and transparency'

★ GROWING PRESSURE ON HUMANITARIAN DONORS TO DEMONSTRATE RESULTS

Humanitarian donors must ensure that their taxpayers' funds have been used to produce effective results. This is especially the case in the current financial climate, where donors are increasingly subject to *value for money* criteria, and must respond to calls for greater accountability and transparency. Parliaments are also scrutinizing annual budget allocations – including to humanitarian assistance – more closely, meaning that donor staff must demonstrate results if they are to guarantee future funding flows.

In addition, donors need to be able to provide principled and effective funding, advocacy and policy support to the wider humanitarian system, helping to deliver – directly or indirectly – the right assistance, to the right people, at the right time.

To do this, humanitarian donors have a two speed approach: 41 donors – including all EU member states – have now endorsed the Principles and Good Practice of Humanitarian Donorship (better known as the GHD Principles), and, from 2012, are holding themselves accountable under a system of annual self-assessment. At the request of the GHD group, the twenty-four donors who are also members of the OECD's Development Assistance Committee (DAC) go one step further, subjecting themselves to regular review by their peers. These reviews look at the donor's strategic framework and programme design, their humanitarian tools and partnerships, whether their structure is fit for purpose, and how donors measure and communicate results and lessons.

★ PEER REVIEW - AN ESSENTIAL POLICY INSTRUMENT

Peer reviews of DAC members are based on the two principles of peer pressure and peer learning. The reviews are the only international process to examine regularly key bilateral development co-operation systems and offer constructive commentary for their reform. In doing so, peer reviews constitute a yardstick against which the DAC can measure the influence – or lack of it – of its principles on donor behaviour, both in the field and at headquarters.

Fifteen EU member states, plus the humanitarian and development work of the European Commission, are subject to regular peer review under the DAC process.

Four special reviews of EU members of EU members, who are not yet DAC members, have

also been conducted since 2008 – including the Czech Republic, Poland, the Slovak Republic and Slovenia.

★ EU DONORS FACE SIMILAR CHALLENGES IN DELIVERING EFFECTIVE HUMANITARIAN PROGRAMMES

No two donors are alike – legal environments and business models differ, political contexts and interpretations of national interest change over time, budget volumes go up and down, and operational challenges continue. Accordingly, donors are implementing the GHD principles in different ways, dealing with various realities and building on individual comparative advantage, to deliver principled and effective humanitarian funding as best they can.

However, the peer reviews show that EU donors share a number of challenges as they adapt to an evolving and challenging humanitarian landscape.

Ensuring that humanitarian principles are respected across government remains a challenge for many donors. Power dynamics play a significant role in this – humanitarians are unlikely to be the power brokers in a whole-of-government discussion that brings together colleagues from diplomacy, development, and defence, and those who defend national economic interests. Implementing coherent and meaningful partnerships between civilian and military actors, guided by humanitarian principles, best practices and value for money, also continues to pose a significant challenge. In this respect, the outreach work of EU Commissioner Georgieva, raising awareness of humanitarian principles across member state governments, is invaluable. The response to the Libya crisis, where EU members agreed that military support for humanitarian assistance would not be deployed unless it was requested by the humanitarian community, also provides a useful good practice example.

Providing appropriate support for recovery is another area where many EU donors struggle. One major concern is the **continued stretching of humanitarian funding** to cover activities that would perhaps be better funded by development tools. Sweden, Denmark, the UK, Germany, Spain and now the EU itself are working hard to promote joined up approaches between humanitarian and development teams. In an interesting move, Spain has also made all development desks responsible for supporting recovery and linking to the humanitarian programme – moving away from the usual donor model where the onus is on humanitarians to build the bridges.

¹The 23 GHD principles were defined in 2003 and can be found at www.goodhumanitariananddonorship.org/gns/principles-good-practice-ghd/overview.aspx

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'Ensuring that humanitarian principles are respected across government remains a challenge for many donors'

Risk reduction and building resilience are a significant challenge for all donors, and EU donors are no exception. Many EU donors have made political commitments to building resilience, and Denmark, Germany, Sweden, the UK and the EU now have risk reduction or building resilience as a key part of their strategic approach. However, it is too early to determine the impact of these resilience programmes – many of which are very new. To help in this area, the OECD will provide practical guidance on the role of donors in building resilience by mid-2013.

No donor – inside or outside the EU – has cracked the **difficult area of ensuring beneficiary participation** in all aspects of the programme cycle. Donors tend to rely on partners to seek beneficiary input, but often do not allocate extra funds for this important task, and may even have grant conditions that make it difficult for partners to change their programmes in response to any feedback received.

★ DONORS COULD WORK TOGETHER TO IMPROVE BURDEN SHARING

All EU donors make **decisions about who, what and where to allocate their funding**. No one donor can cover all humanitarian needs; donors must instead determine how their humanitarian budgets can best add value to the overall humanitarian response. However, funding allocation decisions are currently being made in isolation – there is no forum that discusses donor funding intentions and donors are not yet talking about division of labour. Encouragingly, many EU donors use the excellent tools developed by ECHO to determine the severity of crises and to highlight forgotten crises and food security needs. However, co-ordinating funding allocations, starting perhaps with the first quarter allocations to Consolidated Appeals, and for major new or escalating crises, would certainly improve burden sharing – as donors agreed under the GHD principles.

The current reality of donor staff cut-backs, coupled with a shift away from technical specialists and declining budget resources, reinforces the need for donors to move towards a **more strategic approach to humanitarian partnerships**. This is an area where many EU donors have improved over the last ten years – with a noticeable trend towards more flexible funding and more inclusive strategic dialogue with partners. A number of EU donors are now offering multi-annual funding – sometimes even to NGOs. However, the administrative burden on partners, especially NGO partners, remains significant. Harmonising donor reporting requirements – as donors agreed to under GHD

principle 23 – would provide a win-win situation in this area. Partners would be able to focus on providing quality information to all donors at once, potentially reducing their administrative burden, and donors would receive better quality information, and be able to more clearly demonstrate effective results.

Peer reviews often find that donors have effective tools in place for **rapid response**. These range from direct interventions, including stockpiles of emergency goods and standby experts such as search and rescue teams, to emergency response through partners, using pre-positioned funding, or simplified rapid decision making procedures. This is an area where EU donors have made significant progress since signing the GHD principles.

Learning and accountability in humanitarian action is generally accepted as a system-wide weakness. Humanitarian monitoring systems are often dependent on partner self-reporting. Monitoring often focuses on inputs rather than on overall programme impact; there is a strong need for guidelines to support improved and more consistent reporting on humanitarian results. Documenting good practice – especially from field experience – is rarely a priority for donors and the incentives to use evidence and lessons to guide future humanitarian decision-making and policy are limited. Here the work of the EU to promote the sharing of lessons and the results of monitoring and evaluation efforts across EU member state donors will be very useful.

★ CONCLUSION

Peer reviews are based on constructive self-criticism and peer learning, and as such they work to improve the quality of donor humanitarian programmes. In 2012, the first in a series of good practice guides – highlighting lessons from peer reviews in an easy to use format – was published, focusing on progress towards good humanitarian donorship (see box). This includes lessons and good practices from reviews of EU donors. Together these tools help EU members become better humanitarian donors, delivering the right assistance to the right people at the right time, and responding effectively to the growing external pressure to demonstrate results.

Rachel Scott
Senior Humanitarian Advisor
OECD

www.oecd.org/dac/peer-reviews



The NGO perspective

Interview with Jakob Harbo

1) You have been involved in the NGO consultation for the OECD-DAC peer review of DG ECHO in 2012.

What were your main recommendations?

First of all, ECHO should continue its partnership approach. It is one of their main assets, which goes beyond the donor-recipient model. In a partnership, all parties can be critical, co-decide how and where to work and really engage. Secondly, all of us would agree ECHO is a very good donor. Their main problem is very rigid procedures, which require very specialized NGO staff. This is a challenge particularly for smaller NGOs. While common donor reporting- which countries such as Belgium is pushing for- is in principle a good idea, it is crucial that ECHO's complex approach is not taken as the standard.

2) Do you think these peer reviews change anything?

Donors can indeed learn from each other, such as from USAID's crisis modifier or DFID's discussion on value for money. What worries NGOs is that these different elements could become cumulative, leading to an impossible administrative burden to the detriment of operations.

Another issue is that peer review recommendations are not binding. It would be interesting to see how these could be followed up, e.g. with the donor prioritising a few recommendations and committing to action on these points.

3) What is the value of having NGOs involved in the review?

Partners actually implement the aid, so this gives a reality check from the field. Many points we raised were taken up in the conclusions, so NGOs are really listened to. What I would like to see in peer reviews is an assessment of who donors are funding (UN, Red Cross, NGOs...) and which impact this has had. NGOs have a comparative advantage in delivering effective aid but this is not always fully realized because of restrictions on how donors can use money.

4) What did you learn from the process?

It gives a really fresh perspective from the donor side. It was an eye-opener to later learn that ECHO had identified the same strengths and weaknesses as we had. We also had interesting discussions about the future, e.g. whether a donor should develop sectoral policies. After that exchange, the clear answer for me was 'no'. Being involved in this process leads to new insights, gives you a 'birds-eye view' which you sometimes lose being focused on contract details.

5) How can NGOs use the outcome of these peer reviews?

These can be used as a tool in discussions with donors; it gives weight. Save the Children is represented in many countries, so we can also use the peer review from one donor to promote good practice in another country. In addition, we have new offices in relatively new humanitarian donor countries, for whom it can be a valuable tool to build up experience and avoid some traps.

Jakob Harbo is the ECHO Partnership Manager for Save the Children International, based in the EU office. This interview took place on 19 March 2013.

Towards better humanitarian donorship: Lessons from DAC peer reviews

1. Provide clear strategic vision - A cross-government strategy is a critical first step towards ensuring consistent humanitarian responses. It must be anchored in relevant legislation and accompanied by a realistic implementation plan.

2. Promote recovery and resilience - Donors need to ensure that humanitarian programming does not undermine future development work, and verify that development programming is building on humanitarian knowledge and results.

3. Reduce disaster risks - Include Disaster Risk Reduction in donors' strategic frameworks and programming.

4. Prioritise participation - This will help ensure that real humanitarian needs are met: delivering not just a rapid response, but the right response to the right people at the right time.

5. Match your vision with your money - Humanitarian departments must have sufficient, predictable and flexible funding to allow them to properly deliver on the commitments they have made.

6. Decide how to decide - Funding predictably and in proportion to "needs", are core GHD principles but translating them into practice is fraught with methodological and political challenges (e.g. lack of comprehensive measure of humanitarian "need").

7. Build strong partnerships - Effective humanitarian action must be based on strong, equal and principled partnerships with NGOs and multilateral agencies.

8. Develop rapid response mechanisms - Significant delays in providing desperately needed funds, risk translating into missed opportunities to kick-start the emergency response.

9. Co-ordinate across government - Each of the current donor humanitarian aid management models has merits and disadvantages, and all these business models can deliver results if there is an effective cross-government co-ordination mechanism in place.

10. Work to clarify the role of the military - Implementing coherent and meaningful partnerships between civilian and military actors, guided by humanitarian principles, best practices and value for money, continues to pose a significant challenge for most donors.

11. Invest in your staff - The success or failure of a donor's programme is highly dependent on the people who design and implement its strategic orientations, advocacy actions and funding decisions.

12. Demonstrate value for money and promote learning - Understanding what works best, and why, will help donors and partners improve programme design and delivery. Focusing on good practices and how they can be replicated will improve future value for money and impact.

Source: <http://www.oecd.org/dac/peer-reviews/12lessons.pdf>

FUNDRAISING: A GAME OF TETRIS?

*“You have to be unique, and different,
and shine in your own way.”*

Lady Gaga, artist – 2012

If NGOs and donors have one thing in common, it is their strong belief that they are unique, and that they can make a difference. Coordination yes, uniformity never! When it comes to fundraising, this has a whole new meaning. Find out here why:

When I finally got my MBA in 1992 and left a few months later to work on Bosnia relief programmes, I never thought that one day I would find myself doing a similar job as my fellow students who had chosen a career in financial markets and stock-exchange. Buying, selling, sweating on the phone, getting nervous over budgets... No, not for me. I wanted to be close to the people, and make a difference. It was only a few years later, excited by the perspective of being a fundraiser that I discovered the joys of budget coverage in a time of emergency.

For some years, I was working in an office separated by a glass wall from the emergency unit. I loved it. My team and I were looking for the funds that the people next door were going to spend in no time. By looking at their behaviour and their moves across this glass wall I could guess if the funding requirement was going to be a major one. Sometimes a knock on the glass wall meant “this is serious business, we need more money quickly”.

I found out quickly that meeting with high-level people in Brussels, Geneva or New York was only a very tiny part of the activity of a fundraiser. Most of it is filling in forms, various forms, very long forms, with anywhere from 20 to more than 70 questions to deal with. It is a piece of art every time, reflecting the objectives or the fears of a specific donor, and not an easy business. For instance the IASC assessment matrix is 15 pages long, plus 12 pages of annexes; there are no less than 23 principles of good humanitarian donorship; DG ECHO's single form is 13 pages long... when not yet filled in. And these are only the requirements for sending in a good proposal.

When it comes to the funding itself, rules and requirements which vary between donors include diverse items such as : type of expenses eligible or ineligible, origin of a product, nationality of a supplier, ratio of HR costs, duration of a project, status of partnerships, cost per beneficiary, purchase procedures...

As a fundraiser you often feel that you are the only one to understand that these are essential requirements and that they need to be followed to ensure a smooth and proper funding. You explain, you train, and you simplify the mess <https://maps.gstatic.com/mapfiles/mapcontrols3d7.png> sage for your operational people who will often think that you made these up in order to regain the legitimacy that you have lost from lack of constant contact with the field.

Practically, when the knock on the glass wall was saying “we need more money”, the job was to match the funding to the need. This is when my MBA stock-market classes came in handy. In a time of emergency, you need, on the one hand, to get the estimate of the project cost and on the other hand to match it quickly with the amounts available. The fundraiser becomes a broker.

This would be so easy if it was just a matter of covering a global amount. The figure below represents an unrealistic situation when a project needs 2.5 million euro for six months and where the funds you get are just filling in a pot of money that the operations department will then tap into.



THE NEED



6 months - 2.500.000 EUR

The reality is very different. Based on the many diverse requirements and amounts available, the work of a fundraiser turns into a giant game of Tetris. Imagine a moment that a funding source is called a 'Tetromino' and the rules of the game are very similar.

Abstract of the Tetris rules: *"Tetriminos are geometric shapes composed of four square blocks each. A random sequence of Tetriminos fall down the playing field (a rectangular vertical shaft, called the "well" or "matrix"). The objective of the game is to manipulate these Tetriminos, by moving each one sideways and rotating it by 90 degree units, with the aim of creating a horizontal line of ten blocks without gaps".*

THE REALITY: A TETRIS GAME



6 months - 2.500.000 EUR

As shown on the figure below, funding streams are coming in at different times, covering each different budget lines, with specific rules of eligibility such as duration, priority geographic areas, main sector of intervention (health, nutrition, water and sanitation etc...), category of population (children, refugees,...) and these more. Your ultimate goal will be to fund all of the costs of an operation (with no overlap!).

This complex game may appear as an additional difficulty to the already hard task of implementing a humanitarian project and the rules we set for ourselves. For instance the simple rule of "not accepting funding from countries with military forces on the ground" (i.e. VOICE recommendations on civil-military relations) leads to excluding a huge list of potential donor countries when it comes to funding a project in Afghanistan:

Albania, Armenia, Australia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Jordan, Latvia, Lithuania, Luxembourg, Malaysia, Mongolia, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, The Former Yugoslav Republic of Macedonia, Tonga, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States (source : ISAF 2011)

Finding the right mix of donors to fund your projects might be a complex exercise but it is the reflection of a diverse world where funding, operations, and responses answer to very different logic depending on where they come from.


If as NGOs we work under common humanitarian principles, we should still be glad however to work with this large diversity of funding, approaches and methods. It is the same diversity that we promote ourselves.

Jean Saslawsky is the Secretary General of the international network of Doctors of the World / Médecins du Monde (MdM). He has worked in humanitarian organisations for the past 16 years.

WORKING WITH ECHO AND OFDA

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'The strong needs-based approach of ECHO is crucial, as it leads them to be a truly global actor, with a highly valuable focus on forgotten crises.'

 In the humanitarian world, there are donors of all shapes and sizes, with different regulations, procedures and policies. The United States and the European Commission (EC) are the two largest humanitarian donors. In 2010 the US gave \$4.9 billion USD and the EU institutions gave \$1.7 billion USD, jointly covering a total of 45% of the overall aid givenⁱ. ECHO (Directorate General for Humanitarian Aid and Civil Protection) is the main EU institution providing humanitarian assistance, and for the United States this is OFDA (Office of US Foreign Disaster Assistance).

Both ECHO and OFDA are members of the Good Humanitarian Donorship (GHD) initiativeⁱⁱ, which promotes principled donor behaviour, leading to improved humanitarian action. A number of the 23 GHD principles relate to funding: striving to ensure that funding of humanitarian action in new crises does not adversely affect the meeting of needs in ongoing crises; striving to ensure predictability and flexibility in funding to United Nations agencies, funds and programmes and to other key humanitarian organisations; and exploring the possibility of reducing, or enhancing the flexibility of, earmarking, and of introducing longer-term funding arrangements.

Progress towards the GHD principles is reviewed yearly through the Humanitarian Response Index (HRI)ⁱⁱⁱ, an initiative launched in 2007 to identify and promote good donor practice and contribute to greater transparency, accountability and impact in humanitarian action. Both the EC and the US are classed as 'Learning Leaders' in the 2011 report, '*characterised by their learning role and influence in the humanitarian sector in terms of their capacity to respond, field presence and commitment to learning and improving performance in the sector*'. The report goes on to say that '*EC/ECHO is considered a strong donor with the best capacity and expertise of the OECD/DAC donors*' (p.108). ECHO's strength as a humanitarian donor is also echoed in DFID's 2011 Multilateral Aid Review^{iv}- '*ECHO plays a critically important role. It is strong on delivery and demonstrates good partnership behaviour*' (p. 85). However, the flexibility of ECHO's funding was rated poorly by the HRI, and its reporting requirements are considered among the most rigorous. In addition, ECHO is not one of the quickest donors, having provided 48.8% of its funding to complex emergencies in

2011 within the first three months, whereas the average of the donors assessed stood at 64%.

For example, during one of the recent Sahel food crises, the time between submission of the initial proposal by Oxfam to the signature of the contract was approximately two months. Whereas Oxfam had its part in the delay of signature, the delay was not experienced with other donors. As a larger NGO, Oxfam has some internal funding which it can use to pre-finance a contract, which meant that the start date of activities was not too much delayed and impact was limited. However, smaller organisations who do not have this capability will have to wait with implementation of their project until funding is received. This can have a negative impact on helping the people in need at the right time.

OFDA's strength as a donor includes timely funding to complex emergencies and adapting to changing needs. Humanitarian organisations in the field generally see the US as an engaged, committed partner. The main concerns raised by the HRI report are around the counter-terrorism operations and the role of the key humanitarian principles of neutrality, impartiality and independence of humanitarian aid. In addition, the report mentions the United States are '*...weak in its own commitment to respect international human rights and humanitarian law*' (p.231).

Oxfam is a partner of both ECHO and OFDA and has therefore experienced some of these aspects of both donors. Along with many other peers in the sector, Oxfam appreciates ECHO and OFDA's continuing commitment to partnership with NGOs. Both ECHO and OFDA have the field presence, programme expertise and mechanisms to provide significant direct funding to NGOs.

The strong needs-based approach of ECHO is crucial, as it leads them to be a truly global actor, with a highly valuable focus on forgotten crises. Also the open relationship with representatives in the field and Brussels and strong support for coordination are seen as key strengths in working with them. Oxfam has a close relationship with ECHO, which includes strategic engagement and a continuous dialogue on evaluating and improving key processes, such as the current FPA (Framework

ⁱ Global Humanitarian Assistance Report 2012

ⁱⁱ <http://www.goodhumanitarianandonorship.org/gns/home.aspx>

ⁱⁱⁱ <http://daraint.org/humanitarian-response-index>

^{iv} <https://www.gov.uk/government/publications/multilateral-aid-review>

'The flexibility OFDA has in relation to changing needs on the ground has been much appreciated in countries such as Mali where the situation is very fluid.'

Partnership Agreement) revision in which Oxfam is engaged via the FPA Watch Group. The fact that the partnership is broader than just a funding relationship is greatly valued, as it allows us to contribute to improving the quality of aid given. The points raised by the HRI report on issues around the rigour of ECHO's reporting requirements are echoed by Oxfam's experience on the ground – in particular, the final financial reporting requires a lot of dedicated time from staff in order to comply with the reporting requirements to the detriment of time spent on the project itself. It also leads to a delay in receiving the final instalment of payment, sometimes taking up to 6 months.

The flexibility OFDA has in relation to changing needs on the ground has been much appreciated in countries such as Mali where the situation is very fluid. Indeed, OFDA has a kind of 'crisis modifier' which allows them to re-programme a part of development funding if the context on the ground changes. The strong relationship Oxfam has with OFDA staff at both field and headquarters level is also greatly valued. Whereas OFDA reporting requirements are

relatively straightforward (although it does require an audit for every grant), the complexity and volume of the rules and regulations has been challenging when implementing an emergency programme, especially when working with implementing partners.

Despite some of the challenges in working with both donors, both OFDA and ECHO can be seen as demonstrating good humanitarian donorship in their commitment to address these challenges as well as to promote good humanitarian assistance. Oxfam intends to continue to work with these and other donors at field, regional and HQ level to try to ensure funding flows which contribute to effective quality aid, meaning funding which is timely, needs-based and easy to use.

Anne Leewis
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Oxfam GB
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ECHO and its NGO partners

The Framework Partnership Agreement (FPA) is the legal framework defining the relationship between DG ECHO and its NGO partners. The development of the next FPA, to start in 2014, is currently underway and the FPA Watch Group represents the views of all NGO partners in this process.

- NGOs consider the FPA an appropriate mechanism as an instrument for humanitarian aid, and look forward to a continued 'partnership approach' with ECHO. ECHO should continue to support a diversity of partners to enable a context-relevant humanitarian response.
- The overarching objectives and principles of the FPA are appreciated by partners and should not be significantly changed. They underline the purpose of the FPA: to optimise implementation of humanitarian aid actions, to promote quality partnership (including via capacity building) to streamline rules and procedures and to provide a control framework, while working under principles of trust, mutual respect and recognition of the specificity of each other's role as donor/partner.
- In the work on the new FPA so far, NGOs have stressed the importance of simplification measures, in particular in the area of financial reporting and the overlap between liquidation and

audit requirements. Suggestions made by ECHO to improve simplification have been welcomed; the Watch Group will continue to monitor that simplification in one area of requirements is not replaced by increasing administrative burden in another.


- The challenge of ensuring the FPA supports a results-oriented approach, as opposed to focusing primarily on means, while still supporting efficiency and effectiveness is a recurring theme in the FPA discussions. And while partners understand ECHO's need to be able to consolidate data across different actions, some humanitarian actions do not lend themselves to standard indicators. NGOs wish to retain the flexibility to design operationally specific actions for wide and changing humanitarian contexts.
- The FPA includes a definition of visibility and communications requirements. NGOs understand the importance of raising awareness of humanitarian action, but sometimes lack capacity in this area, or have competing visibility needs (including from other donors and from need to raise own funds). ECHO could take more of a lead in communication with the EU public, so that in partnership this is a shared responsibility.

By Myschka Smit, Compliance Officer Cordaid (www.cordaid.org)

DISASTER RISK REDUCTION WITH THE DUTCH GOVERNMENT AS A DONOR

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'The Dutch government supports the programme with funding, but also as a partner in dialogue, to investigate what DRR means for Dutch development cooperation and humanitarian aid.'

 Natural disasters take lives, negatively affect livelihoods, undermine development efforts and increasingly impact on the most vulnerable countries, communities, and individuals. As the impact, scale and even frequency of disasters increase, CARE Nederland notes and welcomes an equal increase in the openness of certain donors to address disaster risk reduction (DRR), to mainstream DRR in development funding, and in humanitarian response and rehabilitation actions. Moreover, there has been increasing openness to widen the scope from prevention, preparedness and mitigation, towards addressing risks and vulnerabilities, both to imminent shocks at the short term as well as longer term stresses.

Donor agents, the EU, its humanitarian office ECHO, and EU member states continue to evolve in acting as partners, and not simply donors, to civil society striving towards disaster risk reduction. An example of this is the Dutch government, which out of its long term development co-financing scheme MFS2, decided to finance an alliance of five Dutch organizations: Partners for Resilience (PfR), consisting of the Netherlands Red Cross, CARE Nederland, Cordaid, Wetlands International and the Red Cross/Red Crescent Climate Centreⁱ. This five year programme addresses ecosystem- and climate-smart disaster risk reduction in nine countries and is supported by the Dutch government with a considerable contribution of 36 million euro as well as with opportunities for donor dialogue, regular consultations and some key opportunities for outreach.

The Dutch government sees the programme also as a partner in dialogue, to investigate what DRR means for Dutch development cooperation and humanitarian aid. For example, the Ministry of Foreign Affairs (MOFA) invited PfR to present the value of civil society engagement in DRR in the annual World Bank Global Facility for Disaster Reduction and Recovery meeting in The Hague in November 2012, co-chaired by the Dutch Government. Through enabling this intervention, the Dutch government recognized the importance as well as the value and scale to which Dutch civil society can achieve a positive impact at local level in high risk countries.

It could be considered innovative of the Dutch government to finance DRR work from within its traditional civil society development

scheme. Yet, as demonstrated in PfR, these more innovative approaches might just be the enabling environment required for organizations and actors working in a risk prone area to switch modes, to be able to respond when needed, and anticipate, adapt and transform programmes when possible. However, funding schemes still allow insufficiently the flexible use of funds to make this happen. In this regard it is key that donors participate extensively in the dialogues regarding learning and feedback loops to be able to clearly understand and perhaps even anticipate what kind of funding architectures would better work for all involved.

Mention must be made of the fact that these donor dialogues with the Dutch Government are not only held with implementing NGO partners but have spanned also international dialogues with other donors such as the aforementioned meeting of the Global Facility for Disaster Reduction and Recovery. Efforts were made by the Dutch Government to ensure that some space was created for the perspectives of civil society to be shared and presented at key meetings in the presence of the other donors by the civil society representatives themselves. This has been a key step in ensuring credibility and possible scaling up of the lessons learned from such programmes.

In conclusion, though much good work and progress has been done on both donor and recipient sides, it remains evident that more flexible approaches to DRR within the disaster cycle, which allow the possibility to address emergency response, the anticipation of shocks as well as the adaptation to and transformation of risks and vulnerabilities in the longer term are required. These approaches will depend on more innovative funding schemes and perhaps even more importantly on more innovative partnership approaches.


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ⁱ See also article on 'Climate-smart DRR- a new partnership for resilience' in VOICE Out Loud 14.

REFLECTIONS ON POOLED FUNDS

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'The evidence suggests that the trend towards UN-managed pooled funds is reducing the effectiveness of the humanitarian system.'

 In the days and weeks immediately after a disaster has struck, there is great opportunity to save lives and stabilise deteriorating livelihoods. This is why people need timely assistance, and why agencies need timely and appropriate resources - rapidly for sudden-onset disasters and at the right moment for gradual onset disasters. The financial architecture for humanitarian assistance must therefore focus on allocating resources at the right moment, in proportion to humanitarian need, and to do so with efficiency and accountability. All major humanitarian donors have committed themselves to this in the Good Humanitarian Donorship initiative.

Pooled humanitarian funds have been created to provide a solution to these challenges. They provide governments and other donors with an opportunity to pool their contributions, ensure funding is allocated in accordance with impartially assessed needs, and promote coordination. Pooled funds also offer a platform through which donors with limited capacity can channel funding effectively with considerably reduced transaction costs.

The three major existing pooled funds are managed by the UN system:

- Common Humanitarian Funds (CHFs) provide core funding for projects in a country's Consolidated Appeals Process (CAP)ⁱⁱ. Managed in-country by the Humanitarian Coordinator, there are currently five CHFs in operation (Sudan, South Sudan, DRC, CAR and Somalia).
- Emergency Response Funds (ERFs) fund unforeseen, sudden-onset needs not included in the CAP. Managed in-country by the Humanitarian Coordinator, there are currently 13 active ERFs (Afghanistan, Colombia, DRC, Ethiopia, Haiti, Indonesia, Kenya, Myanmar, Pakistan, State of Palestine, Syria, Yemen and Zimbabwe).
- The Central Emergency Response Fund (CERF) provides funds to start urgent operations not yet covered by other donors. Managed centrally by UNOCHAⁱⁱⁱ, CERF funds have been allocated for emergencies in 87 countries since 2006.

Funding channelled through the CHFs, ERFs and CERF has increased from US\$583 million in 2006 to US\$900 million in 2011. DG ECHO has so far not contributed to these pooled

funds. However by 2011, 161 other donors, including governments and private donors, provided 5% of all international humanitarian aid via these pooled funds.^{iv} To take one major humanitarian donor as an example, 84% of DFID's humanitarian funding in 2011 was allocated to the UN and 7% to NGOs. This is a trend seen in most OECD donors.

FIT FOR PURPOSE?

Do the UN managed pooled funds provide a solution to the challenge of providing timely, efficient funding that meets urgent needs? The evidence suggests that in fact the trend towards UN-managed pooled funds is reducing the effectiveness of the humanitarian system.

There is insufficient evidence to tell us how much of global humanitarian assistance is provided by NGOs, but analysis carried out by the Consortium of British Humanitarian Agencies (CBHA) and others suggests that over 4,000 NGOs implement approximately 70% of all humanitarian assistance.^v It is clear, therefore, that in order to be fit for purpose, the pooled funds must facilitate NGO responses.

Timeliness

UN pooled funds are not providing rapid funding for emergencies. The effectiveness of NGO response is being reduced by supposedly 'fast-track' processes that in practice are often long, bureaucratic and unpredictable.

The largest pooled fund, the CERF, is inaccessible to NGOs directly but NGOs can receive grants through sub-contracts with UN agencies. However these are slow to be processed with an average delay of at least three months.^{vi} The average time between application and payment through ERFs is between 45 and 70 days.^{vii} For example, following an application by HelpAge in Pakistan in September 2012 to fund shelter and winterisation kits, the final approval took five months - far too slow to help people prepare for winter.

Coverage and reach

Most pooled funds are allocated in major high-profile disasters and a small number of chronic emergencies. Yet much of the global burden of humanitarian need occurs in the increasing number of relatively small-scale emergencies and in lower profile crises. The

'Most pooled funds are allocated in major high-profile disasters. Yet much of the global burden of humanitarian need occurs in the increasing number of relatively small-scale emergencies'

'Passing funding to NGOs through a UN intermediary does not appear to provide value for money'

funding architecture is not adapted to this reality and NGO charity funds are having to fill the gap as best they can. Data compiled by the CBHA shows that 10 of its NGO members responded to 90 different emergencies in 2012 using over £20 million of their organisations' private resources. Compiling various data, we found that the NGOs responded to many more emergencies in 2012 than the three UN pooled funds did. Emergencies in countries such as Bangladesh, Tajikistan, Libya, Nigeria, Tanzania and Mozambique and many others did not receive any assistance from pooled funds.

Furthermore, because UN pooled funds are allocated by sector via the clusters^{viii} and their lead agencies, they hamper multi-sector programming that targets extremely vulnerable groups such as children, older people and people with disabilities. Although multi-cluster funding is theoretically possible, the reality is that applications have to receive approval from each cluster and this often fails to surmount cluster priorities. Research by HelpAge has shown that while 12% of the world's population is aged 60 or over, just 0.3% of CAP funded projects target the needs of older people.^{ix}

Efficiency

Pooled funds provide an attractive option for donors because of the reduced transaction costs (the institutional time and resources required to manage and administer grants). However the transaction costs do not disappear - they are passed on to the agencies managing the pooled funds. Moreover the amount of pooled funds absorbed by transaction costs is increasing as donors pass increasing amounts of funding through the pooled funds. As a result, the funding available to front line NGOs is reducing.

Passing funding to NGOs through a UN intermediary does not appear to provide value for money: administration costs are increased and transparency and accountability are reduced. While NGOs are held strictly to account by donors, UN agencies are able to maintain the light touch 'one audit rule'. The 2012 ERF evaluation found "CSOs are more cost effective recipients and more capable to work with some communities.... OCHA granting directly to an NGO in essence reduces the 'middle man', most probably a sister UN agency - a process of disintermediation to improve cost effectiveness".^x

★ SMARTER ARCHITECTURE

The effectiveness of the international humanitarian financing architecture depends on its ability to resource NGOs who are the front-line providers of humanitarian assistance. It is unclear exactly how much funding passes through to NGOs via the UN system. However it is clear that the UN pooled funds are inadequate mechanisms for funding NGOs and other Civil Society Organisations (CSOs). It is not surprising that the 'Independent Review of Aid Effectiveness' recommended that donors need to improve their funding by 'increasing funding flexibility and providing more support to CSOs'.^{xi}

A solution may lie in creating a pooled fund run by NGOs for NGOs. The Disaster Relief Emergency Fund (DREF) of the International Federation of Red Cross and Red Crescent Societies offers a precedent. This was set up in 1985 as a channel for governments and other donors to fund small-scale emergency responses. In 2011, the DREF allocated CHF 19 million to 70 Red Cross Red Crescent Societies. ECHO contributed CHF 3.3 million of this.

A successful two-year pilot in 2010-12 demonstrated that, like the Red Cross movement, NGOs can coordinate themselves and manage a pooled fund for rapid, timely and cost-effective response. Established and managed by the Consortium of British Humanitarian Agencies (CBHA) and funded by DFID, the pilot 'Early Response Fund' disbursed £4 million to 12 emergencies through 48 project grants. All grants were allocated through a peer-review mechanism within 72 hours of the emergency alert to the agencies that were best placed to respond. The 2011 'Humanitarian Emergency Response Review' commissioned by DFID said the CBHA pooled fund offers a proven effective model for rapid response. Two independent reviews of the CBHA ERF highlighted comparative advantages relating to timeliness, cost-effectiveness and funding in accordance with needs, particularly in less high profile crises. The CBHA is currently exploring ways this new approach to pooled funding can be scaled up^{xii}.

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ⁱ This article draws on a paper prepared by British NGOs lead by the CBHA for a meeting of the DFID NGO Forum in January 2013

ⁱⁱ The CAP aims to set a common strategy and implement a coordinated response to disasters but the ability to fulfil this objective depends on funding for the programmes in the CAP

ⁱⁱⁱ UN Office for the Coordination of Humanitarian Affairs

^{iv} Development Initiatives, GHA Report 2012

^v Calculation available in paper prepared for the DFID NGO Forum (available from the CBHA secretariat)

^{vi} Channell Research (2011) 5-Year Evaluation of the Central Emergency Response Fund

^{vii} Universalia (2012) Global ERF evaluation, Final report

^{viii} Clusters aim to improve coordination in crises affected countries between agencies working in the same sector (e.g. health, shelter etc.)

^{ix} HelpAge International (2012) A study of humanitarian financing for older people and people with disabilities, 2010-2011

^x Universalia (2012) Global ERF evaluation, final draft report

^{xi} AUSAID (2011) Independent Review of Aid Effectiveness, p.17

^{xii} www.thecbha.org

WORKING WITH THE UN AS A DONOR IN HUMANITARIAN EMERGENCIES. THE CASE OF HAITI.

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'Quicker disbursement and start-up times as well as reduced layers of transactions might increase the comparative advantages of the Emergency Response Funds'

Every year millions of people are in need of humanitarian assistance in the aftermath of natural and/or man-made disasters. As humanitarian aid aims to save lives and reduce suffering, humanitarian assistance should be provided in an appropriate and rapid way. Such basic and generally recognized principles should apply to both sides of the system - funding providers (donors) and recipients (delivery agencies)- to ensure aid reaches those in need in a timely and efficient manner.

Yet, humanitarian financing sources (governments, multilateral agencies/institutions, private contributors) and mechanisms (in what form, how and through who aid can be provided) are multiple and can take very different forms which do not always result in direct immediate assistance to the affected population; debt relief for example does not directly benefit the population. Moreover, financing sources can greatly affect the timeliness of a humanitarian response, as NGOs rely completely on institutional and private donors to run their operations.

Aid financing mechanisms, though more complex in reality, could be broadly categorized into:

- direct funding to the affected countries;
- funding channeled through the UN, NGOs/CSOs, Red Cross;
- pooled funds, which then redistribute funding to implementing partners.

ACTED was already present in Haiti before the earthquake. Interventions started in September 2004 after tropical storm Jeanne hit the island. Soon afterwards, ACTED committed itself to supporting the decentralization process taking place in Haiti. In addition, the extremely vulnerable situation of rural communities in Haiti led us to a focus on addressing the immediate needs of these populations, supporting the productivity in the agricultural sector, and addressing chronic food insecurity and malnutrition.

Given this prior presence, ACTED was able to quickly scale up its relief operations in the areas affected by the disastrous earthquake that struck Haiti on 12 January 2010 and which affected over 2 million people. ACTED responded to the essential needs of 10.86 % of the affected populations, providing relief to 262,000 people. In addition, we strived to respond to the cholera epidemic- the second emergency which broke out in 2010- through both emergency response and prevention mechanisms. Since then, we have continued to support local communities in the recovery and reconstruction process and remain committed to address recurring natural disasters and crises as they arise.

While UN agencies are a big player in institutional humanitarian assistance, a considerable share of UN funding is reallocated to NGOs for project implementation. In addition, there are pooled fund mechanisms managed by the UN. These pooled funds aim at both improving the timeliness of emergency funding and encouraging greater inter-agency coordination, which should in turn result in more efficient and effective allocation of resources.

★ THE CASE OF HAITI

2010, the year of Haiti's earthquake and cholera outbreak and Pakistan's floods, will probably be regarded as a historical year for humanitarian assistance both in terms of needs and funding. 74 million people received aid and funding amounted to 16 billion US\$. In 2010, allocations from the Emergency Response Fund (pooled fund mechanism) reached their highest level ever: 148 million US\$ of which 81.6 million US\$ⁱⁱ went to Haiti alone, the largest annual budget managed by the mechanism so far. This also made the Emergency Relief and Response Fund (ERRF)- the name under which the Emergency Response Fund is known in Haiti - the sixth largest donor in post-earthquake Haitiⁱⁱⁱ.

Emergency response is a core part of the Agency for Technical Cooperation and Development (ACTED) work, usually representing around 20% of its annual operations. However, for ACTED as well, 2010 saw a sharp increase in humanitarian response which came to represent 28% of its work, dominated by Haiti's earthquake and cholera response as well as the Pakistan floods response.

Although private funding (from the general public) represented approximately 43% of ACTED funding for Haiti in 2010^{iv}, institutional funding was also secured relatively quickly and about 22% of it came from the Haiti's ERRF, making ACTED the most funded INGO through this mechanism.

In 2010, 54 projects were funded by the ERRF through a total allocation of 70.4 million US\$, of which a surprisingly high share (62.5%) went to UN agencies for 12 large-scale projects, exceptionally approved by OCHA headquarters^v. This decision has been highly criticized since, as pointed out by the external evaluation of Haiti's

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

'Compared to other institutional donors, UN agencies are by far the most demanding in terms of number and frequency of reports'

ERF: *"Even if these exceptional envelopes were designed for eventual redistribution to NGO implementing partners (for which evidence was scant), they did not make humanitarian response any more rapid and their existence detracted from the ERF mechanism mandate"*^{vi}. ACTED's high share was thus exceptional. In 2011, funding followed a more normal allocation and out of the 8.3 million US\$ allocated, 87.5% went to NGOs (17 projects to INGOs and 1 to a national NGO)^{vii}.

While the speed of funding has seen some improvement, it is not yet good enough. It has been said that *"the mechanism has two Rs in its name, and neither of those represents rapid"*^{viii}. The independent evaluation showed that it took an average of more than two months from the time a project proposal was received by ERRF until signed authorization was given to start activities in the earthquake response. Also for the cholera response, it took a little less than two months. In an emergency context, this can hardly be defined as a "rapid" process. In addition, another 12 to 15 calendar days are required (on average) for the funds to be disbursed to the implementing partner after formal approval of the grant, and lengthy auditing projects cause big delays to the final disbursement of funds (20% of the total funding is disbursed only upon finalization of an external audit contracted directly by the ERRF). For NGOs with limited or no capacity to advance significant volumes of funding, these issues definitely reduce attractiveness of the ERRF compared to other institutional donors, or simply make it unsuitable. Given the scale of the disaster and major basic needs to be addressed urgently, ACTED took the decision to differ from its internal procedures, i.e. acting without any signed contract with the donor. This proved very difficult in the post-emergency phase to formalise, given the high turnover on both donors and NGOs' side a few months later.

On the positive side, the ERRF's most valued strength has been its flexibility with regards to evolving needs in the field. Following Hurricane Tomas in November 2010 for instance, ACTED was allowed to redirect a portion of the agricultural project funds to target farmers affected by this new national disaster, rather than only considering farmers affected by the earthquake.

Compared to other institutional donors, UN agencies are by far the most demanding in terms of number and frequency of reports, although UN agencies provide much less funding comparatively. Moreover, compared to other donors, UN agencies tend to be more focused on disbursement of funds and ensuring their own visibility than looking thoroughly at the quality of projects. Indeed, accountability through measuring indicators and assessing impact is not a priority concern, in contrast to other donors who render compulsory the measurement of strict indicators and require extensive feedback on the quality and impact of interventions.

This lack of focus on accountability is all the more a concern in the case of a complex emergency such as Haiti's earthquake, when response is not so straightforward. The earthquake led to many difficult issues which required a larger, integrated, approach- in contrast to the cholera response which was easier to handle as the humanitarian community has a lot of experience in this area. Given the lack of a wider vision, filling response gaps- such as supporting displaced people in host communities outside of Port-au-Prince, to stabilize them in the provinces and prevent them from returning to overwhelmed camps in the capital- was not seen as an immediate concern. While NGOs such as ACTED brought it forward as a significant way to ease the pressure on the resources in the capital, it was never taken into account by the UN agencies.

Overall, if not perfect, Emergency Response Funds play an important role in providing relevant funding in emergency response and, rather than disregarding them as too cumbersome, it might be worth trying to improve the system. Quicker disbursement and start-up times, as well as reduced layers of transactions (privileging direct contracting of NGOs rather than redistribution through UN agencies) might increase the comparative advantages of the ERFs compared to other institutional funding in emergencies, particularly for NGOs.

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ⁱ CAP documents and OCHA Financial Tracking System. http://www.ngovoice.org/documents/view.php?title=Vansintjan_Uncertainty_in_the_allocation_of_donor_funds-original_long_version-FINAL.pdf

ⁱⁱ OCHA, ERRF Annual Report 2010

ⁱⁱⁱ Moriniere (2011) 'External Evaluation of the Haiti Emergency Relief & Response Fund (ERRF), 2008-2011', p.50.

^{iv} ACTED (2011) 'Haiti. One Year Later'

^v OCHA, ERRF Annual Report 2010

^{vi} Moriniere, p.3. Out of the 45.5 million US\$ envelope allocated to UN agencies, approximately 5.5 million US\$ were redistributed to NGOs via a sub-granting system.

^{vii} OCHA, ERRF Annual Report 2011. Out of the 13.8 million US\$ available, 8.3 million were allocated, 100% of which went to the cholera response.

^{viii} Stated by a Haiti/ERRF stakeholder (Moriniere, p.37)

UNCERTAINTY IN THE ALLOCATION OF FUNDING: HOW CAN A DONOR CHOOSE TRANSPARENTLY ACCORDING TO HUMANITARIAN NEEDS?

THE ISSUE - HUMANITARIAN DONORS: POLICY AND PRACTICE

‘More information is needed to make allocation decisions with enough assurance that the assistance arrives where it is needed most and will be spent effectively.’

ⁱAs a donor, Belgium wants to be:

- a principled donor,
- connected to the international humanitarian aid system, the Good Humanitarian Donorship (GHD) Initiative and the European Consensus on Humanitarian Aid,
- but with a Belgian identity, using its expertise in some sectors and countries to add diplomatic and other support to its humanitarian action,
- and with special attention to transparency and accountability (financial, towards the public and the beneficiaries).

A straightforward strategy that needs no more explanation? How does this translate into decisions on the allocation of funds? Which information can be used? How to take the limited donor human resources into account when setting up a transparent allocation process?

★ ALLOCATING RESOURCES BASED ON THE NEEDS AND THE PRINCIPLES

A humanitarian crisis is a complex situation, bordering on chaos. This means the situation cannot be steered predictably. Despite this difficulty, as a donor we should fund the most effective response possible.

Every actor makes its own needs analysis. Organisations use their analysis for their planning and fundraising efforts so there is an incentive to describe the crisis from the viewpoint of the interests of the organisation. In addition, some actors make the effort to do a joint analysis.

As the needs analysis describes a complex system, it will never be able to describe the situation with precision and in real time. Moreover, a needs analysis gives the donor a good indication of the severity of the crisis, but does not give a donor information on exactly where to put the first euro, nor does it show how the needs and the gaps evolve.

The GHD principles are not a steady hand to guide a donor. Already at the definition and objective level there is a need for a judgement call: what is the priority: saving lives, alleviating suffering or preserving human dignity? Is saving lives really always more important than dignity? How to prioritise within a category? How to weigh up combatting sexual violence versus supporting education? Judgement calls are necessary.

★ MAKING IT WORK FOR THE PEOPLE AFFECTED BY CRISIS

Small donors want to have more impact than their budget would imply. When Consolidated Appealsⁱⁱ are published, if there is no prior information, a small donor, without an army of analysts and

people on the ground, has no way to make optimal allocations.

At the onset, it is not yet known where the gaps in funding will be. From the overall analysis, it is not possible to judge where the suffering is worst. More information is needed to make allocation decisions with enough assurance that the assistance arrives where it is needed most and will be spent effectively.

Belgium has been working on three options to answer to this information gap:

1. Using the capacity of others (e.g. of UN pooled funds who change allocations according to new info based on needs)
2. Waiting until there is enough information to make the decision on our own (when gaps become obvious)
3. Focus on areas where Belgium has more information because of expertise or easy access to good information

Lessons are learnt from all three options and results are monitored, leading to increased or reduced allocations for certain flexible funds, UN agencies, Red Cross and NGOs the following year. In addition, niches of recurrent underfunding are explored. If these gaps persist, it might be good to build expertise on these gaps and make it a focus area for special attention, potentially leading to a long term shift in priorities.

★ CONCLUSION

It is important to maintain a long term continuity of commitment, to the principles, to a way of working and to focus areas, but funding remains short term because it is necessary to use real-time information and short feedback loops.

The kind of information needed for a small donor to improve its decisions is not the same information needed by the system as a whole for improving overall operations. Donors need more information on the quality of flexible funds, the gaps in funding and the sectors where there are gaps in donor commitment. This implies the use of relative needs analysis rather than absolute needs analysis.

Due to the attention to continuity (prior knowledge) and simple processes for transparent decision making, a large part of the allocation processes can happen in a routine way, without much capacity required from the donor administration, while plugging into the capacity of other humanitarian actors and donors.

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ⁱ Full version of article is available here: http://www.ngovoice.org/documents/view.php?title=Vansintjan_Uncertainty_in_the_allocation_of_donor_funds-original_long_version-FINAL.pdf

ⁱⁱ CAPs aim to set a common strategy and implement a coordinated response to disasters but the ability to fulfil this objective depends on funding for the programmes in the CAP

THE EU'S 'COMPREHENSIVE APPROACH': RISKS AND OPPORTUNITIES FOR HUMANITARIANS

VIEW ON THE EU

'Humanitarian aid operations shall be conducted in compliance with the principles of international law and with the principles of impartiality, neutrality and non-discrimination.'
(Lisbon Treaty)

'A more visible EU presence on the political front means that as the humanitarian wing of the EU, we have to be absolutely consistent and credible in abiding by the principles, if we want to continue to be able to work where it matters: with the most vulnerable people affected by conflict.'
(Commissioner Georgieva)

★ Three years after the Lisbon Treaty, the establishment of the European External Action Service is complete. With the Treaty's structural ambitions for foreign policy realised, the EU is working to concretise its policy ambitions. This entails formalising a process that will lead to integrated strategies for its external action: the 'Comprehensive Approach.'

In doing so, the EU is joining a trend: NATO also has a Comprehensive Approach, as does the UK and the Netherlands; the U.S. has a '3Ds' approach, integrating defence, diplomacy and development; and the UN has established a number of integrated missions, most recently in Somalia. All of these have provided challenges for humanitarians – so what can we expect from an EU version?

Currently, the specificity of humanitarian action is in principle recognised and protected by the EU. The (binding) Lisbon Treaty includes respect for humanitarian principles (art. 214), while the (non-binding) European Consensus on Humanitarian Aid is even more explicit in its pledge of good humanitarian donorship. It is expected that when formalised, the Comprehensive Approach will reiterate this specificity.

Ensuring it in practice may prove more complicated. The policy is not yet final, and uncertainties with regard to its scope remain. Most agree that a truly 'comprehensive' approach would include all externalities of EU policy shaped towards achieving a strategic goal. For now, the focus will likely be on crisis management, addressing the 'full cycle' from prevention to recovery. However, the comprehensive approach examples cited by EU officials are often cases of short-term crisis response, with some confusion regarding how the EU should act in such emergencies beyond ECHO's well-established role.

★ THE OPERATIONAL LEVEL

If the final Comprehensive Approach policy reflects current discussions, there are a number of features that, depending on their implementation, may pose either opportunities or risks for humanitarians. These include:

1. Diplomatic oversight: EU delegations to third countries operating with greater autonomy and consolidated reporting lines through the head of delegation. *Opportunity:* EU diplomats are mandated to represent the commitments of the European Consensus, and can use their 'good offices' to engage with political actors on the need to respect humanitarian space. *Risk:* that instead integrated strategies at country level result in miscommunication of/undermine the objective of EU humanitarian aid.

2. Joint analysis: ensure a stronger foundation for external strategies by conducting joint analysis across all EU services. *Opportunity:* robust strategies guided by stronger analysis that aim at resolving crises are a clear benefit for all. *Risk:* If the resulting strategies include instrumentalisation of aid, or are perceived to do so, the EU may face an unintended consequence of NGOs active in humanitarian aid stepping back from information exchange (to preserve their perceived neutrality and therefore the security of their staff), weakening the basis for analysis.ⁱ

3. Full-cycle programming: improve coherence of planning and response to all aspects of the crisis cycle. *Opportunity:* stronger linkages between conflict prevention, crisis management, recovery, peace-building and development could provide impetus for the LRRDⁱⁱ agenda, and for addressing other gaps. *Risk:* that there will be an over-emphasis on the crisis response phase, leading to greater pressure to include humanitarian aid as part of the crisis 'toolbox'.

★ THE STRATEGIC LEVEL

While most examples of an EU Comprehensive Approach - real and theoretical - focus on operations in specific regions in the EU's near abroadⁱⁱⁱ, with assurances that the specificity of humanitarian action will be respected within these, the picture at the strategic level remains murkier. The EU is a global actor across a number of policy areas, notably humanitarian and development aid, but in others its resources are concentrated only in particular strategic regions. How might this change if foreign policy becomes more integrated? The EU may well choose to prioritise its engagement and resource deployment in those regions closest to home. Even if global commitments to alleviating suffering and poverty remain, the centralising force of joint analysis, planning and integrated pursuit of foreign policy objectives may exert strong pressure to allocate assistance in areas of strategic priority. The EU is one of the most important humanitarian donors in the world; it is imperative that while strengthening its foreign policy capacity, it guards against inadvertently weakening this crucial - and global - role supporting crises-affected populations. A comprehensive approach which integrates humanitarian aid, if not carried out with full consideration of humanitarian specificity, would reduce our ability to do the job.

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ⁱ A similar situation has occurred to some extent in the wake of integration of UN missions. See: Glad, Marit: *A Partnership at Risk? The UN-NGO Relationship in Light of UN Integration*. NRC, 2011

ⁱⁱ *Linking Relief Rehabilitation and Development*

ⁱⁱⁱ Examples most often cited are the EU strategies for the Horn of Africa and for the Sahel

DON'T FORGET THE PAKISTANI PEOPLE

FIELD FOCUS

'A big challenge for the future is to strengthen the capacity of institutions at all levels and of vulnerable communities themselves in terms of disaster preparedness and response management'

Three consecutive years of floods all over the country and massive military operations against the Islamic militants in the Northern provinces have affected more than 25 million Pakistani citizens since 2010. This reminds us dramatically that Pakistan is one of the most hazard-prone countries in the world both in terms of natural and man-made catastrophes.

At the end of July 2010, Pakistan's worst ever floods ravaged the country. Cesvi immediately started large relief operations targeting people in some of the worst affected areas together with its partners Concern Worldwide and ACTED. Food, clean water, hygiene kits, shelter materials and other basic necessities were distributed. Another focus was on restoring local access roads to reach isolated communities. As the scale of the disaster increased, Welthungerhilfe and People in Need decided to join. The five Alliance2015 members also had to face up to the dramatic consequences of new devastating floods which again brought Pakistan to its knees in the summer of 2011. Nowadays we are still operating in the country with a long-term perspective, targeting approximately two million people. For this programme, we have been awarded six large-scale consortia grants from DG ECHO¹ as well as a DFID grant.

Cesvi is proud to be part of this Alliance2015 network which has been able to respond to the emergency in a way that a single agency could not. Over the course of three years, Cesvi carried out a multi-sector intervention including: building of shelters by using materials in line with disaster risk reduction standards; distribution of household kits; distribution of hygiene kits and promotion of hygiene campaigns; rehabilitation of wells; construction of latrines; and re-launch of agriculture and livestock activities.

The several appeals launched by the Pakistani government and the humanitarian agencies since 2010 in order to provide basic assets to the affected population, have received a quick response from the donor community with the USA, the European Commission and the UK leading the way. However, less than 50% of the level of aid funding requested has been provided and therefore funding is not enough to cope with all the remaining needs.

Indeed, still today the Pakistani people are in huge need of help to meet their basic needs, from clean water to food, shelter, health and medical services, sanitation facilities, as well as cash to buy other essentials. Most of them live in rural areas and at least 60% belong to vulnerable categories, such as children below 13 years, elderly people and

women (including a high number of breastfeeding mothers). Their deprived conditions expose them to additional risks of illness, exploitation and deepening debt unless they receive further assistance.

A big challenge for the future, both for the country and the humanitarian agencies, is to strengthen the capacity of institutions at all levels and of vulnerable communities themselves in terms of disaster preparedness and response management. This requires great political determination to prioritize these against other, more business-oriented, interests and to foresee an adequate budget for it. Building resilience within the urban and rural communities by reducing the impact of disasters with more and better preparation, making disaster responses more effective and helping people to recovering quicker and restoring normal conditions of life should become a priority issue for the Pakistani government and its donor partners. This is not only a matter of saving lives and reducing human suffering but also serves to promote the country's development and to enhance its social commitment towards a future free from violence and poverty. While being a priority for NGOs already, this task is not easy and is hampered by several obstacles ranging from the increase in administrative restrictions for humanitarian organizations and their staff, to security issues that limit our movement in many areas of the country and thus the access to people in need. Another problem is the invisibility of Pakistan's crisis in international media- which is one of the main means to influence donor priorities. Maybe the reason for this silence can be found in Westerners' prejudice towards Pakistan, which is often considered as a 'factory of terror', with its people always ready to fight against anyone else. An idea that does not correspond to the reality. Instead, the population is a double victim of terrorism and militancy: once because they are directly targeted by daily terrorist attacks and secondly due to the discrimination to which they are subject.

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¹ The European Commission's Humanitarian Aid and Civil Protection department



MARCH 11, 2013

UN SECURITY COUNCIL UNDERMINES HUMANITARIAN AID IN SOMALIA

BRUSSELS (March 11, 2013) – Three global NGO consortia – InterAction, ICVA and VOICE – are dismayed at the Security Council’s decision for all UN functions in Somalia to be integrated under one UN umbrella. The NGO consortia believe this decision will jeopardize the delivery of impartial humanitarian assistance in the country. By requiring UN humanitarian coordination to fall under the political mandate of the new UN peace-building mission in Somalia, the neutrality, impartiality and independence of humanitarian action will be compromised.

On 6 March 2013, in Resolution 2093, the Security Council mandated the creation of a new UN peace-building mission in Somalia and required that all UN functions be integrated under one umbrella. In doing so, the Council members contradicted the UN’s own 2012 Strategic Review in Somalia. This review found that conditions in Somalia were not conducive to integrating all UN functions under one structure.

Many NGOs collaborate closely with UN entities, and decisions taken by the UN Security Council can have far-reaching implications for people living in conflict. As long as the conflict continues, combining humanitarian with political and military support functions risks undermining effective delivery of aid. “This is especially true in areas controlled by non-state armed groups, which is where the needs of the affected population are greatest and where access is most difficult,” said Kathrin Schick, Director of VOICE, the European NGO network.

This decision may also increase the risk of targeted attacks on aid workers. Furthermore, subsuming humanitarian functions under a political mandate carries the risk that political motives, rather than impartial assessment, will dictate aid decisions and restrict independent humanitarian reporting and advocacy.

Humanitarian groups are also concerned about further constraints on humanitarian negotiations with non-state actors. “We know this from every humanitarian crisis. Only when we safeguard our neutrality are we able to obtain consent and acceptance for our work, reach all affected populations and ensure that our assistance is provided impartially,” said Nan Buzard, Executive Director of the Geneva-based International Council of Voluntary Agencies (ICVA).

Somalia has witnessed dramatic changes in the past year. After more than two decades without a central government, Somalia’s federal government was established in 2012 and a new president, Hassan Sheikh Mohamud, took office. The Security Council’s determination to ensure the strongest possible UN support to achieve political stability and governance in Somalia is laudable. However, forcing humanitarian functions under a political mandate will not enhance UN effectiveness and coherence and may have negative consequences for the security of all humanitarian workers and their access to affected populations.

Much of Somalia is still in turmoil, with large swathes of the population suffering from food insecurity and the effects of ongoing armed conflict. Under these circumstances, undermining the ability of humanitarian agencies to operate undercuts rather than enhances the overall collective impact of international organizations.

“Obviously, humanitarian NGOs must continue to serve all civilian populations under the best and worst of circumstances. But it is regrettable that the Security Council has just made a dangerous and complex situation more difficult for the humanitarian workers trying to alleviate human suffering in Somalia. We ask that all actors respect and uphold the independence of humanitarian aid work.” said Samuel A. Worthington, president and CEO of InterAction.

InterAction is the largest alliance of U.S.-based nongovernmental international organizations, with more than 180 members working in every developing country.

The International Council of Voluntary Agencies (ICVA) is a global network of 74 non-governmental organizations (NGOs) that advocates for effective humanitarian action

VOICE (Voluntary Organizations in Cooperation in Emergencies) is a network representing 82 European non-governmental organizations (NGOs) active in humanitarian aid worldwide.

VOICE AT WORK

★ **Raising awareness of Disaster Risk Reduction (DRR).** On the occasion of the International Day for DRR, 13 October, VOICE launched a statement on 'DRR - a fundamental element of building resilience', linking up with the Communication of the European Commission on resilience:

- DRR should be prioritized in development programming
- A focus on risk will lead to more effective assistance for vulnerable populations
- Better coordination and an LRRD approach are needed for efficiency and effectiveness
- A concerted global approach to building resilience can be supported by post-2015 frameworks
- DRR should be adequately funded under EU and Member State development budget lines
- Funding for DRR should reflect real risks
- DRR funding should be accessible to NGOs as development and humanitarian actors for programmes at local, national and international level.

As a follow-up and in advance of the Global Platform for Disaster Risk Reduction in May 2013, VOICE developed a publication series to highlight DRR key messages among EU decision-makers.

★ **Ensuring humanitarian principles are taken into account in an EU Comprehensive Approach** - A joint communication on the EU comprehensive approach is currently being developed by the EEAS and the European Commission. VOICE has been raising awareness and advocating for recognition that humanitarian aid is not a crisis management tool and that the independent decision-making by the humanitarian departments in the European Commission and Member States should be respected. Humanitarian decision-making should remain solely based on the needs of affected populations. In order to influence non-humanitarians and other civil society actors, VOICE participated in a number of high-level meetings which will feed into this Communication.

★ **Sharing messages with the EU presidency and Member States** - Input from VOICE members has regularly been shared with humanitarian experts from the presidency of the EU and other Member States, in order to inform their discussions with a view from the field. Messages were shared both with regards country situations and policy issues. For example, in advance of their discussions on the legal proposal for the 'EU Aid Volunteers', messages were developed together with UNOCHA, ICRC and IFRC, stressing the need to focus on disaster preparedness rather than conflict situations for deployment of volunteers; to ensure coherence and complementarity with existing humanitarian activities; and to ensure efficiency by using simple structures and processes. In order to further influence this legal process as well as other pertinent discussions on resilience and the forthcoming action plan on the European Consensus on Humanitarian Aid, VOICE and NOHA organised an event in Dublin on April 3. The event successfully brought together representatives from the presidency, Member States, European Commission and NGOs.

★ **Engaging in standard and certification debates** - VOICE has a longstanding engagement to quality in humanitarian aid. The proliferation of quality and accountability standards and the ongoing debates about whether more regulation of humanitarian organisations is needed, has led to two projects which may have significant impact on the future of the sector: 1) The Joint Standards Initiative project is a collaboration between the Humanitarian Accountability Partnership, People In Aid and the Sphere Project, to seek greater coherence for users of humanitarian standards. 2) The Standing Committee for Humanitarian Response has embarked on a project to develop a certification system for humanitarian organisations.

To enable its members to influence these processes, VOICE hosted consultation events in Brussels in October and in February. It is important to remember though that quality depends on many factors, including standards, but also good needs assessments, monitoring, sharing of lessons learnt, innovation, etc.



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VOICE out loud

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