

**BRAINSTORMING SESSION ON THE JIU REVIEW OF “FINANCING FOR
HUMANITARIAN OPERATIONS IN THE UNITED NATIONS SYSTEM”**

Palais des Nations – Room S4
Monday, 18th July 2011
15:15 to 18:30
Geneva – Switzerland

Synoptic paper

This paper contains a synopsis of the JIU findings and conclusions so far identified during the desk reviews and interviews that the Inspectors have undertaken on the review of the financing for humanitarian operations in the United Nations system. This represents a snap shot of the results of their work and is not intended to reflect any of the final findings and recommendations that they will submit for consideration of the executive heads and the governing bodies of the JIU participating organizations.

It is intended to serve as a guide for discussion in the Brainstorming Session.

Please also find attached a series of questions the JIU team has set up to guide its work, bearing in mind the scope and objective stated in the terms of reference of the review on this subject

Summary of the issues

1. Trends in global humanitarian financing
2. Governance
3. Management
4. Accountability

I. TRENDS IN GLOBAL HUMANITARIAN FINANCING

1. The international community experienced a phenomenal increase in humanitarian assistance following the exponential growth in disasters

Table 1: United Nations expenditures for humanitarian assistance

(In billion US dollars, current prices)	2000	2009
Global humanitarian assistance	6.7	15.1
UN system humanitarian assistance	1.8	7.4
Expenditures for operational activities for development (Grant)	6.5	22.1
UN system humanitarian assistance / Total UN expenditures for operational activities for development	27.7%	33.5%

2. Complexities of the humanitarian system

(a) Lessons learned from the 2004 Indian Ocean tsunami

The humanitarian system needs to:

- Ensure equitable distribution of resources to neglected humanitarian crises of lesser importance to major donors;
- Ensure adequate interface between disaster-affected countries and international organizations at the community level, on the optimum provision of relief supplies;
- Provide a transition mechanism encompassing the entire disaster management process, from emergency, to recovery and reconstruction stages;
- Provide agreed robust common system-wide humanitarian support services; and
- Ensure oversight on the use of the resources committed to the affected population.

(b) Current challenges

- Increasing number of players and financial instruments
- Lack of governance framework
- Extensive application of life-saving concept
- Financing for transition from relief, recovery, reconstruction and build-back better
- Need of synergies among administrative regimes and instruments
- Inadequate administrative efficiency in committing, disbursing, monitoring the use of funds
- Strengthening monitoring and accountability

II. GOVERNANCE

3. Origin of humanitarian financing in the United Nations system:

- United Nations Disaster Relief Office (UNDRO) established in 1971;
- The current United Nations humanitarian financing system had its beginnings in the General Assembly resolution 46/182 dating back in 1991;

4. The fundamental feature of the United Nations humanitarian financing has not changed since then. Namely, the bulk of the resources come from official and benevolent voluntary contributions mobilized through an international office, whose core activity costs are borne by the regular budget of the organization and/or unearmarked contributions;

5. Since 1990, the United Nations mobilized the regular budget resources as follows:

Table 2: Mobilization of regular budget resources for Human Rights and Humanitarian Affairs
(in million US dollars)

Programme Budget Sections	2010-2011		1990- 1991¹	
	Regular Budget²	Extra-budgetary³	Regular Budget	Extra-budgetary
1. Human rights: currently Section 24 for OCHA, ISDR and UNDP	142.7	233.2	19	8.9
1÷5	2.8%	2.50%	0.9%	0.3%
2. Assistance to refugees	132.4	5,957.5	56.8	1,756.4
Currently: Section 25 for UNHCR and Section 26 for UNRWA		63.10%		59.6%
2÷5	2.60%			
3. Humanitarian assistance (Section 27)	29.4	499.2	7.3	69.2
3÷5	0.6%	5.3%	0.3%	2.3%
4. Total: Part on Human rights and Humanitarian Affairs (1+2+3)	304.5	6,689.9	83.1	1,834.50
4÷5	5.80%	70.90%	3.90%	62.2%
5. Total UN Budget	5,156.0	9,441.90	2,134.0	2,945.6
	100%	100%	100%	100%

6. As regards a sub-programme on Natural Disaster Reduction under Humanitarian Assistance in Current Budget Section 27, the UN programme budget retains a peculiar practice. The UN grants every biennium nearly 2.2 million dollars to the United Nations Development Programme (UNDP), which fund staff positions in its Bureau for Crisis Prevention and Recovery (BCPR), according to the UN General Assembly's decision⁴ On the other hand, the Secretary-General is requesting for an

¹ See A/46/6/Rev.1,1991

² See A/66/6

³ Estimates in A/64/6

⁴ See A/RES/52/12 B, para. 16, 9 January 1998

allocation from the assessed budget to fund the International Strategy for Disaster Reduction (ISDR) secretariat's core and recurrent activities.

Conclusion: The Inspectors reiterate the need for the implementation of the JIU recommendation on this issue requesting the Secretary-General to commission an independent evaluation of the use of this grant⁵.

7. Lack of body of applicable guidelines, rules and, principles governing humanitarian financing in the UN system

Possible conclusion: IASC products should be reviewed to streamline existing rules and principles governing humanitarian assistance.

8. There are multiple needs assessments methodologies.

Possible conclusion: The UN system entities should establish a common and holistic needs assessment evidence-based methodology

9. Need to develop strategic resource planning, taking into account local capacity and a common definition of humanitarian assistance and/or emergencies, based on the broad definition of livelihood (providing sustainable life- saving conditions)

10. Competition for multiple sources of resources needs to be overcome.

Possible conclusions: Where applicable, an Integrated Strategic Planning (ISP) document should be developed at the country level, as a basis for system-wide administrative planning among UN agencies. Such a document should cover all stages of disaster management

11. Negative impact of earmarking on humanitarian assistance principles.

Possible conclusions: Funding principles should be formulated that mitigate negative impact of earmarking, through soft earmarking. The participatory approach of the Sudan Common Humanitarian Fund (CHF) could be advocated as a best practice.

12. Transition financing needs better governance.

Possible conclusions: The mandate of the Emergency Relief Coordinator (ERC), Humanitarian Coordinators (HCs) should be reviewed, to ensure buy-in of all members of the United Nations Country Team (UNCT) at country level. This could be accompanied by the proposed establishment of an intergovernmental body to deal with the entire process of disaster management, and with the establishment of a UN Programme for humanitarian assistance coupled with a system-wide forum to debate policy and financing of humanitarian operations to deal integrally with disaster response and disaster reduction policies. (See Recommendations 7 and 17 contained in the JIU tsunami report, JIU/REP/2006/5).

13. **Common procedures for humanitarian assistance and recovery conferences:** As regards the way the aid package is committed without discrimination both for media-focused disasters and neglected disasters, International Finance Institutions (IFIs) are interested in ensuring that the United Nations takes the lead on convening donor conferences for humanitarian, and recovery and reconstruction that will be based on internationally agreed procedures and guidelines for the convening of such conferences.

⁵ See recommendation 12 in JIU/REP/2006/5, para.89

Possible conclusion: It may be advisable to establish a systematic and impartial process and procedures to convene and organize relief and reconstruction conferences under the aegis of UN institutions, to ensure that funds are committed to the disaster-stricken countries, including under-funded and/or neglected disaster responses, in compliance with the principles of impartiality, neutrality, independence and humanity.

II. MANAGEMENT

14. Notable is the establishment of emergency financing mechanisms in UN system agencies including advance financing mechanisms

Possible conclusion: The abolishment of the loan component of the UN Central Emergency Response Fund (CERF) may be desirable.

15. Insurance schemes are not generalized in developing countries. The Inspector considers that the UN system should agree to choose a relevant legislative forum to discuss and agree on a capacity building policy to provide assistance to the disaster affected countries in developing national disaster insurance schemes taking into account pioneering work initiated by the World Food Programme (WFP), the International Fund for Agricultural Development (IFAD), the World Health Organization (WHO), the Pan-American Health Organization (PAHO), and the Inter-American Development Bank (IDB). For example, the Inspectors were informed that WFP and IFAD were developing weather-indexed insurance schemes for poor rural smallholders, through their Weather Risk Management Facility (WRMF).

16. Salient trends in aid flows:

- (1) The share of humanitarian assistance compared to the Official Development Assistance (ODA) has grown significantly over the last decade.
- (2) Concentration of ODA and humanitarian assistance on Fragile States and Disaster-Prone Countries (Figures 2-7).
- (3) Significant growth in resources for prevention (Figure 1)
- (4) Major concern of international donor community is how to attract money for early recovery and recovery.

Possible conclusions:

Build-up a strategic response system to disasters and emergencies through the:

- Identification of disaster prone-countries;
- Identification of fragile states;
- Establishment of financing priorities, and provision of medium- to long-term financial requirements with a view to promoting “Build-back better”.

Figure 1: Official Aid Flows in the Humanitarian Sector.

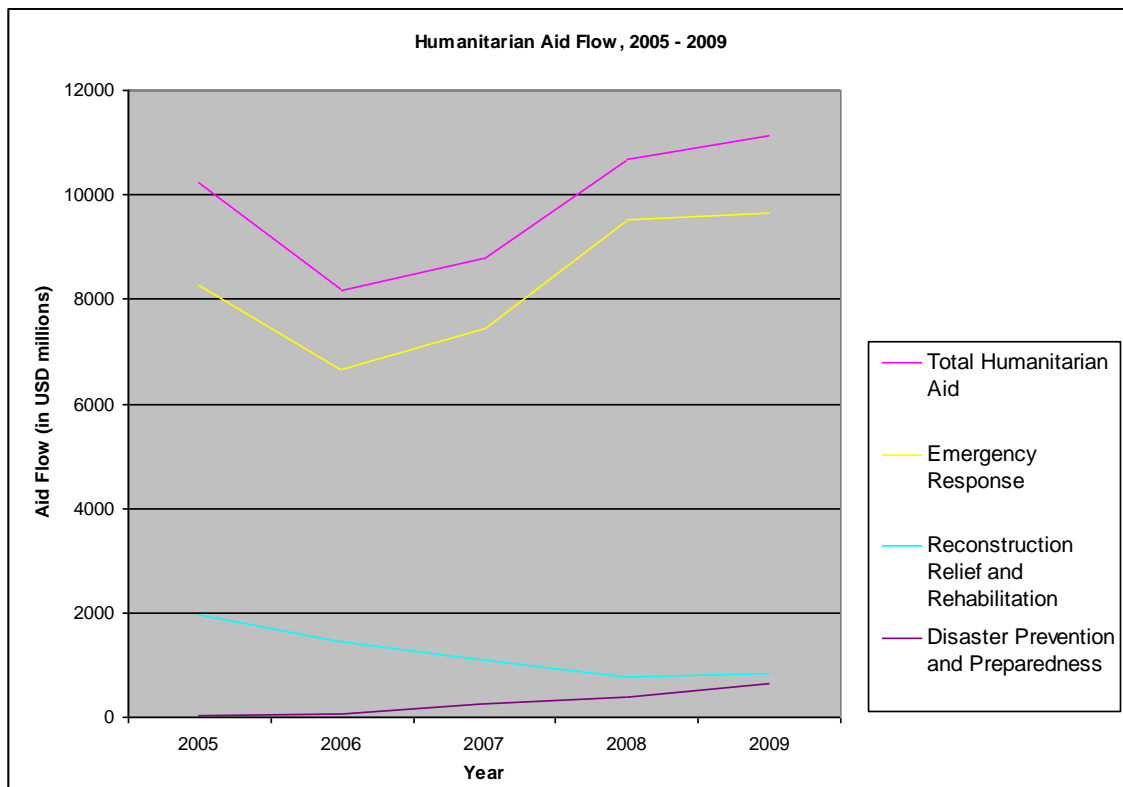
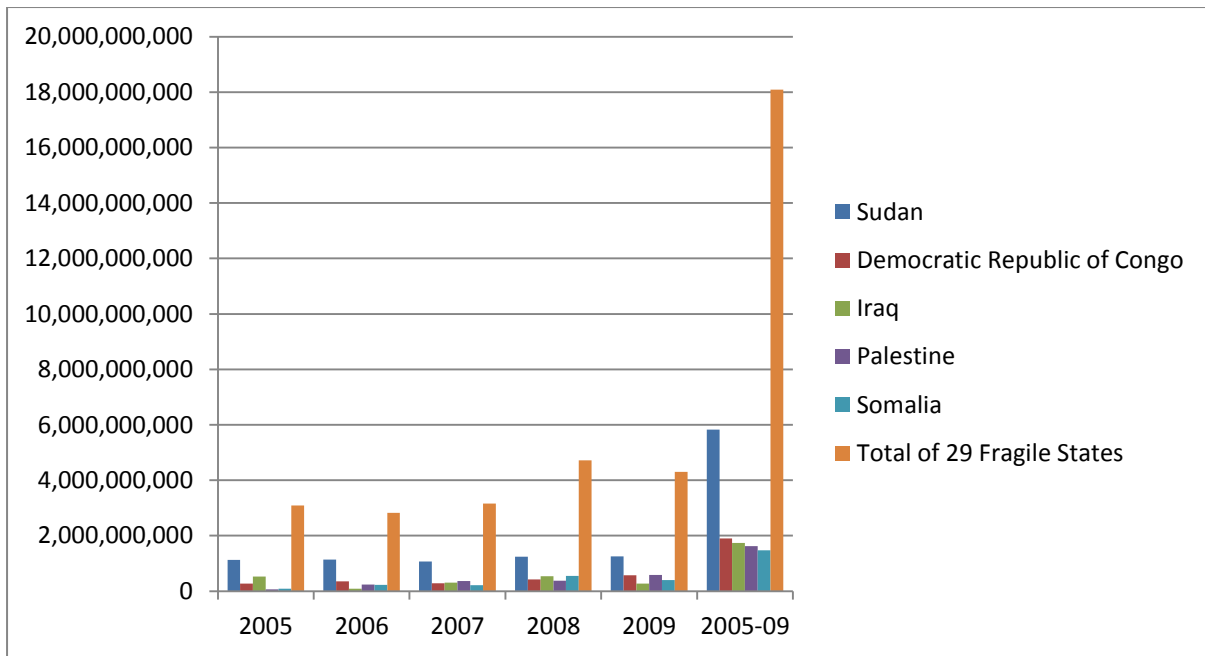


Figure 2: ODA flows for emergency response to Fragile States⁶ or States in conflict

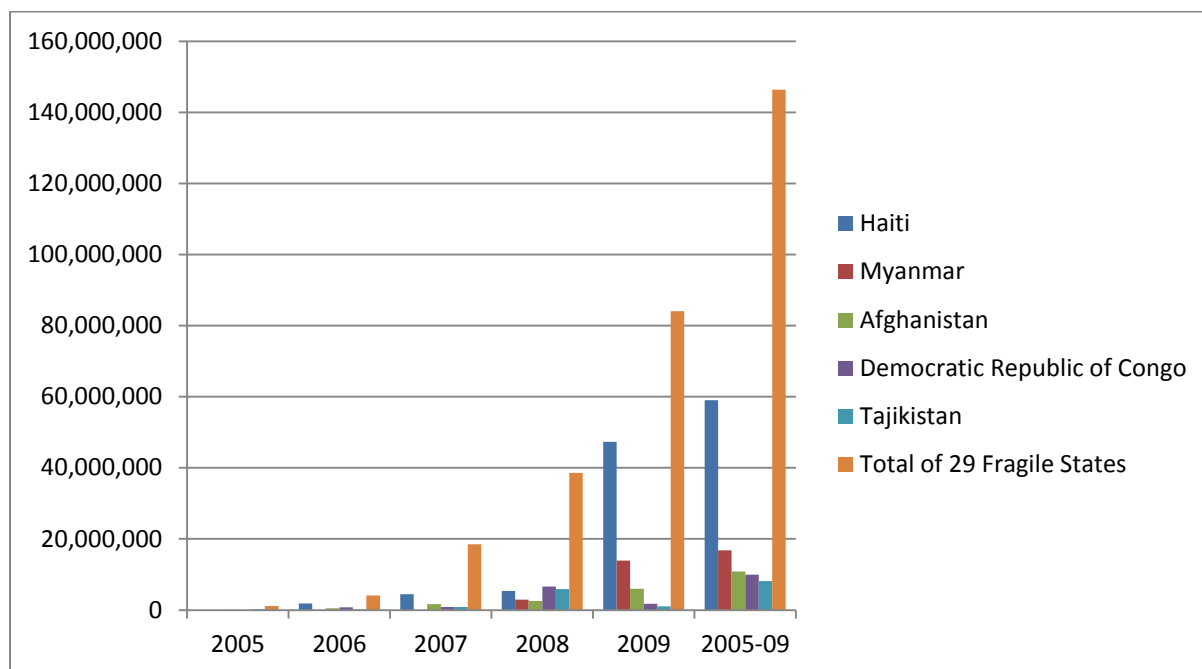


Note: The Unit is in US dollars, current prices

Source: OECD-DAC database, World Bank

⁶ Definition according to the World Bank, as of 19 October 2010

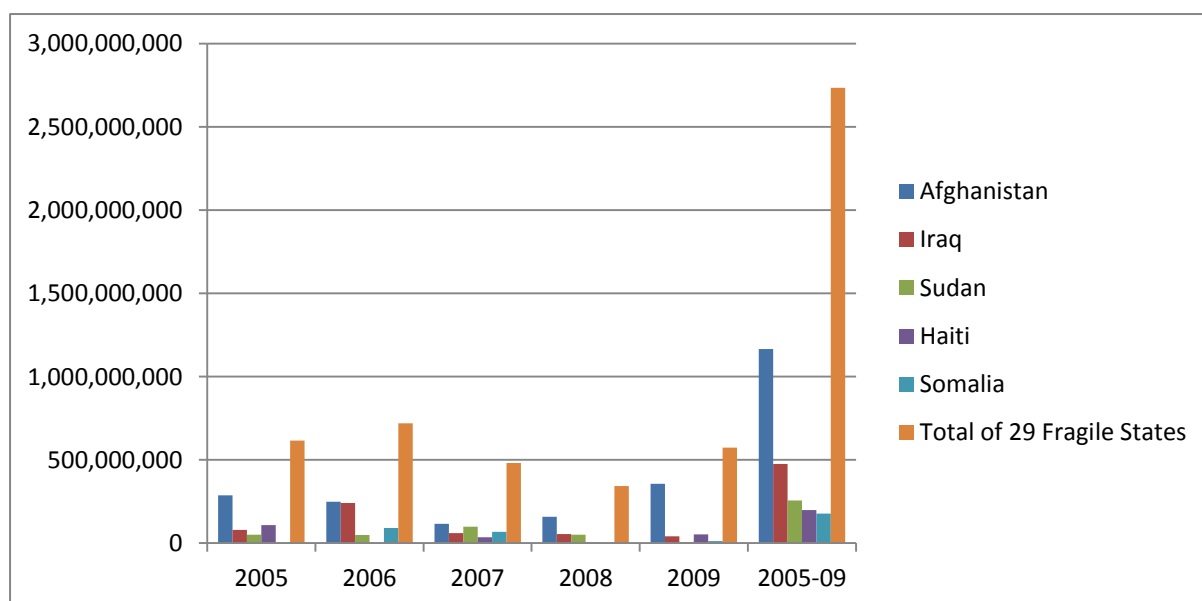
Figure 3. Disaster Prevention and Preparedness: ODA-Fragile States⁷



Note: The Unit is in US dollars, current prices

Source: OECD – DAC database, World Bank

Figure 4. Reconstruction Relief and Rehabilitation ODA-Fragile States⁸:



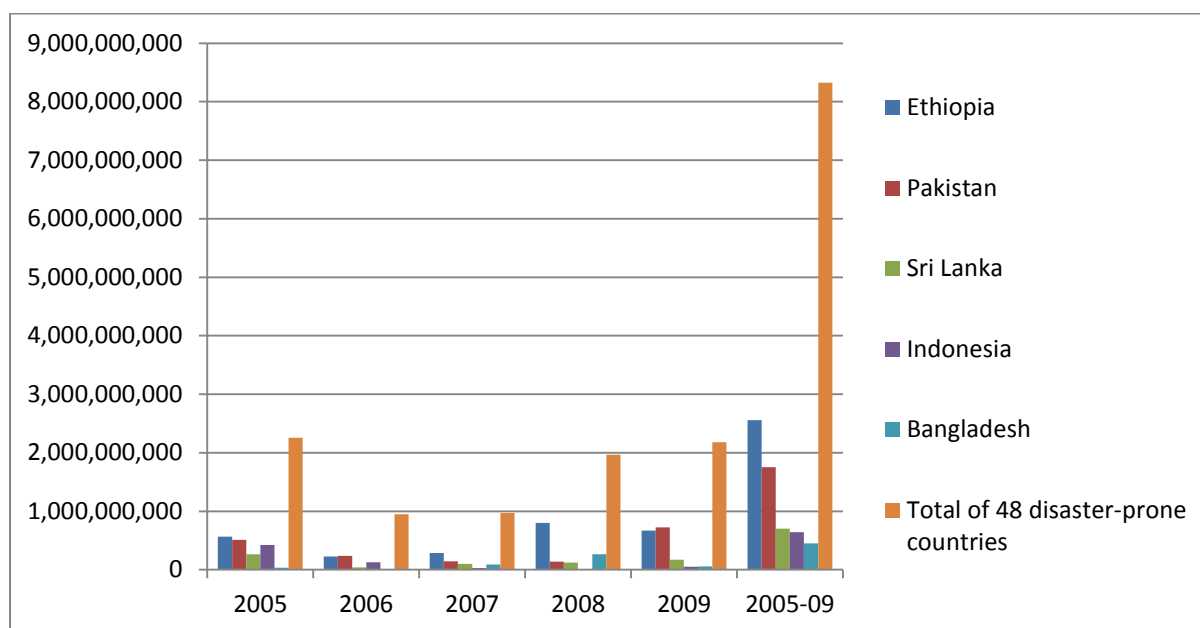
Note: The Unit is in US dollars, current prices

Source: OECD-DAC database, World Bank

⁷ Definition according to the World Bank, as of 19 October 2010

⁸ *Ibid*

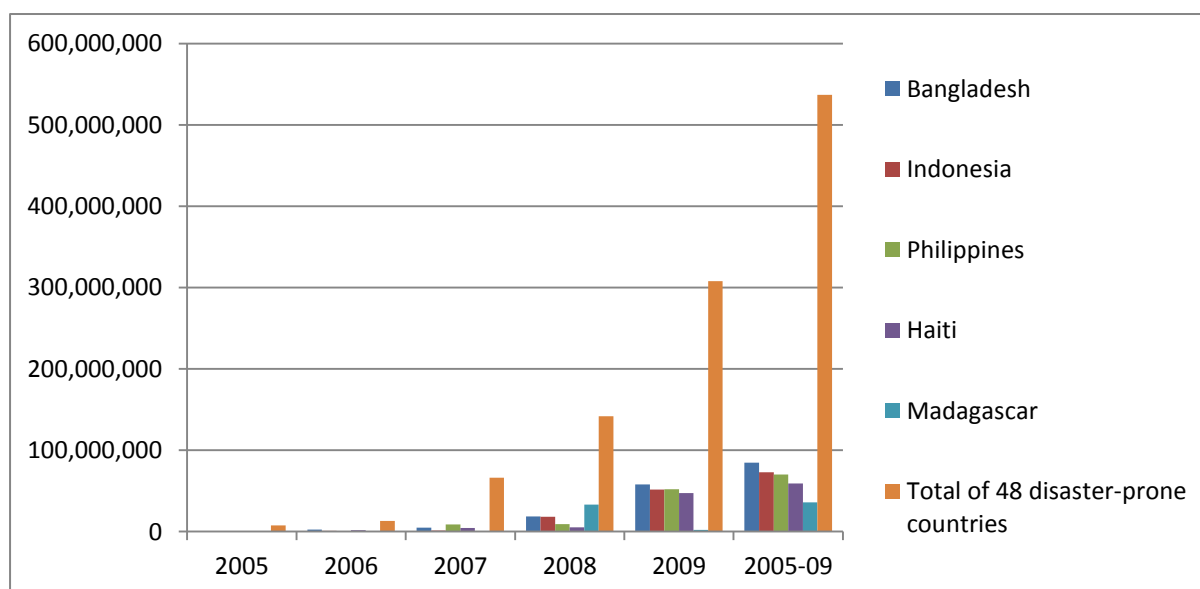
Figure 5. Disaster prone countries⁹



Note: The Unit is in US dollars, current prices

Source: OECD-DAC database, EM-DAT, World Bank

Figure 6. Disaster Prevention and Preparedness ODA-Natural Disaster Prone Countries¹⁰:



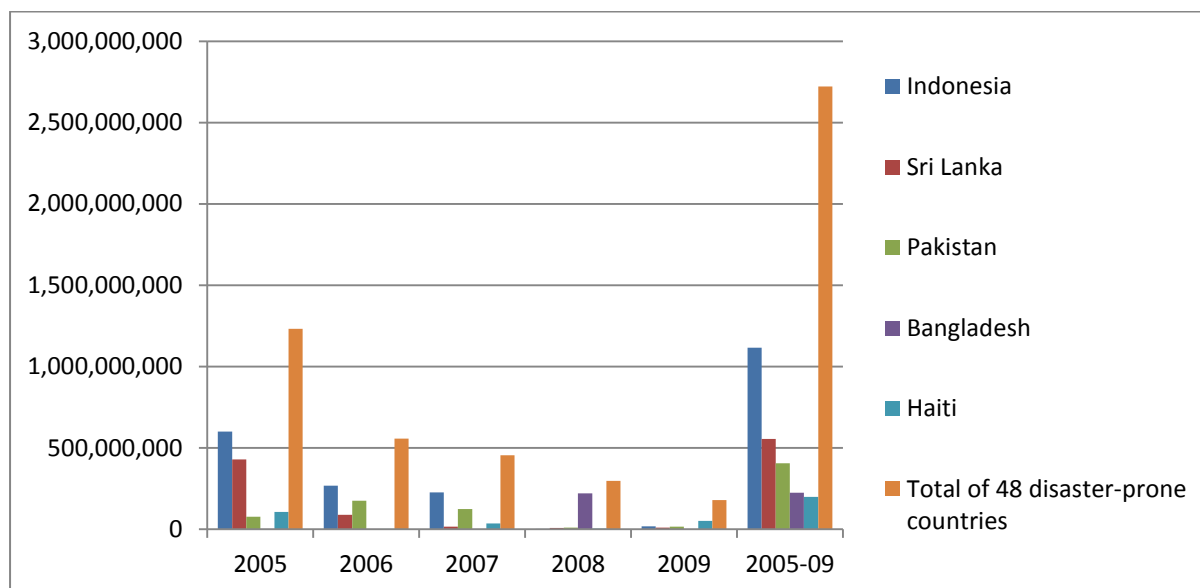
Note: The Unit is in US dollars, current prices

Source: OECD-DAC database, EM-DAT, World Bank

⁹ Disaster prone countries are defined as: listed by World Bank GFDRR as priority / donor-earmarked OR top-30 in average economic damage caused by natural disaster per year over average GDP from 2005 to 2009, all in current prices. Note that the US were in the top-30 damage/GDP list, but were taken out as they were not relevant for the analysis.

¹⁰ *Ibid*

Figure 7. ODA Flows for Reconstruction and Rehabilitation-Natural Disaster Prone Countries¹¹.



Note: The Unit is in US dollars, current prices

Source: OECD-DAC database, EM-DAT, World Bank

17. Common humanitarian support services

Follow-up to JIU recommendation 14 in Chapter IV of the JIU tsunami report should be given with respect to:

- How common humanitarian support services are funded;
- How the Emergency Telecommunications Cluster should be led; and
- How can an improved humanitarian logistic support system be universally applied, taking into account the Humanitarian Supply Management System (SUMA)?

18. The independent oversight bodies within the United Nations system should be tasked to provide system-wide independent evaluation of financing for humanitarian and related operations provided by the UN system organizations in a selected number of disaster-prone countries and/or fragile States taking into account their expressed interest in such evaluation.

(Local authorities in Sudan wanted to strengthen its ownership on the financing for humanitarian plans and projects and evaluating the use of the funds committed thereon, thus ensuring the better monitoring of the work of aid agencies in Sudan)

III. ACCOUNTABILITY

19. Most UN agencies engaged in humanitarian operations possess distinctive mandates, varied funding procedures and modalities, vastly different operating procedures, and have a wide disparity in institutional policies and procedures.

20. The Office for the Coordination of Humanitarian Affairs (OCHA) has not been able to track the exact use of fund expenditures committed by donors to UN system organizations.

¹¹ Ibid

21. The current multilateral data and information systems remain fragmented
22. Players have been unable to track and monitor aid flows and expenditures as a whole.

Possible conclusions:

In order to harmonize and improve quality of reporting:

(a) There should be a common and comprehensive database where aid agencies and donors can obtain real and operational information that will serve for their policy and planning. This data should be disaggregated by sector, cluster, and by stage of management cycle of disasters and complex emergencies, covering transition from relief, recovery, reconstruction, and prevention and mitigation. It will serve for a harmonized humanitarian project database bridging the UN Development Operations Coordination Office (DOCO), UNDP and OCHA as well as the International Finance Institution (IFI), and multilateral development organizations; and

(b) Harmonize reporting formats and methodologies through a peer review among agencies.

23. To strengthen financial accountability through system-wide auditing and evaluation:

The UNGA should undertake an in-depth review of the implementation of administrative and financial recommendations of the UN Panel of external auditors on the lessons learned through the Indian Ocean tsunami¹². This report is the first system-wide audit report ever undertaken but yet to be followed up by the agencies.

24. Central Emergency Response Fund:

- It is yet to establish appropriate guidelines to work in a complementary fashion with the CHFs and Emergency Response Funds (ERFs) in the field.

- Some regional humanitarian organizations and humanitarian organizations noted considerable delay in the approval of the projects they had proposed for Latin American countries.

Possible conclusion: The ERC should set a formal lead time required for approval of proposals from the implementing agencies, and constantly monitor the implementation of the deadline.

25. High level of Unliquidated Obligations (Figure 8)

Possible conclusion: The ERC should ensure expeditious financial reporting from the organizations concerned including their implementing agents (NGOs), and speedily liquidate obligations and identify unencumbered and/or unspent balances for further commitment.

26. Multi-Donor Trust Fund reform:

Some aspects of the Multi-Donor Trust Fund (MDTF) financing could be improved by the actions identified as follows:

¹² Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, Observations and recommendations on the intervention of the United Nations, its Funds, Programmes and Specialized Agencies in the aftermath of the Indian Ocean tsunami of 26 December 2004.

(a) General guidelines

27. The IASC under the guidance of the UNGA through ECOSOC should establish a system-wide general guidelines on the establishment, and provision of funds and replenishment, of emergency reserves as a mechanism to enable the humanitarian and other assistance organizations concerned to extend quick and timely assistance and bridge the gap between commitment and mobilization of the funds required. It should establish a consistent framework for the best use of existing sources of funds, and the swapping of resources, and propose it for approval by the UNGA.

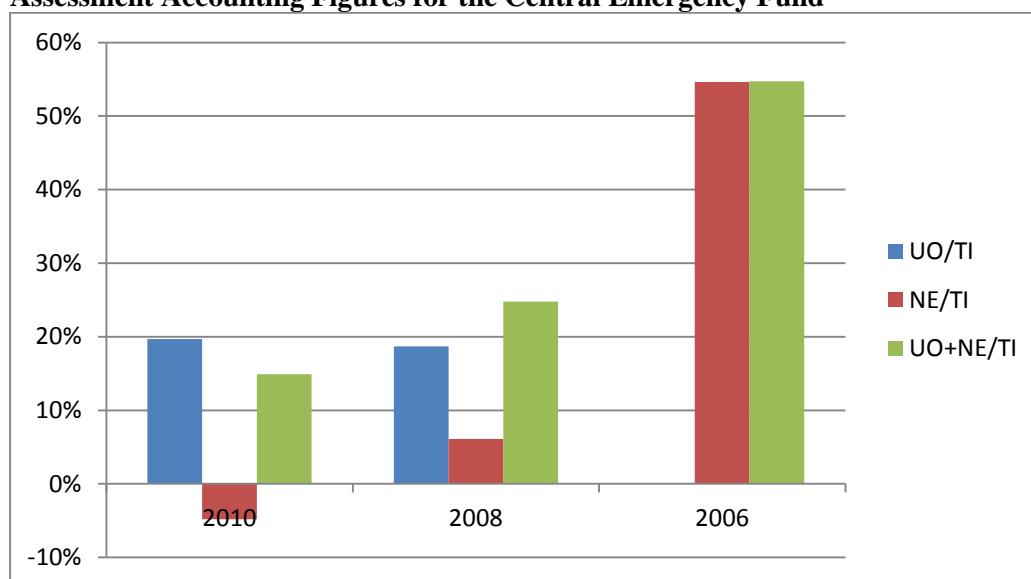
28. The programme managing agencies and administrative agencies of the MDTFs should develop a common and agreed consolidated process of fund-raising and financial tracking mechanism on a country by country basis with indication of commitments and use of resources by sector/and or cluster, which will assist donors, implementing agencies and stakeholders/recipients in participating in humanitarian and development assistance processes. It will establish eventually a consolidated account of the resources mobilized at the country level.

(b) Disposition of unliquidated obligations and unspent balances

29. Development of agreed and standard procedures to monitor and dispose unliquidated obligations and unspent-balances in the accounts of multilateral resources raised through MDTFs and trust funds¹³.

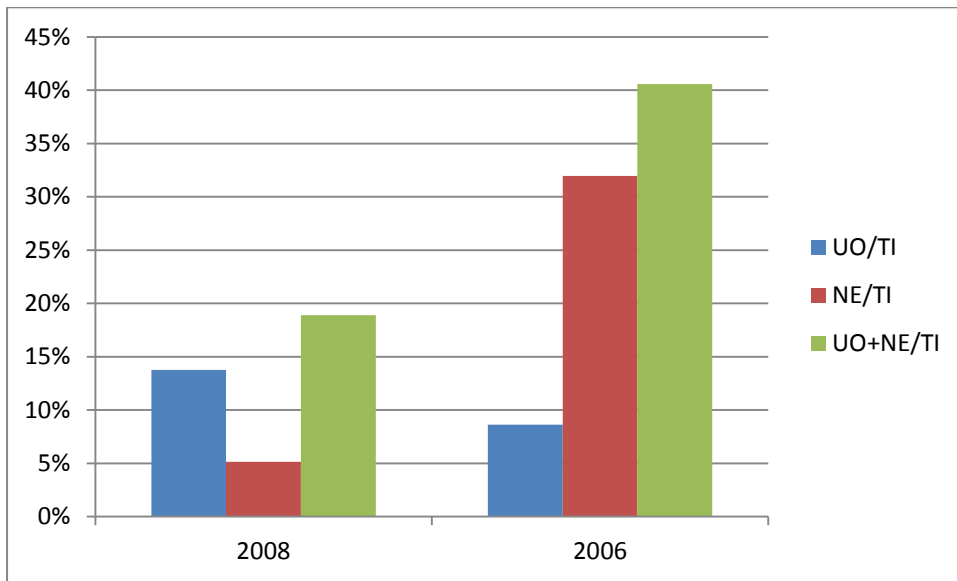
Figure 8: Review of Unobligated balances and Net Expenditures.

Assessment Accounting Figures for the Central Emergency Fund



¹³ In CHF in Sudan, 5 to 7 % unspent balances or UOs is an indication of good financial performance. The disposition of unspent balance in the CHF is subject to the decision of the HC. This seems to be an innovation. It is necessary to draw the opinion of the UN Controller's whether this part of the TOR is compatible with the UN financial regulations and rules.

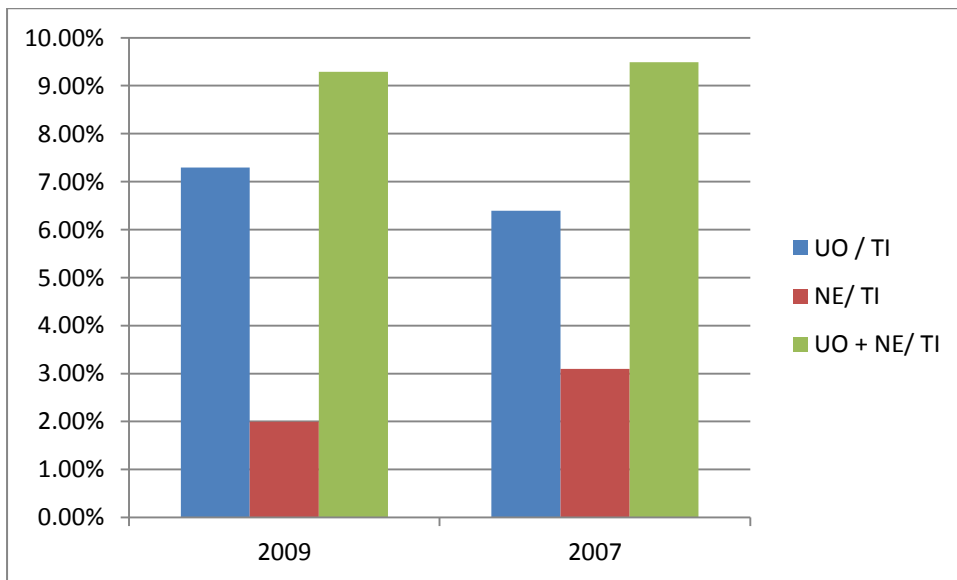
Assessment Accounting Figures for the UN General Trust Funds - Human Rights and Humanitarian Affairs



Note: In the charts' legend, UO stands for Unliquidated Obligations, TI for Total Income, and NE for Net Excess (shortfall) of income over expenditure

Source: Financial statements of individual trust funds for the biennium 2008-2009 ending 31 December 2008

Assessment Accounting Figures for the UN General Fund



Note: In the chart's legend, UO stands for Unliquidated Obligations, TI for Total Income, and NE for Net Excess (shortfall) of income over expenditure

Source: A/65/5 (Vol. I), Statement V

ANNEX

Central question:

How effectively does the UN system mobilize multiple financing mechanisms and instruments to promote a wide range of diverse humanitarian operations in a systematic and comprehensive way?

Specific questions:

QUESTION 1: Does the UN system have a governance framework by which to integrally manage varied financial mechanisms to provide funds and resources for various humanitarian assistance activities and related humanitarian operations?

QUESTION 2: Why has the international humanitarian financing system been diversifying?

QUESTION 3: Do existing UN financing mechanisms ensure that the current international humanitarian assistance system fully abides by the principles of impartiality, neutrality, independence and humanity?

QUESTION 4: Does any system-wide coordination mechanism exist to govern and manage the whole humanitarian operation process which encompasses relief, early recovery, recovery of livelihood disaster, disaster prevention and reduction, and reconstruction and/or peace-building?

END