

CANADA'S HUMANITARIAN DONORSHIP

A WORKING PAPER

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TABLE OF CONTENTS

SUMMARY 1

SUMMARY OF MAIN RECOMMENDATIONS 2

1.0 INTRODUCTION 4

2.0 VOLUME OF CANADA’S OFFICIAL HUMANITARIAN ASSISTANCE 5

3.0 TIMELINESS 7

4.0 FLEXIBILITY 9

 4.1 Food Aid 9

 4.2 Support to the Multilateral System 11

 4.3 Support to Civil Society Organizations 13

5.0 FUNDING ACCORDING TO NEEDS AND NEEDS ASSESSMENTS 14

 5.1 The Consolidates Appeals Process and Under-Funded Emergences 15

 5.2 CIDA’s Calibration Tool and Humanitarian Needs Index 16

 5.3 Matching Funds 16

**6.0 GOVERNMENT OF CANADA POLICY ON THE GOOD HUMANITARIAN
DONORSHIP PRINCIPLES AND GOOD PRACTICE 18**

7.0 CONCLUSION 19

CANADA'S HUMANITARIAN DONORSHIP

SUMMARY

Humanitarian Assistance (HA) aims to save lives, alleviate suffering and protect human dignity during, and in the aftermath of emergencies caused by natural disasters and conflict. Four principles should guide HA: humanity, independence, impartiality, and neutrality.¹ These four principles are drawn from International Humanitarian Law and are upheld as defining characteristics of HA in the Good Humanitarian Donorship (GHD) Principles and Good Practice.

Canada has been a strong proponent of GHD since its inception in 2003. Thirty six donors have endorsed the GHD principles which explicitly uphold humanitarian principles and call for needs-based, timely and flexible humanitarian response.² In order for Canada's humanitarian donorship to truly be consistent with the spirit of the Good Humanitarian Donorship Initiative, Canada needs to be a more generous, timely, and flexible donor and uphold the foundation of humanitarian assistance to be needs-based and driven by the principles of humanity, impartiality, neutrality, and independence.

This working paper aims to assess the extent to which the Canadian government's funding for HA is consistent with the spirit of the principles and good practice endorsed in the Good Humanitarian Donorship (GHD) Initiative. The paper examines key issues of volume, timeliness, flexibility and the extent to which funds are allocated according to needs, by drawing upon information from Development Initiatives' (DI) Global Humanitarian Assistance (GHA) reports, Development Assistance Research Associates' (DARA) Humanitarian Response Index (HRI), the 2007 Organisation for Economic Co-operation and Development (OECD) Peer Review on Canada, Canadian policy documents, and interviews with Canadian humanitarian actors.³ The

¹ Humanity refers to the primary imperative to save lives and alleviate suffering wherever it occurs. Impartiality means that HA is provided on the basis of need, without discrimination between or within affected communities on grounds of race, ethnicity, religion, gender, age, etc. Neutrality means not favouring any party in a conflict or disaster. Independence means that HA does not seek to advance military, political, foreign policy, economic, religious or other non-humanitarian objectives. For more on humanitarian principles, see the Principles and Good Practice on Good Humanitarian Donorship: <http://www.goodhumanitariandonorship.org/>.

² The GHD Principles and Good Practice are available on the Relief Web website: <http://www.reliefweb.int/ghd/a%2023%20Principles%20EN-GHD19.10.04%20RED.doc> (accessed October 2009).

³ Sources: Global Humanitarian Assistance Reports from 2000 – 2009 are available on-line at: <http://globalhumanitarianassistance.org/analyses-and-reports/gha-reports>; the Humanitarian Response Index is available on-line at: http://www.daraint.org/web_en/hri_en.html; the 2007 OECD-DAC Peer Review for Canada is available at: http://www.oecd.org/document/60/0,3343,en_33873108_33873277_39509628_1_1_1_1,00.html; the 2006-08 Government of Canada Domestic Implementation Plan.

paper summarizes main findings relevant for Canadian HA performance from the reports and presents the perspectives and priorities of Canadian humanitarian agencies vis-à-vis Canada's humanitarian donorship and its consistency with the spirit of the Good Humanitarian Donorship principles. As a working paper, it is open for review and intends to stimulate discussion rather than provide a static statement on Canada's humanitarian aid program.

SUMMARY OF MAIN RECOMMENDATIONS

Given the massive scale of humanitarian needs for crises-affected populations, Canada should strive to be a leader among donors in effective and efficient humanitarian response. The Canadian government through its lead departments involved in international humanitarian response, the Canadian International Development Agency (CIDA) and the Department of Foreign Affairs and International Trade (DFAIT) should:

1. Develop and make public a humanitarian policy statement in consultation with Canadian civil society organizations. To this end, the policy should:
 - Uphold the humanitarian principles of humanity, impartiality, neutrality, and independence and the Principles and Good Practice of Good Humanitarian Donorship.
 - Include guidelines on the use of matching-fund mechanisms, including criteria for implementation and modalities of disbursement and ensuring consistency with need-based funding.
 - Outline criteria for using the Crisis Pool and ensuring consistency with the Principles and Good Practice on Good Humanitarian Donorship.
 - Ensure consultation with Canadian humanitarian organizations in the development of a new Domestic Implementation Plan for Good Humanitarian Donorship for 2010-2012.
2. Commit to a ten-year timetable to increasing the Official Development Assistance (ODA) envelope beyond 2010 to reach the 0.7% Gross National Income (GNI) target and in parallel increase allocations to the international humanitarian assistance budget making Canada above the Organisation for Economic Co-operation and Development (OECD) average with respect to HA as a percentage of total ODA.
3. Improve timeliness of funding by releasing funds for new crises within one month of the commencement of the emergency phase or launch of an appeal.
4. Take leadership in re-negotiating the Food Aid Convention (FAC) to increase flexibility of food aid programs by transitioning towards a food assistance framework.
5. Increase the cash budget within the humanitarian envelope to provide more funding for non-food humanitarian assistance increasing the overall flexibility of Canada's humanitarian assistance program.
6. Maintain strong core funding for UN Coordination mechanisms and work to improve the timeliness and cost-effectiveness of UN Coordination bodies.

7. CIDA should place greater emphasis on direct funding to civil society programs wherever possible, including to credible national and local organizations. To this end, CIDA should:
 - ❑ Establish core funding for humanitarian response capacity to qualified Canadian non-governmental organizations.
 - ❑ In discussions with UN bodies, encourage advancement of the Global Humanitarian Platform's *Principles of Partnership* with the aim of supporting effective consultation, coordination, and partnership between UN agencies and civil society.
8. Invest in working with the Consolidated Appeals (CAPs) system to ensure needs-assessments are as complete and credible as possible and increase funding to under-funded emergencies inside and outside the CAPs.
9. Ensure that credible and completed assessments of needs are guiding decision-making at Ministerial and other senior levels in determining if, and the extent to which, Canada should fund a particular emergency. This should be done in consultation with civil society organizations in assessing needs and severity and making funding decisions for specific crises.
10. CIDA and DFAIT should support an independent evaluation of the implementation of Canada's Domestic Implementation Plan (DIP), identifying successes and limitations. The evaluation should inform the development of a 2010-2012 DIP.

CANADA'S HUMANITARIAN DONORSHIP

1.0 INTRODUCTION

Humanitarian Assistance (HA) aims to save lives, alleviate suffering and protect human dignity during, and in the aftermath of emergencies caused by natural disasters, crisis, and conflict. The range of activities in emergency response include the provision of basic food, water, shelter, and protection; reconstruction and rehabilitation; and disaster prevention and preparedness. Four principles should guide HA: humanity, independence, impartiality, and neutrality.⁴ These four principles are drawn from International Humanitarian Law and are upheld as defining characteristics of HA in the Good Humanitarian Donorship Principles and endorsed in United Nations Security Council Resolutions.⁵ The principles, combined with the emergency phase of action, make HA distinct from development and reconstruction activities, which are not bound by the same set of principles and occur over a longer time-frame. This distinction is recognized, for example, in the Canadian Official Development Assistance (ODA) Accountability Act, which excludes HA from the three tests for determining eligibility for Canadian ODA.⁶

In 2003, 17 donors agreed to 23 *Principles and Good Practice of Humanitarian Donorship* referred to as the Good Humanitarian Donorship (GHD) Initiative. As of September 2009, 36 donors have endorsed the GHD, including Canada, the United States, the European Commission, and the United Kingdom.⁷ The GHD Principles and Good Practice include:

- ❑ the objectives and definition of humanitarian action;
- ❑ principles including, *inter-alia*, upholding international humanitarian and human rights law; ensuring needs-based allocations; timely and flexible funding; and recognizing the important roles of the United Nations, the International Red Cross and Red Crescent Movement and non-governmental organizations;

⁴ Humanity refers to the primary imperative to save lives and alleviate suffering wherever it occurs. Impartiality means that HA is provided on the basis of need, without discrimination between or within affected communities on grounds of race, ethnicity, religion, gender, age, etc. Neutrality means not favouring any party in a conflict or disaster. Independence means that HA does not seek to advance military, political, foreign policy, economic, religious or other non-humanitarian objectives. For more on humanitarian principles, see the Principles and Good Practice on Good Humanitarian Donorship: <http://www.goodhumanitariandonorship.org/>.

⁵ See paragraph 2 of the Principles and Practice of Good Humanitarian Donorship Principles: <http://www.reliefweb.int/ghd/a%2023%20Principles%20EN-GHD19.10.04%20RED.doc> (accessed October 2009); and United Nations Security Council Resolution 1894 (2009) on the Protection of Civilians: <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N09/602/45/PDF/N0960245.pdf?OpenElement> (accessed November 2009).

⁶ The three tests for ODA: 1) contributes to poverty reduction; 2) takes into account the perspectives of the poor; and 3) is consistent with international human rights standards. For more, see CCIC: *ODA Act Plain Language Overview* (2008): http://www.ccic.ca/files/en/what_we_do/002_aid_2008-12_oda_act_plain_language.pdf.

⁷ See the GHD website for the full list of donors: <http://www.goodhumanitariandonorship.org/donor-governments.asp> (accessed October 2009).

- ❑ good practices on donor funding and management including in promoting standards, learning and accountability.⁸

In 2005, members of the Organisation for Economic Co-operation and Development (OECD) – Development Assistance Committee (DAC) developed an assessment framework for monitoring and reporting on the progress of donors against GHD commitments in Peer Reviews. In addition, two significant donor monitoring efforts have been developed: the U.K. based humanitarian consultancy group Development Initiatives’ (DI) Global Humanitarian Assistance (GHA) Reports; and the Humanitarian Response Index (HRI) by European not-for-profit group Development Assistance Research Associates (DARA). The reports examine volume, timeliness, flexibility and extent to which funds are allocated according to needs, and provide details on Canadian HA funding compared with other OECD donors. This paper summarizes main findings relevant for Canadian HA performance from these reports and presents the perspectives and priorities of Canadian humanitarian agencies vis-à-vis Canada’s humanitarian donorship and its consistency with the spirit of the Good Humanitarian Donorship principles.

2.0 VOLUME OF CANADA’S OFFICIAL HUMANITARIAN ASSISTANCE

The volume, or generosity, of Canada’s funding for humanitarian assistance (HA) can be assessed in four ways:

- ❑ Total volume of HA;
- ❑ HA per capita, which indicates how much HA is provided on behalf of each Canadian;
- ❑ HA as a percentage of Gross National Income (GNI), which indicates how much of Canada’s national income is used for HA;
- ❑ HA as a percentage of Official Development Assistance (ODA), which indicates how HA compares to Canada’s overall aid budget;

By all of these measures, Canada is at best an average humanitarian donor.

According to the 2006-07 Canadian International Development Agency (CIDA) Statistical Report, the amount of Canada’s bilateral aid spent on humanitarian programs through Geographic Branches, Canadian Partnership Branch, and the Multilateral Programs Branch was \$341.81 million.⁹ Of this, about \$52 million was spent through Geographical Branches, under one million dollars through Canadian Partnerships Branch, and \$289 million through Multilateral Programs Branch.¹⁰

⁸ The GHD Principles and Good Practice are available on the Relief Web website: <http://www.reliefweb.int/ghd/a%2023%20Principles%20EN-GHD19.10.04%20RED.doc> (accessed October 2009).

⁹ Canadian International Development Agency: *2006-7 Statistical Report* (2009), pp. 15-16.

¹⁰ Ibid. A further 5.6 million in humanitarian expenditures is reported as spent through DFAIT, IDRC, the Provinces and “other”. Since it is not clear if these expenditures are ODA they have not been considered further in this paper.

The 2008 HRI notes Canada's bilateral and multilateral HA in 2006 as US\$316.80 million and US\$361.8 million in 2007.¹¹ Adding contributions to the numerous pooled funding mechanisms, the total amount of Canadian HA rises to approximately US\$342 million in 2006 and US\$404 million in 2007. According to the 2009 GHA report, by total volume of humanitarian funding, Canada is ranked 11th out of 23 financial donors¹² slipping from 10th place in 2007 and 8th place in 2006.

Measured per capita, Canada's record is less than fully generous. The GHA 2009, shows that Canada's per capita HA spending was US\$10/person in 2007.¹³ The HRI confirms per capita Canadian HA at US\$10 in 2006 and US\$11 in 2007.¹⁴ Although 2007 was Canada's most generous humanitarian per capita spending over the past five years, it remains substantially below the DAC average of US\$22 – 23.¹⁵

Canada's HA represented 0.02% of its Gross National Income (GNI) in 2006, with this figure rising to 0.026% in 2007.¹⁶ According to the GHA 2009, there are 12 donors that have a 0.03% or larger GNI ratio and four have a HA to GNI ratio of 0.11%.¹⁷ Canada's total ODA to GNI ratio was 0.29 in 2006, and 0.28 in 2007.¹⁸ The low numbers demonstrate a lagging commitment to meeting the 0.7% ODA to GNI and place Canada behind its peers in the DAC. The DAC average in 2007 for ODA to GNI ratio was 0.44. Among DAC countries, the 5 donors that have met the 0.7% target for ODA to GNI are also the most generous humanitarian donors per capita.¹⁹

The HA to ODA ratio expresses the priority a country accords to humanitarian assistance within the ODA envelope. In 2007, Canada's HA to ODA spending placed it 15th among 23 donors with 8.1% of ODA spent on humanitarian expenditures, placing Canada just below the DAC average of 8.2%.²⁰ The most generous HA donor in 2007, Ireland, spent 19.7% and the least generous, Japan, spent 1.9% of their ODA on HA.²¹ According to the GHA report, the 8.2% of total DAC donor spending on HA in 2007 is the lowest level since 2002.²² The volume of HA expenditure by Canada and other donors must be put in context of the scale of humanitarian

¹¹ The discrepancy in numbers could be due to dollar conversions between Canadian and US dollars. DARA: *The Humanitarian Response Index (HR) 2008* (2009), p. 238.

¹² The year cited in the 2009 Report is also 2007.

¹³ Development Initiatives: *Global Humanitarian Assistance* (2009), p. 25.

¹⁴ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 238.

¹⁵ Ibid.

¹⁶ Development Initiatives: *Global Humanitarian Assistance* (2009), p. 26.

¹⁷ Ibid.

¹⁸ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 238.

¹⁹ These are Luxembourg, Sweden, Norway, Denmark, and the Netherlands.

²⁰ Development Initiatives: *Global Humanitarian Assistance* (2009), p. 32, the number excludes funding for domestic refugees in Canada.

²¹ Development Initiatives: *Global Humanitarian Assistance* (2009), p. 32.

²² Ibid.

needs. Since 2000, between 24% and 44% of HA needs based on UN Consolidated Appeals (CAPs) have not been met.²³ In 2008, close to 30% of UN CAPs were under-funded indicating that humanitarian needs still outpace levels of funding available for HA.²⁴

Unlike more generous donors, Canada has not set a timeline for meeting the 0.7% ODA to GNI ratio. Canada's modest ODA envelope limits its funding potential as a generous humanitarian donor. The Canadian government agreed to double its International Assistance Envelope (IAE) from 2001 levels to reach \$5 billion by 2011, however since the IAE covers more than just ODA, a clear timetable for increasing Canada's ODA envelope is still missing. Moreover, decision-making around funding allocations for Canada's official HA remains opaque. In 2008, the HRI added a measure of donor generosity for HA, Canada ranked 12th out of 22 donors. Given that Canada is at the borderline of receiving a passing grade in all four measures of HA generosity, the government must commit to becoming a more generous donor.

Recommendations

The Canadian government must become a more generous donor. To this end:

- ❑ The Canadian government should continue to grow its overall ODA envelope beyond 2010 with a ten-year timetable to reach the 0.7% GNI target by 2019-20.
- ❑ As Canada's ODA increases, CIDA should aim for its international humanitarian assistance budget to exceed the OECD average.

3.0 TIMELINESS

The timeliness of humanitarian funding is one of the most critical factors influencing the ability of humanitarian actors to save lives and prevent illness and disease in the midst of crisis. Timeliness can be hindered by slow decision-making processes, lack of funds and accessible funding modalities, slow identification of partners, and poor or incomplete information on needs. According to Global Humanitarian Assistance (GHA) reports and the DARA Humanitarian Response Index (HRI), Canada is an average to below-average performer in terms of timeliness. These findings echo the experience of Canadian civil society organizations.

Canada ranked 12th in 2007 and dropped to 13th in 2008 in the HRI's qualitative indicator on timeliness of funding.²⁵ The quantitative indicator of timeliness in the HRI measures funds committed to the United Nations Consolidated Appeal Processes (CAPs) or disbursed to emergencies within three months of the appeal launch date as a percentage of total funds. This

²³ The Consolidated Appeals Process identifies needs and estimates funds required to meet needs, see: Development Initiatives: *Global Humanitarian Assistance* (2009), p. 11.

²⁴ Ibid.

²⁵ The ranking is out of 23 donors in the OECD DAC. DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 20.

this is done separately for complex emergencies and rapid-onset natural disasters. In the period of 2005 to 2006 Canada was ranked 16th among 23 donors for both types of crises. There has been a marked improvement according to the 2008 HRI which raised Canada to 11th in timeliness for responding to complex emergencies, and 8th in timeliness to natural disasters.

According to Canadian humanitarian agencies, the Canadian government has made some efforts to improve timeliness of HA allocations to non-governmental organizations (NGOs). In particular, the design and implementation in early 2006 of an abridged proposal format and pre-approval process for qualified partner agencies has allowed CIDA to speed up its funding approval processes to Canadian NGOs. The pre-approvals are a welcome change for Canadian civil society organizations seeking more timely funding approval from CIDA for rapid onset disasters.

Recent experience with large natural disasters has, however, highlighted remaining challenges with respect to timeliness of funding from CIDA. The three month delay in allocating funding following Burma's cyclone Nargis and the earthquake in China, both in May 2008, is particularly worrisome. The implementation of a matching funds strategy by the Government of Canada, which required the sharing of fundraising reports from NGOs, is likely partly responsible for the delay. The delay led to organizations having to re-assess needs upon receiving funding approval leading to further delays in delivering services to affected communities.

Another timeliness challenge occurred in early 2009 with Canadian humanitarian organizations reporting substantial delays in receiving funding approval for emergency appeals. Delays of three to four months due to burdensome approval processes within CIDA and lack of Ministerial level responsiveness are widely critiqued by organizations. While the Government of Canada says testing of new and better approaches to improve timeliness is a priority, it is not clear how last year's slow process for funding emergency appeals will be rectified.

CIDA announced in 2009 that approved HA funding can now cover partner-agency expenses going back to the day of a disaster's occurrence rather than the date of approval to receive CIDA assistance. This move helps to address some aspects of timeliness. However, if agencies are not able to determine the level of funding to be expected from CIDA because of funding allocation delays, the back-dating of expenses will not fully address the profound impact of delays on the levels and quality of emergency response. Additionally, it is not clear if back-dating is applicable to natural disasters and specific crises or to all emergencies.

The Canadian government has a Crisis Pool for funding crises above and beyond pre-approved budgets. The Pool is used for large and unforeseen crises and is a commendable component of Canada's aid program allowing for emergency funds. The 2007 DAC Peer Review notes that the Crisis Pool response times are good, but that its use requires consultation with multiple stakeholders and a cabinet-level decision. The requirement of cabinet decision to use the Pool can render the allocation of funds vulnerable to political imperatives and may also slow the responsiveness and timeliness of HA. Ensuring that political or bureaucratic obstacles don't impede access to Crisis Pool funding is critical for timely HA.

Recommendations

Improved timeliness is essential for more effective and efficient HA by donors and humanitarian agencies. To this end:

- ❑ CIDA should aim to release funds for new crises within one month of the commencement of the emergency phase or appeal launch.
- ❑ CIDA and DFAIT should make clear if back-dating of funds applies only to selected approved emergencies, natural disasters, or to all “new” emergencies which the Canadian government has agreed to fund.
- ❑ CIDA and DFAIT should outline criteria for using the Crisis Pool, ensuring consistency with the Principles and Good Practice on Good Humanitarian Donorship.

4.0 FLEXIBILITY

Food aid, support to the multilateral system and the International Red Cross and Red Crescent Movement, and support to non-governmental agencies are three areas that indicate the flexibility of a donor country’s humanitarian assistance funding.

4.1 Food Aid

Canada is notable as one of the world's largest donors of food aid. Canada deserves praise for its recent decision in 2008 to fully untie food aid following the OECD Peer Review recommendation on the same issue.

The decision on untying food aid has substantially enhanced the flexibility of food aid resources, reducing delivery costs, improving timeliness, and enabling more appropriate food commodities. Steps are also being taken to use this increased flexibility to strengthen food markets in developing countries.

Under the extended Food Aid Convention (FAC) of 1999, Canada committed to 420,000 metric tons of food aid.²⁶ In every year since the 1999 FAC – with the exception of 2003-04 – Canada has surpassed its commitments.

Growing evidence that food transfers to households can be more efficiently facilitated through cash transfers or food voucher systems suggests there is further room for improving the flexibility and effectiveness of food aid. Increased flexibility of food aid programs to permit the use of cash transfers to households or food voucher systems is required, moving from a food aid to a food assistance framework.

²⁶ For more on the Food Aid Convention (FAC), see the United National Conference on Trade and Development *Food Aid Convention* (1999): <http://r0.unctad.org/commodities/agreements/foodaidconvention.pdf> (accessed November 2009). Also see, the Canadian Foodgrains Bank: *Primer on the FAC* (2009): <http://www.foodgrainsbank.ca/uploads/The%20Food%20Aid%20Convention%20Primer%20-%20September%2009.pdf> (accessed November 2009).

The 2007 OECD DAC Peer Review reports that food aid made up 46% of Canada's total HA in 2005-06 (\$149 million). The same DAC report cautions that this proportion appears high and that a review of this Canadian priority may be needed. According to the 2006 GHA report, food aid represented 60% of Canada's total HA. This was the highest proportion of all countries with only the US coming close with 47% of HA being food aid. According to CIDA's 2006-07 Statistical Report, \$151.60 million or close to 40% of Canada's humanitarian aid program is spent on emergency food aid, the vast majority of which, \$142.77 million, is through multilateral institutions.²⁷ The HRI 2008, indicates that in 2007 some 50% of Canada's sectoral funding to UN appeals was spent on food aid²⁸ and ranked Canada particularly low at 17th among 22 donors for sectoral distribution of funding through UN appeals.²⁹

Canada's commitment under the Food Aid Convention (FAC) explains, in part, the large proportion of food aid in total Canadian humanitarian assistance. The FAC should be renegotiated to broaden the types of activities that qualify as food assistance with the intention of improving the efficiency and effectiveness of food transfers to households. These reforms should also permit twinning operations and provide incentives to improve the quality of food transfers.³⁰ Steps should be taken to increase the cash budget for HA to provide more adequate funding for non-food humanitarian assistance and increasing overall flexibility of Canada's HA program.

Recommendations

Canada should leverage its reputation as a good performer in food aid to take leadership in improving the flexibility of funding for food assistance. To this end CIDA should:

- Negotiate, in its capacity as Vice-Chair of the FAC Committee, to transitioning towards a food assistance framework.
- Increase the cash budget from within the HA envelope, providing more accessible funding for non-food humanitarian assistance and increasing overall flexibility of Canadian HA.

²⁷ Canadian International Development Agency: *2006-7 Statistical Report* (2009), pp. 15-16.

²⁸ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 238.

²⁹ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 20.

³⁰ Twinning operations are when one country, for example, donates food commodities but does not have the funds to pay for transportation and distribution, and another country (such as Canada) covers the transportation and distribution costs.

4.2 Support to the Multilateral System, International Committee of the Red Cross and Red Crescent Movements and International Federation of Red Cross and Red Crescent Societies (ICRC/IFRC)

According to the 2007 DAC Peer Review of Canada, “Canadian HA is notable for the high proportion of funding going to multilateral agencies; around 80% of CIDA humanitarian funding goes to UN agencies”.³¹ This is confirmed by the Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking System (FTS). According to FTS data, for the years from 2004 to 2008, UN agencies received between 74% and 79% of Canada’s total HA, with the exception of 2005 when the tsunami response reduced that proportion to 60%.³² The 2006-07 CIDA Statistical report reveals that between 83-85% of HA channelled through the Multilateral Programs Branch, presumably to the United Nations system and the ICRC/IFRC.³³

The 2007 DAC Peer Review points out that the Canadian government provided \$40 million in core funding to UN agencies and the Red Cross in 2005-06 from a \$319 million total Canadian HA budget that year. This means approximately 12.5% of Canada’s total HA was core funding to the World Food Program (WFP), UN High Commissioner for Refugees (UNHCR), Office for the Coordination of Humanitarian Affairs (OCHA) and ICRC/IFRC. In addition, the HRI 2007 compares funding to the Red Cross and Red Crescent Movement as a proportion of total HA and ranks Canada 1st among all donors in the period of 2005 and 2006. However, in the 2008 HRI quantitative indicator for funding IFRC and ICRC appeals, Canada only ranked 12th among 22 donors.³⁴

Canada has demonstrated good performance relative to other donors with respect to the funding of the UN’s Central Emergency Response Fund (launched in March 2006). Canada was one of its first donors and by October 2006, Canada had committed US\$22 million, or 8% of the CERF, ranking as the 5th largest contributor that year.³⁵ In 2007, Canada’s contribution increased to US\$36 million, retaining the rank of 5th largest donor.³⁶ However, according to the 2007 HRI Canada was ranked lower at 10th among 23 donors for funding to the CERF, this ameliorated slightly in the HRI 2008 to 8th among 22 donors.³⁷ Funding to the CERF is considered flexible funding to UN humanitarian appeals since the CERF is a central fund intended to enable rapid response in emergencies. However, it should be noted that significant concerns remain among NGO partner agencies regarding their ability to access these funds and the speed at which the UN is able to disburse funds to NGOs.³⁸

³¹ Organisation for Economic Cooperation and Development – Development Assistance Committee: *Peer Review of Canada* (2007), p. 96.

³² Office for the Coordination of Humanitarian Affairs: Financial Tracking System, <http://ocha.unog.ch/fts/pageloader.aspx> – Percentages were calculated from numbers obtained in a search of the FTS on March 10, 2009.

³³ The variance between 83 – 85% reflects the difference in whether using the total HA of \$341.81 or \$347.48 million listed in the 2006-07 CIDA Statistical Report.

³⁴ The European Commission was not included in this ranking of DAC donors reducing the total number of DAC countries considered to 22. DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 25.

³⁵ Development Initiatives: *Global Humanitarian Assistance* (2006).

³⁶ Development Initiatives: *Global Humanitarian Assistance* (2007-08).

³⁷ Excludes the European Commission, DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 25.

³⁸ For more on challenges for civil society actors in accessing UN funds, see NGOs and Humanitarian Reform Project, *Synthesis Report Review of the engagement of NGOs with the humanitarian reform process* (2009).

Un-earmarked humanitarian assistance provided through the multilateral system as an important, though incomplete, measure of flexibility in funding allocations. Un-earmarked funds are allocated according to agency and sector on an as-needed basis. Here, Canada does not do particularly well, ranked in the 2008 HRI at 13th in the qualitative indicators and 15th in the quantitative indicators. This is of concern given that Canada's GHD Domestic Implementation Plan includes reducing earmarked funds as an indicator of improving Canada's GHD performance. In the absence of an evaluation or status update on achievements against the Plan, it is difficult to accurately assess Canada's performance to reduce earmarking of assistance.

Given the high proportion of funds channelled through UN agencies and mechanisms, Canada should carefully consider the types of roles and functions that are most effectively undertaken by the UN. The UN has distinctive attributes, as both a neutral body and a partner to governments. For example, the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the humanitarian cluster system play central roles in coordination, assessment information management, and humanitarian advocacy.

One of the principle challenges of the UN humanitarian system is the management of funding for a range of humanitarian actors. However, in cases where the UN acts as a go-between for HA funding, contracting other agencies to implement response programs, the process often results in delays and high or multiple administrative costs having a negative impact on both the timeliness and cost effectiveness of response programs.³⁹

Recommendations

CIDA should continue to work through the governance structures of the multilateral system to improve the timeliness and cost-effectiveness of their functions wherever possible.

In particular:

- CIDA should maintain strong core funding for UN Coordination mechanisms such as the CERF, OCHA, and the coordination component of the cluster system.
- CIDA should make clear how it is reducing ear-marking of funds.
- CIDA should continue its strong support, including core funding, for the ICRC/IFRC.

³⁹ Ibid.

4.3 Support to Civil Society Organizations (CSOs)

In contrast to the proportion of Canada's HA provided through multilateral agencies, the proportion provided through CSOs is much smaller. According to the 2006 GHA, Canada ranked 7th out of a control group of ten donors reviewed in 2004 for the level of funding provided to NGOs.⁴⁰ The Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking System (FTS) confirms a trend in Canada of low funding of HA through NGOs. From the total of all committed, contributed and pledged funds reported in the FTS from 2004 to 2008, NGOs received between 2 and 7% of Canada's total HA.⁴¹ A noted exception occurred in 2005, when the tsunami response resulted in a boost of funding to NGOs, reaching 11% of total Canadian HA.⁴²

According to the qualitative findings of the 2007 and 2008 HRI, Canada ranked 12th out of 23 donors in both years for its perceived promotion of the role of NGOs. The ranking obtained through targeted surveys, substantiates the perception that Canada is not an especially strong supporter of NGOs relative to other donors. A quantitative analysis by the HRI 2008 of donor funding to NGOs as a proportion to total HA, gave an even lower ranking of 14th among 23 donors, mirroring the weak qualitative results. Unlike assistance provided to multilateral agencies, documents and sector sources confirm that with the exception of the Canadian Foodgrains Bank, Canada does not provide core funding for humanitarian response capacity to NGOs (Canadian or foreign).

The Canadian Foodgrains Bank's (CFGB) core funding from CIDA enables it to develop and maintain critical Canadian capacities for managing and delivering food aid programs, and plan for and respond to unfolding food emergencies well before these emergencies hit the news. Core funding to other credible humanitarian agencies could have a similar effect of enabling greater preparedness for emergency response among the Canadian humanitarian community.

Canada's pattern of high funding through the multilateral system reflects a larger oversight in the humanitarian system in including civil society actors, particularly national and local civil society organizations in decision-making on allocation of funds and coordination. When NGOs do participate in coordination and allocation discussions, they are usually the larger international NGOs and not necessarily those closest to affected populations. The *Principles of Partnership* developed by the Global Humanitarian Platform, which consists of representatives of the UN system, ICRC/IFRC, and non-governmental organizations, are a starting point for working toward more equitable partnership between the UN system and non-governmental actors.⁴³ Canada, as a significant donor to the UN system, should seek to encourage implementation of the Principles including by encouraging the role of civil society, especially national and local actors, in decision-making on funding allocations and coordination.

⁴⁰ Development Initiatives: *Global Humanitarian Assistance* (2006), p.43.

⁴¹ Office for the Coordination of Humanitarian Affairs: Financial Tracking System, <http://ocha.unog.ch/fts/pageloader.aspx> – Percentages were calculated from numbers obtained in a search of the FTS dated on March 10, 2009.

⁴² Ibid.

⁴³ Global Humanitarian Platform: *Principles of Partnership: A Statement of Commitment* (2007): <http://www.globalhumanitarianplatform.org/pop.html> (accessed November 2009).

Recommendations

- ❑ CIDA should place greater emphasis on direct funding to civil society programs wherever possible, including to credible national and local organizations.
- ❑ CIDA should establish core funding for humanitarian response capacity to qualified Canadian non-governmental organizations.
- ❑ CIDA should encourage advancement of the Global Humanitarian Platform's *Principles of Partnership* in discussions with UN bodies with the aim of supporting effective consultation, coordination, and partnership between UN agencies and civil society.

5.0 FUNDING ACCORDING TO NEEDS AND NEEDS ASSESSMENTS

Donor countries' humanitarian funding priorities are influenced by a number of factors including media interest and visibility of crises, political interest, and funding availability within a given fiscal year. In this context, it is critical that HA funding is allocated impartially, in proportion to needs, and based on needs assessments. This is important not only for upholding GHD commitments but for ensuring effective and efficient humanitarian response.

In the HRI 2008, Canada is ranked 8th out of 23 donors for funding in proportion to need.⁴⁴ Notably, the HRI gives Canada lower rankings two years in a row for neutrality placing Canada 15th in 2008. For funding to forgotten emergencies and low media coverage crises, Canada ranked 15th in 2008 improving slightly from its 18th place in 2007. The ranking for impartiality was also on the lower scale at 14th place in 2008 HRI. The narrative component of the 2008 HRI pointed out that Canada's overall lower ranking for the year was due to its low scores in the areas of funding forgotten emergencies⁴⁵ and noted that "given its reputation in the past as a champion for international principles, its low scores for neutrality and impartiality are unexpected."⁴⁶ This raises concerns that Canadian HA funding decisions are susceptible to non-humanitarian influences from the media and domestic political interests. Humanitarian principles are a central component of the GHD. As such, poor support for, and commitment to protect the neutral and impartial characteristics of HA undermines Canada's reputation as a credible humanitarian donor and its overall support for the GHD.

Recommendation

- ❑ To every extent possible, CIDA in collaboration with other relevant departments must strive to ensure that Canadian HA is consistent with, and promotes, the humanitarian principles of humanity, impartiality, neutrality, and independence including by allocating assistance on the basis of need and capacity.

⁴⁴ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 20.

⁴⁵ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 16.

⁴⁶ DARA: *The Humanitarian Response Index (HRI) 2008* (2009), p. 31.

5.1 The Consolidated Appeals Process (CAPs) and Under-Funded Emergencies

The Consolidated Appeals Process (CAP), developed by aid organizations, is a UN mechanism aimed at prioritizing needs across humanitarian sectors, planning and implementing programming, and raising funds for response programs. CAPs include a Common Humanitarian Action Plan (CHAP) which serves as a work plan for the humanitarian community and includes specific projects for funding. Donors fund projects and agencies directly (not through a common fund). CAPs are usually launched in January with additional appeals launched as needed throughout the year. The CAPs are one of the few means available to the humanitarian community to identify and prioritize needs. As such, funding towards the CAPs is currently one of the few means of revealing whether donors are allocating funding on the basis of need. However, it should be noted that the CAPs themselves rely on imperfect and sometimes incomplete analysis tools for identifying and prioritizing needs and are not launched for all crises.⁴⁷

In 2008, 35.2% of Canada's bilateral HA was spent inside the CAPs.⁴⁸ The average for all DAC donors for bilateral HA funding inside the CAPs in 2007 was 37.1%.⁴⁹ Since the CAPs are one of the few tools for identifying and prioritizing needs for crisis-affected populations, the large amount of donor funding that occurs outside of the CAPs is cause for concern in the absence of more complete and systematic identification of needs.

Another way to determine if donors are allocating according to need is by examining the distribution of HA funding between all the CAPs to crises with the largest funding shortfalls. According to GHA data, between 2004 and 2006, Canada's funding to the five most under-funded CAP appeals was 4% and slightly below the donor average of 4.6%, suggesting that Canada's HA funding could be more responsive to under-funded emergencies.

Recommendations

- CIDA should invest in working with the CAP system to ensure needs-assessments are as complete and credible as possible.
- CIDA should increase funding to under-funded emergencies, inside and outside the CAP.

⁴⁷ For more on the Consolidated Appeals Process (CAPs) see the Office for the Coordination of Humanitarian Affairs (OCHA): *2009 CAP Leaflet* (2009): <http://ochaonline.un.org/HUMANITARIANAPPEAL/DocView.asp?DocID=2420> (accessed November 2009).

⁴⁸ Development Initiatives: *Global Humanitarian Assistance* (2009), pp. 88-89.

⁴⁹ Ibid.

5.2 CIDA's Calibration Tool and Humanitarian Needs Index

CIDA has developed a Calibration Tool for determining the severity of crises caused by natural disasters. The tool comprises five levels, with indicators aimed at identifying appropriate responses to different levels or scale of disaster / crisis. CIDA has further reported the creation of a “Humanitarian Needs Index” (HNI), which is used in funding decisions for slow-onset crises. The HNI looks at relative humanitarian needs with numerous data inputs from secondary sources. The HNI is intended to contribute to dialogue within CIDA to guide allocation decisions. However, the HNI only compares data on disasters where significant data pools exist, excluding the possibility of applying this tool to rapid-onset disasters or neglected emergencies. The HNI is further limited by the availability of reliable data and is dependent on external sources for the provision of data. CIDA has not indicated an interest in developing its own information collection capacity, reiterating its support for, and reliance on UN and NGO assessments for data required to assess humanitarian needs.

CIDA should be commended for developing the HNI and Calibration Tool as a means of assessing severity of crisis and need. The tools have valuable applications for information purposes, but clear links are not evident between the tools and the funding allocation decision processes at CIDA. Though the tools themselves have been made public, their application to specific scenarios has not. For example, it is unclear if and how the tools were used to guide allocations to the Burma, China or other crises in 2008. CIDA should ensure that the use and implementation of these tools is better understood by stakeholders.

Recommendations

- ❑ CIDA should ensure that credible and completed needs assessments are guiding decision-making at Ministerial and other senior levels, on the extent to which Canada funds a particular emergency.
- ❑ CIDA should continue to refine the application of the HNI and the “Calibration Tool” including by consulting with civil society organizations in assessing needs and severity of crises and making funding decisions for specific crises.
 - To this end, outcomes of analysis from the HNI and Calibration Tool should be made available to CSOs to inform their own needs and situation assessments.

5.3 Matching-Funds

The concept of a “matching-funds process” in the Government of Canada, whereby donations from the public are supported by equivalent government funding, is relatively new. The funds have been helpful in terms of mobilising the public to provide more generous funding to specific crises. Humanitarian organizations have noted that when a matching fund is launched quickly, for example within two weeks of a rapid onset emergency, they can be a helpful public fundraising tool. However, matching-funds have raised new concerns regarding Canada’s GHD performance, particularly in whether the funds are consistent with funding according to needs.

In recent history, matching-funds have been applied to the tsunami response in 2005, the Pakistan earthquake in 2006, and simultaneously to the Burma and China crises in May 2008. In all four cases, the use and application of the matching-funds were different.

The tsunami matching-fund was the first time the mechanism was used in Canada and proved to be a highly successful fundraising tool for humanitarian agencies. However, questions and concerns remain as to whether the funds raised for the tsunami response, while generous, may have detracted from funding other less visible emergencies. Further, larger organizations with substantial fundraising capacity benefited more from the match. Civil society organizations have critiqued the Tsunami matching-fund mechanism for its emphasis on fundraising capacity over needs-based allocations.

The Pakistan match was significantly different in that the funds raised through the matching-fund went towards programs selected by the Canadian government and not necessarily to agencies participating in fundraising through the Fund. For example, some of the raised funds were allocated to UN agencies and other implementing agencies and not bound to the particular agency participating in the matching fund program. Critiques regarding this model have focused on the public not being sufficiently informed on how the matching-funds worked and who would be “receiving” the money, making accountability for participating agencies to their public donors more challenging.

In the case of Burma the matching-fund mechanism is likely to have encouraged public giving, which may not have been otherwise forthcoming for a disaster with relatively low connection with most Canadians.

In general, matching-funds processes present particular challenges with respect to the GHD principle on allocating funds according to needs. Matching-funds are used when there is a high profile crisis and during the time when the emergency is on the top of media cycles. Fundraising activities thus reward visible crises over consideration for need and severity of a crisis. The very political nature of a decision to launch the matching-fund mechanism for a particular disaster could potentially push Canadian HA towards a weaker performance in terms of the principle of funding according to need.

Recommendation

- ❑ CIDA should develop and make public a policy framework or guidelines on the use of matching-fund mechanisms, including criteria for implementation and modalities of disbursement based on consistency with need-based funding and GHD principles and good practice. CSO views should be actively consulted in the policy making process.

6.0 GOVERNMENT OF CANADA POLICY ON THE GOOD HUMANITARIAN DONORSHIP PRINCIPLES AND GOOD PRACTICE

To advance the goals of the GHD initiative, donor governments have developed Domestic Implementation Plans (DIPs), which map out how they will put the principles into action. Commendably, Canada was one of the first to develop and share a DIP for meeting its commitments as part of the GHD initiative. The Plan was finalised in April 2006 and covered the period ending in 2008. The Plan included four areas of focus: policies, funding, the promotion of standards and enhanced implementation, and learning and accountability.

One of the main elements stated in the plan is the development of a Government of Canada humanitarian policy statement. The Canadian government reiterated the commitment to developing a humanitarian policy in its 2007 DAC Peer Review. A Humanitarian Action Framework (HAF) was drafted and circulated for comment to civil society organizations in the summer of 2007, however to date there has been no announcement that the policy has been officially adopted. The failure to adopt a policy framework for decision-making concerning HA funding undermines Canada's performance as an accountable, transparent and effective humanitarian donor. Further, the failure to formally adopt the HAF and make it publicly available undermines statements made by Canada in its 2007 OECD DAC Peer Review and is a significant omission in implementing the 2006-08 DIP.

Regarding the full range of activities in the DIP, it is beyond the scope of this paper to assess or evaluate the extent to which the Canadian government has implemented the DIP. Discussions with government officials and sector practitioners reveal that the DIP is now out of date and does not adequately reflect accomplishments and lessons learned over the last three years. A review of the DIP by CIDA and the Department of Foreign Affairs and International Trade (DFAIT), in open consultation with the Canadian humanitarian community, would ensure greater transparency, help outline Canada's present performance as a good humanitarian donor, and identify steps to ensure the full scope of GHD commitments are being implemented by relevant departments and agencies.

Recommendations

- ❑ CIDA and DFAIT, in coordination with other relevant departments, should endorse and make public a humanitarian policy statement developed in consultation with Canadian civil society.
- ❑ CIDA and DFAIT should consult with Canadian humanitarian organizations in reviewing accomplishments and limitations in the 2006-08 Domestic Implementation Plan. To this end, CIDA and DFAIT should:
 - Support an independent evaluation of the 2006-2008 DIP, identifying accomplishments to date and gaps in implementation.
 - Develop a Domestic Implementation Plan for 2010-2012 in consultation with the humanitarian community and taking into account learning from the 2006-2008 DIP evaluation.

7.0 CONCLUSION

Canada is a well-respected participant and contributor to the Good Humanitarian Donorship initiative. The Canadian government, through the Canadian International Development Agency and Department of Foreign Affairs and International Trade, has made significant efforts to support the GHD Principles and Good Practice. Notable accomplishments are the untying of food aid and funding towards United Nations coordination and pooled funds. Limitations of Canada's humanitarian performance are most pronounced in the area of generosity, timeliness, and lack of clear policy to guide Canada's humanitarian program. The lack of policy is particularly of concern given Canada's statements to the OECD Peer Review. This lack of policy calls into question the extent to which Canada prioritizes life-saving humanitarian assistance.

Canada must not settle for being merely a mediocre humanitarian donor. Given the massive scale of humanitarian needs for crises-affected populations, Canada should strive to be a leader among donors in effective and efficient humanitarian response. Canada's humanitarian donorship must be more effective and advance the spirit of the Good Humanitarian Donorship Initiative. Canada should become a more generous, timely, and flexible donor upholding the core principles of humanitarian assistance to be needs-based and driven by the principles of humanity, impartiality, neutrality, and independence.