

## Funding gap: A challenge for the World Humanitarian Summit (WHS)

### SUMMARY

Despite the highest ever humanitarian spending globally, the exponential growth of the number of people trapped in long-term crisis has deepened the funding gap. This unprecedented discrepancy between humanitarian needs and the available funding translates into tragic losses in human potential. The European Parliament has stressed the urgency to reduce the gap and the need for 'globally coordinated, timely, predictable and flexible funding'.

Hence during the two-year long preparation for the World Humanitarian Summit (WHS), humanitarian financing has focused much attention. The UN High-Level Panel on Humanitarian Financing, co-chaired by European Commission Vice-President Kristalina Georgieva, has made several proposals. Among paths to enhance aid supply: the broadening of the funding base that would come from better involvement of emerging government donors and of the private sector; innovative ways of financing such as Islamic social finance or a voluntary levy, and more efficient use of money (local involvement, cash transfers, result-oriented funding).

But it is clearer than ever that, to close the gap, decisive action is also required to reduce humanitarian needs. A substantial increase in conflict-resolution capacity in the international community, bridging the humanitarian-development divide in order to better tackle the protracted crises and its root causes, as well as a strong commitment to invest in disaster preparedness and risk mitigation are among the main ideas on the table at the WHS. The summit is literally too vital, for millions of people trapped in humanitarian crisis, to fail.



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### Glossary

**Humanitarian assistance:** [aid](#) (private or public) designed to save lives, alleviate suffering and maintain and protect human dignity during and in the aftermath of emergencies, as well as to prevent and strengthen preparedness for the occurrence of such situations. There is no international obligation to report humanitarian assistance and no single repository of information. Inclusions as to what counts as humanitarian assistance expenditure vary by government, NGO, multilateral organisation, foundation, company and database. Most analyses distinguish between international humanitarian aid and domestic government humanitarian expenditure.

**Official development aid (ODA):** [ODA](#) is provided by governments of countries in the OECD-DAC (Development Assistance Committee) for the promotion of economic development and welfare in a [list](#) of developing countries. [Assistance to refugees](#) in developing countries (88% of refugees find themselves in developing countries) is reportable as ODA. Temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to the developing country of origin are also reportable. In DAC reporting, [humanitarian aid](#) is a sector of ODA that aims specifically to 'save lives, alleviate suffering and maintain and protect human dignity during and in the aftermath of emergencies'. It includes: disaster prevention and preparedness, reconstruction relief, relief coordination, protection and support services, emergency food aid and other emergency and distress relief. International humanitarian Assistance includes DAC humanitarian aid, as well as aid provided by non-DAC and private donors.

Sources: [Global Humanitarian Assistance](#); [OECD](#).

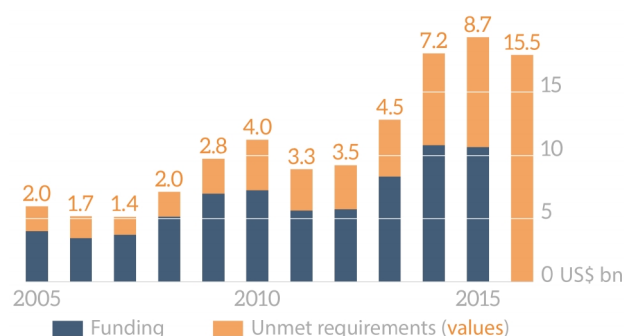
## International financing of humanitarian aid and the funding gap

The [World Humanitarian Summit](#) (WHS), on 23-24 May 2016 in Istanbul, takes place in the context of exponential growth in humanitarian needs and in the global funding gap. The [forum](#) is a global attempt to improve humanitarian response to increasingly challenging conditions, and resolving the funding gap is a major challenge.

### Demand for humanitarian aid

The demand for humanitarian aid depends on the character of a crisis, as well as on the character of the state in which it occurs, and its capacity to respond to the crisis (stable vs failed state, low, middle or high income). Therefore, demand for humanitarian aid can vary from a comprehensive need for financial, logistical, and technical assistance, to consultative assistance for specific technical issues. An evaluation of humanitarian assistance demands needs to take into account the number of affected people, the degree to which they are affected, the level of own resources available locally, and capacity to respond to the crisis. The overwhelming demand for humanitarian aid comes from areas affected by conflicts, and nearly 80% of the humanitarian work is conducted there.<sup>1</sup> The humanitarian aid in such places is only sometimes directly linked to the conflict. In other cases it is related to the fact that a conflict decreases the capacity of a state to deal with natural disasters on its own.

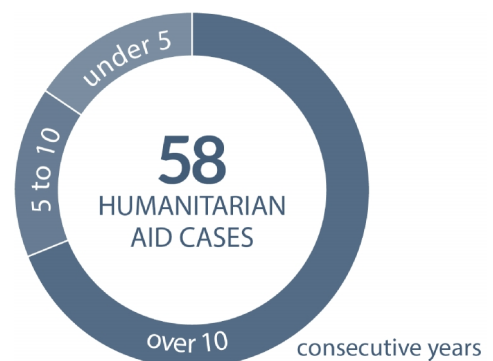
**Figure 1 – Humanitarian aid gap growth, 2005-2015**



Data source: [Financial Tracking System](#), UNOCHA.

During the past decade, humanitarian crises have increased in number,<sup>2</sup> as well as in complexity.<sup>3</sup> In 2014, [200.5 million](#) persons were affected by natural disasters or conflict, and 60 million of them were displaced, half of them children. Humanitarian assistance has targeted a record 76 million of people in 2014, and 82.5 million in 2015. The increased demand for humanitarian aid is due to the combined effect of conflicts (military conflicts, terrorism, instability and fragility of states), climate change, demographic shifts and urbanisation that put pressure on natural resources. The majority of the cases in need of humanitarian assistance are also chronic crises and therefore states have limited or non-existent resources for coping with the crisis. In 2013, over two thirds of the OECD humanitarian assistance was directed to such chronic or protracted crises, lasting five or more years.<sup>4</sup> As can be seen in Figure 2, the same trend continued in 2014, when the majority of humanitarian aid crisis responses worldwide addressed areas in need of humanitarian assistance for extended periods of time.

**Figure 2 – Humanitarian aid case responses according to the duration of receiving aid, 2014**



Data source: Active Learning Network for Accountability and Performance in Humanitarian Action ([ALNAP](#)).

While the number of international humanitarian emergency responses to natural disasters has been decreasing (from 60 in 2010 to 7 in 2014), this is mainly due to the improved capacity of countries to deal with natural disasters, especially the establishment and improvement of national disaster management authorities (NDMAs) and not due to the lower number of natural disasters occurring.

On average, individual humanitarian crises in recent years affect more people than crises in the past and therefore, each of them creates demand for significant humanitarian assistance resources. The UN's [Humanitarian System-Wide Emergency Activation System](#) evaluates the emergency situation in crisis regions around the world according to complexity, urgency, national and international capacity requirements, and media and public attention.<sup>5</sup> Currently, the humanitarian emergencies in Syria, South Sudan, Iraq and Yemen are defined as '[level 3](#)', or the highest level of humanitarian emergency situations. These are all protracted crises. There are other crises not classified as level 3, but which also have an overwhelming impact on the population, for instance, in 2014, the crisis in Sierra Leone affected 100% of its population, the crisis in Liberia affected 79% of its population; the earthquake in China affected the largest number of people of a single crisis event, almost 60 million.<sup>6</sup> Also amongst the areas with highest demand for humanitarian assistance is the Palestinian territory, which received humanitarian assistance in 2013 amounting to US\$793 million.

### Supply of humanitarian aid globally

The supply of humanitarian aid globally is mobilised, coordinated and facilitated by the [UN Office for the Coordination of Humanitarian Affairs \(OCHA\)](#). This includes financial, technical and operational assistance. With the help of its [Inter-Agency Standing Committee \(IASC\)](#), OCHA can also coordinate the humanitarian assistance coming from UN and non-UN members. In 2011, IASC launched its Transformative Agenda aiming to improve the effectiveness of humanitarian response through strengthened coordination and communication, increased speed of response, and improved humanitarian leadership. In terms of funding, the innovations relate mostly to the introduction of

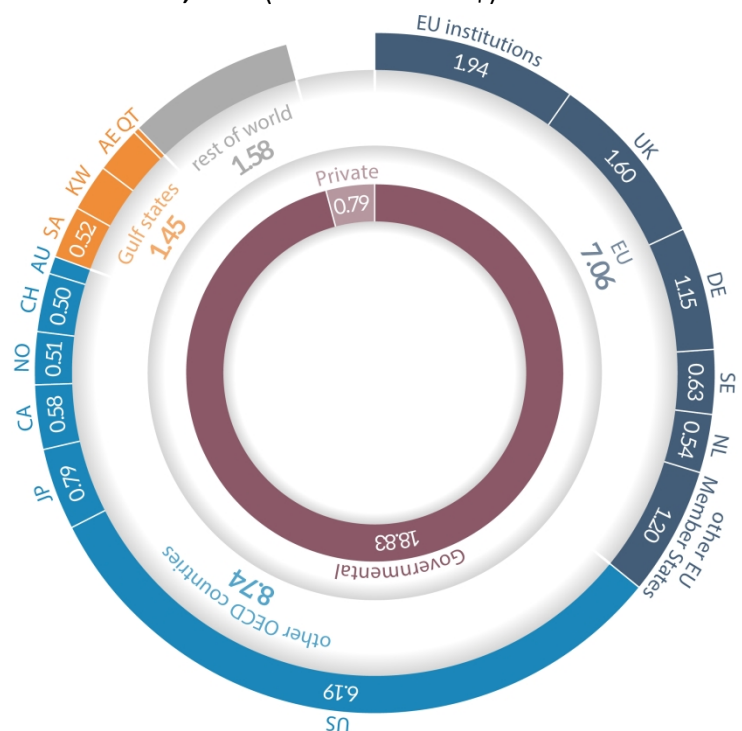
multi-year funding and pooled funding, including the introduction of the [Humanitarian Programme Cycle](#). These changes are a response to the long duration of some of the most serious humanitarian crises and the increased size in humanitarian demand of some of them. Pooled funds under OCHA coordination currently account for 10% of overall humanitarian aid. The majority of humanitarian aid contributions is provided to UN agencies (61%); international NGOs and the Red Cross/Red Crescent manage respectively 19% and 8%; the rest of the humanitarian funds are managed by private organisations, host governments and others.<sup>7</sup>

The overall supply of humanitarian assistance is at record high levels in terms of funding, number of aid organisations and humanitarian aid workers.<sup>8</sup> Traditionally, the richest countries are also the biggest donors of humanitarian aid, especially the EU and its Member States, the [USA](#), Canada, Norway, and [Japan](#) (see Figure 3 for details of donors for 2015, according to UNOCHA reports; data from other sources can vary due to the date of the latest update and reporting methods, but the trends are consistent). In recent years there have also been significant increase in humanitarian aid provisions coming from countries that have not been traditional donors, especially the [Gulf States](#) (Saudi Arabia, Kuwait, the UAE), BRICS ([Brazil](#), [Russia](#), India, [China](#) and South Africa) and [Turkey](#).<sup>9</sup> For instance, [Turkey](#) can be classified as the world's fourth largest humanitarian donor in 2012 and 2013, having provided more than US\$1 billion for hosting refugees.

The generosity of donors can be assessed in many different ways – Norway is the largest donor in terms of assistance provided per capita (US\$126), Kuwait is the largest donor in terms of assistance as a percentage of gross national income (0.24%). There are significant discrepancies in estimates of humanitarian assistance contributions of private donors – from less than a billion ([UNOCHA report](#)) up to US\$5.8 billion ([ALNAP report](#)) or [around a quarter of global humanitarian assistance](#).<sup>10</sup> One consistent factor across reports is the expectation of further potential growth in private donations. Around 70% of private donations come from individuals and the rest of the funds are donated by national societies, companies, trusts and foundations. The growing number of donors contributes to humanitarian relief, but also puts stronger emphasis on the need for coordination, common principles and professional standards, and initiatives such as [Good Humanitarian Donorship initiative](#), endorsed by 16 countries and 42 donors so far.

One trend in humanitarian aid supply is the delivery of aid to fewer emergencies, which however affect larger numbers of people.<sup>11</sup> This is a response to the humanitarian demand of acute emergency situations. Over recent years, one focal crisis attracting

**Figure 3 – Humanitarian aid donors and their contributions, 2015** (data in billion US\$)



Data source: [Financial Tracking System](#), UNOCHA (update 15.4.2016).

much of the humanitarian funding has been the Syrian crisis. The supply of humanitarian aid includes donations sent to Syria as well as efforts in hosting refugees, the majority of whom are located in the countries neighbouring Syria.

Despite the record high supply of humanitarian aid, the funding gap representing the [difference](#) between funding requested and funding received, became, in 2014, the largest both in absolute terms (US\$7 billion) and percentage terms (around 40%).<sup>12</sup> In 2015 the gap [deepened further](#) with more than [half](#) of humanitarian needs left unmet.

## EU contribution to humanitarian aid

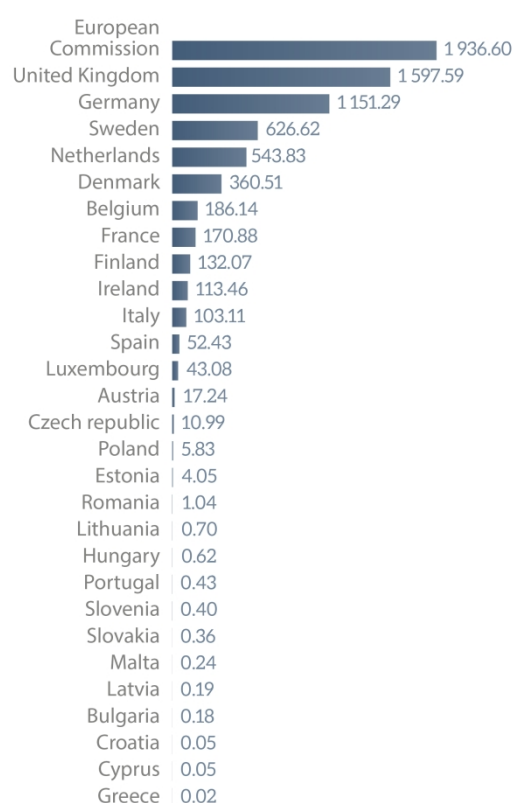
According to Article 4 of the [Treaty on the Functioning of the European Union \(TFEU\)](#) the provision of humanitarian aid is a shared competence with the Member States. Many Member States have long traditions of providing humanitarian aid, and they maintain humanitarian aid programmes beyond the EU humanitarian aid allocations. The European Union contributes to humanitarian aid across the world as a Union, with the European Commission's [Directorate-General for Humanitarian Aid and Civil Protection \(DG ECHO\)](#) executing this policy. In addition, Member States have their own programmes and initiatives, which are funded and executed at national level.

Despite the fact that humanitarian aid allocations are only a very small percentage of the EU and Member States' budgets, the EU consistently leads the rankings of global donors of humanitarian aid. The leading role of the EU is at least threefold. Firstly, the EU (the Union plus its Member States) contributes the largest amounts of funding for humanitarian aid. Secondly, the EU is also a leader in establishing high standards of humanitarian aid delivery. Thirdly, humanitarian aid actions of the European Union have global outreach and provide for all types of crises.

## EU budget allocation for humanitarian aid

The biggest [budgetary allocation of the EU to humanitarian aid](#) is the humanitarian aid (HA) expenditure under the budget heading 'Global Europe'. It provides needs-based emergency assistance outside the territory of the EU in cases of natural disasters and man-made crises. The allocation for HA is only 0.61% of the financial envelope of the total 2014-2020 Multiannual Financial Framework (MFF), which means €6 621.70 million in commitments for the whole period. In 2015, the HA expenditure had allocations of €928.84 million in commitments (0.64% of the annual budget) and €974.58 million in payments (0.69% of the annual budget). Humanitarian aid needs are unpredictable, and budgetary allocations are sometimes amended in order to respond to particularly critical situations. Recent examples of such cases are the EU response to the crises in the Horn of Africa, South Sudan, and Ukraine; and the Ebola epidemic. Due to the increased frequency and intensity of crises, such budgetary

**Figure 4 – Humanitarian aid provisions of EU institutions and Member States, 2015 (in billion US\$)**



Data source: [Financial Tracking System](#), UNOCHA.



amendments have become more frequent in recent years. In addition to the standard annual allocations, the [EU Emergency Aid Reserve](#), which is part of the EU's 'Flexibility and Special Instruments', can provide up to €280 million per year, in order to respond to unforeseen events and major crises in non-EU countries, such as the Syrian conflict.

A complementary EU initiative in the field of humanitarian aid is the [European Voluntary Humanitarian Aid Corps \(EVHAC\)](#), started in 2011. The EVHAC coordinates the efforts of EU and non-EU volunteers and organisations, especially young people, to support the provision of humanitarian aid. The allocation for EVHAC is [€147.9 million](#) under the 2014-2020 MFF. Like the HA budgetary allocation, it comes under the budgetary heading 'Global Europe'.

Since 2013, the European Commission can channel aid through the new tool of [EU Trust Funds](#) both in cases of emergencies and post-emergency aid. These are multi-donor funds with the bulk of the funding coming from the EU budget and/or the European Development Fund (EDF). One of the first funds was created in 2014 as a response to the Syrian crisis (€542 million). The largest emergency fund to date is the [EU Emergency Trust Fund for Africa](#), amounting to €1.8 billion coming from the EU budget and European Development Fund, contributions from EU Member States and other donors. This fund targets aid projects in some of the most fragile states in the world, as well as regional projects addressing cross-border challenges.

#### **Standards of EU humanitarian aid delivery**

Article 214 TFEU as well as [Council Regulation \(EC\) No 1257/96](#) set the principles of granting and managing humanitarian aid funds as ad hoc assistance, relief and protection for victims of natural or man-made disasters:

- compliance with international law and coordination with international bodies (particularly the United Nations system and the UN Office for the Coordination of Humanitarian Affairs – OCHA);
- impartiality, neutrality, and non-discrimination (delivering assistance without consideration of nationality, religion, gender, or ethnic origin); and
- coordination, complementarity and efficiency of EU aid provisions.

The EU allocations for humanitarian aid are managed directly by the European Commission, or indirectly by international organisations, including UN agencies. Funds under the HA expenditure are not granted directly to the relevant third-country governments. In order to respond quickly to sudden outbreaks of humanitarian crisis, the EU has established swift procedures for financial decisions, which can shorten the decision time to three days in the most pressing cases. Aiming at objectivity in humanitarian aid allocation, ECHO develops and implements situation-assessment instruments such as the [Integrated Analysis Framework](#) (IAF), the [Index for Risk Management](#) (InfoRM), and the [Global Vulnerability and Crisis Assessment](#) (GVCA).

#### **The European consensus on humanitarian aid**

Signed in 2007 by the Council, European Parliament and European Commission, [the European consensus on humanitarian aid](#) reaffirms the EU commitment to humanitarian aid and defines the objectives of humanitarian aid as preserving life, preventing and alleviating human suffering, and maintaining human dignity during crises in non-EU countries. It also recognises the key importance of upholding humanitarian principles (neutrality, humanity, independence and impartiality) and international humanitarian law. It guarantees emphasis on a stronger needs-based approach and enhanced coordination and consistency between EU institutions, as well as with its Member States in humanitarian aid delivery.

### EU humanitarian aid outreach

The EU's HA expenditure has a wide geographical coverage and provides assistance across the world, wherever needs occur. It has a special focus on the most severe cases of humanitarian emergencies, as well as on 'forgotten crises' – places with critical needs for humanitarian assistance, which other donors are not supporting. Depending on the particular need, the HA provides various types of assistance, such as [food assistance](#); water, sanitation, and hygiene assistance ([WASH](#)); [health assistance](#); [emergency shelter](#); and [protection-centred humanitarian assistance](#).

Two of the latest examples of mobilising funds from HA expenditure are the EU responses to the aftermath of the 7.8-magnitude earthquake in Nepal in 2015 (natural disaster) and the crisis in Ukraine (conflict-related crisis). In the [case of Nepal](#), humanitarian aid and civil protection experts were deployed within hours of the event. This was followed by additional provisions of shelter, emergency healthcare, and logistics, technical equipment and search and rescue teams. In the [case of Ukraine](#), the EU provides financial assistance, as well as blankets, sleeping bags, water containers, heaters, hygiene kits, and warm clothing delivered to people in need. The EU also has an important role in coordination and information-sharing with other donors.

The evolving humanitarian crisis in Syria and Iraq is a focal point in the EU's efforts to provide humanitarian assistance and to handle the related migration. The changing situation on the ground and the intensified need for humanitarian assistance led to the evolving EU strategy concerning this crisis. Humanitarian aid was part of the EU comprehensive [strategy](#) for aid to Syria and its neighbouring countries in March 2015 (around €400 million under HA expenditure). This was followed by the Commission proposal '[Managing the refugee crisis: immediate operational, budgetary and legal measures under the European Agenda on Migration](#)' in October 2015, Council Regulation (EU) 2016/369 on the provision of emergency support within the European Union in March 2016, as well as the [EU-Turkey agreement](#) on resettlement of refugees.

### Main challenges to humanitarian aid

The major challenge to humanitarian aid is the **growing funding gap**, despite the significant increase in humanitarian aid supply. The international humanitarian response is growing rapidly – an approximately 19% increase from 2013 to 2014 – but demand outgrows it significantly.

Secondly, although there is increased **timeliness and speed of response to disasters**, there is still room for improvement. If humanitarian aid is not delivered early in the crisis, if there are missteps in the initial intervention, then the crisis worsens and the demand for additional humanitarian assistance is increased, as was the case with the response to the Ebola epidemic, Central African Republic, and South Sudan.<sup>13</sup>

The delivery of humanitarian aid in a crisis situation is guided by the [International Humanitarian Law](#), which includes treaties such as the Geneva Conventions. A key role is also played by the [Humanitarian Charter and Minimum Standards in Humanitarian Response](#). The aim of these laws and agreements is to guarantee the standards of humanitarian intervention, its impartiality, as well as to provide access to deliver humanitarian aid everywhere it is needed. In some cases, in humanitarian crises, **access continues to be problematic**. There are signs that many NGOs providing humanitarian aid 'were seen to align with political and military agendas'.<sup>14</sup>

In addition, the **transparency and efficiency of humanitarian aid** is an ongoing concern. The Integrated Financial Accountability Framework (IFAF) initiative, launched by the International Organization of Supreme Audit Institutions (INTOSAI) in 2013, is a response to that. Its aim is to provide a standardised tool for reporting financial and in-kind humanitarian aid in standardised tables, which would reduce the administrative burden of reporting, and provide public access to the data.<sup>15</sup>

The **link between short-term humanitarian assistance and long-term resilience-building** is a proven path to decreasing humanitarian needs. Different UN agencies, such as Unicef, UNDP, UNHCR and WHO, collaborate in crises areas, in order to provide help from mitigation, through disaster response and recovery to reconstruction. However, on one hand, there is still insufficient continuity between these types of assistance and insufficient focus on funding of resilience-building initiatives. On the other hand, this blurring of the boundaries between different types of aid makes it difficult to follow strictly the specific principles of impartiality of humanitarian aid.

In the context of very complex conflicts and political sensitivity, maintaining standards of impartiality and non-discrimination are crucial for the delivery of humanitarian aid. Maintaining a reputation of impartiality is the only way to guarantee access to some places in the world and to deliver assistance when and where it is needed. This issue is the subject of an ongoing debate in the EU.<sup>16</sup> Although there are clear benefits related to sustainability and a smooth transition between different types of assistance, the rules for distribution of development assistance vary and some are not in line with the rules of impartiality of humanitarian aid. The concept of Linking Relief Rehabilitation and Development ([LRRD](#)), endorsed by the EU, outlines the philosophy of transition between short-term life-saving emergency assistance and long-term development aid, stabilisation, and state-building actions.<sup>17</sup>

### How to bridge the funding gap?

One of the seven [High-Level Leaders' Roundtables](#) – the core WHS events, gathering heads of state or government and other high-level representatives – will focus on the subject of humanitarian financing, while two others will touch upon the key questions of reducing humanitarian needs through better preparedness for natural disasters and conflict resolution. Their aim will be to generate political will and concrete commitments to put into practice the [Agenda for Humanity](#), the UN Secretary-General's contribution to the WHS summit.

The growing breach between humanitarian needs and available funding should, according to main stakeholders, be overcome by acting on all parts of the challenge – increase financing; increase efficiency of spending; and reducing needs.

#### *Broadening the funding base*

Among proposals aimed at increasing the amount and predictability of humanitarian funding, there is broadening of the funding base, which means reinforcing new sources of humanitarian finance, which could come from **new private or public donors** and **innovative ways of financing**.

The [Development Assistance Committee \(DAC\)](#) of OECD countries<sup>18</sup> accounted for 94% of reported international humanitarian assistance from governments over the last decade, and 90% (US\$16.8 billion) in 2014. However in the current economic and political situation a major increase in DAC countries' humanitarian budget is improbable. Therefore it is crucial, according to the majority of stakeholders, to **involve more non-DAC donors**, such as the middle-income countries as well as the private



sector, charities and foundations in financing the humanitarian effort. Some countries have already developed incentives for private fundraising efforts, offering for example free slots on public TV or tax reductions for private donations to humanitarian (and development) agencies.

In recent years **emerging donors'** [contribution](#) has already risen significantly: it is estimated that aid – both development and humanitarian – of China, the United Arab Emirates, Turkey, South Korea, India, Brazil, Russia and South Africa will account for 20% of all foreign aid by 2020, nearly doubling the 7-10% share these donors contributed in 2012. The Middle East donors' contribution has [increased](#) by 130% since 2012. The integration of new rising donors into the traditional humanitarian system and different donor's coordination groups is progressing; however the adherence to the main international standards for aid effectiveness remains more uneven. For example the United Arab Emirates became in 2014 the first non-OECD country participant in OECD-DAC, but has still neither endorsed the [Paris declaration for aid effectiveness](#) (2005) nor the [Principles and Good practice of Humanitarian Assistance](#) (2003).

Currently the OECD-DAC donors work in an annual expenditure cycle; 16 of them however already provide multiannual funding to selected UN, NGO and Red Cross Movement partners. Multi-year funding could increase the predictability of humanitarian supply, especially in the perspective of the widely accepted necessity to bridge the development and humanitarian policies divide.

However, better linking development and humanitarian action is an uneasy task, taking into account the different ways of working of humanitarian and development actors: the first, funding non-state, often international organisations in order to meet acute needs of households and communities, the second, committed to country ownership, aligning to country priorities and using country systems seeking the long term improvement of social and economic conditions.<sup>19</sup>

The January 2016 [report](#) from the High-Level Panel on humanitarian financing (appointed by the UN Secretary-General in May 2015 in view of the Istanbul WHS) sets out a series of concrete fundraising proposals to be considered by the WHS in order to reinvigorate humanitarian financing, such as:

- **Voluntary solidarity levy** on certain goods or services such as air travel or fuel that could be used to support health-oriented action for displaced people. The micro-tax, that [according](#) to co-chair of the panel, European Commission Vice-President [Kristalina Georgieva](#), could also apply to some concerts, films or football matches, could generate a volume of steady and predictable financing necessary to address the humanitarian needs in the protracted crisis.
- **Use of Islamic social finance**; *zakat*, mandatory alms-giving (estimated at between US\$232 and 560 billion) and other instruments could potentially be channelled to meet humanitarian needs. Yet, some [observers](#) question whether the countries concerned would be willing to renounce control over these funds, and allow them to be channelled under the purview of the UN system. [Others](#) point to the key ideological question of the compatibility of *zakat* with humanitarian principles. Indeed there are doubts on whether *zakat* can be used for humanitarian aid for non-Muslims, and that has first to be addressed in dialogue with Islamic scholars and academics, also taking into account that 75% of the population of the top ten recipient countries is Muslims.

*Better value for money*

One way to fill the financing gap in humanitarian policy is to increase the efficiency of spending. The High-Level Panel on Humanitarian Financing's core idea in this regard is the idea of a 'grand bargain' between donor countries and aid agencies. In exchange for more funding and on more flexible terms the aid agencies will commit to more transparency, including timely reporting and adhering to the International Aid Transparency Initiative, cost-consciousness and better involvement of national 'first responder' NGOs.

Commentators like [Scott](#) put forward, on behalf of the OECD, different recommendations for increasing the value for money of humanitarian programming:

- shifting donor funding towards results, rather than activities; thus allowing operational agencies to shift programming towards more cost-effective practices as contexts evolve;
- increasingly using business models, based on economic analysis, to help guide donors to more objective funding decisions;
- shorten the long chains of recipients funding goes through before reaching the final beneficiary, each level may indeed reduce the value of the overall grant by the time it reaches beneficiaries; and
- simplify reporting requirements in order to reduce waste, and improve accountability at all levels.

The transfer to [final beneficiaries](#), especially in a long-term crisis, is often put forward as a way to increase the effectiveness of humanitarian spending. Indeed it can help integrate refugees in their host countries by making them support local markets and producers through their spending. It is also often less costly to provide cash transfers than in-kind assistance because aid agencies do not need to transport and store relief goods. The [High-Level Panel on Humanitarian Cash Transfers](#) estimates that cash and vouchers together have risen from less than 1% in 2004 to around 6% of total humanitarian spending in 2015.

*Solving crisis which generate needs*

The dilemma of whether the international community has to address causes of humanitarian emergencies or only their symptoms is a long-standing challenge<sup>20</sup> that has become urgent to address in a world where emergencies are increasingly man-made.

Three distinct, sometimes complementary, paths that can lead to reduce the necessity of humanitarian assistance are advanced in publications preceding the WHS:

- **Increase conflict resolution potential of the international community:** addressing leadership gap at global level is most often envisaged through reform of the UN and its authority and capacities.
- **Better address the underlying causes:** the link between poverty and conflict, although a complex one, needs to be addressed in a coordinated manner by development and security actors. Addressing situations of fragility, chronic poverty, environmental problems and the related governance issues remains a major but necessary challenge that requires overcoming the humanitarian-development divide.
- **Building resilience and preventing disasters:** investing in disaster preparedness and risk mitigation with among others the idea of an insurance against sudden-onset crisis.

**European Union position for the World Humanitarian Summit**

'Efficient and sufficient funding' is among seven action areas prioritised by the European Commission for the WHS in its 2015 communication, '[Towards the World Humanitarian Summit: A global partnership for principled and effective humanitarian action](#)', endorsed by the [Council](#) in December 2015. The Commission proposes in particular to reform the launch of funding appeals by improving cooperation between implementing organisations and thus providing a better overview of needs and funding requirements. Better donor coordination should include improved dialogue with middle-income country donors, regional organisations and the private sector – both business and philanthropy. The private sector should be given incentives to contribute to humanitarian assistance.

The [Council conclusions](#) of 12 May 2016 welcome the report of the High-Level Panel on Humanitarian Financing and its focus on shrinking humanitarian needs, broadening and deepening the resources base and improving efficiency of delivery and accountability. The EU and its Member States call on all states to embrace their share of responsibility for humanity according to their capacities, and based on humanitarian principles.

**European Parliament position**

The core of the EP position on financing humanitarian aid can be found in its resolution on [Preparing for the World Humanitarian Summit: Challenges and opportunities for humanitarian assistance](#) adopted on 16 December 2015.

The EP notes that, despite the record contributions by donors in 2015, only a quarter of the global appeal was funded, and this gap is also affecting European Commission DG ECHO-supported operations. One way to reduce the current discrepancy between needs and means is to better link relief and long-term assistance in order to address also the root causes of human-related crises, that take 80% of EU international humanitarian assistance. This reinforces the need for 'globally coordinated, timely predictable and flexible funding'. A broadening of funding base, in particular by the increased participation of emerging donors and the private sector, in the framework of a renewed global approach for humanitarian assistance, would create the means to fill the gaps in humanitarian pledges. The increased involvement of local NGOs and of cash-based assistance is also proposed in this respect.

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[Too important to fail – addressing the humanitarian financing gap](#), Report of the High-Level Panel on Humanitarian Financing to the United Nations Secretary-General, January 2016.

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## Endnotes

- <sup>1</sup> See: [The state of humanitarian system 2015](#), Abby Stoddard, Adele Harmer Katherine Haver, Glyn Taylor, Paul Harvey, ALNAP/ODI, 2015.
- <sup>2</sup> See: [Humanitarian aid and civil protection](#), *European Union explained*, K. Georgieva, European Commission, Luxembourg, 2014.
- <sup>3</sup> See: [Humanitarian aid: crises, trends, challenges](#), J. Barna, In-Depth Analysis, Directorate-General for External Policies, European Parliament, 2014
- <sup>4</sup> See: [The European year for development: Humanitarian aid](#), M. Lerch, E. Claros, Briefing, Policy Department, Directorate-General for External Policies & European Parliamentary Research Service, 2015.
- <sup>5</sup> See: [UN Office for the Coordination of Humanitarian Affairs](#).
- <sup>6</sup> See: [Humanitarian aid: crises, trends, challenges](#), J. Barna, op.cit.
- <sup>7</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>8</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>9</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>10</sup> See: [Global Humanitarian Assistance Report](#), 2015.
- <sup>11</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>12</sup> The total of US\$24.5 billion includes donations that have been sent to crisis regions and fund spent for hosting refugees within the donor country. However, the total does not include the US\$1.6 billion spent by Turkey for hosting refugees on its territory, because these funds are not administered as external aid.
- <sup>13</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>14</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>15</sup> See: International Organization of Supreme Audit Institutions, [The Integrated Financial Accountability Framework](#), 2013.
- <sup>16</sup> See: [The state of humanitarian system 2015](#), op.cit.
- <sup>17</sup> See: European Commission, [Commission Implementing Decision of 5.1.2015 financing humanitarian aid operational priorities from the 2015 general budget of the European Union](#), 2015.
- <sup>18</sup> The Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) includes [29 members](#).
- <sup>19</sup> [Financing in Crisis? Making humanitarian finance fit for the future](#), Rachel Scott, OECD Development Co-operation Directorate, June 2015.
- <sup>20</sup> *Shaping the humanitarian world*, Peter Walker, Daniel Maxwell, Routledge 2009, pp.137-149.

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