



Author: Christian Els
Editor: Nils Carstensen
Design: Anne Mousten
Date: 07 / 11 / 2019
Contact: info@local2global.info
www.local2global.info

Funding to local actors still far from Grand Bargain commitments

Abstract

Analysis based on UN OCHA data indicates that Grand Bargain signatory governments have not increased their direct financial funding flows to local and national responders since signing the agreement. Using a mix of actual data and approximations, this analysis further indicates that Grand Bargain donors in 2018 allocated an estimated 14.2% of their total funding flows to local and national actors – directly or through intermediaries. On average, these governments are estimated to give 0.2% in direct funding (no intermediary), 1.6% via country-based pooled funds and 12.4% via UN agencies, INGOs or Red Cross/Crescent organizations. The indirect funding (through UN, Red Cross/Crescent or INGO entities) calculation is based on funding percentages sourced from eight UN agencies, two Red Cross/Crescent entities and more than two dozen INGOs. For two of the UN agencies (IOM and WFP) only approximations for their funding flows were available.

This analysis presents an overview of global humanitarian funding flows between 2009 and 2018 with a particular focus on how much funding went directly or indirectly to local and national responders in 2018. Through their signatures to the 2016, Grand Bargain (GB), major government funders committed to channel 25% of their funding to local and national responders as directly as possible.

According to United Nations Office for the Coordination of Humanitarian Affairs' (OCHA) Financial Tracking Service (FTS), donors have allocated more than \$185 billion for humanitarian assistance around the world over the last decade. Figure 1 below shows the organizations that received this funding over the last ten years. The last complete year, 2018, shows the second highest humanitarian funding ever reported.

When engaging with this data it is important to understand its validity as well as its limitations and uncertainties. FTS data often lacks data on private funding and funding provided outside of appeals. Furthermore recipient organization's names are often not reported or they are not classified as national vs international actors. For these considerations please refer to the section on methodology and data sources at the end of this article.

Examining the figures across the last decade, most of the funding provided directly to local and national actors was in-

deed channelled to a few affected governments. Coinciding with its own engagement in the war in Yemen, Saudi Arabia became by far the largest donor to national actors in 2018. Within the last year Saudi Arabia contributed almost 500 million dollars directly to the government of Yemen. In the same period, and for the first time ever, a national Red Cross/Crescent organization obtained more FTS-reported back donor funding than the International Committee of the Red Cross. This happened as the Emirates Red Crescent received \$1.3 billion in 2018 (mainly for its operations in Yemen) from its main donor – the government of the United Arab Emirates. When looking only at flows to local and national civil society actors over the last decade, they have increased from 2009 (as illustrated by just few tiny yellow dots in figure 1 for that year), to a situation in 2018, where a larger number of local and national actors accessed funding directly from back donors and country-based pooled funds.

Figure 2 illustrates how the total amount of funding reported to FTS per year more than doubled from the 2009 to 2018. For comparison it can be mentioned, that for instance Development Initiative's GHA report, puts "total international humanitarian assistance" to \$18.4 billion in 2013 to \$27.3 billion in 2017.

When looking in more detail at funding flows to local and national NGOs, an increase in the absolute dollar value of

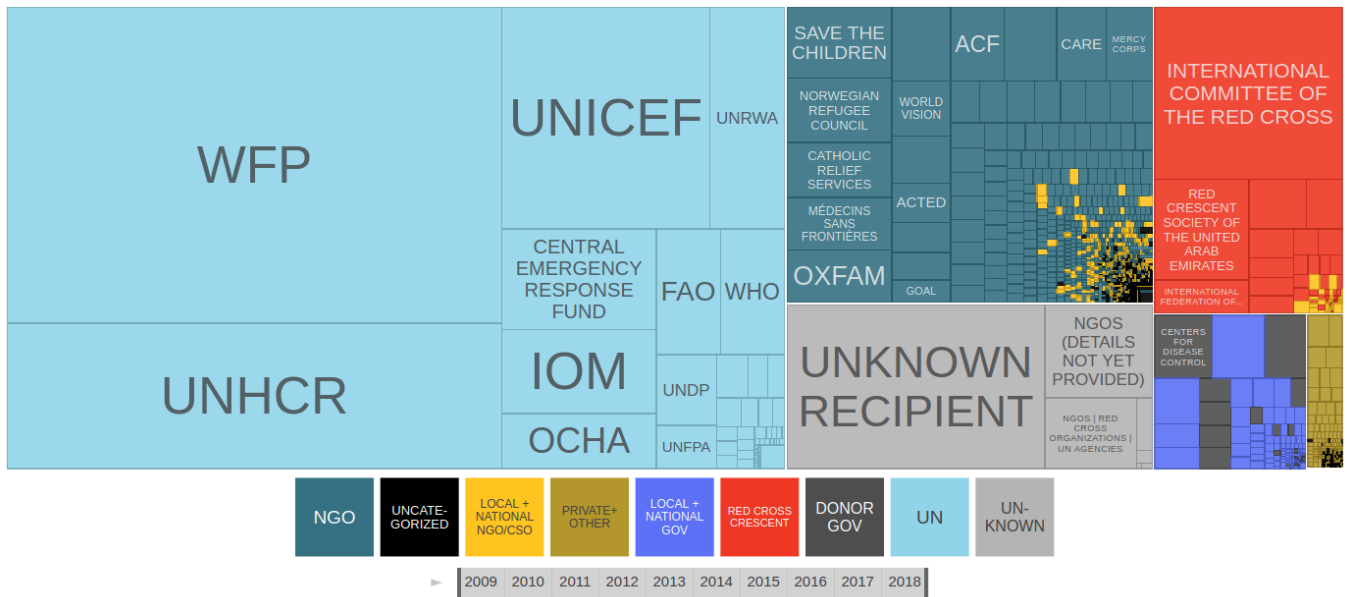


Figure 1. Total reported humanitarian funding 2009-2018

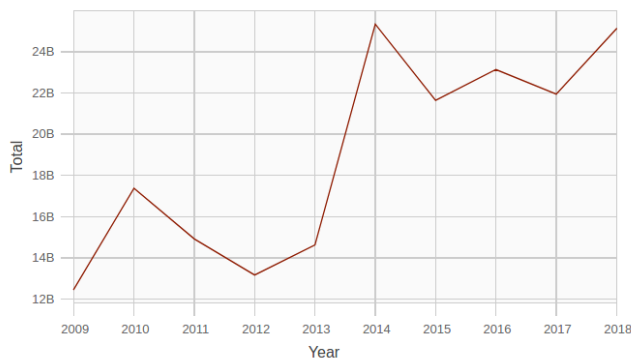


Figure 2. Total reported humanitarian funding 2009-2018

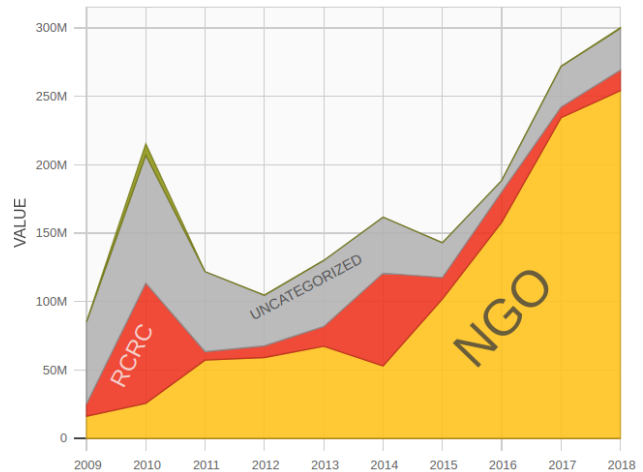


Figure 3. Funding flows to Local+National CSOs. Direct and via pooled funds

the funding channeled directly to these actors in the period 2015-2018 is noticeable. As figure 3 shows, this increase is mainly caused by grants via the country-based pooled funds and the actions of a few individual government donors. But when analyzing the percentage share of total funding that goes to local and national NGOs, the growth rate is markedly smaller than what it appears to be from the increase in absolute dollar value.

In fact, from 2017 to 2018, there was a slight decrease in the relative share of the totally reported funding going to local and national NGOs. It should be noted though, that this finding must be seen in the context of a significant amount of funding for whom the receiver is “unknown”. In case just 0.1% of this funding would be for one or more local actor(s), the growth-rate from 2017 to 2018 would appear to be positive.

Figure 1 and the analysis above have been based on the funding contributions of all the donors that reported funding to FTS in the said period. A subset of these donors, 24 governments (including the European Commission) signed the Grand Bargain at the WHS in Istanbul, in 2016. Between them, these donors provide more than 70% of the funding reported to FTS.

Among the commitments signed by these donor governments is a commitment to achieve by 2020 “a global, aggregated target of at least 25 per cent of humanitarian funding to local and national responders as directly as possible”.

Readily available data cannot in itself answer the question of how much funding GB signatory governments provide to local and national actors. One major reason being that the FTS-data only reflects direct funding, while most local and national responders only receive a small part of their funding directly from government donors. The majority of the funding for national and local actors is passed on to them through one or more intermediaries i.e. through UN agencies, INGOs and Red Cross/Crescent organizations. As complete data on how much funding such “intermediary actors” pass on to local and national actors is not readily available any attempt to answer the question of how much is passed on through one intermediary requires using an extent of approximation. What can be readily analysed

from the OCHA FTS data are GB government signatories' direct contributions, as this constitutes a sub-set of the existing data.¹

Figure 4 shows the direct funding from an institutional donor (Grand Bargain signatory) to local actors as well as funding channelled through UN-led pooled funds). This direct financial transfer of funds from GB signatories to local and national responders did not increase from 2015 to 2018. When funding channelled via country-based pooled funds is considered, the transfers to local and national responders did increase from 1.0% in 2015 to 1.8% in 2018.²

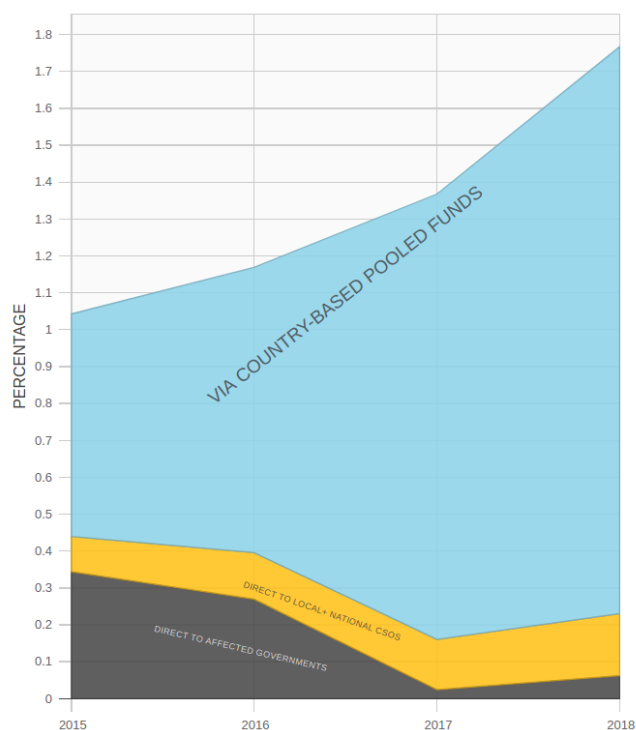


Figure 4. Grand Bargain donors' financial flows to local+national actors -direct and via pooled funds

As stated above, the majority of the GB governments funding reaches local actor through one or more intermediaries, as the various funding channels show below (Figure 5). Yellow streams indicate founding sources for local and national actors and the flows directly from donors and through UN-led pooled funds are small compared to other channels. Only few of major UN agencies, Red Cross/Crescent organizations and INGOs actually publish data on their pass-through funding to national and local humanitarian actors. UNHCR is one of the UN agencies that include this pass-through data (amounting to 17% in 2017) in their annual reports. Some other aid organizations published data in the context of their Grand Bargain Reporting (including Mercy Corps – 8%, UNICEF – 36% and WHO – 18%).

In addition, a group of INGOs who have signed up to the Charter4Change continue to demonstrate that substantial shares of funding can be channelled to local and national actors. On average, this group of INGOs allocated more than 20% of their \$1.2 billion of humanitarian expenditures to local and national NGOs in 2018. In order to give an indication on where GB

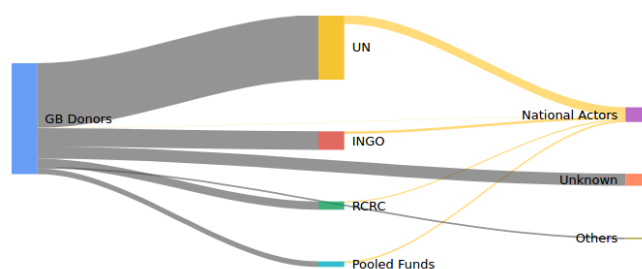


Figure 5. Direct and indirect flows

donors are in terms of the 25% target in 2018 if funding through intermediaries is included, and in the absence of complete and readily available data, this analysis has sourced relevant information from a range of organizations (including the above), which along with a number of estimates, allow for the approximation of the indirect funding flows to local and national actors presented below (figure 5). Please see the endnotes³ for more detail on how the estimates and approximations were arrived at.

Altogether, reliable data on indirect (second level) funding from eight UN agencies, two Red Cross/Crescent entities and more than two dozen INGOs has been sourced for these calculations and approximations. Using this data, total funding flows – direct or through one intermediary – to local and national actors for all 24 GB donors is estimated to average 14.2% of their combined humanitarian expenses in 2018.⁴ Of this average, 0.2% is given in a direct manner (no intermediary), 1.6% via country-based pooled funds and 12.4% via UN agencies, INGOs or Red Cross/Crescent organizations.

These estimated averages entail at least two types of uncertainties: 1) Unknown Unknowns – this is government funding for which not even the first-level recipient is known and also no information is available on how much may subsequently have been passed on to local actors and, 2) Known Unknowns – this is government funding for which the first-level recipient is known, but no information is available on how much was given from the first-level recipient to local actors.

In total Unknown Unknowns amount to 10.8% of the total GB donors expenditures in 2018, Known Unknowns within the current data set amount to 14.4%. Altogether, this means that for 25.2% of the reported (OCHA FTS) government funding no information is available on the nature of the first and/or possible second level recipients. This uncertainty needs to be kept in mind, when looking at the above approximations. Figure 6 details the known funding flows of the Grand Bargain signatories.⁵ This break-down indicates that many governments are significantly below the 25% target set to be achieved by 2020 – most prominently the European Commission, the United States and Germany (the three biggest GB donors in 2018). For these large donors dramatic and very determined changes in funding practices will be required to meet the Grand Bargain commitment in any foreseeable future – let alone by 2020.

For some smaller donors like the Czech Republic, achieving a high percentage flow directly to local actors may entail only a few large transactions (relative to their total portfolio), which could swiftly change from one year to another. Overall,

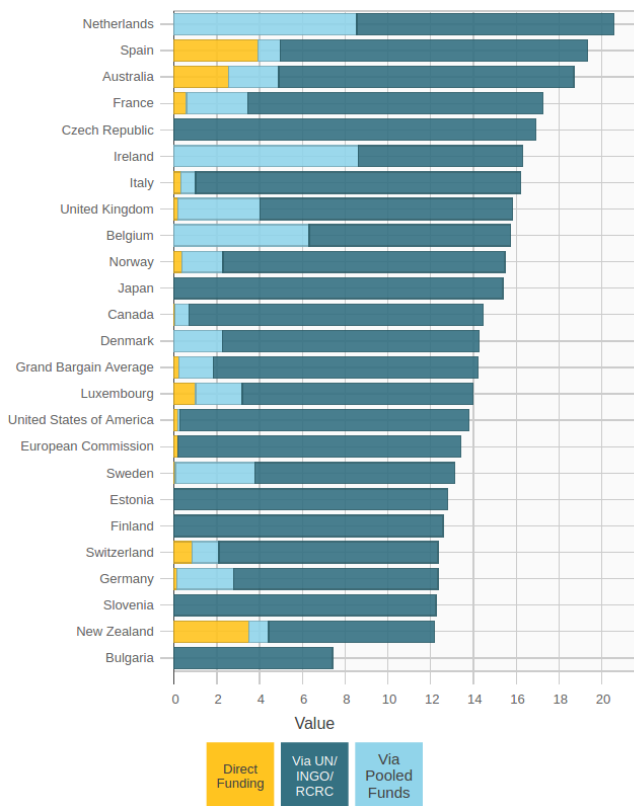


Figure 6. Grand Bargain donors and the 25% localization commitment in 2018

GB donors have still a long way to go to reach the target of channelling 25% of their funding to local and national humanitarian actors. Over the years limited progress has indeed been made by using UN-led pooled funds. But in order to achieve the “25% by 2020” Grand Bargain commitment, donors would need to ensure that substantially more funding reaches local and national actors directly – and through intermediaries.

Methodology and data limitations

When considering figure 1, it must be kept in mind that OCHA FTS data has several limitations. It is far from complete and some funding flows are under – or only partly reported – in particular funding from private donations. While the Global Humanitarian Assistant report estimates private funding for 2017 to amount to \$6.5 billion, FTS only captured private contributions in the magnitude of only \$220 million. MSF for example only reported its billion dollar worth of private contributions to FTS in 2014, but did not report them in any other year. By doing so in 2014, MSF single-handedly made the total humanitarian contributions reported to FTS the highest since its inception. Other uncertainties include the large number of contributions in particular by the US and the UK, for which not even the name of the recipient organization is provided. Therefore, in 2018 for almost 10% of all reported FTS funding the recipient organization was unknown. A third source of uncertainty is how organizations are categorized in FTS. For the year 2018, several hundred NGOs are not categorized as international or national. However, Local2Global categorized

many of them, to reduce the amount of categorized funding to approximately 0.1% of the total reported funding for 2018.⁶

Data Sources OCHA: Financial Tracking Service,⁷ Country-based Pooled Funds Grant Management System (GMS),⁸ downloaded: June 19, 2019. Other data was individually sourced from humanitarian organizations, their annual reports or the Grand Bargain reporting as well as the 2018/19 Charter4Change annual progress report.

An interactive version of this analysis can be accessed at: <https://www.local2global.info/research/the-humanitarian-economy/gb19>

Notes

¹in-kind contributions were not considered in all the analysis following below

²The estimates on second level funding were done according to the methodology developed in a previous Local2Global publication. The amount of second level flows were estimated based on a) the total amount that a first-level recipient received from GB government donors according to FTS and b) data on funding flows from these first-level recipients to local and national actors. The latter was sourced as percentage for the first-level recipients entire humanitarian expenditure and it is assumed that GB government donor funding was used in the same way as the total expenditure of the first-level recipient as a whole. See previous L2GP publication for more details. Publicly available data from ICRC, UNHCR, UNICEF, WHO and Mercy Corps was used as well as data individually sourced from CERF, Danish Refugee Council, FAO, IFRC, International Rescue Committee, Norwegian Refugee Council, Save the Children, UNFPA and approximately 20 Charter4Change INGO signatory organizations. (Danish Refugee Council’s partners were categorized by Local2Global and data provided by International Rescue Committee is approximate). Most recent data was used whenever possible, mostly for the calendar year 2018 or a financial year, covering significant parts of the year 2018. For CERF, only 2017 data was available, however most of CERF’s project covered by 2017 allocations were implemented at least partly in 2018.

³WFP and IOM data was not available at the time of publication, therefore approximations were used: for WFP, it was assumed that CERF sub-granting data is a good proxy for these organizations as a whole. For IOM, data on expenditures on implementing partners was used for both development and humanitarian operations. For UNRWA and OCHA (excluding CBPF and CERF), it was assumed that no funding was allocated to local actors, as per direct correspondence with UNRWA in the context of previous L2GP reporting on this subject and the fact that OCHA is not an implementing humanitarian actor.

⁴Since this percentage calculation does not consider private donors, and most of the GB governments have fairly consistently reported their funding to FTS over the years, these numbers are most likely more accurate than percentage calculations based on all funding reported to FTS.

⁵Pooled funds in info-graph only includes CBPFs

⁶Uncategorized first-level recipients in FTS were categorized as International or National actors using a number of approaches. Recipient organizations that also received country based pooled fund (CBPF) money were categorized according to OCHA’s Grant Management System. Other uncategorized organizations that operated in more than one country where considered international organizations and all the other organizations (uncategorized within FTS, operating only in one country, not a recipient of CBPF funding), were manually categorized using publicly available information. The list of categorized organizations were then presented to a number of experienced staff members from international and national NGOs in a survey utilizing their “crowd knowledge” and familiarity with various humanitarian organizations, to confirm the correct categorization.

⁷<https://fts.unocha.org>

⁸<https://pfb.unocha.org/>