THE ADDED VALUE OF FLEXIBLE FUNDING TO THE ICRC
Cover photo:

Philippines. The ICRC distributes aid to families.

(L. Dela Cruz/ICRC)
THE ADDED VALUE OF FLEXIBLE FUNDING TO THE ICRC

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INTRODUCTION

As the International Committee of the Red Cross (ICRC) states in its Institutional Strategy 2019–2022, the human cost, direct and indirect, exacted by armed conflict and other situations of violence is appalling. Every day, hundreds of thousands of civilians throughout the world are persecuted, abused, displaced, wounded or killed and regularly denied the fundamentals of humanity. The number of civilian deaths caused by conflicts doubled between 2010 and 2016 and the number of people displaced, missing or behind bars owing to conflict and violence is greater than at any point in several decades. Short-term humanitarian problems caused by conflict and violence are made worse by longer-term trends like climate change, population growth, urbanization and uneven economic development.¹

Preventing, responding to and/or ending conflict and violence have been made more difficult by an increasingly fragmented international order and a lack of diplomatic solutions. The politicization of principled humanitarian action threatens to further reduce the neutral space required for responding to the consequences of increasingly complex and intractable conflicts.²

The availability of non-earmarked and loosely earmarked funding (hereafter flexible funding) is crucial for aid agencies to put the humanitarian imperative into practice. However, most multilateral and humanitarian organizations, including the ICRC, have witnessed a decline in the portion of their income received as unearmarked, core contributions.

The Grand Bargain³ includes a number of commitments aimed at improving the quality of humanitarian funding and progressively reducing the level of earmarking. The 2019 independent report on the Grand Bargain,⁴ however, indicated that there has been limited progress on these commitments. The report emphasizes the critical importance of increasing the predictability and flexibility of funding in order to achieve the Grand Bargain’s goal of improving the efficiency and effectiveness of humanitarian action.

While the Grand Bargain commitments aim to achieve a global target of 30% flexible humanitarian funding, the ICRC estimates that it needs 40% in order to ensure operational flexibility.

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¹ Available at: https://www.icrc.org/en/publication/4354-icrc-strategy-2019-2022. (All webpages were accessed in May 2020)

² Idem.

³ The Grand Bargain is a set of proposed reforms put forward by major donor countries and humanitarian organizations to improve the efficiency and effectiveness of humanitarian financing.

1 METHODOLOGY AND FOCUS OF THE REPORT

This report is based on 36 interviews with ICRC staff (33% female, 66% male) at headquarters and in the field (from eight different ICRC delegations) and representatives from five donor countries. In addition, it includes an analysis of secondary data and documentation provided by the ICRC and of documentation developed as part of the Grand Bargain work on Enhanced Quality Funding. The interviews, review of secondary data and documents, and analysis were carried out by an independent consultant.

The two objectives of the study are to: 1) showcase and document how flexible funding enables the ICRC to fulfill its mandate, in a neutral, impartial and independent manner, to rapidly respond to identified humanitarian needs; and 2) identify and map out patterns in the allocation and use of flexible funding in armed conflict and other situations of violence (before, during and after crises).

The added value of multi-year funding is not a key focus area of this report but it is touched upon when discussing certain operations, such as those dealing with the effects of past conflicts and/or protracted crises.

The report seeks to indicate how flexible funding enhances effectiveness rather than efficiency. The latter is partially included in the study but would have called for a deeper economic analysis and a narrow “value for money” perspective. The report therefore demonstrates “relevance” for money” by showcasing the specific advantages of flexible funding to the ICRC’s humanitarian work. This relevance is derived from the ICRC’s unique mandate, its multidisciplinary approach, and its work on prevention, which includes engaging with parties to a conflict. Relevance is also determined by the agility of the ICRC’s programmes to respond to changes in a context and to evolving humanitarian needs; as will be shown throughout this report, an agile response is greatly enhanced by flexible funding.

Finally, while the ICRC is well aware that decision-making within donor countries on the level of earmarking is highly influenced by political factors, this report deliberately focuses on humanitarian arguments to demonstrate the benefits of flexible funding.

2 FLEXIBLE FUNDING: DEFINITIONS, RECENT TRENDS, BENEFITS AND OBSTACLES

2.1 DEFINITIONS

For the ICRC, the term “earmarking” designates contributions attributed to a specific purpose. It distinguishes the following levels of earmarking:

<table>
<thead>
<tr>
<th>TERMINOLOGY</th>
<th>RANGE/RESTRICTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-EARMARKED</td>
<td>• general ICRC</td>
</tr>
<tr>
<td></td>
<td>• ICRC field or headquarters budget</td>
</tr>
<tr>
<td>LOOSELY EARMARKED (REGION AND/OR PROGRAMME)</td>
<td>• one of the five geographical regions: Africa, Americas, Asia and the Pacific, Europe and Central Asia, Near and Middle East</td>
</tr>
<tr>
<td></td>
<td>• one of the four programmes: Protection, Assistance, Prevention, Cooperation</td>
</tr>
<tr>
<td></td>
<td>• one of the four programmes for one of the five geographical regions</td>
</tr>
<tr>
<td>COUNTRY EARMARKED</td>
<td>• one of the ICRC’s field operations</td>
</tr>
<tr>
<td>TIGHTLY EARMARKED</td>
<td>• a specific programme or sub-programme within one context</td>
</tr>
</tbody>
</table>

5. The term delegation is used to describe the ICRC’s presence as well as premises in a context. ICRC staff in the following countries were interviewed: Bolivarian Republic of Venezuela, Colombia, Ethiopia, Israel and the occupied territories, Philippines, Russian Federation, Sri Lanka and Syrian Arab Republic.

6. For more details, see: https://interagencystandingcommittee.org/Quality-funding.

7. Based on the definition of the Organisation for Economic Co-operation and Development’s Development Assistance Committee: “The extent to which the intervention objectives and design respond to beneficiaries’, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.” Available at: http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

8. The ICRC’s definition of earmarking is in line with Grand Bargain reporting guidelines.
2.2. **RECENT TRENDS IN FLEXIBLE INCOME RECEIVED BY THE ICRC**

**EVOLUTION OF EARMARKING: 2015–2019**

Non-earmarked and loosely earmarked contributions accounted for 29.8% of the total contributions to the ICRC in 2019. Within a five-year timeframe, the 2019 figure is an increase compared to the record low of 28.1% in 2017 but still below the 2015 flexible contributions, which comprised 34.2% of total contributions for that year. The amount of totally non-earmarked contributions has gone down for the first time since 2016, while loosely earmarked contributions have continued to increase for the third consecutive year. Country earmarked funding have decreased for the third year in a row: 54% in 2019. The amount of tightly earmarked contributions reached a record high in 2019, both in terms of total amount and percentage out of the total contributions.

**EVOLUTION OF EARMARKING: 2015–2019**

<table>
<thead>
<tr>
<th>Year</th>
<th>Totally non-earmarked</th>
<th>Loosely earmarked (region/programme)</th>
<th>Country earmarked</th>
<th>Tightly earmarked</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>395</td>
<td>395</td>
<td>1,032</td>
<td>924</td>
</tr>
<tr>
<td>2016</td>
<td>374</td>
<td>374</td>
<td>1,023</td>
<td>992</td>
</tr>
<tr>
<td>2017</td>
<td>1,172</td>
<td>1,172</td>
<td>1,023</td>
<td>992</td>
</tr>
<tr>
<td>2018</td>
<td>1,121</td>
<td>1,121</td>
<td>1,023</td>
<td>992</td>
</tr>
<tr>
<td>2019</td>
<td>1,061</td>
<td>1,061</td>
<td>1,023</td>
<td>992</td>
</tr>
</tbody>
</table>
Because the ICRC cannot always implement its activities as planned or may receive more earmarked funding than what has been budgeted for, some delegations register a surplus at the end of the year. Although some donors accept having their contributions being carried over into the next year, this flexibility does not resolve the problem caused by the deficit accumulated by delegations that are predominately dependent on flexible funding because they do not attract country earmarked funding. These delegations have to be supported with the limited amount of flexible funding.

A small group of donors champions flexible funding: they provide half, or more, of their contributions without earmarking. Some of them have been doing this for years and some are even providing flexible funding in the form of multi-year agreements, which greatly enhances predictability. Other donors are using next-best alternatives to non-earmarking; for example, they consult the ICRC on underfunded operations and earmark their contributions to these underfunded contexts. Some donors also ensure that their annual contributions are transferred early in the year, easing treasury concerns at the start of the financial year.

### 2.3. BENEFITS OF FLEXIBLE FUNDING

The qualitative benefits of flexible funding can be divided into three main categories that form the basis of this report:

- Flexible funding enables humanitarian organizations to independently and impartially allocate funds based on needs, including those for so-called forgotten crises that receive little media attention. Flexible funding also gives humanitarian organizations the capacity to respond rapidly to evolving humanitarian needs. This aspect is the focus of Chapter 4, *The added value of flexible funding to the ICRC’s operations*.

- Flexible funding is essential for humanitarian organizations to implement their core priorities, strategic plans and objectives, as defined by their mandates and/or determined by their governing bodies. This aspect is the focus of Chapter 5, *The added value of flexible funding to the ICRC’s core thematic priorities*.

- Flexible funding provides humanitarian organizations with the long-term stability to more effectively manage programme implementation, including administrative matters. This aspect is the focus of Chapter 6, *The institutional value of flexible funding to the ICRC*.

### 2.4. OBSTACLES TO PROVIDING MORE FLEXIBLE FUNDING

While there is general agreement on the benefits of flexible funding, many donor governments face mounting challenges in maintaining the levels of their flexible contributions, let alone increasing them. There are political obstacles as well as technical concerns in many donor countries regarding the increase of flexible funding.¹⁰

A 2017 background paper¹¹ summarized the findings of two surveys conducted among donors that are signatories to the Grand Bargain on their perceived obstacles to reducing earmarking. The results showed the following main concerns: donors wanted more timely and granular reports on the results achieved with flexible funding; they needed more visibility and recognition for their unearmarked contributions; and they voiced questions and concerns about the lack of transparency on how un-earmarked funds were allocated, including the criteria and decision-making processes employed by aid agencies. Similar concerns were echoed in subsequent Grand Bargain reports in 2018 and 2019.

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Donors who provide high levels of flexible funding have also voiced their concern that unearmarked funding subsidizes earmarked funding by paying for the increased administration costs. Donors have expressed the need for adequate evidence on the benefits of quality funding, to better demonstrate the value of this kind of funding to politicians and to the public and to help justify the risks inherent to its provision.12

In an effort to address some of these concerns, the ICRC has been providing a report on unearmarked funding to its Donor Support Group13 annually since 2017. At the Grand Bargain annual meeting in 2019, the ICRC specifically committed to commissioning a report on the added value of flexible funding to its operations.

THE BUDGETING PROCESS WITHIN THE ICRC

The ICRC’s annual budget is based on the objectives set for the year and covers activities from 1 January to 31 December. It is broadly divided into two parts: the budget for the operations of the ICRC headquarters in Geneva, Switzerland; and the budget for operations carried out by ICRC delegations in the field. The ICRC’s operations are not contingent on the level of contributions pledged or received, although the ICRC endeavours to be realistic when setting its objectives and budgets.

The budgeting process for field operations starts in July–August with an indicative budget envelop set for each of the ICRC’s five geographical regions. In September, each delegation begins its annual internal planning process, which is known in–house as the Planning for Results or PfR process. The PfR process comprises an assessment of needs, a contextual analysis of the operational environment and the ICRC’s capacity and ability to deliver. It also includes an assessment of major risks that could prevent the ICRC from achieving its objectives, and the definition of objectives, plans of action, indicators and the corresponding budget for the year ahead. All budgets are subject to yearly validation by the Directorate (the ICRC’s executive body) and the Assembly (the ICRC’s supreme governing body).

The objectives and plans of actions set by delegations and their corresponding budgets are presented in the ICRC’s yearly Appeals, which are the main tools by which the organization seeks funding for its activities worldwide. Donors can provide their contributions to the ICRC as non-earmarked, loosely earmarked, country-earmarked or tightly earmarked funding. Over the course of the year, delegations implement their activities as planned and, in the process, accumulate expenditure. Adjustments to the initial budgets may be made in the form of budget extensions, which are decided by the Department of Operations if the estimated expenditure in a specific context is at least 10% higher than the budget set by the delegation. Budget extensions are often necessitated by a significant development in the security or humanitarian situation, such as an intensification of the crisis owing to increased hostilities or other factors (e.g. a natural disaster that compounds the effects of conflict), and/or an increase in humanitarian access for the ICRC. Budget extensions are approved by the Directorate and the Assembly Council, which is a subsidiary body of the Assembly. As with the activities covered in its yearly Appeals, the ICRC frontloads the funding related to budget extensions before donors’ contributions are confirmed. The ICRC informs donors of the expanded activities and/or operational shift and the amount required to cover these through a Budget Extension Appeal.

Each delegation produces a consolidated report of its expenditure and calculates their implementation rate for the past year.14 Depending on the volume and the type of contributions received, and on the implementation rate, a delegation might close the year with a surplus of (earmarked) funding or with a negative balance in case it was underfunded. This deficit is filled by first using loosely earmarked contributions and, if these were not sufficient, by non-earmarked funding. The allocation of flexible contributions is finalized in February of the following year by the Finance and Administration Division, which is under the Department of Financial Resources and Logistics, in coordination with the Department of Operations and the Resource Mobilization Division (also under the Department of Financial Resources and Logistics).

The ICRC’s average implementation rate of 90% over the past 10 years reflects a sound and realistic budgeting and planning process. For more information on the budgeting and allocation of flexible funding processes in the ICRC, see the infographic in Annex I.

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12. ODI Grand Bargain independent report 2019, reiterates the same concern raised in the 2018 report.
13. The ICRC Donor Support Group is made up of governments, supranational organizations and international institutions that contribute a minimum of CHF 10 million in cash annually.
14. The total implementation rate is calculated by dividing total expenditure (in cash, kind and services) by the total budget.
THE ADDED VALUE OF FLEXIBLE FUNDING TO THE ICRC’S OPERATIONS

Flexible funding enables the ICRC to: establish its presence and gain acceptance in a context before a conflict breaks out; scale up its activities when needs increase significantly and/or when access to areas is granted or becomes possible; adapt its operations, in terms of size, location and type of programming, according to the evolution of needs during an ongoing conflict; and deal with the consequences of past conflict.

4.1. PATIENCE PAYS OUT: INVESTING IN ESTABLISHING RELATIONSHIPS PRE-CRISIS

The ICRC maintains a presence in several contexts considered fragile, where there is no active armed conflict but where dormant or new conflicts may break out and require immediate action. Being present before hostilities begin enables the ICRC not only to engage in prevention and capacity-building activities, and respond to real needs, but also to engage and establish relations with key stake-holders, including National Red Cross and Red Crescent Societies, and to set up the basic infrastructure that can facilitate a rapid scaling up of operations if and when needed.

SYRIAN ARAB REPUBLIC

The ICRC has been present in the Syrian Arab Republic (hereafter Syria) since 1967. It had a limited presence before the conflict in 2011, mostly working in the occupied Golan Heights to restore family links and provide livelihood support, in line with the Fourth Geneva Convention15. From 1967 to 2009, the ICRC’s main concern was around a possible flare-up of hostilities between Syria and Israel. Prior to 2009, only a handful staff members worked for the ICRC in Syria, implementing the ICRC’s role and mandate in a situation of occupation. Its long-term presence allowed the ICRC to become known to the authorities at a time when things were quiet, which facilitated its efforts to increase its operations in response to the outbreak of conflict in 2011.

In 2009, the ICRC started a small water project and established an antenna office in the Deir Ezzor governorate. In 2011, this presence was expanded to 9 out of the 11 governorates in the country, still with a technical focus on water supply but also a clear strategic element of increasing the presence and visibility of the ICRC. All water-related activities were implemented with the Syrian Arab Red Crescent, allowing the ICRC to build personal relationships, establish trust and respect, support capacity building in technical terms, and build up human-resource management systems within the Syrian Arab Red Crescent. This set up also enabled the ICRC to become familiar with the procedures related to procurement and logistics in Syria. Another key partner was the Ministry of Water Resources, which is present all over the country, including in areas that would later temporarily fall outside of the control of the government. The ICRC’s long-standing relationship with the ministry helped build its credibility as an operational actor that can deliver – credibility that in turn facilitated its activities throughout the ongoing crisis. These relationships were key factors that enabled the ICRC to rapidly expand its operations when the conflict and humanitarian needs intensified.

In 2012, when the conflict was still only affecting specific areas, the ICRC had already opened offices in places where there were no active hostilities – it had expanded its presence and premises under circumstances that allowed it to do so in an orderly manner and with minimal security risks for staff members. This anticipated presence across the country was a crucial pre-condition to having a clear and impartial understanding of the needs in different areas and to the subsequent scaling up of assistance as more people became affected by the violence.

Between 2003 and 2010, the ICRC’s operations in Syria cost on average 1.46 million Swiss francs (CHF) annually, out of which an average of 82% was covered by flexible funding. This investment enabled the ICRC to lay the foundations for the unprecedented expansion of its activities when humanitarian needs amplified dramatically in terms of scale and speed. The expenditure for the ICRC’s operations in Syria grew by more than 600% from 2011 to 2012, by 200% from 2012 to 2013, and by one third from 2013 to 2014.

**BOLIVARIAN REPUBLIC OF VENEZUELA**

A similar example is in the Bolivarian Republic of Venezuela (hereafter Venezuela). The ICRC’s regional delegation\(^{16}\), established in 1971 in Venezuela’s capital city of Caracas, was a relatively small-scale operation until 2017. It covers Venezuela and activities in the Caribbean, mostly in terms of the dissemination of international humanitarian law (IHL), capacity building of National Societies and response to the needs of vulnerable migrants. In 2018, the overall socio-economic situation in Venezuela began to deteriorate further, forcing people to look for better living conditions and income-generating activities in border areas and neighbouring countries or islands. In response, the ICRC considerably bolstered its support for vulnerable people affected by violence and/or in transit. For instance, it helped set up five sites along the migration route where people could use tracing and other family links services offered by the International Red Cross and Red Crescent Movement’s\(^{17}\) (referred to hereafter as the Movement), which included internet and mobile phone-charging services, to contact their relatives. Particularly vulnerable people – unaccompanied or separate minors and destitute families, for example – received ad hoc financial support for covering the costs of their food, transportation and/or temporary lodgings.

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\(^{16}\) As of January 2020, the ICRC regional delegation in Caracas covers the following: Bolivarian Republic of Venezuela, Trinidad and Tobago, Aruba, Bonaire, Curaçao.

\(^{17}\) International Red Cross and Red Crescent Movement comprises the ICRC, the International Federation of Red Cross and Red Crescent Societies and the National Red Cross and Red Crescent Societies. These are all independent bodies. Each has its own status and exercises no authority over the others.
The ICRC was able to scale up its response in a timely manner with the help of its long-term presence in Venezuela. While the former President Hugo Chavez was detained in the 1990s, he received visits from ICRC delegates. The memory of this support helped to reinforce the ICRC’s reputation as a neutral and trustworthy organization. When the situation in 2018 called for greater assistance, the ICRC was able to increase its operations much faster than other agencies who had to establish their presence, programmes and legal basis from scratch.

Between 2003 and 2016, the average expenditure of the Caracas regional delegation was CHF 1.32 million per year, which was funded entirely from flexible income. In 2017, 60% of the increased efforts were funded through flexible contributions as additional donor funding was not coming in proportionately to the scale-up. In 2019, a budget extension was launched to enable a significant increase of the response.

### CARACAS (REGIONAL)
**CONTRIBUTIONS AND EXPENDITURE: 2009–2019**

![Graph showing contributions and expenditure from 2009 to 2019.]

#### 4.2. READY TO RESPOND: PROMPTLY ADDRESSING THE NEEDS OF CONFLICT AND VIOLENCE AFFECTED PEOPLE

One of the strengths of the ICRC is having access to areas where other actors cannot or do not want to work. If it is accepted as a neutral and impartial organization, the ICRC can start or maintain operations in highly insecure contexts and scale up its activities immediately when the needs on the ground require it to do so or when access becomes possible.

**ETHIOPIA**

In Ethiopia, increased communal tensions and disputes over resources or territory, often result in violence between ethnic groups. In the region of Oromia, violent clashes take place between State forces and an armed group known as the Oromo Liberation Army. Political protests in the country sometimes turn violent. The clashes have killed a large number of people and displaced tens of thousands. Livelihoods have been destroyed and recurrent drought and failed harvests are additional aggravating factors. Numerous people have lost livestock and other productive assets and the levels of food insecurity and acute malnutrition have risen dramatically.
The ICRC supports displaced people in the country (e.g. in Oromia) by distributing essential household items and livelihood support, constructing water, shelter and sanitation facilities in temporary camps, and improving access to health care. Through Red Cross messages, the ICRC facilitates contact between members of families separated by violence, migration and other circumstances. The ICRC also visits federal and regional prisons.

The Somali Regional State is the site of persistent ethnic violence, particularly along its border with Oromia. It also remains the epicenter of drought. However, aid agencies have struggled to respond to these severe needs, including the ICRC, who suspended its operations there in 2007, upon the request of the regional government at the time. In latter part of 2018, the ability of the ICRC to respond to humanitarian needs in the Somali Regional State improved significantly when the newly appointed regional and federal authorities allowed it to resume its activities there. That same year, the ICRC opened a sub-delegation in the region’s capital and carried out activities that included establishing mechanisms for referring disabled people to a nearby physical rehabilitation centre and visiting a prison in the region. In February 2019, the ICRC, together with the Ethiopian Red Cross Society, conducted its first distribution of aid in the area since 2007, providing shelter materials, blankets, soap and other essential items to approximately 4,100 internally displaced people.

Until 2017, the ICRC had received very little earmarked funding for its humanitarian operations in Ethiopia. The work in Ethiopia was funded using, on average, CHF 12.3 million of flexible contributions each year from 2014 to 2018, putting it sixth in the ranking of ICRC delegations in terms of the total volume of their expenditure covered using flexible funding.
In early 2019, the ICRC launched a budget extension appeal for Ethiopia, reflecting greater and expanded operational ambitions because of improved access to the Somali Regional State. With the additional budget, the ICRC was able to increase its targets for its assistance activities around the country, but particularly in the Somali Regional State. The number of people it planned to help with water projects was increased by more than 650% and the number of health facilities it planned to support was almost doubled. In addition, the ICRC was able to increase its provision of support (e.g. medicines, equipment and other material) for livestock vaccination and treatment campaigns carried out by the authorities and local service providers to help pastoralist households keep their animals alive, which is a key livelihood asset in many parts of the country, especially in the semi-arid region.

FLEXIBLE FUNDING AND THE ICRC’S RESPONSE TO THE COVID-19 PANDEMIC

With COVID-19 spreading throughout the world, fragile and conflict-affected countries are particularly exposed; their health systems are often weak, and their economies strained. Considering the unprecedented scale and complexity of this crisis, donors and aid organizations recognize the importance of flexible funding to facilitate a rapid and agile response to unpredictable and changing needs.

The ICRC has adapted its operational response to address the consequences of this crisis in areas where it has the most impact, working in close coordination with other components of the Movement and complementing the broader international response of the United Nations (UN). By April 2020, around 20% of ICRC’s initial budget and plans for 2020 had already been re-oriented towards the COVID-19 response. The ICRC’s activities include providing support to health systems and carrying out humanitarian activities in detention centres and in camps for internally displaced persons. Flexible funding is particularly relevant in response to this crisis, both in terms of agility and geographic coverage.

Israel and the occupied territories. The ICRC delivered a large consignment of intensive care equipment to the health authorities in the Gaza Strip.
In Israel and the occupied territories, the ICRC has continued to support the health system, working specifically to enhance the Gaza Strip’s capacities to respond to the COVID–19 crisis. It has supported the de facto health authorities and hospitals in Gaza with medical supplies and emergency room equipment, and materials to set up isolation units, including mattresses, blankets and tents. It has also provided volunteers of the Palestinian Red Crescent Society with personal protective equipment and hygiene items. Through repairs and upgrades to infrastructure and heavy machinery and other assistance, the ICRC has helped ensure the availability of electricity, which is essential for powering hospitals and other critical facilities; and water and waste-water services, which are crucial for maintaining hygiene conditions and thus for preventing the rapid spread of the virus.

Building on its well-established engagement with jail and prison authorities in the Philippines, the ICRC was able to raise awareness of the urgent need for isolation units in the country’s extremely overcrowded prisons. During the countrywide lockdown period, the ICRC was given unique access to four of the most overcrowded facilities to build isolation units. Within a few days, the ICRC, together with the Philippine Red Cross, was able to provide the necessary material for the units and technical advice on how to set them up. The ICRC has also contributed to improving the capacity of the health system in remote conflict-affected areas of Mindanao, supporting referral hospitals with additional materials such as personal protective equipment and disinfectant as well as reinforcing ambulance services and blood bank facilities.

The ICRC’s regional delegation covering Mexico and Central America has intensified its efforts to address the most urgent humanitarian needs of vulnerable migrants and asylum seekers, who are disproportionately affected by the COVID–19 pandemic owing to their poor living and working conditions. The ICRC has worked closely with the Mexican Red Cross to assist these populations by providing them with access to shelters, health–care services and hygiene materials and enabling them to contact their families. It has sought to monitor the detention of migrants and document protection cases, including violations of principle of non-refoulement and conditions of deportations. The ICRC has supported National Societies in the region to fulfil their role as auxiliary bodies to the national authorities. In Honduras, for example, the Honduran Red Cross was given financial and material support to manage mobile clinics for COVID–19–patients. In Nicaragua, the ICRC provided financial and material support to the Nicaraguan Red Cross, which is mounting a massive hygiene–promotion campaign. ICRC forensic experts has shared recommendations for the management of COVID–19 deaths with the authorities in the region.

Thanks to its long-standing presence and established reputation as a neutral intermediary, the ICRC has a unique ability to negotiate humanitarian access in conflicts and “forgotten crises”. The ICRC is present in or has access to areas that are generally hard to reach – for example, places where hostilities are ongoing and areas that are not under government control. In relation to the Nagorno–Karabakh conflict, the ICRC is the only international humanitarian organization operating in the region. Years of conflict and poverty have eroded the local medical infrastructure, with a particularly dire situation outside the region’s main city. The COVID–19 pandemic affected the already vulnerable livelihoods of communities and disrupted the education of children. The ICRC has given cash to elderly people living alone, so they can stock up on supplies prior to the outbreak of the crisis. It has also distributed disinfectant, hygiene and personal protective equipment to five local hospitals, the forensic institute, and five social institutions serving elderly people, orphans or people with physical disabilities, as well as to detention centres. At one hospital, the ICRC installed oxygen supply to treat COVID–19 patients with respiratory difficulties. The ICRC has also donated tablets to the most vulnerable children living in 11 villages close to the line of contact and whose schools had been closed owing to the COVID–19 outbreak, so that they can continue their education through distance learning.

4.3. **STAY AND DELIVER: CARRYING OUT AGILE OPERATIONS DURING CONFLICT SITUATIONS**

Many of today’s conflicts are protracted and present different challenges at different times. Hostilities often result in deaths, injuries and displacement; communities are affected by the cumulative deterioration of basic services and the lack of livelihoods. The agility to conduct activities and to expand or curtail them according to needs rather than the availability of earmarked funding, and proximity to affected populations remain critical to the ICRC’s operational approach in conflict-affected contexts.

**ISRAEL AND THE OCCUPIED TERRITORIES**

The ICRC has been present in Israel and the occupied territories since 1967, working to alleviate the situation of people affected by occupation policies and outbreaks of hostilities and violence. In 2014, the ICRC analysed its added value in this context and concluded that it was possible to: stop its assistance activities on the West Bank and continue only its protection activities, because other actors also had good access there; and, at the same time, increase its assistance activities in the Gaza Strip, where needs were considerably higher and where the ICRC’s existing limited resources could have a greater impact on vulnerable people.

In 2018, mass protests broke out at the Gaza-Israel border: in the first three quarters of the year, violent incidents resulted in at least 160 deaths and 19,000 injured, of whom about 4,700 had weapon wounds. Health facilities did not have sufficient operational capacities to cope with the sudden mass influxes of casualties, which meant that some patients could not obtain proper treatment, and that others had to be discharged prematurely and thus risked complications\(^{19}\). In response, the ICRC massively scaled up its support to Gazan health services, especially those treating people wounded during protests. In addition to providing 13 Gazan hospitals with supplies and spare parts for power-supply systems, the ICRC also opened a surgical ward in one hospital and gave some staffing support to two others, during days of mass protests. The ICRC launched a budget extension appeal in October 2018 to raise additional funding for this increased humanitarian assistance.\(^{20}\)

Aware of the protracted nature of the situation in Gaza, the ICRC also looks at the broader systemic issues there and seeks to help Gazans to strengthen their resilience. The unreliable energy supply was identified by the ICRC as a key underlying problem. Because of the unstable electricity, water and waste treatment plants, health structures and economic facilities could not function at full capacity. This resulted in the contamination of the water, air and soil in Gaza, potential long-term health issues among Gazans and restricted livelihood opportunities. Thus, in 2018, the ICRC developed a five-year plan to support providers of electricity in building secondary power lines and hybrid and integrated grids, and in promoting energy-saving measures among Gazans.

Addressing the protection needs of civilians and detainees in Israel and the occupied territories was also a priority for the ICRC, which has been allocating roughly one third of its budget in country for such activities. This work includes helping the detaining authorities to improve the treatment and living conditions of detainees, and enabling people living in the occupied territories to visit their relatives detained in Israel. The ICRC also supports the efforts of the Palestinian Authority and the Hamas de facto authorities in Gaza to improve detainees’ living conditions, including their access to health care in prisons.

Over the last ten years, the ICRC has spent, on average, around CHF 59 million annually for its operations in Israel and the occupied territories. This amount has fluctuated with spikes in hostilities and violence and with operational re-orientations: expenditure was particularly high in 2009 and 2014, and again in 2018.


The ICRC’s operations in Israel and the occupied territories are among its most underfunded, and thus reliant on flexible funding. Every year over the last five years, the expenditure for this context was covered with an average of CHF 17.5 million from flexible funding, which is the highest amount among delegations dependent on flexible funding.

Being conscious of funding constraints, the ICRC decided to consolidate the budget of this operation and ensure that the same services can be delivered with less resources. Hence, the 2020 budget is 5% less than the 2019 budget.

**PHILIPPINES**

The unpredictability and fluctuation of needs is a key feature of the ICRC’s operational context in the Philippines. Fighting persists between the Armed Forces of the Philippines and different armed groups, with varying levels of intensity. In parts of Marawi, where hostilities were concentrated in 2017, and where very few other humanitarian actors have access, infrastructure and private property remain in ruins despite the end of fighting. Thus, obtaining essential services continues to be a struggle, especially for people who are still displaced. Having few opportunities to earn money, they are often unable to cover their basic needs. Access to basic services also remains unreliable for people in other areas of Mindanao that are affected by fighting; pursuing a livelihood there remains difficult.

Civilians living in volatile areas have experienced or witnessed abuses, including sexual violence, that have resulted in psychological distress. People with missing relatives are also in need of psychosocial support. Local health facilities, however, have limited means to address people’s mental-health needs.
The ICRC is supporting affected populations in a multi-sectoral way: it provides clean water to displaced communities; enhances access to health care in conflict areas through the delivery of medicines and other supplies; helps people disabled by the conflict to regain their mobility; and addresses mental-health problems and psychosocial needs.

Protection-related activities are another important part of the ICRC’s operations, as the degree of overcrowding in detention in the Philippines is among the worst in the world, reaching up to 3,000% in certain prisons. This adversely affects the living conditions of detainees and puts them at great risk of diseases such as tuberculosis and COVID-19. The ICRC is working with prison authorities to improve health care through supplies and training for health staff and improves the living conditions through basic infrastructure projects within the facilities.

The situations of violence that characterize the situation in different regions of the Philippines are as complex as a high-intensity and highly visible conflict. The ICRC is using a networking approach to engage with a wide range of different actors in order to understand their interests and aims. While doing so, the ICRC is trying to influence the behaviour of fighters and security forces and to increase the acceptance for the organization through communication activities as well as training on the rules and principles of IHL. A key focus is on talking to actors of influence, including community leaders and clerics, who can pass messages to people in communities where armed groups are present.

In this fluid context, the ICRC needs to maintain a stable, relevant and reliable presence but struggles to fund it. Moreover, because the conflicts and the resulting needs are scattered in different parts of the archipelago, ensuring proximity to vulnerable communities and delivering assistance to them is costly. Donor government representatives present in the country show a lot of interest in the ICRC’s operations and even visit affected areas, but this has not resulted in increased levels of direct or earmarked contributions – with the exception of 2013, when the ICRC launched a budget extension appeal following Typhoon Haiyan. But already in the following year, earmarked contributions dropped significantly.

From 2015 to 2019, an average amount of CHF 13 million each year was drawn from flexible sources to cover the expenditure of ICRC operations and sustain the organization’s presence in the Philippines; this puts the operations in fourth place in terms of total average amount of flexible funding required per year over the last five years.
COLOMBIA

The presence of the ICRC in Colombia, as in other Latin American countries, is strongly characterized by protection activities. The ICRC’s role as a neutral intermediary has been recognized by parties to the conflicts in Colombia for several years – through this role, the ICRC helped in facilitating the peace agreement between the government and the Fuerzas Armadas Revolucionarias del Común (FARC). Flexible funding ensured that the ICRC was able to carry out its role.

Once the peace agreement was signed in 2016, there was a strong expectation that the ICRC would be able to reduce its operational footprint in the country. However, the country continues to struggle with the legacy of the past conflict. Numerous families remain without news of relatives who went missing in connection with the past conflict. These families have specific legal, economic and psychosocial needs.

Furthermore, the situation has deteriorated on the Pacific coast and in large parts of the east and south of the country where regular abuses committed against the civilian population by all armed groups were proliferating. In 2018, the government’s Unit for Victims Assistance and Reparation recorded a substantial increase in mass displacements, and the number of victims of anti-personnel mines and explosive devices tripled, reaching the same level as prior to the peace agreement between the government and FARC.

The crisis in neighbouring Venezuela has also affected the situation in Colombia, especially in the latter part of 2018 and in early 2019. People on the move – migrants, displaced people, asylum seekers or those moving for other reasons – attempting to enter the country are forced to take alternative violence-prone routes, usually because they do not have identification documents. Among them are unaccompanied minors and pregnant women. People are exposed to risks of being killed or are subject to sexual violence or other forms of abuse. They have limited access to communication, health care, water, education and other basic services. The influx of people, including Colombian returnees, from Venezuela has put additional pressure on Colombian residents, whose limited resources are already under strain due to the consequences of armed conflict and other violence.21

The ICRC is uniquely well-placed in Colombia to address this variety of needs and to run a meaningful response because of its long-standing presence throughout the country and level of acceptance among the authorities and armed groups. However, despite strong expressions of appreciation for the work that the ICRC delivers, donors were not accompanying the interest with proportionate levels of funding. Hence, despite good access and capacity to deliver, the ICRC delegation could not respond to as many needs as would have been possible if additional money had been available; it had to restrict its ambitions for several years until 2018. As the effect of the situation in Venezuela continued to bring needs of such an additional scale, the ICRC decided to launch a budget extension appeal for both countries in April 201922. For 2020, the budget for ICRC operations in Colombia was further increased by 21%, reaching CHF 42 million compared to only CHF 28.5 million two years before.

On average, the ICRC operations in Colombia received only CHF 17 million per year in earmarked funding over the last five years, leaving a gap of an average of CHF 10 million per year that was to be filled by flexible funding. This put the operations at ninth place in terms of total volume of flexible funding needed on average over the last five years. Without this extra funding, the ICRC would have been unable to fulfil its mission in the country and to maintain a stable presence.23

Flexible funding enables the ICRC to maintain a presence in Colombia, allowing it to respond to on-going and emergent protection needs. Flexible funding also played a crucial role in addressing the effects of the crisis in Venezuela including by opening structures along the Colombia–Venezuela border even before donors’ support for the budget extension appeal materialized.

22. Idem.
23. As shown in Colombia’s graph, and in other contexts such as ILOT, Ethiopia and The Philippines, some years indicate a total amount of flexible funding allocated that is higher than the expenditures. This is due to a negative balance brought forward. For example, as is shown in Colombia’s graph, the exceeding amount of flexible funding in 2013 was made to cover the deficit in 2012, which was carried forward to 2013.
4.4. SUFFERING DOESN’T END WHEN THE FIGHTING IS OVER: DEALING WITH THE CONSEQUENCES OF PAST CONFLICTS

When armed conflicts end, funding for humanitarian assistance usually goes down and many aid agencies that were focused on emergency response leave. Organizations who focus on development activities, meanwhile, switch their focus to initiatives such as poverty reduction. The ICRC is often one of the very few remaining humanitarian actors ready to continue dealing with the effects of past conflict and support forgotten victims: people who suffer from mental-health problems, victims/survivors of sexual violence, and the families of people who have gone missing.

A vast number of people remain missing and their families live in uncertainty and face marginalization. Families whose breadwinners have disappeared often face financial difficulties; until the fate of their relative is clarified, they may not be able to access social benefits or exercise their property and other rights. The trauma of ambiguous loss affects whole communities as well. It may last for decades, hindering societies from reconciling, as people without news of their loved ones’ fates may be unable to grieve and come to terms with the past. They need assistance long after most humanitarian assistance programmes have shut down, and the ICRC has a very unique experience in providing such assistance. The ICRC’s operations in Georgia and Bosnia and Herzegovina are examples of this experience, which is also evident in the ICRC’s activities in Sri Lanka, as further described below.

SRI LANKA

Ten years after the end of an armed conflict, Sri Lanka is shifting its focus to economic development. However, communal tensions and social unrest persist, even manifesting sometimes in violence during protests and attacks against asylum seekers and refugees. A series of bombings during Easter in April 2019, for example, killed over 250 people and injured hundreds. Some people who were arrested or detained have allegedly suffered abuse from the security forces and civilian authorities.

Thousands of people are missing as a result of the past armed conflict. Around 16,000 tracing cases lodged with the ICRC and the Sri Lanka Red Cross remain open, most of which are related to the conflict. The government’s Office on Missing Persons has made important progress but is still facing some challenges. The ICRC is supporting the efforts of the office by providing technical assistance and expertise in areas such as: forensics, including the management of forensic information and the protection of personal or confidential data and information\textsuperscript{25}, and providing psychosocial support for the families of missing people.

In 2015, the ICRC started a programme to accompany the families of the missing that was planned to last until 2022, progressively covering district after district. The programme reached and assessed the needs of nearly 2,000 families in 2018. Some particularly vulnerable households, most of them headed by women, were given the means to start income-generating activities through conditional cash grants and training on basic business management. The ICRC’s commitment to the families of missing people needs to be sustained over several years and is thus a multi-year undertaking.

The ICRC has also visited detainees arrested in relation to the Easter 2019 attacks who have allegedly committed violations of the Prevention of Terrorism Act or detained for other security-related reasons. No other international actor in the country had access to these detainees.

During the final years of the armed conflict, the ICRC received large amounts of earmarked funding, in some years even more than what it had budgeted for and requested from donors. Once the conflict ceased in 2009, the ICRC adjusted its programmes and expenditures accordingly, while donors’ contributions also dropped. But to be able to deal with the conflict’s lasting effects, especially its impact on missing people’s families, the expenditure for ICRC operations in Sri Lanka was maintained at an average of CHF 8 million per year from 2015 to 2019. On average, 87% of this amount was covered by flexible funding.

\textbf{SRI LANKA}

\textbf{CONTRIBUTIONS AND EXPENDITURE: 2009–2019}

THE ADDED VALUE OF FLEXIBLE FUNDING TO THE ICRC’S CORE THEMATIC PRIORITIES

Flexible funding allows the ICRC to implement core thematic priorities that are at the heart of its mandate but which do not receive specific funding and thus need to be sustained through unearmarked contributions. The development and dissemination of IHL is a key thematic priority, and a primary goal of the ICRC’s prevention activities, which are described in more detail below.

The ICRC’s prevention activities aim to foster an environment conducive to respect for the lives and dignity of those who may be affected by an armed conflict or other violence, and favourable to the work of the ICRC. The approach has a medium- to long-term outlook and aims to prevent suffering by influencing those who have a direct or indirect impact on the fate of people affected by such situations, and/or who can influence the ICRC’s ability to gain access to these people and operate efficiently in their favour.

The ICRC’s prevention approach is based on an understanding of why people behave the way they do and how best to influence them so that they change behaviours that cause suffering. The ICRC’s aim is to build a set of resilient norms that serve as a bulwark to protect people. One element of the ICRC’s prevention approach is identifying how the organization is perceived and accepted. Its image, credibility and relevance in the eyes of others is critical to the success of the its prevention work and a key enabler to obtaining access, providing humanitarian assistance and engaging in protection activities.

In the Lake Chad and Sahel regions of Africa, for example, networking efforts with influential actors, especially members of armed groups, have been reinforced, with a focus on the recognition of the red cross emblem, in order to facilitate operations. The mandate and working modalities of the ICRC are gaining recognition and acceptance, as was evidenced in Niger in 2018, where the ICRC was among the few humanitarian organizations that was able to assist vulnerable people in the regions of Diffa and Tahoua during fighting.

The ICRC’s prevention approach is characterized by three complementary types of prevention work: structural prevention; front-line prevention and humanitarian diplomacy.

5.1. STRUCTURAL PREVENTION

The ICRC supports States in the domestic implementation of IHL, which includes setting up structural measures and normative frameworks. It also works with armed and security forces, supporting them in integrating IHL and international human rights law into their respective operations, doctrine and training.

The success of this work can be shown with an example from Colombia, where the ICRC’s prevention work contributed to the adoption of three important laws for victims of conflict. First, a law in 2011 that greatly expanded the category of victims covered by the government’s assistance programmes. Second, a law in 2014 which was adopted to recognize and respond to the needs of victims of sexual violence committed in armed conflict; notably, this law had a more humanitarian focus and included assistance and protection measures. And third, a law in 2012 to improve the access to welfare programmes of relatives of missing persons.

28. Idem p. 3.
5.2. FRONT-LINE PREVENTION

Front-line prevention refers to the direct engagement with parties to a conflict, with a view to limiting unlawful conduct during hostilities.

The success of this work can be shown with an example from the Philippines. In May 2017, fighting broke out between the military and Islamic State–Ranao (also known as the Maute Group) and the Abu Sayyaf Group in Marawi. Roughly 350,000 civilians fled the city and sought safety in evacuation centres or in their relatives’ homes in neighbouring areas. The government declared martial law over the entire island of Mindanao.

Due to its longstanding presence, its continued prevention work and engagement with the parties to the conflict, the ICRC had secured a good level of acceptance and could immediately draw upon various communication channels. From day three of the outbreak of hostilities in Marawi, the ICRC had secured permission from the parties to the conflict to evacuate around 600 civilians from besieged areas – including wounded, sick and disabled people, and children and their relatives – to nearby municipalities. This considerably reduced their suffering and prevented further abuses against them; it also allowed them to access health care.

The contacts established through the prevention work also proved essential when fighting slowed down. There were human remains that needed to be taken care of by forensic specialists to facilitate their identification. However, those experts could only start working after religious leaders had allowed them to manage the remains and take DNA samples. The ICRC was able to convince the leaders to cooperate, owing to its sustained engagement and dialogue with those same leaders over previous years.

5.3. HUMANITARIAN DIPLOMACY

The ICRC is present at regional and global forums, helping shape laws and policies so that humanitarian considerations are taken into account during decision-making processes. This is at the core of the humanitarian diplomacy work of ICRC delegations in Beijing (China), Kuwait, London (United Kingdom), Paris (France), Tehran (Islamic Republic of Iran), Moscow (Russian Federation) and New York City (United States of America). The work of the ICRC in Moscow and New York City is described in more detail below.

MOSCOW

The ICRC opened a regional delegation in Moscow in 1992. A long-term investment in building trustful working relations is a key element of the ICRC’s strategic dialogue with civilian and military authorities, at both national and regional levels. The ICRC invests in maintaining dialogue with a broad network of interlocutors and builds on the respect it gains for its operational capacity to deliver assistance on the ground, especially in Syria and in eastern Ukraine. The heads of ICRC delegations in contexts of importance to the Russian Federation visit Moscow at times to speak with high-level interlocutors in the parliament and at pertinent ministries. The regional delegation in Moscow provides support for ICRC operations in Syria, for instance, by engaging in dialogue with influential actors on such topics as the protection of civilians and access to conflict-affected people in hard-to-reach areas, such as those that are not under government control. The ICRC’s input on the release of detainees or abductees, handover of human remains and identification of missing persons has also been requested by a working group set up under the Astana peace process for Syria by the Islamic Republic of Iran, the Russian Federation and Turkey; the members of the working group have asked the ICRC to make its knowledge and experience available to the group.

Using flexible funding, the ICRC opened the Moscow Humanitarium, a centre for communication and research on humanitarian issues, in March 201630.

Over the last five years, the ICRC spent an annual amount of approximately CHF 13.5 million for the Moscow regional delegation, out of which an average of 83% is from flexible funding sources. While a large part of this budget was allocated to operational activities in the North Caucasus and in areas bordering Ukraine, this budget was also used for humanitarian diplomacy with the Russian Federation. The Moscow regional delegation ranks fifth in terms of the total volume of flexible funding necessary to sustain its functioning over the last five years.

**NEW YORK**

Another key location for the ICRC’s work on humanitarian diplomacy is in New York City. A centre of global diplomacy, the city is home to the UN headquarters, Security Council and General Assembly – all of whose work affect humanitarian operations and related legal developments. Operating since 1983 and granted observer status by the UN General Assembly in 1990, the ICRC delegation to the UN elevates concerns of people affected by armed conflict to governments and other policy-makers, promotes IHL, and develops relationships that are important for the ICRC’s credibility with parties to conflict. The delegation enhances the ICRC’s ability to influence those who can facilitate access to vulnerable communities or determine how conflicts are fought.

The ICRC draws on its legal expertise and long-established presence in conflict-affected areas to influence the drafting of UN policy documents, guidelines and resolutions, in a bid to include humanitarian considerations in such processes. To this end, it draws attention to pressing humanitarian concerns, such as the need for better protection and assistance mechanisms for migrants, including asylum seekers and refugees. In 2019, the ICRC’s efforts resulted in more emphatic references to IHL in key UN resolutions. For example, the Security Council adopted paragraphs urging all States to consider the potential effect of counter-terrorism measures on exclusively humanitarian activities carried out by impartial humanitarian actors in a manner consistent with IHL. A Security Council resolution on missing persons in armed conflict, the first of its kind, called on parties to take all appropriate measures to actively search for people reported missing.

The ICRC also gives its views on contexts where it has large-scale operations, particularly in Africa and the Middle East; and it shares with UN Security Council members its reading of the situation in conflict zones and the humanitarian needs it observes first-hand on the ground. Visits and briefings from senior ICRC staff working in operational contexts help raise awareness of field realities. However, without an established ICRC delegation in New York to primarily carry out this work, field staff would have to travel frequently to the city and have less time to work on the ground.

The ICRC’s investment in the work of its delegation in New York has increased quite significantly over the past years. This is because the global political landscape is becoming more fragmented and polarized, and the humanitarian diplomacy and policy environment growing more diverse in terms of both participants and topics. Hence, the expenditure has increased proportionally, and is fully funded by flexible contributions. The absolute amount is still limited to CHF 3.7 million for 2020 but the growth reflects the increased ambition.

5.4. **CAN PREVENTION REDUCE HUMANITARIAN NEEDS?**

A key assumption underpinning prevention work is that if the authorities, weapon bearers, the general public and other influential stakeholders accept, respect and support humanitarian law, principles and values, then the humanitarian consequences of violence will be reduced. But that is not an easy or short-term process. Investing in prevention activities can enhance the acceptance of the ICRC among key stakeholders,
hence allowing access to conflict and violence-affected populations, particularly in hard-to-reach areas. Consequently, humanitarian aid can be delivered in a more timely, effective and efficient manner.

As demonstrated above, the ICRC’s protection, assistance and cooperation programmes can only usually be carried out in certain contexts once the prevention and diplomatic efforts have succeeded in building key relationships and establishing communication channels. The ICRC was, for example, only able to facilitate the evacuation of civilians and fighters from eastern Aleppo in 2016 owing to its continued engagement – over many years – with authorities, weapon bearers and political supporters within Syria and through its humanitarian diplomacy delegations across the world, in this case, the Moscow regional delegation.

5.5. FUNDING OF PREVENTION ACTIVITIES

Prevention work requires resources: 10% of the ICRC’s total budget in 2020 is allotted for the prevention programme. However, funding pledged specifically for this programme has never risen above 3.5% of tightly earmarked contributions over the few past years.

These funding patterns leave the prevention programme particularly dependent on flexible funding. When donors earmark their funding at country level, the ICRC still has the flexibility to allocate the funding to the four different programmes. However, for delegations that operate in countries with no earmarked contributions, the overall pot of flexible contributions to the ICRC is the only source of funding for their activities; these include delegations focusing on prevention. In 2018, for example, the regional delegations in Kuala Lumpur (Malaysia) and Kuwait dedicated a considerable part of their overall expenditure to prevention (48% for Kuala Lumpur, and 44.6% for Kuwait) but did not receive any earmarked funding.

The ICRC is also investing the flexible funding it receives in humanitarian diplomacy efforts, which is a considerable contribution to upholding multilateralism and a world order that is based on rules and international law. Covering the expenditure of the delegations that work in the capitals of the five permanent members of the UN Security Council (China, France, the United Kingdom, the Russian Federation and the United States of America), as well as delegations based in Brussels (Belgium) and New York and that cover relations with the African Union (Ethiopia) takes up some 15% of the flexible funding available to the ICRC.

5.6. MEASURING THE RESULTS OF PREVENTION ACTIVITIES

The ICRC recognizes that donors would naturally expect to see evidence of results achieved if they are to increase their contributions towards its prevention programme. However, measuring the impact of prevention activities can be challenging, including in terms of demonstrating a clear link between ICRC activities and the expected outcomes. Furthermore, the impact of prevention interventions may only be assessed definitively over several years.

The ICRC has nonetheless recently undertaken a comprehensive initiative to develop prevention reference frameworks across all its delegations, so that progress can be more systematically measured. This initiative includes assessing the effectiveness of the ICRC’s dialogue and engagement with groups at different levels, and measuring the progress of ICRC acceptance and the behaviour of decision-makers and weapon bearers in terms of compliance with IHL.

An internal review of the monitoring and evaluation framework for prevention activities has identified several good practices. It suggested, among other things, conducting quarterly prevention meetings at the delegation-level to discuss and review progress, designing or implementing delegation-level prevention strategies, and producing a report on prevention for a specific context annually.

To address the difficulties in tracking the progress of prevention activities, several delegations have started to draft multiyear prevention strategies, which are considered useful in bringing together the work of different ICRC units involved in prevention activities. These strategies are also useful in helping provide direction during the delegation’s annual planning process, which includes setting objectives, targets and milestones.

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THE INSTITUTIONAL VALUE OF FLEXIBLE FUNDING TO THE ICRC

This chapter shows how flexible funding provides financial stability and a necessary safety net when setting operational ambitions and objectives according to humanitarian needs while seeking efficiency.

6.1. SETTING OBJECTIVES ACCORDING TO HUMANITARIAN NEEDS

Being able to set ambitions in proportion to needs and the ICRC’s ability to deliver – and not adjusting them to expected donor attention – is part of the ICRC’s DNA. At the same time, the ICRC is realistic about the growing challenges that many of its donors face in upholding the level and quality of their financial contributions.

The availability of flexible funding is an absolute pre-condition for the annual PfR process (see Chapter 3). Contrary to most other humanitarian agencies, the budget of an ICRC field delegation is validated by headquarters before it becomes clear how much money will be available from donors for the delegation. The ability to start implementing activities on 1 January is key to the quality and timeliness of the delivery of aid and to the motivation of staff members. Notably, people in need of assistance are not kept waiting for grant agreements to be signed.

The ICRC takes a certain risk in approving its field budget before donors confirm their contributions. It can only take this risk knowing that flexible sources are available if earmarked funding will be insufficient to cover the expenditure of a given delegation at the end of the year. This risk is mitigated by sound financial management and an ambition to do more with less. Possible financial constraints should not pre-emptively restrain the ICRC from delivering as much support as possible. Maintaining a needs-based approach to budgeting and financing has become increasingly difficult over the last years, but many interlocutors confirm how essential this is for preserving the ICRC’s unique mandate.

6.2. “THE UNIQUE MANDATE OF THE ICRC IS ALSO IN DONORS’ OWN INTEREST”

The ICRC derives its mandate from the 1949 Geneva Conventions, their 1977 Additional Protocols, Additional Protocol III, the Statutes of the Movement, and the resolutions of the International Conferences of the Red Cross and Red Crescent. This unique mandate is not only important to the ICRC, but also to the State Parties to the Geneva Conventions, which include all major donor countries. As of today, 196 States are party to the 1949 Geneva Conventions and have recognized the ICRC’s role by law.

The ICRC is often able to operate in high risk environments where other organizations may not be able to maintain the same level of presence because of security risks. The ICRC can do so thanks to a sustained dialogue with national and local authorities as well as weapon bearers. The ICRC’s level of investment in security and crisis management is also a critical enabling factor.

As one donor said, “the unique mandate of the ICRC is also in donors’ own interest.” Indeed, donor countries want reliable partners who can deliver in challenging contexts, thus it is in their own interest to provide the ICRC with the means to sustain its presence and activities before a conflict breaks out when key relationships need to be fostered, during ongoing hostilities, and when the fighting has ended or becomes frozen. If donors stop funding contexts outside the media limelight, the ICRC will not be in the same position once a conflict is back on the front pages of newspapers.

The ICRC’s ability to maintain its presence and activities during a conflict remains an important element of its legitimacy and credibility when speaking of IHL violations. Examples of misconduct or violations committed

by the armed forces or by non-State armed groups need to come from a variety of sources, originating from different areas, and must have occurred over a certain period of time to form the basis of a substantial discussion with the respective authorities. Otherwise, they could easily be dismissed as pure anecdotes or exceptions.

Promoting respect for international norms among international peacekeeping troops and ensuring that these troops apply them is another area where supporting the ICRC’s unique capabilities is in the interest of donor governments. The ICRC assists the African Union (AU) in ensuring that its peace-support operations comply with IHL and other applicable norms, for instance, by seconding a legal adviser to the AU Peace and Security Department and sponsoring AU officials to attend IHL courses. If donor governments value this type of engagement, they also need to be aware that it is a long-term financial investment that require several years to bear fruit.

Owing to its strong presence on the ground in many of today’s biggest conflicts, the ICRC has detailed knowledge about the needs and daily realities of the people affected. Such insight can help to inform donor governments’ analysis of the humanitarian situation and discussions on ways to improve the situation for civilians.

Due to its specific mandate and its global presence, the ICRC is an organization that covers a far wider range of activities than other humanitarian organizations. It often has the privilege of being invited to events where humanitarian actors are usually not invited to participate. In April 2018, for example, ICRC President Peter Maurer addressed the Moscow Security Conference after visiting the Central African Republic, Iraq, Libya, Sudan and Syria. He urged the political leaders to respect IHL, which seeks to protect populations affected by armed conflict.

6.3. USING FLEXIBLE FUNDING WISELY: REVIEWING COSTS AND ENSURING MORE EFFICIENT WAYS TO DELIVER

As mentioned above, focusing on needs and being mindful of how money is spent are not contradictory. The Corporate Services Network is an example of how the ICRC has demonstrated cost-effectiveness and efficiency.

In 2012, the ICRC started a discussion on how to delocalize or outsource certain corporate services from headquarters, as part of a broader effort to optimize cost-efficiency. Specific cost-reduction targets for each department at headquarters were established in 2014. In 2015, it was decided to create a new budget structure called Corporate Services for all corporate-service functions hosted either in Shared Service Centres or in delegations.

A Shared Services Centre was opened in Belgrade (Serbia) in 2015. It currently acts as a data hub and provides support for information and communication technology (ICT) services, including those necessary for helping delegations improve the monitoring of results and comparing operational plans with actual achievements. The Belgrade Shared Services Centre came in addition to the Manila Shared Services Centre (Philippines) that has existed since 1993, mainly focusing on the fields of finance and administration, logistics, human resources, and resource mobilization.

From 2015 to 2018, the cumulative savings through this budget structure came from the delocalization of services from headquarters (e.g. ICT, human resources and financial back-office support). The cumulated cost reduction of delocalizing and/or outsourcing service from headquarters was CHF 28.5 million; the cumulated build-up cost of the Corporate Services Network was CHF 13.9 million, and the total cost of the outsourced activities was CHF 2.3 million. Overall, the ICRC had a net cumulative savings of CHF 12.3 million.

The corporate services costs are expenses that are charged back to the budget of the respective delegation that uses a certain service. They are thus funded from the same mix of earmarked and unearmarked funding as all operations. A reduction in these costs proportionally frees up flexible funding that can be used for other priorities.

There are also several examples where the ICRC reduced the budget for delegations in contexts where its specific added value had diminished. In Bangladesh, for example, the ICRC reduced its budget for 2020 by 18% compared to 2019, aware that there are many other actors who can support the people who had fled to Bangladesh following violence in the Rakhine State in Myanmar. This decision was taken even though the Bangladesh operation had been consistently well-funded. A similar decision was taken with regards to the budget in Jordan: it was reduced by 13% for 2020, which means it is now at only 61% of the level it was in 2016. This reduction reflects the ICRC’s continuous scrutiny of its added value in any given context; again, the decision for the Jordan operation was taken in a situation where the budget could be well covered by earmarked funding.

In other cases, the ICRC seeks to be more cost-efficient in aspects of its operations that are considered essential but expensive. The ICRC delegation in Israel and the occupied territories, for example, reviewed its operational and geographical setup and subsequently placed mobile staff in areas where housing prices were lower and sought delivery models that were less expensive, among other measures. From 2019 to 2020, these measures are expected to lead to savings of around CHF 1 million in indirect costs (approximately 5%).

To close an ICRC operation in a country to save money is a difficult decision especially in post-conflict and fragile states where there is often a considerable chance that a conflict may flare up again and the ICRC must restart humanitarian operations to address the subsequent needs. What costs can justify the benefit of “keeping a foot in the door” by maintaining a presence that ensures a minimum level of dialogue with the authorities? In Madagascar, for example, the annual budget prior to the closure of the ICRC regional delegation in 2019 was at an average of CHF 2.5 million. The last budget for the delegation in Haiti was of a similar range at CHF 2.9 million before it was closed in 2017. In Guinea, the budget of the ICRC delegation in 2018 was CHF 3.3 million before it became a mission reporting to the Abidjan regional delegation (in Côte d’Ivoire) in 2019, when the budget dropped to approximately CHF 850,000.

Closing a delegation also comes with a number of costs: financial costs associated with administrative and contractual obligations, such as paying severance packages to staff who have been laid off and transferring assets. Most importantly, there could be intangible as well as opportunity costs such as disruption of the dialogue with national authorities, loss of trained and skilled staff and proximity to network of local partners, including the National Red Cross and Red Crescent Societies. These costs can be particularly significant in countries where there is higher likelihood that the ICRC’s presence might be required again.

Downgrading a delegation and putting it under a regional delegation reduces the costs, but it increases dependency on flexible funding as the majority of regional delegations are funded predominantly by flexible contributions. On average, each of the regional delegations depended to more than 80% on unearmarked funding to finance their expenditure.
The dependence of regional delegations on flexible funding is structural and changes minimally from one year to another. While only one country delegation depended on flexible funding for more than 80% of its expenditure in each of the last five years, the same characteristic applies to 10 out of the 27 regional delegations (including Brussels and New York).

6.4. MITIGATING FINANCIAL VOLATILITY RISKS

A new conflict or a renewed flare up of fighting brings forth increased direct support from donors. But when conflicts become protracted, donors’ attention can fade even if the needs – and the expenditures – remain high. This funding gap needs to be covered with unearmarked funds. If several operations fall out of the news at the same time, this places an unsustainable pressure on limited flexible funding.

Moreover, the ICRC’s ability to deliver at the field level is not always in sync with donors’ political interest in a context and, subsequently, with the timing of their earmarking. For example, in Libya, ICRC mobile staff had to leave the country in 2014 because of very high security risks; as a result, the ICRC limited its operations in the country. In 2015 and 2016, there was more earmarked funding available for its operations in Libya than what the ICRC could responsibly spend considering the constraints on the implementation of activities. In 2017, the security situation had improved and the ICRC started planning to go back. The available earmarked funding for the country increased by 58% from 2017 to 2018 following a budget extension appeal launched that year. However, in the following year, when the ICRC had built up an even stronger capacity to implement and increased its budget by 17%, donors’ interest and subsequent funding dropped by 22%, leaving a significant funding gap.

The ICRC is proactively looking for strategies to mitigate the financial risk of fluctuating levels of flexible funding. It is seeking access to new sources of support and diversifying funding streams, for example, by engaging with international financial institutions and by developing innovative and sustainable humanitarian financing solutions. Mainly in contexts experiencing protracted conflicts, the ICRC is increasingly exploring access to development funding that better supports longer-term and multi-year approaches in such settings. However, development institutions often work differently from the ICRC’s traditional donors and the required administrative work is substantially more resource-intensive.
CONCLUSION

This report lays out the various ways flexible funding supports the ICRC's work: from operations in the field to humanitarian diplomacy. The ICRC fully recognizes the need for donors to be accountable to their taxpayers and is thus ready to provide as much transparency as possible on the way it allocates and uses flexible funding. At the same time, it must prioritize addressing the humanitarian needs of people affected by conflict and other violence and remain accountable to these people.

Maintaining the commitment to work according to needs means being able to set operational ambitions based on the specific context and the ability to deliver, which constitutes the precise added value of the ICRC. It means being present before, during and after conflicts, and seeking to influence the conduct of hostilities while providing humanitarian assistance to the victims of conflict and violence and visiting people deprived of their freedom. All these are done bearing in mind the cost implications.

As has been shown in the report, the safety net of flexible funding ensures that the ICRC can remain the neutral, impartial and independent humanitarian organization it is known to be and appreciated for being. An ICRC without flexible funding would look very different from the ICRC of today: it would not have the same level of global coverage and would not be able to fully implement its mandate as the guardian of IHL; it would also have to keep the people in need waiting for assistance until the relevant grant agreements are signed; and it would no longer be able to assist them once earmarked funding dries up.
BUDGETING PROCESS AND ALLOCATION OF FLEXIBLE FUNDING IN THE ICRC

ICRC

BUDGET INSTRUCTIONS AND ESTIMATED ENVELOPES

FIELD

DIRECTOR OF OPERATIONS INDICATES ENVELOPES

JUNE

DELEGATIONS

PROGRAMME COORDINATORS WITHIN EACH DELEGATION

JULY AUGUST

ANNUAL PLANNING MEETING

OCTOBER

REGIONAL DIRECTORS APPROVE BUDGETS

ASSESSMENTS

NEEDS CONTEXT CAPACITY RISK

SEPTEMBER

TIGHTLY EARMARKED COUNTRY EARMARKED LOOSELY EARMARKED NON EARMARKED

REGION PROGRAMMES COUNTRIES PROGRAMMES

DELEGATIONS

ALLOCATION OF FLEXIBLE FUNDING

FEBRUARY

END-OF-YEAR EXPENDITURE REPORTS

JANUARY

DIRECTOR OF OPERATIONS APPROVES FIELD BUDGET

DIRECTOR OF OPERATIONS INDICATES ENVELOPES PER REGION

DIRECTOR OF OPERATIONS APPROVES FIELD BUDGET

ASSEMBLY + ASSEMBLY COUNCIL APPROVE BUDGET

DONORS

LAUNCH OF ICRC APPEAL

IMPLEMENTATION

YEAR 2 JANUARY – DECEMBER

DONORS

CLOSING BALANCES OF ICRC DELEGATIONS AT THE END OF THE YEAR

NIC 2020