



Report by Catherine Griesedieck

FUNDING BY NEED?

An approach to addressing the
consequences of the funding gap in
humanitarian aid financing

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Disclaimer

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Honor Policy

On my honor as a student, I have neither given nor received aid on this assignment.

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Acronyms

UN-OCHA	United Nations Office for the Coordination of Humanitarian Affairs
NGOs	Non-Governmental Organizations
IOs	International Organizations
EC	European Commission
DAC	Development Assistance Committee
FTS	Financial Tracking Service
IATI	International Aid Transparency Initiative
GHA	Global Humanitarian Assistance Report
ECHO	European Community Humanitarian Aid Office
HFTT	Humanitarian Financing Task Team
IASC	Inter-Agency Standing Committee (UN)
FHF	Future of Humanitarian Financing Initiative
CERF	Centralized Emergency Relief Fund
WHO	World Health Organizations
HFTT	Humanitarian Financing Task Team
UNWRA	United Nations Relief and Works Agency for Palestine Refugees
FAO	Food and Agriculture Organization (UN)
IOM	International Organization for Migration
UFE	Underfunded Emergencies Window (of the CERF)
RR	Rapid Response Window (of the CERF)

Glossary

<i>Impartiality</i>	“Humanitarian action must be carried out on the basis of need alone, giving priority to the most urgent cases and distress and making no distinctions on the basis of nationality, race, gender, religious belief, class, or political opinions (UN-OCHA).
<i>Neutrality</i>	“Humanitarian actors must not take sides in hostilities or engage in controversies of a political, racial, religious, or ideological nature” (UN-OCHA).
<i>Funding Gap</i>	The gap between funding requested to cover humanitarian needs and the funding received from donors to fulfill those needs. It is increasing every year, totaling 44% in 2018 (GHO, 2018).
<i>Centralized Needs Assessment</i>	Assessment to determine the critical needs of a crisis and their location that is done focusing on the holistic picture of the crisis instead of focusing on one location, population, or sector
<i>INFORM Risk Index</i>	An open-sourced data tool that produces a score for every country in the world on their risk for need of humanitarian funding. This score is based on the prevalence of natural disasters and conflict in the country, the vulnerability of the overall population, and the capacity of the country’s government to handle a crisis on its own
<i>Strategic Decisions</i>	Funding decisions made by government donors based on geostrategic biases, political needs, alliances, etc.
<i>Emerging Donors</i>	Newer donors in the traditionally Western humanitarian system that are making a growing impact, and normally prefer bilateral to multilateral aid including Turkey, UAE, Saudi Arabia (Qlin & von Schreck, 2014)
<i>Underfunded/Forgotten Crises</i>	Crises that receive a very low percentage of requested funding. Traditionally, protracted crises that are forgotten for a number of years.
<i>Funding Flight</i>	Funding moving to a sudden, media rich crisis from more protracted crises that receive less news coverage. Example is Syria (Syria Effect). (FHF, 2015)
<i>Bilateral Aid vs. Multilateral Aid</i>	Aid given from one government donor directly to the crisis as opposed to utilizing the humanitarian system through multilateral aid.
<i>Earmarking</i>	Aid specifically designated for a particular crisis, population, and/or sector by the donor.

Client Profile

"OCHA coordinates the global emergency response to save lives and protect people in humanitarian crises. We advocate for effective and principled humanitarian action by all, for all."



OCHA

United Nations Office
for the Coordination of
Humanitarian Affairs

OCHA does this through coordination, humanitarian financing, policy, advocacy, and information management

Coordination: coordinates "effective and principled humanitarian action in partnership with national and international actors."

Humanitarian Financing: coordinates "global humanitarian funding appeals and manages global and country-specific humanitarian response funds." This includes the CERF.

Policy: "sets evidence-based and forward-looking humanitarian policy agenda."

Advocacy: "speaks on behalf of people affected by conflict and disaster."

Information Management: "collects, analyses and shares critical humanitarian data and information."

Executive Summary

The humanitarian system confronts a growing funding gap—totaling 44 percent in 2018—that is preventing humanitarian workers from addressing and assisting all those targeted and in need from a humanitarian crisis (GHO, 2019). However, there is currently not a centralized method to help donors determine how to prioritize which crises should receive the limited funding, leading to the prevalence of underfunded crises. This report addresses how to best manage the growing funding gap in the humanitarian sector by proposing solutions to ensure that government donors do not constrain the flexibility and impartiality of crisis response for NGOs and IOs.

UN-OCHA needs to improve donor coordination by creating an Internet platform with all the necessary information necessary for donor governments to determine where to allocate funds. This platform would advise donors in both their yearly budget items and their emergent funds based on both the INFORM Index and FTS tracking of overall allocations to crises. This recommendation promotes “soft coordination” whereby donor governments would have the data and information on where gaps in funding may arise and where the most critical needs for humanitarian financing exist around the globe.

The goal of the UN directing government donors to utilize this platform with INFORM and FTS for decisions is that donors are then further held accountable for their funding choices. It will become more clearer whether governments are allocating based on need versus based on strategic choices. In addition, this would hopefully decrease the number of underfunded crises because donors would be able to clearly see the gaps in funding. It is also possible that the adoption of this platform may increase the feasibility of increased donor coordination through yearly meetings, as it is an early step towards coordination.

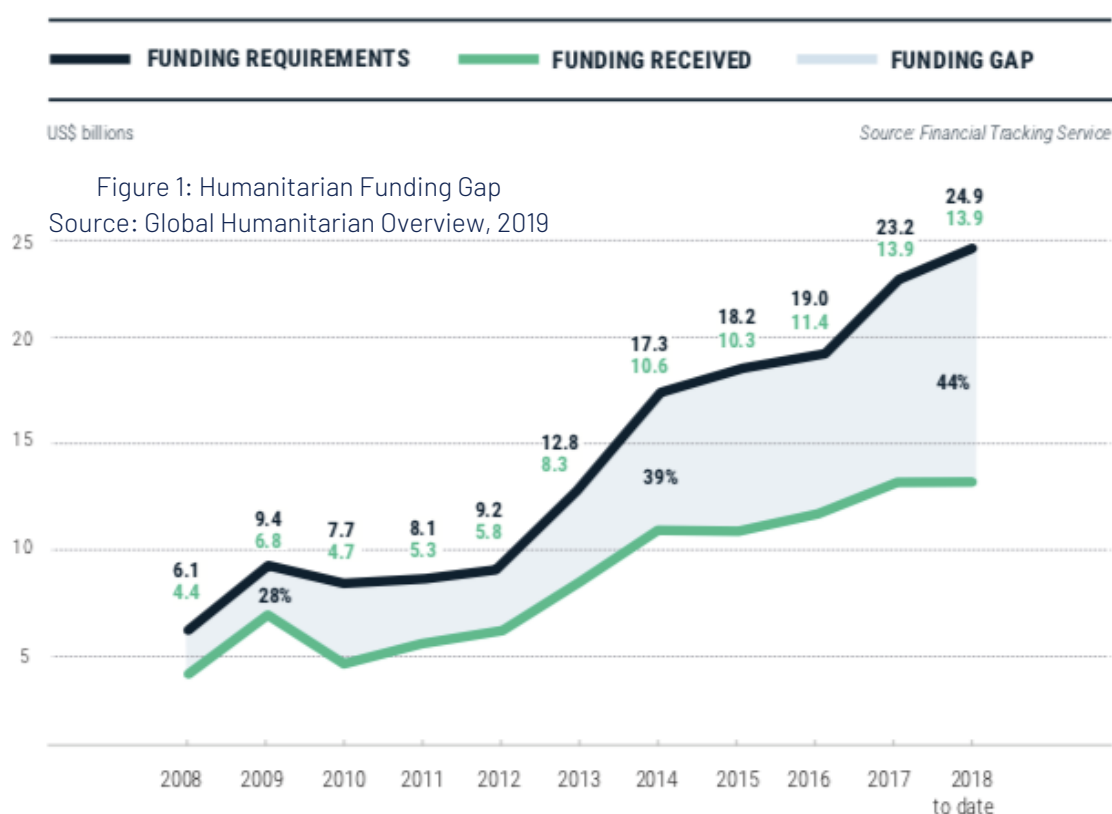
This policy analysis consisted of weighting the four proposed alternatives by transparency-increasingly important metric in humanitarian aid and a goal for the UN- feasibility- likelihood of adoption- cost, as the reason for this problem is the funding gap in aid and whether underfunded crises are better addressed. The adoption of this platform on the UN-OCHA website is able to be implemented immediately, is low-cost as both INFORM and FTS are free to use, feasible as it is currently used by multiple other agencies to understand needs and risk, and it has the potential to largely address underfunded crises based on donor actions.

The adoption of a centralized risk and funding platform is a first step towards improving donor allocations. However, longer-term solutions are also necessary in order to improve funding allocations. These include the expansion of the CERF and the reduction of earmarking. Earmarking hurts the long-term planning of an agency and can lead to overspending on one area and underspending on another. The funding target for the CERF is \$450 million, however, studies have shown that there is a need and a desire to expand the CERF more in order to reach more crises. Currently, neither of these options ranks high in feasibility, however when the FTS is improved to provide more detailed accounts of the funding paths of unearmarked and CERF fund specific to the donor, these options will be a much more palatable option.

Problem Definition

The humanitarian system confronts a growing funding gap-- totaling 44 percent in 2018-- meaning that for the 97 million people targeted for aid in 2018, only slightly over half of the \$25.2 billion needed to address their needs was provided (GHO, 2018 & 2019; See Figure 1). However, there is not a current method to prioritize which crises should receive the limited funding based on impartial needs assessments. This means that the \$14 billion received was not allocated based solely on an impartial assessment of the most pressing need of the 97 million, but based in part on external motives of donor governments.

Currently, the humanitarian sector is experiencing a shift in the types of crises, as more crises are becoming longer-term and protracted (GHO, 2019). The nature of these crises puts a strain on the system and is a large contributor to the funding gap (GHO, 2019). In addition, these protracted crises are often those that become underfunded as interest in them decreases overtime, replaced by newer and more immediate crises covered by the media.



This report addresses how best to manage the growing funding gap by proposing solutions to ensure that government donors do not constrain the flexibility and impartiality of crisis response for Non-Governmental Organizations (NGOs) and International Organizations (IOs).

Background

Overview of Humanitarian Finance

The volume of funding for humanitarian aid has grown every year, but this growth in funding is slowing, with the growth rate at only 3 percent over the past three years (GHA, 2018). In addition, protracted crises are taking up larger percentages of funding allocated. Between 2014 and 2018, the crises in Syria, South Sudan, Sudan, and Somalia accounted for 55 percent of all funding requested and received (GHO, 2019).

A majority of humanitarian aid funding comes from government donors, or about 75 percent yearly from 2013–2017 (GHA, 2018). Governments normally allocate humanitarian aid through two funding streams: their yearly budget decisions based on what crises are still ongoing and what countries are at risk, and through an emergent fund that can be allocated as a crisis erupts (Thow, 2019). In contrast, private donations only account for 25 percent or less of yearly funding (ibid). However, as growth in contributions is slowing, the slight increase in funding in 2017 was largely due to an increase in the contribution of private donors (ibid).

Government donors give about 60 percent of their total donations of about \$20.5 billion to multilateral organizations (mainly UN agencies) (GHA, 2018). An additional 21 percent of funding from government donors goes to NGOs (ibid). In contrast, private donors give only 10 percent of their \$6 billion of total humanitarian aid financing to multilateral organizations, but give 86 percent to NGOs (GHA, 2018) (See Appendix B, Figure 1). This report will focus solely on the funding flows from donor governments to multilateral organizations and NGOs since they make up the large majority of humanitarian funding (See Appendix B, Figure 1).

Main UN Coordinated Funding Streams:

The Central Emergency Response Fund (CERF) is made up of 2/3s rapid response and 1/3 for “underfunded crises” that no longer receive attention of large donors (Robinson et al., 2017). In total, CERF makes up between 3 and 7 percent of the overall funding a country receives (Robinson et al., 2017).

The Consolidated Appeals Process (CAPs) was originally designed for strategic planning and resource mobilization, but are now used more widely as a crisis coordination mechanism for the Cluster approach (Walker & Pepper, 2007). They are country-based appeals based on the needs of each sector of a crisis that are published yearly in order to demonstrate the specific overall funding needs for each crisis.

Country-Based Pooled Funds (CBPFs) are funds pooled by multilateral agencies to be used for a specific crisis without an earmark for the type of aid they provide (Walker & Pepper, 2007). CBPFs can fund NGO work within a crisis while the CERF can only go to UN agencies.



Figure 2: Split of Government to Private Aid Assistance 2013–2017
Source: GHA 2018

Biases in Funding

In the past ten years, there has been an increase in research on the “ethics of aid,” particularly on whether donors choose to allocate funds based on need or on political reasons. While literature shows that needs do play a significant role in funding decisions, they **should** play a larger role than they do (Olin & von Schreeb, 2014; Darcy & Hofman, 2003). These biases draw donors’ attention away from objective needs assessments and lack of donor coordination exacerbates this problem, leading to the overfunding of some crises and underfunding of others, as mentioned above (Walker & Pepper, 2007). There are a number of overarching biases found in the literature:

Former Colonies and Geographical Distance- Fink and Redaelli (2011) among others found that a country was likely to donate more money to humanitarian aid if the country in need was a former colony (Robinson et al., 2017). They also found that countries were more likely to donate if the country in crisis were geographically nearer.

Media- Multiple studies found that intense media coverage played at least some role in determining donations. Olsen et al. (2003) found that media plays a crucial role in aid allocation only when vital security issues were not at stake. They estimate that one New York Times articles was worth about 1500 deaths in terms of funding. Another study found that the media was important for donations although media coverage is related to severity (Becerra et al., 2014). In contrast, Eisensee and Stromberg (2007) find that relief of US responses to up to 5000 natural disasters from 1968 to 2002 was influenced by media. They also find that media is biased in favor of certain disasters and certain regions, citing that 40,000 people must die in a drought for the same amount of coverage as a volcano, and that 40 times more people must be killed in Africa as in Eastern Europe to achieve the same coverage (Eisensee & Stromberg, 2007).

Strategic Means- Literature found that countries often provide aid for their own strategic means. Fink and Redaelli (2011) found that countries look to provide aid to enhance their relations with non-allied countries. Narang (2016) built off of this finding that countries providing aid post a civil conflict normally do so out of strategic and political reasons. Studies have also found that aid became more strategic in the Post 9/11 Era than before (Kevlihan et al, 2014). However, Becerra et al. (2014) do not find that political or strategic reasons determine the amount of aid during a natural disaster.

Herd Behavior- Fielding (2014) conducted a study on the funding habits of the US, UK, and the European Commission (EC) and found that the US and EC do not allocated funding until after the UK allocates, despite these two donating more. Davies and Klasen (2013) also found that there can be unpredictable swings in aid flows because bilateral aid flows from one country often lead to other countries donating, particularly to countries in the Middle East and Northern Africa.

Emerging Donors- Over the past decade, more donor governments are emerging, with Turkey being the largest donor of humanitarian funding in 2017 (GHA, 2018; See Figure 3). In addition, the UAE and Saudi Arabia have been large donors of funding for many years, with Middle Eastern donors dominating the funding from non-DAC donors (Smith, 2011; GHA, 2018). These non-Western donors are found to rely more on bilateral funding than working through multilateral institutions like the United Nations, and are traditionally less transparent and more biased in their allocations (Smith, 2011; Walker & Pepper, 2007). However, Smith (2011) finds that this trend is decreasing and that these countries are beginning to better utilize the multilateral system and to publish their financing through FTS in adherence to the IATI Standard. The 2016 GHA found that governments in the Middle East and North of the Sahara give about 57 percent of their funding outside of the formal appeals process (Development Initiatives, 2016).



Figure 3: Top 20 Donors of Humanitarian Assistance in 2017. Source: GHA, 2018

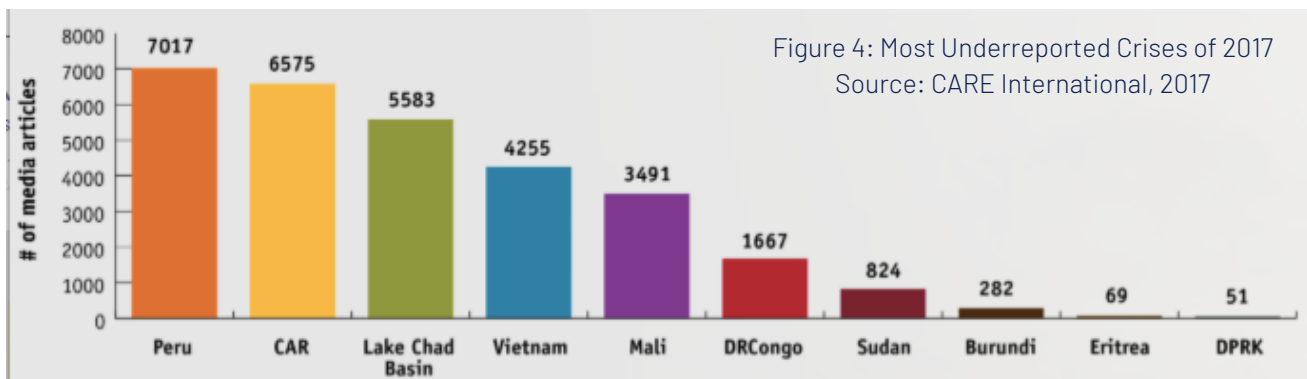
Gaps in the Literature

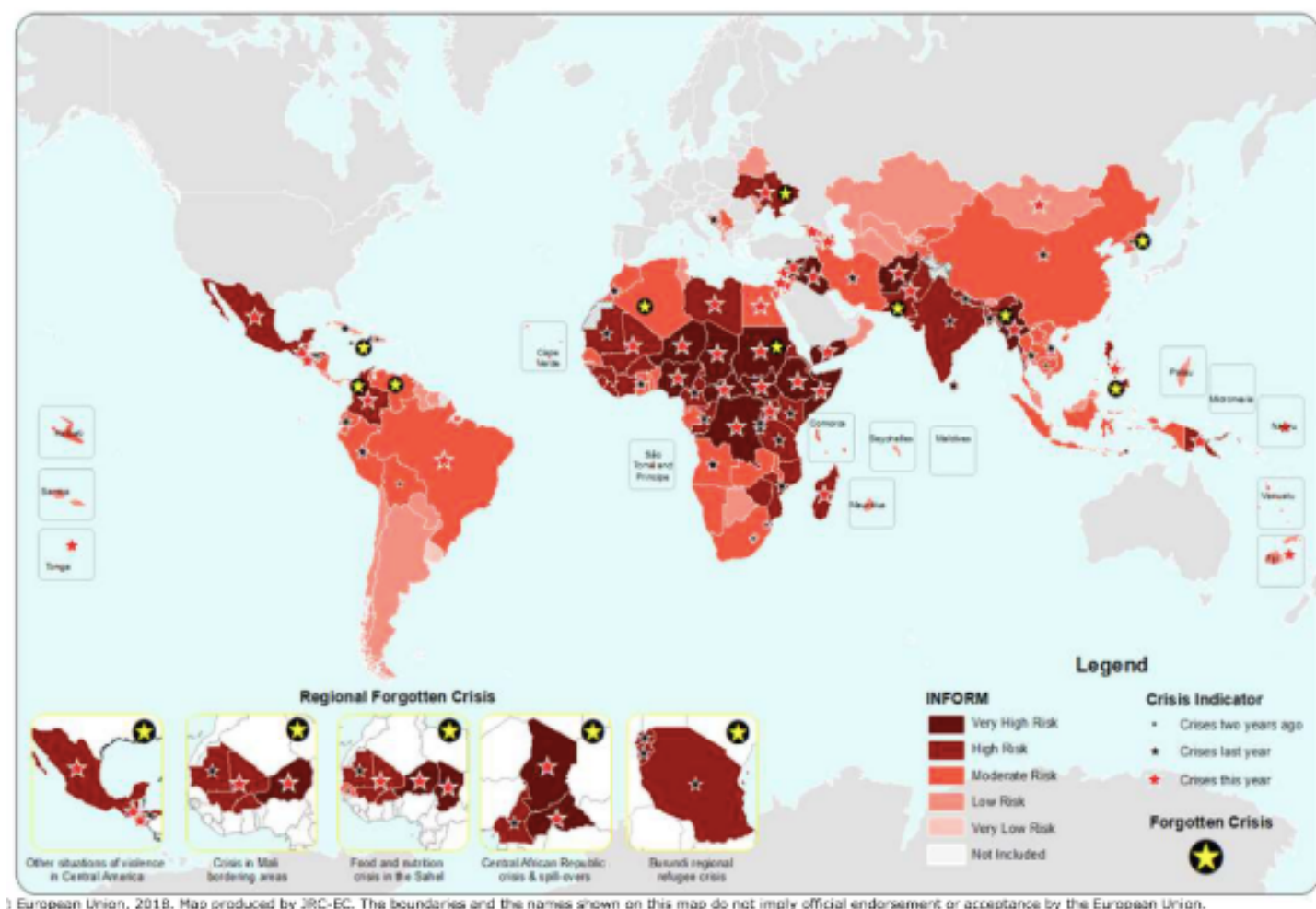
The literature on humanitarian aid funding has many gaps, as it largely focuses on natural disasters as opposed to conflicts. Furthermore, within case studies, most of the research on donor allocation is specifically in the health sector. The research also focuses more widely on governments as donors as opposed to NGO's or the UN. Additionally, the literature often focuses on the top five, mainly Western donors- the US, UK, Germany, Norway, and Japan (particularly the US). The earlier research focused on the overall bias of all foreign aid, thus combining data on humanitarian aid, development aid, peacekeeping, and more, and there was little research on the separate choices specifically for humanitarian aid. Much of the research on a specific topic would date back to ten or twenty years earlier when the topic was popular, but was not updated to properly reflect the changed humanitarian aid environment. Finally, little of the literature provided actual recommendations on how to fix these problems or contextualized why these biases may be issues, but just established the fact that aid funding can be biased through rigorous studies. In addition, despite being rigorous studies, they are largely based on historical data and past behavior instead of promoting a more scientific understanding of aid biases. Therefore, some of the findings may be based on author opinion and biased towards data that was poorly collected up until the more recent drives to increase data and transparency in the humanitarian sector.

Forgotten Crises and "Funding Flight"

Forgotten and underfunded crises are a result of the biases in humanitarian financing, as donor governments do not coordinate on funding, and rely on biases, especially media coverage. ECHO publishes a yearly report of these forgotten crises by understanding the gap between crisis needs and funding around the world through use of the INFORM Risk Index, analysis of media coverage, the public aid per capita, and a qualitative assessment by ECHO (ECHO, 2019). The assessment then adds the scores of these different metrics to create a numbered index. Countries on the Forgotten Crisis Index, often remain for many years, as Myanmar and Algeria/Western Sahara have remained on it every year since 2004 for a total of 14 years (GHA 2016, ECHO, 2019).

In addition to ECHO's Forgotten Crises Assessment (FCA), CARE International published the "Suffering in Silence Report" in 2017, which highlighted the 10 most underreported crises by the news media. The goal of this report is to work as a "call for the global community to help and to advocate for people in crises who are otherwise forgotten" (CARE International, 2017). This report is critical, as many crises that are underreported are also those that are underfunded, particularly those in the Lake Chad region, CAR, Mali, and Congo that are continuously featured on the FCA (ECHO, 2018 & 2019).





European Union, 2018. Map produced by JRC-EC. The boundaries and the names shown on this map do not imply official endorsement or acceptance by the European Union.

Figure 5: Forgotten Crises 2019

Source: ECHO

In addition to the problem of underfunded crises, there is also a “funding flight” phenomenon. FHF defines funding flight as funding diverted from protracted crises with acute needs to crises with a “trigger event” (2015). This was demonstrated in 2014 with the Haiti Earthquake, when the amount of funding to chronic crises reduced while the Haiti earthquake received the most funding on record at the time (FHF, 2015). This is also a problem with the “Syria Effect” that large crises that receive major media attention are depressing the funding for other crises (ibid). These problems demonstrate the fact that funding for crises is often not timely unless there is a “trigger event” that captures media attention and demonstrates immediate need (ibid). This is a problem because funding earlier in these types of events may prevent suffering and loss of life that becomes costlier as the crisis continues and exacerbates before aid is available (ibid).

Promising Solutions

UN-OCHA has a mandate to coordinate "effective and principled humanitarian action in partnership with national and international actors" (UN-OCHA). In addition, UN-OCHA is responsible for the coordination of humanitarian financing through the appeals and through pooled funds such as the Country-Based Pooled Funds and the CERF. However, overall coordination of donors before allocation is still a large issue.

Enhanced Donor Coordination

As identified above, [enhanced donor coordination](#) has been identified as a necessity to help stop funding disparities. Walker and Pepper (2007) recommended to the Inter-Agency Standing Committee (IASC) that enhanced donor coordination would help to make humanitarian funding more effective and more impartial. Currently donor coordination is rare because it may take time and create greater transaction costs than simple bilateral transactions, especially for unanticipated crises that require flash appeals and speed (Narang, 2016; Walker & Pepper, 2007). In addition, coordination is not even one of the 24 principles agreed upon in the Good Humanitarian Donorship Initiative, which just recently added the 24th principle in 2018 (GHD, n.d.). This Initiative exists to give donors insight into the challenges that some of their actions create for aid organizations through stipulations on funding, red tape for funding, and more (GHD, n.d.).

Coordination could improve funding either to spread funds more proportionally to better include forgotten crises or across sectors within a crisis, as currently a large proportion of funding goes to food aid (Walker & Pepper, 2007). Scott (2014) and the FHF (2015) report both found that the lack of donor coordination is a contributor to the disparities in funding. In fact, studies find that lack of donor coordination in all ODA assistance (not just humanitarian aid) can lead to duplication of funds to certain needs, conflicting allocations for cross-purposes that may end up undermining development objectives, and finally loss of scale because of a trend for donors to support lower-value projects in higher numbers (CRS, 2013). With improved donor coordination, these larger scale projects with higher costs could be funded, even though a single donor cannot afford to (ibid). In addition, there are complaints of administrative burden because more donors may lead to more administrative demands to meet certain specified requirements (ibid).

FHF recommended that donors develop simple planning and communication tools to provide earlier indications of their funding decisions. A softer form of coordination is data sharing, which is used in the development sector. By using common measures and standards and sharing this data, donors can take each other's actions into account when making their allocations (CRS, 2013). Another method similar to FHF's recommendation would be to convene donors in a yearly meeting to lay out their funding plans and priorities in order to cover the gaps (Thow, 2019). This form of coordination is feasible if the mechanism were put into place. Finally, the most authoritarian option would be to force donors to allocate certain amounts of funding to different countries. However, this is highly unlikely, as both donor governments and aid organizations have unique and strategic reasons to have control over their funding decisions (ibid).

The CERF

The CERF, or [Centralized Emergency Relief Fund](#), is a key funding source for underfunded crises and to enable rapid response to sudden onset crises, as defined previously. CERF designates funding through its underfunded crises window (UFE) by examining which crises are currently at high risk, yet lack allocations. Analysts find these crises using the INFORM Risk Index and FTS data, among other sources (OCHA, 2016). However, these allocations only make up about 35 percent of total CERF funding (CERF, 2019). The majority of funding is made up of Rapid Response (RR). RR is a funding window that moves funds from the CERF to UN agencies, thus enabling them to begin planning and response to sudden crises before the formal appeals process and donor allocations take place (OCHA, 2016).

Robinson et al. (2017) studied CERF funding for natural disasters from 2007 to 2013 and found that this multilateral funding was less affected by political, economic, and social preferences of donors than bilateral funding. Bilateral funding makes up a majority of humanitarian aid allocations, yet these funds are more often biased. Their study found that countries that received the majority of CERF funds had more disasters, more fatalities, larger affected populations, and more refugees and internally displaced persons (IDPs) (Robinson et al, 2017). However, CERF has a maximum of \$30 million per year per country and only makes up between 3 and 7 percent of overall aid to a country (ibid). The CERF allows a smaller amount of funding to go a longer way when addressing underfunded crises and allows countries that are unable to provide large amounts of funding to multiple crises or wish to concentrate on a certain subset to reach more crises through multilateral, non-earmarked funding (Willitts-King, 2015; Mowjee & Poole, 2014).

In 2015, OCHA commissioned a study on the potential for a reformed CERF done by Barnaby Willitts-King. Willitts-King conducted interviews with recipients, donors, and other stakeholders and found that they would welcome an expansion of the CERF as a method to address the funding gap. Stakeholders stipulated that funding should be additional rather than reallocated, remain untied to changes that may undermine the good standing of the CERF, and be at an achievable targeting level (Willitts-King, 2015). The increased funding, most likely in the range of \$500-750 million (from \$450 million) could provide larger grants to existing crises and projects or provide more grants to underfunded crises (ibid).

In addition, in 2015, the CERF commissioned a study on the potential for either total or partial assessed contributions for the CERF in a model that would look similar to that of UN Peacekeeping forces (Tsui, 2015). In terms of funding levels, UN Peacekeeping uses assessments of the UN budget and adjustments based on the levels of member states (ibid). Tsui finds that seeking assessed funds specifically for "immediate system-wide response to mega emergencies" is a feasible option. These assessed funds would be supplemented with voluntary contributions necessary for the CERF's other responsibilities. He finds this method is likely more feasible as it establishes a rationale of the maintenance of peace and security (ibid). This option would focus mainly on rapid response, particularly to conflict-related emergencies, but the voluntary funds could support the UFE.

The Grand Bargain

In 2016, the 56 signatories in the humanitarian system including NGOs, IOs, and governments signed the [Grand Bargain](#) with the mission to ensure greater efficiency and transparency of humanitarian aid in the face of a growing funding gap, essentially to “make more with less.” This was a major step in the humanitarian system to address the funding disparity, among other concerns. However, the principles agreed upon for the Grand Bargain have not yet fully been fulfilled (Konyndyk, 2018). The 10 major principles of the Grand Bargain include:

1. [Greater Transparency](#)
2. Support and Funding Tools for Local and National Responders
3. Cash-Based Programming
4. Reduction in Duplication and Management Costs
5. [Improve Joint and Impartial Needs Assessments](#)
6. Include Affected Populations in Programming
7. Increase Multi-Year Funding and Planning
8. [Reduce Earmarking of Donor Contributions](#)
9. Simplify Reporting Requirements
10. Increase Engagement between Humanitarian and Development Actors

This report focuses specifically on the goals towards greater transparency, the improvement of joint and impartial needs assessments, and the reduction in earmarking of donor contributions.

[Transparency](#): The Grand Bargain calls for humanitarian organizations and donors to publish timely, transparent, harmonized and open data on funding in accordance with the International Aid Transparency Initiative (IATI) among other requirements. Greater transparency is called for in order to encourage the accountability of donors and responders, ensure the traceability of donor funding, and improve decision-making based on the best available information (Grand Bargain, 2016). The main platforms for improved transparency include the IATI Standard and the Financial Tracking Service (FTS). The IATI Standard is a framework for publishing open data on development cooperation and humanitarian assistance in a comparable format. Publishing is voluntary, and publishers retain control of the data they choose to publish (Development Initiatives, 2017). Faust (2011) found that donor governments with greater political transparency were more likely to donate based on neediness and institutional performance, as opposed to their own preferences in his study that examined IATI and Publish What You Know, an NGO that began publishing the “Aid Transparency Assessment” in 2010.

The FTS is a global humanitarian financial reporting platform and service created in 1992 with the mandate to track financial contributions made to coordinated appeals (Development Initiatives, 2017). It links financial contributions to projects, activities, sectors and response plans to show how funding is allocated and used. 350 humanitarian organizations reported financial information to FTS in 2016 (Development Initiatives, 2017). Many donors require publishing to the FTS in order to ensure accountability and trackability of funds (ibid). FTS was updated in 2017 to better track elements key to the Grand Bargain (ibid). According to the Global Humanitarian Assistance Report of 2018, 73 percent of Grand Bargain signatories published open data to the IATI Standard in 2017 and 85 percent of these were publishing on their humanitarian activities (GHA, 2018).

Joint and Impartial Needs Assessments: The Grand Bargain requires needs assessments that are “impartial, unbiased, comprehensive, timely, and up-to-date” in order to provide a solid evidence base for HRPs, coordinated appeals, and donor choices. It calls for a “single, comprehensive, cross-sectoral, methodologically sound and impartial overall assessment of needs for each crisis” (Grand Bargain, 2016). The Future Humanitarian Financing Initiative found that donors lack confidence in the financing requirements in UN Coordinated Appeals despite work by UN-OCHA to improve the evidence base and objectivity in the process. They recommend that financing needs should not rely on agency funding requirements and that needs assessments should be joint with other actors to better anticipate and prepare for the future (FHF, 2015). They found an inadequacy of the current analytical tools for understanding needs, as they may overlook capacities, resource transfers, and more (ibid). In addition, a WHO report to the Secretary General in 2015 on the state of humanitarian financing found that there is a lack of high-quality, reliable, and comparable data on the severity of needs. In addition, they found that these assessments are often conducted by the agencies, with their own programs in mind, as opposed to conducting assessments reflective of the entire situation (WHO, 2015). Organizations are suspected of ‘appeal inflation’ when they overstate requirements because they are unlikely to get 100 percent of their request (ibid).

Academic literature suggests that a centralized needs assessment or severity index may help to guide agencies and donors to allocate funds based on severity (Darcy & Hofman, 2003; Walker & Pepper, 2007; Olin & von Schreeb, 2014). According to their research, agencies and donors rely more on collected experience to determine action and funding in a crisis as opposed to needs and are more able to base decisions politically without a formal system (Darcy & Hofman, 2003; Narang, 2016; Olin & von Schreeb, 2014).

Both the WHO report and the FHF report fed into the recommendations for the Grand Bargain in 2016. However, the Center for Global Development’s (CGD) new initiative to build off of the reforms of the Grand Bargain found the move towards impartial needs assessments has not had the same progress as many other Grand Bargain promises (Konyndyk, 2018). They used participant interviews with the UN, the NGO sector, academia, and donors in order to determine this (Konyndyk, 2018).

An example of current joint needs assessments is the Coordinated Appeals Process (CAPs) as defined earlier. These appeals are published in the Global Humanitarian Overview that lays out the overall funding requirements for each crisis country. CAPs use the information from different organizations working in a crisis in order to create an overall holistic view of a crisis. In addition, the IASC formed the Joint Intersectoral Analysis Framework created through the efforts of the Global Clusters Coordination Group and other partners to provide a common methodology for organizations to provide a more holistic assessment (GHO, 2019). This framework should be developed soon, but it is still reliant on the pooling of information from separate organizations with biases.

Reduction of Earmarking: The Grand Bargain set a goal for 30 percent of humanitarian contributions to be unearmarked or softly earmarked by 2020. In order to achieve this, it called for aid organizations and donors to commit to reduce the degree of earmarked funds from governments and regional groups that normally provide the low levels of flexible finance (Grand Bargain, 2016). Prior to the Grand Bargain, humanitarian agencies saw an increase in earmarking between 2003 and 2013. The WHO Report found that in 2013, 81 percent of government funding to the 6 main UN agencies was earmarked, a 15 percent increase from the previous decade. Within earmarking, there are varying levels: completely unrestricted, provided for overall mandate of an organization (ie the core resources), to tightly tied to a particular project in a particular place (WHO Report, 2015). In a report by the HFTT on “Donor Conditions and their Implications on Humanitarian Response” (2016), agencies reported that earmarking and other financial restrictions are the most challenging administrative and financial condition set by donors that have the greatest effect on humanitarian operations. The report found that the low availability of unearmarked funds is one of the key factors impeding the speed of response at the onset of a crisis (HFTT, 2016). Earmarking also is not cost-effective, as it inhibits the equitable distribution of resources and prevents humanitarian organizations from reallocating funds to program areas with greater needs (ibid).

According to the GHA 2018, unearmarked funding enables a more flexible and rapid response to humanitarian needs and for greater stability and efficiency in program planning. In a study dating back to 2001, the authors found that an aid agency’s preference for accepting earmarked donations depends on the aid agency’s utility of the dollar, fundraising cost factor, and the donors’ unit utility of donations (Toyasaki and Wakolbinger, 2001). Specifically, they found that earmarking allows for lower overall fundraising cost percentage, but that it requires more careful planning of fundraising in order to make sure that the gaps from earmarks are accounted for through other funding (ibid). This study has not been addressed after the many changes to the humanitarian system over the past 15 years however, so new data is necessary to understand if these conclusions still hold.

According to the GHA Report for 2018, the total earmarked funding to agencies from 2013–2017 increased by \$605 million, but as a percent of total funding, unearmarked funding fell from 22 percent to 18 percent. This trend goes against the Grand Bargain goal of making unearmarked shares of funding 30 percent. Earmarking differs across agencies with UNWRA and UN OCHA receiving the highest proportion of unearmarked funding in 2017, while FAO received 1 percent of its funding unearmarked and IOM received no unearmarked funding (GHA, 2018).

In the next sections, I will lay out my policy options that UN-OCHA may take to improve humanitarian financing. In addition, I will lay out the criteria used to evaluate which alternative is the best based on the particular constraints of UN-OCHA. I will then lay out my analysis of the alternatives based on the criteria and provide a final recommendation and implementation directive.

Policy Alternatives

The following alternatives were selected based on research and understanding of the current goals of UN-OCHA, as demonstrated by the research laid out above. This section will define the alternatives in terms of how UN-OCHA would implement them.

Status Quo

In this alternative, the humanitarian system will not change its current financing models. Organizations will continue to conduct individual needs assessments that donors will then base their funding on. Donors are able to continue earmarking funding for particular sectors and particular crises. The CERF will remain at its current level of \$450 million, with a third directed to UFE and 2/3s directed to RR. Furthermore, the system will continue to attempt to uphold the principles of the Grand Bargain through its current framework.

Increased Donor Coordination Through Centralized Platform

This alternative proposes that UN-OCHA adopt INFORM as a centralized needs assessment to guide donor funding decisions in the form of a “soft coordination” mechanism. In this way, UN-OCHA would publish the INFORM Indices as well as the FTS tracking of funding proportions per crisis in an easily understandable “data platform” on their website. Therefore, donors would have one centralized location to easily guide their decisions.

Currently, donors do not trust the separate needs assessments by various agencies, as they may be biased towards that agency’s capabilities or may inflate the needs in order to receive more funding (FHF, 2015; WHO Report, 2015). By utilizing an open-source, global, and comprehensive severity and risk index that involves multiple parties in the data collection, the humanitarian system will ensure that needs assessments are not biased towards separate agencies and reflect the comprehensive needs in a crisis. In addition, this needs assessment will reduce the burden on agencies to conduct their own assessments, hopefully reducing organizational costs and allowing funding to be directed. The centralized index will allow the humanitarian system as a whole to make funding decisions based on needs when dealing with an increasing funding gap and increasing humanitarian needs.

This change would involve the two prongs of the INFORM Index which relates to the two prongs of donor finance: yearly budgetary allocations and emergent allocations. The INFORM Risk Index should be used for government donors to determine in their yearly budget allocation which countries should receive their planned donations. However, the INFORM Global Severity Index should be used for donors to allocate their emergent finances to rapidly onset crises because it better measures the severity of a crisis and can direct donors to specific needs of the population at risk. In contrast, the Risk Index is better used to provide an overall picture of where humanitarian financing is most likely to be needed over the next five years.

Currently, the INFORM Risk Index is utilized by ECHO to determine forgotten crises and by the CERF to allocate funding for both Rapid Response and Underfunded crises. In addition, to address the Syria Crisis and the Nepali Earthquake, joint needs assessments have taken place with some success (WHO Report, 2015). WHO found that donors had higher trust in the figures put forth in these assessments and that the assessments helped to prevent affected persons from having to repeat their needs to multiple different organizations (WHO Report, 2015).

This alternative would require the buy-in of NGOs and IOs that provide aid and create these needs assessments. It would also require the approval and trust of donor governments, particularly those that often work outside of the UN system. In order for this to work, the UN must adopt the INFORM Indices and promote them as a method for donors to receive information. Donors can then base their decisions on crises on the same centralized information and utilize the platform as a form of soft coordination that would help reduce the gaps in funding. It could also be a first step towards setting up larger donor coordination through a yearly meeting for donors to explain where they were allocating their funds.

Expanded CERF

This alternative proposes that the UN expand the CERF funding from \$450 million to the range \$500-\$750 million recommended in the literature on the efficiency of the CERF. This would enable the CERF to better address forgotten crises that are often the victims of the limited funding in the system, which only make up about 35% of funding currently (CERF, 2019). In addition, these forgotten crises are only able to receive \$30 million from the CERF currently per year. Yet as CERF is one of their main financiers of aid, their needs may be far greater than this (Robinson et al, 2017). This alternative proposes two different options that UN-OCHA could take to expand the CERF.

The first option is to increase the CERF cap from \$450 million to the range of \$500-\$750 million. This relies on the idea that donors will rise to meet whatever cap exists, and therefore that a simple increase in the cap is all that will be required to increase donations. The CERF has received its target of \$450 million and exceeded its target in 2008, 2011, 2013, and 2014, so it is definitely clear that donors strive to reach the target and have the capacity to exceed the current target (Tsui, 2015).

The second option is to follow the route of assessed contributions studied in 2015 by Tsui. This would require a UN General Assembly Resolution to create the assessed contributions that would follow the model of UN Peacekeeping. Therefore, this alternative recommends raising the funding target for the CERF to \$600 million, and include a UN Resolution to implement assessed funding from donor governments following the peacekeeping assessed funding model laid out by Tsui. The study found that this is a feasible route, however, it would take more work and agreement by UN member states due to the necessity of a UN Resolution and the need to develop the mechanism for assessed contributions.

Studies found that the CERF is equitable and not politically driven in its allocations of funding, so the expansion could be a good solution to fill the gaps in financing that are created by strategic choices from donors and agencies. In addition, the CERF is built administratively slim in order to allow easy scaling up. This means that the increase in CERF funding would not require much of a change administratively, except perhaps the hiring of an additional staff member to manage an increase in funding to the UFE, which requires significant evaluation to determine which crises need more funding and attention (Willetts-King, 2019).

Reduction of Earmarking Requirements

Earmarking is currently one of the largest complaints by NGOs and IOs about funding restrictions placed on them by donors that affects their flexibility and effectiveness in delivering humanitarian assistance (HFTT, 2016). This alternative proposes two different options to reduce earmarking, one a softer plan that may work as a first step towards earmarking reduction, and the second a harder line on complete removal of earmarking.

For the first route, the UN should work with NGOs to stipulate to donors that earmarked funding is not recommended and will be accepted sparingly. NGOs and IOs should require that if donors choose to earmark, excess earmarked funds for a crisis or sector can be diverted to other areas of need in order to ensure efficient and rapid response. Often, earmarked funds that are not spent must be returned to the donor instead of re-appropriated to other areas. These changes in funding channels will also be reported to FTS in order to ensure that donors remain informed about the effectiveness of their donations.

The second route stipulates that the UN work with NGOs, donors, and IOs to set out a firm policy on ending earmarking. Therefore, NGOs and IOs will no longer accept earmarked funds, but have full control on determining where donations can be spent based on their expert opinions on need.

In order for both options to work, organizations must publish funding to FTS for donors to track their funding to specific projects to ensure transparency and accountability. Earmarking is a cause for the disparity in over and underfunded crises, as NGOs and IOs cannot divert excess earmarked funding to other crises in need. It also reduces their efficiency, as mentioned above, since these organizations cannot properly plan how they will allocate funding based on need and capabilities if much of it is earmarked towards specific actions.

This alternative will require both action by the UN and by humanitarian NGOs and IOs in order to prevent donors from continued earmarking. Although this is a large step, the UN and humanitarian organizations signed the Grand Bargain making the reduction of earmarking a priority, and in stakeholder interviews, organizations complain about the difficulties that earmarking creates for them.

The Grand Bargain promoted an increase of non-earmarked funding to 30 percent, yet earmarking has actually been on the rise in recent years, as mentioned previously. Therefore, the humanitarian system needs to take stronger action to reduce earmarking.

Criteria

The following criteria will be used to evaluate my alternatives. These criteria were selected as the best to determine action for UN-OCHA, as UN-OCHA is constrained by cost, set a goal for higher transparency that it must maintain, works in a constrained environment with many actors that makes many actions infeasible, and can measure the effectiveness of more impartial financing through the underfunded crises addressed.

1. **Transparent**- This criterion will evaluate whether the alternatives are transparent in accordance with the IATI Standard and the Grand Bargain, as transparency is both a priority with the Grand Bargain and shown to depoliticize aid. This criterion will rank each alternative on a scale of low, medium, and high in comparison to each other. The ranking on transparency will be based on the IATI Standard and other transparency studies of the current UN system. This criterion will be weighted less heavily than feasibility and cost, but still must be considered as it is a goal of UN-OCHA but is not a direct constraint.
2. **Feasible**- This criterion seeks to understand which criterion is the most feasible for implementation in the humanitarian sphere. As the humanitarian system is made up of a collection of donors and organizations, it is difficult to garner agreement for a policy change or to ensure that each party upholds that change. In addition, each alternative is a system within UN-OCHA, so this criterion will look at the feasibility of the alternative within UN-OCHA, itself. This criterion will rank each alternative on a scale of low, medium, and high in comparison to each other. The ranking will account for both parts of feasibility. Feasibility will be ranked through key informant interviews and available literature.
3. **Low Cost**- As the humanitarian system is facing a growing funding gap, any alternative chosen must send funding to the crises with the most need at the lowest cost. This criterion will be weighted heavily, but long-term reduction in cost will be considered for any alternative that may cost more at the onset but eventually will lead to the most needs based and impartial humanitarian financing. In order to measure the cost, key informant interviews on the budgeting requirements for each alternative will be conducted. Measuring funding to the crises with the most need will be measured by examining the current states of funding for each alternative against the INFORM Risk Index and from key literature.
4. **Addresses Funding Gaps in Crises**- This criterion is necessary as even though crises that have the most need may receive the most funding; all humanitarian crises should still receive funding. Therefore, this criterion will measure the amount of funding gap left for forgotten crises, and whether the alternative will better address underfunded crises directly. The alternatives will be ranked on a scale of low, medium, and high in comparison to each other with high being that it addresses the funding gaps directly. This criterion will be weighted less heavily than feasibility and cost, but still must be considered, as it is a result of the current funding gap, but is not a direct constraint on UN-OCHA.

Policy Analysis

The following section measures each alternative based on the criteria explained above in order to determine which is the best for UN-OCHA. Feasibility and cost are weighted more highly than transparency and addressing underfunded crises, as they are larger constraints on UN-OCHA, while the other two are policy goals.

Alternative One: Status Quo

Transparency- LOW

In comparison to the other three alternatives, the status quo ranks low in terms of transparency. The humanitarian financing system is currently putting a greater emphasis on the transparency of funding with the IATI initiative and the FTS, but these initiatives still need improvement to increase the transparency of where funding is going to and coming from, but these efforts are currently less detailed for unearmarked and softly earmarked funding, as well as for pooled funding for donors to see where their funds are going.

In addition, most government donors do not currently publish the reasoning for their funding or have an easy mechanism to see what their funding choices are based upon, as they may make decisions based on their own assessments, needs assessments from a variety of agencies, the media, and more.

Cost- NONE

There is no additional administrative cost or donor cost to maintaining the status quo.

Feasibility-HIGH

Feasibility is high for the status quo as the humanitarian system is a large bureaucracy made up of many different competing parts, and therefore it often moves slowly. This is true of the Grand Bargain, a highly publicized initiative, as well as many others.

Addresses Underfunded Crises- LOW

The status quo ranks low in addressing underfunded crises in comparison to the other three alternatives. There are currently fifteen crises on ECHO's Forgotten Crisis Assessment for 2019, and many of these crises have been featured for multiple years (ECHO, 2019). Myanmar and Chad are two countries highlighted by ECHO that are crises that are markedly underfunded year after year without about 500,000 people in dire need of assistance (ECHO, 2017).

Alternative Two: Donor Coordination with Central Platform

Transparency- HIGH

This alternative ranks high in terms of transparency in comparison to the other alternatives. The INFORM Index publishes all of the methodology for both the Risk Index and the Global Severity Index online and both are freely available for use. In addition, INFORM is an open-sourced and global platform that uses coordination with local communities, local NGOs, local governments, as well as larger NGOs to generate the risk scores, maintaining transparency of its actions with those it's evaluating. It would also increase transparency as UN-OCHA would now have a centralized, combined site that would detail the funding proportions along with the risk in real-time, outside of the yearly global appeals.

In terms of donor governments, by instructing donor governments to use the risk index to make their funding decisions, transparency would be increased, as now there would be a concrete method for donors to make these decisions and to therefore see if donors strayed from needs-based funding.

Addresses Underfunded Crises- POTENTIALLY HIGH

This method of donor coordination ranks as potentially high on addressing underfunded crises. As UN-OCHA would be promoting a mechanism of soft coordination by donors, donors would have the opportunity to make their choices based in part on where other nations are giving funding and to see where the gaps exist. However, the overall funding decisions are still based within the donor choices, so the gaps may continue.

Cost- NONE

There is no cost for use of INFORM or FTS data by agencies, and INFORM is funded by donations, mainly from ECHO (Slezak, 2019). However, currently the risk index is made up of the global index and is developing subnational indices that provide more specific information on needs within the country. These subnational models are contracted by agencies and governments that need them, including UN-OCHA, and normally cost around \$40,000 per model (Slezak, 2019). If UN-OCHA chooses to expand to more subnational models for more accurate funding choices and more in depth needs assessments, it would need to allocate funding for those. However, as much of INFORM is funded by donations through ECHO, and other organizations and governments have interests in the expansion of INFORM, there is potential for partnership and burden-sharing in developing these subnational models.

Feasibility- HIGH

This method ranks high in terms of feasibility, as INFORM is currently a tool within UN-OCHA, and therefore UN-OCHA has the authority to brand it as a centralized platform for donor allocations. INFORM is already used by other organizations like ECHO and within UN-OCHA at the CERF to determine underfunded and emergency crises. Finally, a joint needs assessment is a priority of the Grand Bargain and is called for by donors, so it is feasible that donors will utilize it after proper marketing tactics (Grand Bargain, 2016).

This alternative is also more feasible, as it is a soft method of increasing coordination. It does not force donors to use INFORM or directly designate where they should allocate their funds, but creates a platform that provides the necessary information to make decisions, including where other governments are allocating. Therefore, it should not be threatening to donor governments or to aid organizations that exhibit certain unique priorities for funding designation.

Alternative Three: Expanded CERF

Transparency- MEDIUM

The CERF ranks medium in comparison to the other alternatives in terms of transparency. When CERF funds are disbursed, the disbursement is automatically sent to FTS and the fund's website (OCHA, 2016). In addition, CERF provides public data according to the IATI Standard, and more detailed funding allocations can be found on IATI. However, the CERF funding tracking is more difficult currently, as it is hard to trace where the funds from each specific donor go. The FTS is working to increase the traceability of these funds (OCHA, 2018).

Cost- HIGH

The expansion of the CERF would require an increase in donations between \$50 and \$200 million. However, the administrative cost required to increase the CERF is medium, as the CERF is bureaucratically built to be simple to scale (Willetts-King, 2019).

I currently estimate that the cost of the expansion of the CERF would be equated to an increase in staff by one person in order to analyze and identify underfunded crises (Willetts-King, 2019). These estimations are based upon conversations with employees at the CERF. Currently, the average salary of a mid-level UN worker is about \$200,000 per year, and therefore I estimate that the cost of CERF expansion would be about \$200,000 per year (Gelsdorf, 2019).

Feasibility- LOW-MEDIUM

In the short term, the CERF ranks low-medium on feasibility. This is because in order to expand the CERF without taking funding away from other crises, the CERF would need to run a strong ad campaign to increase funding from donors. Otherwise, in order to create a required donation allocation by countries every year, the UN would have to pass a resolution (Tsui, 2015).

In the long term, this is more feasible as UN-OCHA would have the opportunity to run an ad campaign or to get the UN Resolution passed. There have been studies that have found that donors and UN organizations have called for increases in the CERF and would welcome this as long as the funds were not taken from other sources (Willetts-King, 2015). In addition, the CERF has reached or exceeded the current \$450 million funding cap multiple times (Tsui, 2015).

Addresses Underfunded Crises- POTENTIALLY HIGH

This has the potential to highly address underfunded crises as long as the CERF expansion were directed to the UFE, which currently only receives about a third of CERF funding. The UFE is used to directly fund crises that the CERF identifies as underfunded, and therefore is the most direct mechanism to address these forgotten crises.

Alternative Four: Reduction of Earmarking

Transparency- HIGH

The reduction in earmarking ranks low, similar to the status quo, in terms of transparency, as it does not directly address transparency. However, it has the potential to be more transparent if donors require that non-earmarked funds are published in detail in the FTS for them to determine where their funds are used. This is a goal of the FTS that has not been fully realized yet (OCHA, 2018).

Cost- NONE

There is no direct administrative cost to the reduction in earmarking. However, there is a potential that donors will reduce donations if they are unable to earmark them. This is why expansion of FTS tracking is critical. However, earmarking currently costs organizations as they cannot make long-term planning and have to make significant adjustments based on where their donations are earmarked (HFTT, 2016). Therefore, these costs may balance each other out, and be reduced completely if donors are able to maintain previous accountability levels.*

Addresses Underfunded Crises- POTENTIALLY- HIGH

The reduction of earmarking ranks high in terms of addressing underfunded crises if earmarking is truly removed without a large reduction in donor financing. This is because organizations would have the ability to determine funding based on needs instead of donor designations. If instead of reducing all earmarking, the organization redirects earmarked funds that are overallocated to a certain crisis or sector, the alternative ranks medium on addressing underfunded crises[1]. This is because the funding level would determine whether there are enough to merit reallocation of funds from their original earmarking.

Feasibility- MEDIUM

The reduction in earmarking ranks medium in relation to the other alternatives in terms of feasibility. This is one of the key pillars of the Grand Bargain agreement that was signed onto by donors and organizations. In addition, organizations are largely affected by earmarking and consistently report that they would operate better and more effectively without earmarking. The issue is that donors enjoy earmarking in order to create an accountability mechanism for the organizations and for their taxpayers whose funds are used in donations.

Therefore, in order for better donor buy-in to the reduction in earmarking, the FTS project must improve its tracing of unearmarked funds that can better maintain donor accountability. Otherwise, organizations must stipulate that if they receive more than enough funds to one crisis or sector, that funding can be redirected as opposed to being sent back. However, in terms of the two routes of this alternative, the diversion of earmarked funds is medium, while the elimination of earmarked funds is weighted as low.

*There is no recent research in humanitarian aid or philanthropy that identified the loss of funding due to reductions of earmarking, and there is not an exact number for the cost of earmarking to organizations.

Outcomes Matrix

	Criterion 1: Transparency	Criterion 2: Feasibility	Criterion 3: Cost	Criterion 4: Addresses Underfunded Crises
<i>Alternative 1: Status Quo</i>	Low	High	\$0	Low- currently fifteen crises on ECHO's Forgotten Crisis Assessment
<i>Alternative 2: Donor Coordination through Platform</i>	High	High	Use of Inform and FTS- \$0 Cost per country profile- \$40,000	Potential for High
<i>Alternative 3: Expanded CERF</i>	Medium for both routes	ST: Gap Increase: Medium ST: Assessed Funding: Low LT: Both - Medium	Required donations- \$50-200 million Administrative Cost- \$200,000	High if funding allocated to Underfunded Emergencies Window for both routes
<i>Alternative 4: Reduce Earmarking</i>	Low with potential for High for both options	ST: Adjust Earmarking: Medium ST: Remove earmarking: Low LT: Both: Medium	Administrative: \$0 Potential lost donations may equal funding gained from flexibility ²	Adjust earmarking- Medium Eliminate Earmarking- High

² There is no recent research in humanitarian aid or philanthropy that identified the loss of funding due to reductions of earmarking, and there is not an exact number for the cost of earmarking to organizations.

Recommendation

I found that increasing donor coordination through the adoption of a centralized platform using the INFORM Index with updates on funding allocation of donor governments by UN-OCHA is the best mechanism for donor governments to determine where to allocate their funding.

I evaluated each of my alternatives based on the metrics mentioned previously: transparency, feasibility, cost, and effectiveness at addressing underfunded crises. I weighted cost and feasibility more highly than feasibility and effectiveness. This is because the current problem of funding based on needs as opposed to bias is based on the fact that there is simply not enough funding for humanitarian aid, and instead that there is a growing funding gap in humanitarian aid. Therefore, any move by UN-OCHA could not take away funds that could be spent directly on aid. For feasibility, the humanitarian system is built by a network of organizations that work together and also compete, and in addition all have slightly different priorities, and therefore any action must be possible for UN-OCHA to act on and must have the proper buy-in of donors and aid organizations to actually happen.

Transparency and effectiveness at addressing underfunded crises are secondary criteria.

Transparency, as mentioned previously, is a key goal of the Grand Bargain and is something that UN is increasingly moving towards. Therefore, it is an important criterion to keep in mind, but is not the key motive behind an option. In terms of addressing underfunded crises, this is a result of the funding gap and politicized allocation, but is not the only effectiveness metric.

I find that increasing donor coordination through this platform is able to be implemented quickly, is low-cost as it is free to use, and is highly feasible. In addition, INFORM is an open and global data source. This form of soft coordination and having a centralized platform for donors to base decisions will increase the transparency of donor allocations. Finally, donor coordination can potentially largely address underfunded crises.

The goal of the UN directing government donors to utilize the INFORM Indices for decisions is that donors are then further held accountable for their funding choices, as it becomes more transparent who is allocating based on need versus based on strategic choices. In addition, this would hopefully decrease the number of underfunded crises, like those on ECHO's Underfunded Crisis Register if the UN tracks the funding versus need and if donors base their choices in part based on where needs are and where needs are already being addressed through funding. Finally, it is found that donors that are held to more transparent measures normally allocate funding by need as opposed to more politically (Faust, 2011).

This recommendation is a first step towards improving donor allocations. However, I also believe that the reduction of earmarking should be an overall goal of the system, and that UN-OCHA should work with donors and organizations to create a policy on earmarking that will actually be a concrete mechanism to reduce earmarking once the FTS is able to provide funding data in greater detail. In addition, the CERF should be increased. When a cap exists, it is often a goal that is then met. Therefore, the UN should work to raise the CERF cap to receive larger donations, and if this is not effective, should put forth a resolution to create annual assessed donations to the CERF that could raise the CERF limit and protect it from funding swings. At the moment, UN-OCHA should also work towards a marketing strategy for newer humanitarian donor countries and smaller donor countries to demonstrate the value of the CERF, as it allows their funding to go further and reach multiple crises.

In summation, the UN-OCHA needs to adopt set up an area of their website dedicated to the INFORM Indices and the FTS funding to these crises so that these assessments guide donor choices about humanitarian assistance flows. This will push donor governments toward allocations by need instead of relying on strategic choices, media bias towards certain crises, and the biased assessments of aid organizations. This will hopefully create a future where funding is allocated by needs, not by geo-strategic positions or the 24-hour news cycle.

Implementation

In order to increase donor coordination, UN-OCHA must set up their web platform that incorporates the INFORM Risk Index with the constantly updated FTS funding as well as the INFORM Global Severity Index with its own updated FTS funding. UN-OCHA must make this platform visually appealing and simple. It must also provide information or links to INFORM and FTS so that donor governments can understand that INFORM, despite some information coming from different NGOs and UN agency assessments, is largely an independent and holistic overview of the crisis risk and severity.

In addition, UN-OCHA must advertise the benefits of this platform in terms of funding allocations and decision-making, and must be clear that INFORM Risk is for yearly budgetary allocations while INFORM Global Severity is for emergent allocations. It also should be well-known to organizations and the public who then understand that they can hold their country's government accountable for donor decisions.

UN-OCHA should also work to start increasing the development of the sub-national models with INFORM. They should work with different NGOs and government aid agencies like ECHO, DFID, and USAID in order to share the burden of funding, as each of them will benefit from the more detailed subnational models. After they are developed, it does not require much funding to maintain them.

UN-OCHA should work with FTS to develop more in-depth funding tracking. With better funding tracking for unearmarked donations and for the CERF, donors will have greater transparency on where their funds are being used. This will also pave the way for earmarking to be reduced to meet the Grand Bargain of 2016 goal level, as donors need that accountability of organizations and to their taxpayers in order to demonstrate the effectiveness of their funding flows. Once this tracking is improved, UN-OCHA will have a strong window to work with organizations to set exact guidelines on the reduction of earmarking as opposed to leaving it as a nebulous goal. This could begin with the stipulation that any earmarked fund that is in excess of what is needed can be reallocated to another crisis or sector. Once that is utilized and donors have trust in where their funds are going, UN-OCHA should make even stricter policy on the reduction of earmarking. They should conduct meetings and working groups between donors and organizations to show them the difficulty of earmarking and get greater buy-in on reducing it. In addition, NGOs and other aid organizations should stipulate that they will follow strict publishing of the funding flows from unearmarked sources to the FTS and inform donors on the use of their funds.

UN-OCHA must raise the cap of the CERF in the coming years and designate a significant amount of this funding to underfunded crises. With a higher cap, donors will hopefully rise to meet it. If this does not occur, UN-OCHA needs to look into alternative ways to increase funding, particularly through a minimum donation requirement per country per year, following the models laid out in Tsui's study. As this study was conducted in 2015, UN-OCHA should contract a follow-up study after the higher cap is raised to understand the feasibility of assessed contributions and if there are any other better options. As moving to assessed contributions would require a UN Resolution, it would take a significant amount of time and coordination for UN Members to buy-in to this new model of CERF funding. The CERF is a concrete and trusted way to mitigate underfunded crises and to ensure rapid response, and must be properly funded to meet these goals.

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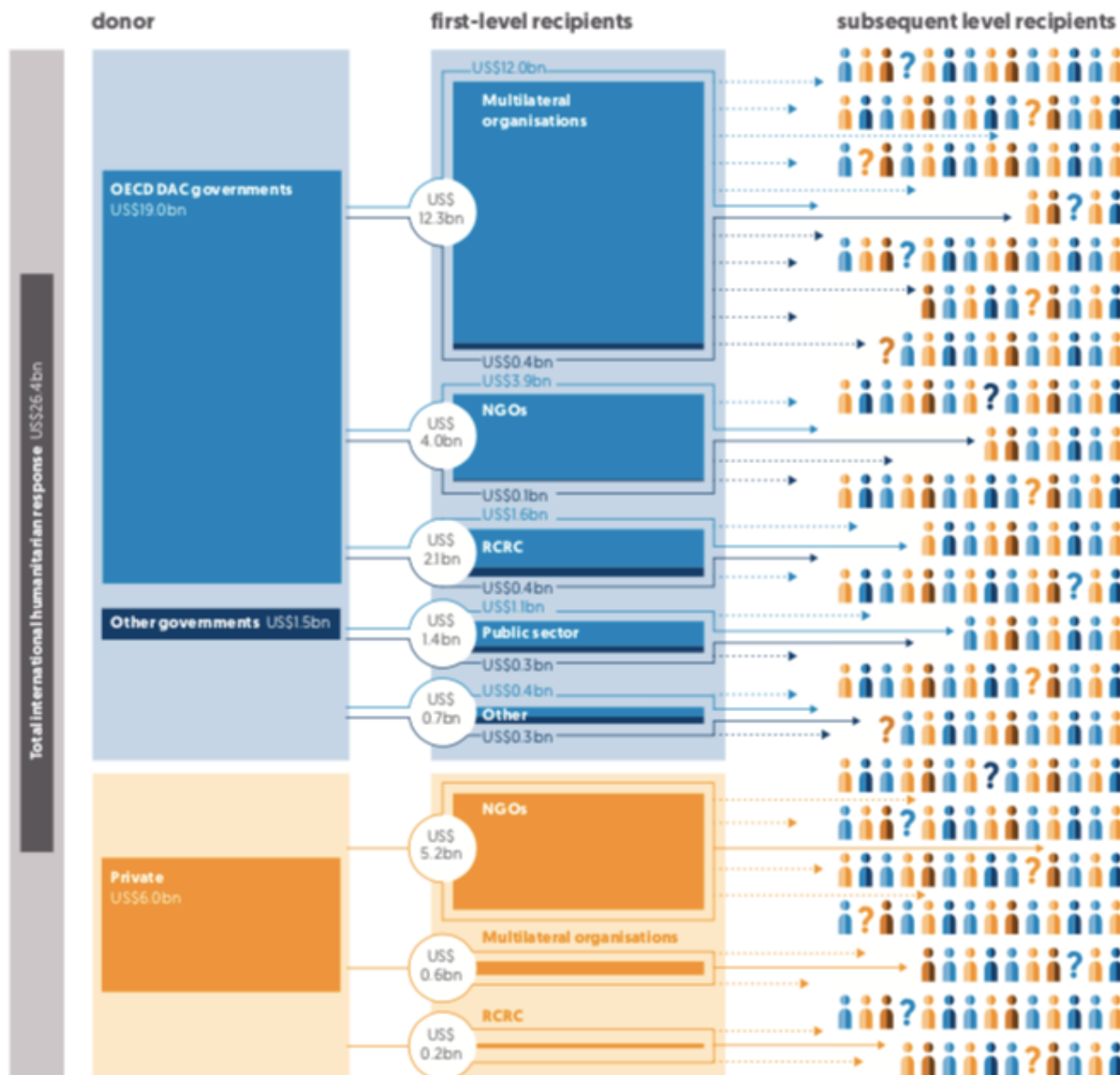
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Appendix B: Figures

Figure 1:

Funding channels of international humanitarian assistance, 2016



Source: Development Initiatives based on Organisation for Economic Co-operation and Development [OECD] Development Assistance Committee [DAC], UN Office for the Coordination of Humanitarian Affairs [OCHA] Financial Tracking Service [FTS] and UN Central Emergency Response Fund [CERF] data and Development Initiatives' unique dataset for private contributions.

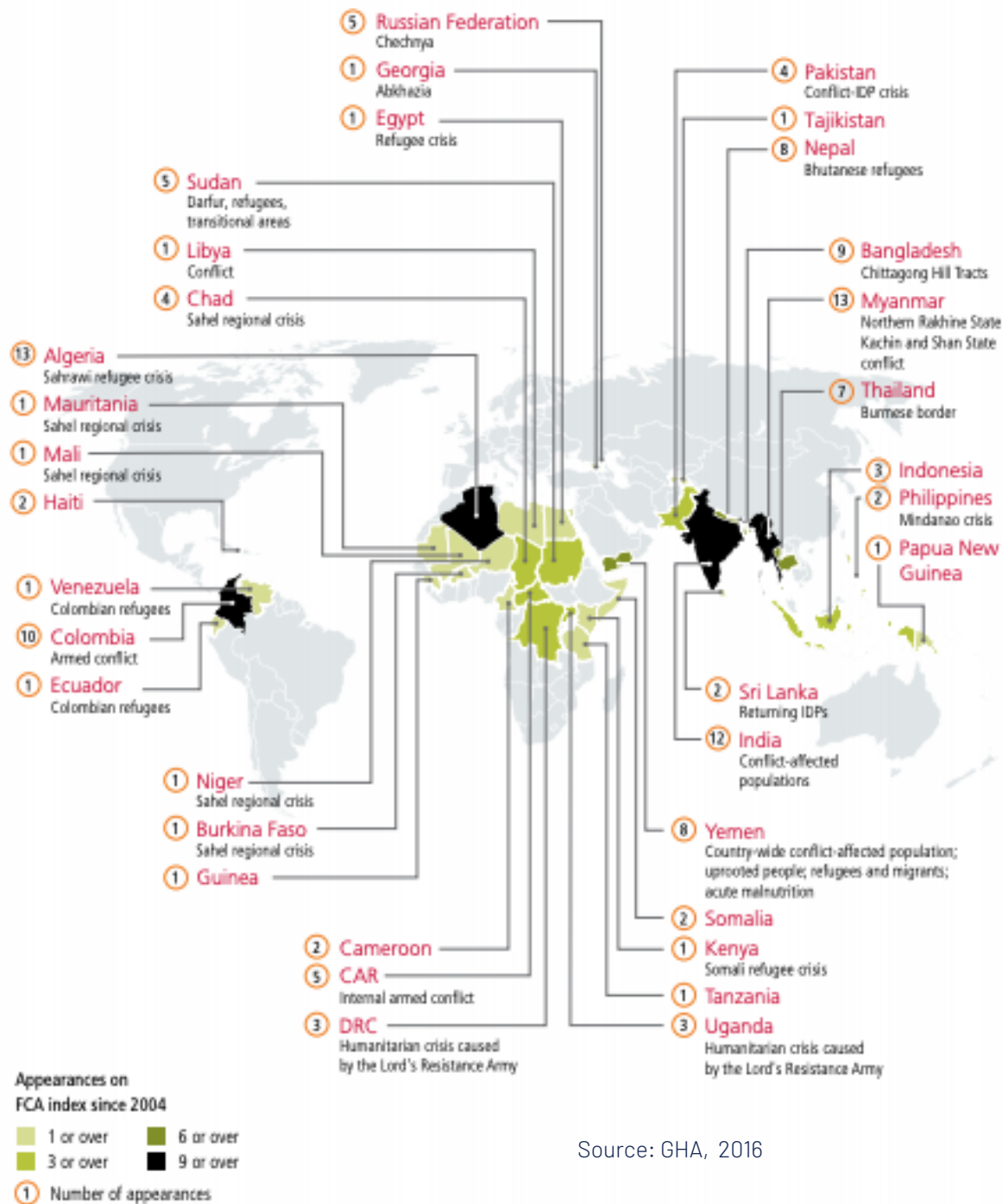
Notes: RCRC: International Red Cross and Red Crescent Movement. Our first-level recipient data from government donors and EU institutions uses OECD DAC Creditor Reporting System [CRS], UN CERF and UN OCHA FTS data. The figures in our calculations for total humanitarian assistance from OECD DAC donors use data from OECD DAC Tables 1.2a and 'Members' total use of the multilateral system', so totals may differ. 'Public sector' refers both to the OECD definition and reporting to the FTS. OECD DAC CRS codes 'other', 'to be defined' and 'public-private partnerships' are merged to 'other'. Private funding figures use our unique dataset on private contributions for humanitarian assistance. This figure cannot be cross referenced with Figure 4.7, which uses data from UN OCHA FTS only. The data used in Figures 2.4 and 2.5 is sourced bilaterally from International Committee of the Red Cross and International Federation of Red Cross and Red Crescent Societies' reports and therefore differs from the data shown above, which is based on OECD DAC and UN OCHA FTS. Data is in constant 2016 prices.

Source: GHA, 2018

Appendix B: Figures

Figure 2:

Countries appearing most frequently in the ECHO Forgotten Crisis Assessment index since 2004



Source: GHA, 2016