

The private financing of humanitarian action, 1995–2005

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Executive summary

This HPG Background Paper is the first significant attempt to assess private sector humanitarian financing trends over the period 1995–2005. By ‘private sector’ we mean funding flows by private individuals, corporations and charitable foundations to international humanitarian action. The analysis is based on a review of quantitative and qualitative data covering a sample of organisations considered to be the major humanitarian players.

The report finds that there has been a significant increase in private sector humanitarian aid during the decade 1995–2005, with the most important increases occurring in the latter half of this period (i.e. post-2000). While total humanitarian funding of the organisations included in this study roughly doubled in size in the six years between 2000 and 2005, funding from private sector sources increased by a factor of 3.7, or almost double that rate. In 2000, private sector funding made up some 13.3% of total humanitarian funding within the sample; by 2005, this share had risen to 24.4%.

Of course, these trends have been significantly boosted by the ‘tsunami effect’, which could be considered to be an outlier in terms of the massive humanitarian response it attracted, both in financial terms and in the number of humanitarian actors that became involved. Yet even if one were to exclude the 2005 data, the significant positive trend in private sector humanitarian aid is still clearly discernible. Total humanitarian aid would still have increased by a factor of 1.5, while private sector humanitarian aid would have increased by a factor of two. Therefore, even without the tsunami year, both total humanitarian and private sector humanitarian aid increased substantially in the five years from 2000.

This study also provides an overview of the fundraising strategies that have been used by the organisations reviewed, as well as the mechanisms through which the private sector has become involved in international humanitarian action. Growing humanitarian needs have prompted organisations to seek additional sources of funding, and it appears that the private sector is becoming increasingly important as a provider of additional financial resources to cover unmet needs. Private sector funding is typically less restrictive than official funding, and thus permits organisations to use it with a greater degree of freedom. In general, both UN agencies and NGOs prefer to receive contributions in cash, rather than in-kind.

Progress in tapping into private funding across organisations has been uneven. In general, multilateral organisations are still heavily reliant on official funds. UN agencies do not appear to see their funding deriving primarily from the private

sector, but there are notable exceptions that suggest that this may be changing. Research indicates that UN organisations are rapidly developing strategies to target the private sector. This has translated into much greater professionalism and the use of new technologies to improve private sector fundraising activities. By contrast, NGOs have a long-standing relationship with the private sector, partly to ensure financial as well as political independence from official donors. NGOs have been increasingly successful in attracting private sector funding. The main challenge is to convert one-time individual givers into long-term donors.

With regard to the corporate sector, companies may be becoming more engaged in humanitarian responses. The case studies showed that corporations’ financial contributions varied, ranging from the very small to the very large (in the tens of millions of dollars). Most donors provide cash; the bulk of in-kind donations are accounted for by a small number of corporations. Indeed, the largest grants in terms of value included very substantial in-kind elements. Overall, corporate spending was not closely related to gross revenue figures, and contributions were small relative to these.

Corporations seem to be more aware of the need to respond to humanitarian catastrophes in an effective way, and have begun mobilising resources and management to better coordinate their action. They have become aware of the opportunity for engaging with humanitarian agencies, and have started offering their expertise to NGOs and the UN system. Corporations are increasingly showing a desire to go beyond merely funding humanitarian organisations to forge closer collaboration with the humanitarian sector, compelling organisations to find more innovative ways to involve them through corporate partnerships that are more sensitive to both parties’ needs, and have a longer duration. This may also suggest that collaborative efforts, such as joint corporate humanitarian initiatives, the development of guidelines for corporate disaster response and the fostering and expansion of long-term partnerships with selected NGOs will become increasingly significant in helping companies to improve their humanitarian response and share best practices.

Finally, with respect to foundations, the study showed that, although these have mushroomed in recent years, it is not clear that funding directed to the humanitarian sector has markedly increased. Typically, humanitarian organisations have received cash from foundations on a sporadic basis. Compared to other causes, such as education, international humanitarian assistance still plays a very small role.

Chapter 1

Introduction

There is a growing debate about the role of the private sector – meaning individuals, corporations and charitable foundations – in international humanitarian action. Humanitarian aid allocations have risen considerably, largely the result of a shift in resources away from longer-term development spending. This dwindling of longer-term official development assistance has paved the way for a larger role for the private sector. This raises the question whether engagement by the private sector in international humanitarian action has also increased. Little independent research has covered the extent and nature of flows from private sector sources to international humanitarian action, and their ramifications for the system. This is partly due to a lack of adequate data. This analysis is the first significant attempt to fill this gap.

1.1 Methodology

This analysis undertook a review of published information sources, covering selected humanitarian aid organisations' annual reports for the period 1995–2005, and other relevant publications, to gather pertinent information on private sector funding flows, as well as related fundraising strategies and information on the typology of private sector involvement and its role in humanitarian action.

A tailored questionnaire was prepared and sent to the organisations selected for this study in order to collect more detailed quantitative data. In addition, the questionnaire solicited organisations' inputs on the definitions they applied to distinguish humanitarian from other types of aid (e.g. development aid), the type of in-kind contributions they received, their policies relating to the acceptance of in-kind contributions and how monetary values for these are calculated, whether they spent private sector aid differently from other sources of aid, which sectors were the main recipients of private sector aid, the nature of their fundraising strategies geared towards the private sector, their views on the implications of greater private sector involvement in humanitarian action and the role of religious organisations. This process was complemented by telephone or face-to-face interviews at the sampled organisations' offices around the world.

Aid organisations were selected for inclusion in the sample on the basis of a number of criteria, namely the level of private sector funds, in absolute and proportional terms, that they received, and their type, e.g. UN-related, international NGOs and other international organisations. The sample consisted of six of the eight full members of the Inter-Agency Standing Committee (IASC), the primary mechanism for inter-agency coordination of humanitarian assistance, the Office for the Co-ordination of Humanitarian Affairs (OCHA), the UN High

Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the UN Children's Fund (UNICEF), the Food and Agricultural Organisation (FAO) and the World Health Organisation (WHO). The study also included the UN Relief and Works Agency (UNRWA), the International Committee of the Red Cross (ICRC) and the International Federation of Red Cross and Red Crescent Societies (IFRC), as well as the Red Cross Society of Japan, which was chosen on the basis of its large budget and the fact that it actively seeks private donations for its international activities.

The study also covered NGOs with overseas programme expenditures in excess of \$200 million in 2005, and which engaged in international humanitarian relief work: CARE USA,¹ Oxfam GB, Médecins Sans Frontières (MSF), World Vision International (WVI), Save the Children (USA and UK) and Catholic Relief Services (CRS). The International Rescue Committee (IRC), with overseas programme expenditures of between \$100m and \$200m, was also included.

This study employs the standard definition of humanitarian aid, based on the one used by OCHA's Financial Tracking System (FTS): an intervention to help people who are victims of a natural disaster or conflict meet their basic needs and rights. This includes high-priority projects that are required for survival needs, or that help re-establish the infrastructure necessary to deliver emergency assistance or reduce dependency on food aid and other emergency aid.

The humanitarian actors surveyed for this study apply different concepts of humanitarian action. The following table summarises the definitions that organisations apply to distinguish their humanitarian action from development work, including through their accounting systems.

It is evident that the definitions applied by organisations are diverse and, in part, driven by the context within which the organisation operates, e.g. Save the Children UK refers to child-focused humanitarian aid; FAO operates in the UN context; WHO focuses on health issues during emergencies. While some organisations have a highly nuanced definition of humanitarian action, others have not given the issue as much thought, and as a result find it difficult to distinguish between humanitarian and developmental aid in accounting terms.

For the purposes of this analysis, it is necessary to distinguish between the income and expenditure accounts of

¹ CARE USA's private contributions make up a high percentage of CARE International's private contributions (i.e. in 2004 70%; in 2003 79%). CARE USA's expenditure for development programmes and disaster relief represents a substantial portion of CARE International's expenditure (i.e. in 2004 81%; in 2003 79%).

Table 1: How sampled organisations distinguish between humanitarian action and development work

Organisation	Distinction between humanitarian action and development work for the purpose of the current study
WFP	WFP’s emergency and protracted relief and recovery operation (PRRO) operations are all considered to be humanitarian aid.
UNICEF	UNICEF distinguishes the following categories in its income statement: regular resources, other resources (regular), and other resources (emergency). Only the final category is taken to mean resources dedicated to humanitarian action.
FAO	FAO distinguishes its emergency and rehabilitation support from its development support as follows: a) Emergency projects, as per the UN definition, are initiated on short notice and have a short implementation period, with project objectives to be reached within one year or the time frame of the UN appeal to which they pertain. FAO’s assistance is intended to quickly establish a minimum level of self-reliance, restore productivity and income generation capacities, or to limit the deterioration in production and agricultural-based livelihoods in order to reduce dependence on food aid; b) Rehabilitation projects in line with the UN definition overlap with emergency operations in those countries covered by the UN appeals and the GIEWS list of countries requiring exceptional external assistance. In most cases, rehabilitation projects build on and extend the scope of existing emergency operations and information systems and may include launching of activities such as multiplication of planting materials to reduce dependence on external procurement in subsequent years; conduct of livestock surveys to inform strategic choices aimed at promoting sustainable recovery of the subsector; and in cases of large-scale displacement and conflict over natural resources, land and property studies may be undertaken as well as the follow up to facilitate peaceful and immediate reintegration of returnees while identifying the process required for longer term reforms and conflict resolution.
WHO	WHO considers only its work in the area of Health Action in Crises, which relies on voluntary contributions, to be humanitarian action.
UNRWA	UNRWA provides solely humanitarian assistance, although some of the projects could be considered as development co-operation, however the Agency does not differentiate them.
CARE USA	CARE USA classifies its program activities into three major types: emergency relief, rehabilitation, and development. Emergency relief and rehabilitation programs are considered to be humanitarian aid.
Oxfam GB	Oxfam GB categorises its income in four categories – Humanitarian, Rehabilitation, Development, and Advocacy. Only Humanitarian income was taken into account in our figures.
MSF	MSF considers all its operational work to be humanitarian.
WVI	WVI’s International programs provide for emergency relief in natural disasters and war and for development work in food, education, health care, sanitation, income generation and other community needs.
Save the Children UK & USA	Save the Children UK views its involvement in humanitarian action to be confined to the “Safeguarding Children in Emergencies” programme, while Save the Children USA views its involvement in humanitarian action to be confined to the “Emergency, Refugee, and Civil Society” programme.
CRS	CRS’s “emergency” programmes seek to prevent loss of life, minimize suffering, reduce property damage, speed recovery, reduce vulnerability, and otherwise better cope with natural or manmade disasters, while fostering a culture of peace, dignity and respect.
IRC	IRC considers the “Overseas Relief and Assistance” programmes to be the closest in meeting the standard definition of humanitarian aid used for the purpose of this study.

Source: DARA questionnaire and annual reports.

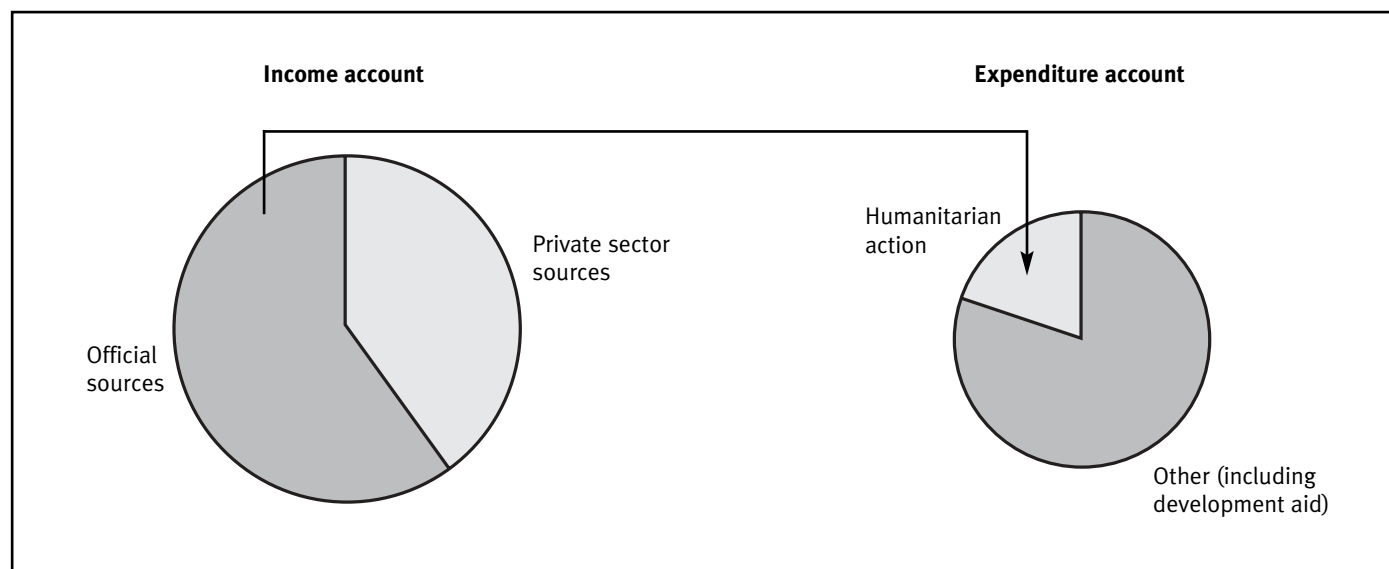
organisations, in order to arrive at an estimate of that portion of an organisation’s private sector income which is directed towards humanitarian action. This is because organisations typically do not record how each source of income is actually spent, meaning that organisations typically do not track how their income flows all the way from point of donation to point of expenditure.²

² For example, organisations may receive 40% of their income from private sector sources and spend 20% of their total budget on humanitarian action, implying many possible outcomes for the share of private sector flows directed to humanitarian action, ranging from 20% in cases where only private sector income is used to fund humanitarian programmes, to zero in cases where no private sector money is directed to humanitarian funding.

The income side allows us to assess the different sources of income, including from official and private sector sources and, within the latter, to distinguish between private individuals, charitable foundations and corporate giving. The expenditure side allows us to determine how much of an organisation’s spending is directed towards international humanitarian action, as distinct from development or other spending. Taken together, these provide a rough estimate of the flow of private sector income to humanitarian action.

The following organisations were taken to be engaged solely in humanitarian relief: OCHA, UNHCR, IFRC, ICRC, MSF and

Figure 1: Illustrative example of relationship of income to expenditure accounts



UNRWA, implying that their total spending was directed towards humanitarian relief.³ By contrast, as illustrated by Table 1, many of the other organisations within the sample were multi-mandated, meaning that they financed both development co-operation and humanitarian relief work. Some of these organisations either did not explicitly separate their humanitarian relief from longer-term development co-operation funding, or have only recently started making this distinction within their accounting systems.⁴

On the income side, most organisations now record the split between private sector and other income within their accounting systems, although this has often only been the case since about 1999. For strictly humanitarian organisations, it was easy to apportion the private sector funding of humanitarian work. In the case of multi-mandated organisations, this proved more challenging. Six organisations collected data on the amounts of private sector funding they directed to their humanitarian programmes, while those that did not were asked to provide best guesses for this share. In the absence of better information, these guesses tended to be based on the share of private sector funding in their total income (covering humanitarian and development work) in order to arrive at a proxy figure for the share of private sector funding in their humanitarian operations. So, for instance, if 50% of total income is from the private sector, then humanitarian response for that agency is taken to be 50% privately funded.

In general, organisations' income data were applied to expenditure data to calculate private sector flows to international humanitarian action. But, for the organisations which did not explicitly provide income data, their spending for

international humanitarian aid was used to approximate their aggregate international humanitarian aid income. In the analysis, the estimates for CRS, Save the Children UK and USA, FAO, WVI, WFP, UNICEF⁵ and IRC were based on spending figures. The percentage split of income between private and official sources was then applied to total international humanitarian aid to give proxy data for private and official income sources. For CARE USA, a different approximation method was used to get figures for the years 1997–2001. The proportion of emergency funding in total expenditure for a particular year was multiplied by 'temporarily restricted revenue' – a category which largely records revenue restricted to emergencies – to obtain an estimate of private humanitarian aid. Figures for years 2002–2005 were based on CARE's manual calculations of private fundraising for emergencies. See Appendix II for full details.

Data for ICRC and IFRC were provided in Swiss francs. Data for Save the Children UK and Oxfam GB were in sterling. Data for MSF were in euros. Data for the Japanese Red Cross Society were in yen. All these figures were converted into US dollars, based on annual average exchange rates. Data for all other organisations were provided in current US dollars.

Reporting years differed across the organisations in our sample. ICRC, IFRC, OCHA, UNHCR, MSF, FAO, UNICEF, UNRWA, WFP, WHO and WVI all use calendar-year data. Others collect and publish their data according to fiscal years (FY). In our paper years used for the Japanese Red Cross Society and Save the Children UK began on 1 April (i.e. year 2002 covers

⁵ Estimates for UNICEF data were developed by the authors. UNICEF records total income and splits it between regular, other regular and other emergency. To arrive at a proportion of private income spent on emergency aid, the authors calculated the proportion of total emergency income in relation to total other income, and applied the percentage breakdown to total other income from private sources (see Appendix II). UNICEF have not endorsed the estimates and the authors retain sole responsibility for the presentation of the data and conclusions drawn from it.

³ This follows the same assumption made in the *Global Humanitarian Assistance Report 2006* (p. 36) for these organisations. For MSF and UNRWA see Table 1.

⁴ It may also be the case that organisations were unable to provide these data, with the requested split, for this study.

the period 1 April 2002–31 March 2003). In the case of IRC, CRS and Save the Children USA, years ended on 30 September (i.e. year 2002 covers the period 1 October 2001–30 September 2002). For Oxfam GB we used years beginning on 1 May (i.e. year 2002 covers the period 1 May 2002–30 April 2003). For CARE USA we used years ending 30 June (i.e. year 2002 covers the period 1 July 2001–30 June 2002).

The willingness or ability of organisations participating in this study to provide pertinent data was, of course, key to this exercise. The main methodological constraints are, therefore, related to the assumptions used and described above – both on the income and the expenditure side – to obtain proxies for organisations’ private sector funding to humanitarian action.

Chapter 2

Recent trends in private sector flows to international humanitarian action

This chapter reviews the trends in private sector funding of humanitarian action in relation to overall humanitarian funding. The nature of private sector donations, whether cash or in-kind, is also discussed. Where data are available, the private sector is split into its three constituent parts to distinguish the role of individuals, corporations and charitable foundations in international humanitarian action. The analysis focuses most of its attention on the latter half of the period 1995–2005, as most organisations sampled were unable to provide data going back much further than 2000.

In order to evaluate how representative the current study's data sample is, it would be interesting to obtain an approximation of the share of global humanitarian aid represented by the organisations we looked at. It is possible to compare the current study's total international humanitarian aid data with other sources, including OCHA's FTS database and the Global Humanitarian Assistance (GHA) reports based on the OECD's Development Assistance Committee (DAC) database.

FTS data primarily covers contributions for countries that are the subject of appeals and which have been reported to the FTS either by the donor or by the recipient agency.⁶ Although the FTS covers official and private sources, it provides an incomplete record of private sources prior to 2005. Overall

⁶ See GHA Report 2006, page. 18.

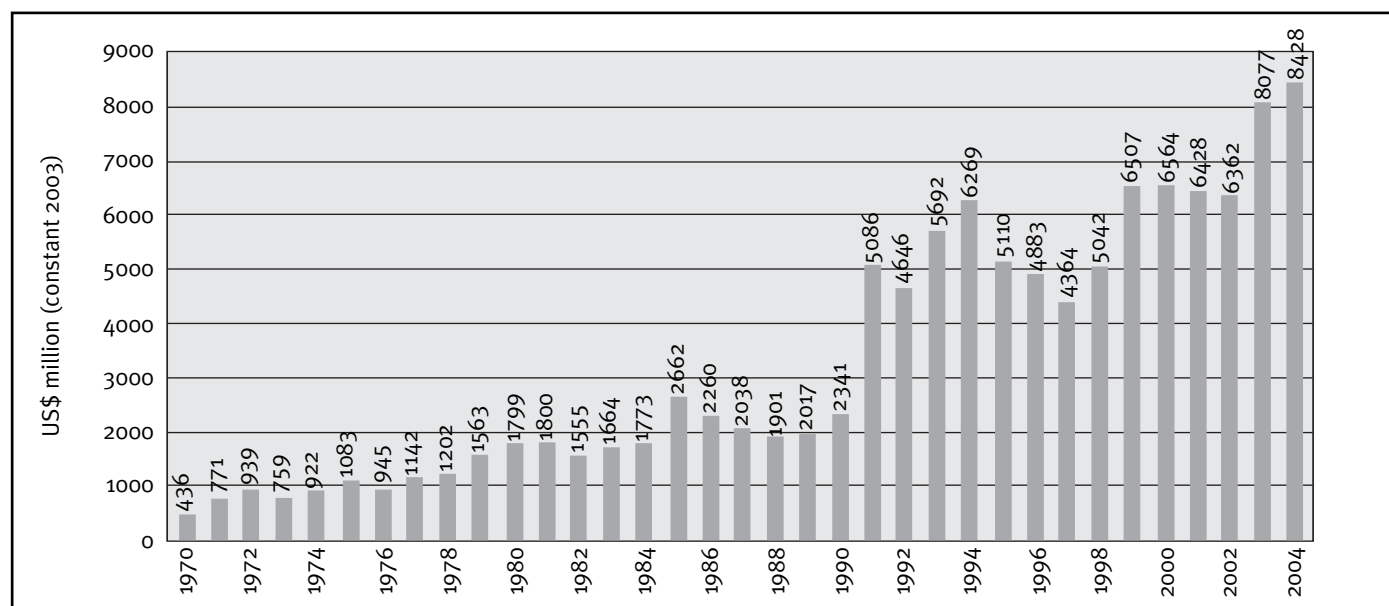
data is also considered to be unreliable prior to 1999 due to considerable under-reporting. The FTS also only dates back to 1996. Data used in GHA reports cover all humanitarian assistance from the 23 DAC governments.

As expected, due to the widely acknowledged under-reporting in the FTS database, the current study's total humanitarian aid data are larger in value than that of FTS for each year except 2005, when it made up roughly 75% of the FTS value.

In order to compare our data with GHA data, we needed to strip out estimates of private flows.⁷ Comparing official flows with GHA estimates of official flows, our data make up around 68%–76% of that of the GHA reports during the period 2000–2004. For 2005, the GHA's 'guesstimate' of total combined international resources for humanitarian assistance was \$18 billion, and our 2005 figure represents roughly 55% of that amount. However, 2005 was an exceptional year due to the tsunami. These comparisons suggest that we can be confident that our sample covers at least very roughly 65% to 70% of total humanitarian expenditure during the period 2000–2005, making our data a good basis upon which to draw overall trends about private funding of international humanitarian action.

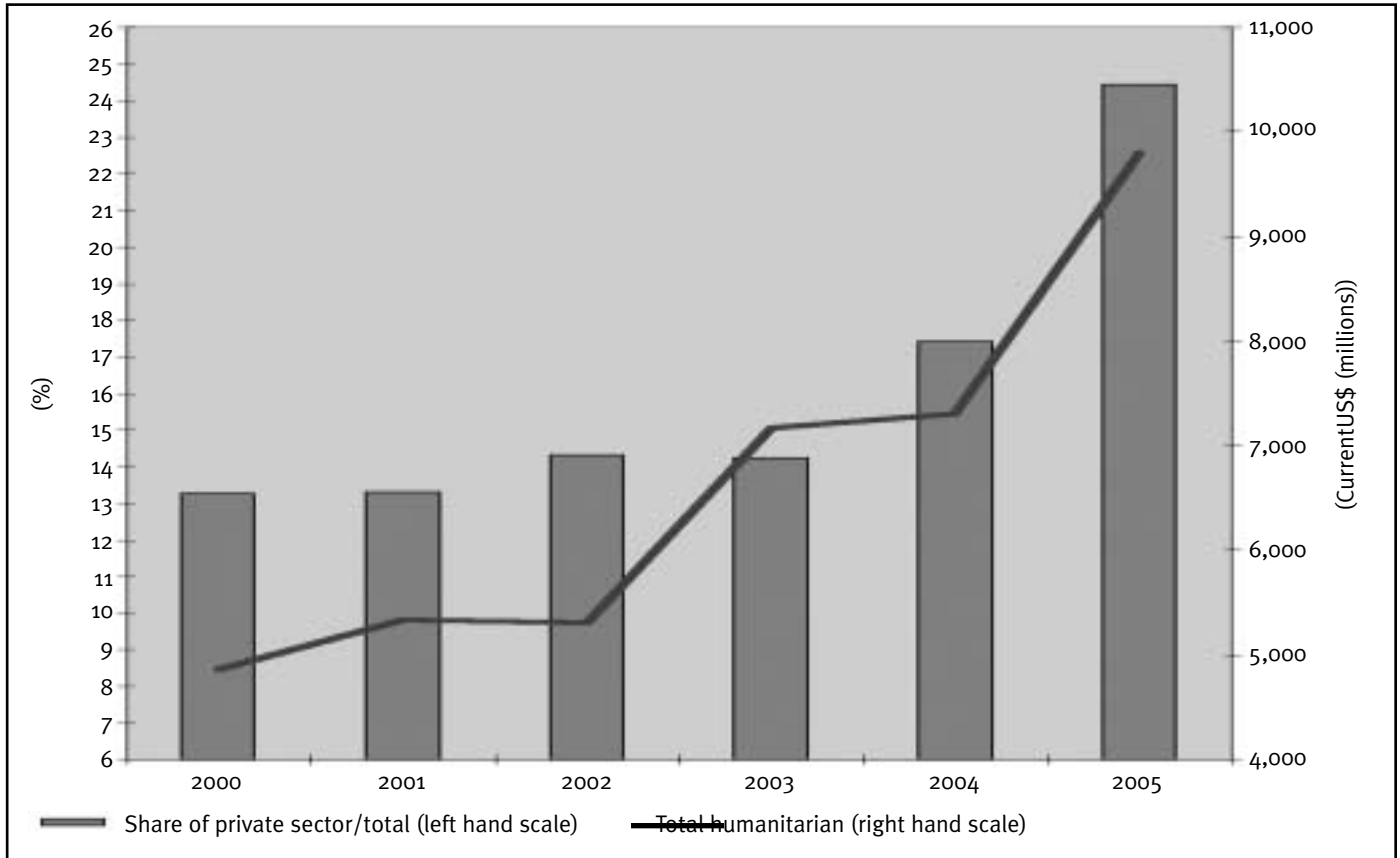
⁷ We converted our data into 2003 constant dollars as GHA (OECD DAC) data are given in 2003 constant dollars. Note that GHA data includes total bilateral emergency and distress relief from DAC donors, total multilateral contributions to UNHCR and UNRWA and a share of multilateral contributions to WFP in proportion to the share of WFP expenditure on relief.

Figure 2: Total humanitarian assistance by DAC countries, 1970–2005



Source: GHA Report 2006, OECD DAC.

Figure 3: Total humanitarian funding within the sample (total and private sector share), 2000–2005⁸



2.1 Aggregate humanitarian financing trends

Figure 3 shows total humanitarian funding within the sample during the period 2000–2005, and the share of the private sector within total humanitarian funding. Humanitarian funding in current US dollars increased dramatically over this period, roughly doubling in size, from \$4.86bn in 2000 to \$9.8bn in 2005. Over the same period, private sector funding within the sample increased (in current US dollars) at almost double that rate, rising from \$643m in 2000 to almost \$2.4bn by 2005, or by a factor of 3.7. In 2000, private sector funding made up some 13.2% of total humanitarian funding within the sample. By 2005, this share had risen to 24.4%.

These data are shown in current US dollar terms mainly because the period under review was characterised by low inflation (and the bulk of the figures provided by the organisations covered an even shorter period, 2000–2005), so there did not seem to be a compelling reason for converting data into constant dollar terms. Indeed, converting the data into 2000 constant dollars does not substantially change these trends. In constant dollar terms, total humanitarian spending still increased by 79% over the period, compared to 102% in current terms or by a factor of 1.8 compared to a factor of 2, while private sector humanitarian spending increased by 229% over the period, compared to 272% in current terms (or by a factor of 3.3 compared to 3.7).

⁸ See Appendix II for detailed notes and sources.

These data strongly suggest that there has been a trend increase in humanitarian funding over the second half of the period 1995–2005. What is slightly less clear is the extent to which this represents a long-term pattern, or merely a series of outliers since 2003. In many ways, the year 2005 can be viewed as an outlier, due mainly to the extraordinary humanitarian response to the tsunami and the very large number of humanitarian actors involved in that crisis. However, even if one were to exclude the 2005 data, total humanitarian aid would still have increased by 50% in current terms over the five-year period 2000–2004, or 37% in constant terms. Private sector humanitarian aid would have increased by 97% over the same period in current terms, or 79% in constant terms. Therefore, even without the tsunami year, both total humanitarian and private sector humanitarian aid increased substantially in the five years from 2000. Table 2 gives the relevant figures.

To discern relevant data trends, we split the sample into six sub-samples covering different periods over the decade under review. For each sub-sample, the sum of total humanitarian aid is calculated for all the organisations for which data are available during the years covered by that particular sub-sample, excluding series that began later as these would bias the sub-sample. For example, the sub-sample 2002–2005 sums total humanitarian aid for all eighteen (N=18) organisations in the sample, while the sub-sample 1995–2005

Table 2: Total and private sector humanitarian aid within sample. (Current US\$).

	2000	2001	2002	2003	2004	2005
Private sector humanitarian aid	\$643,127,685	\$708,825,423	\$758,112,453	\$1,018,767,472	\$1,270,682,154	\$2,393,178,648
Private sector humanitarian aid	\$643,127,685	\$688,180,023	\$728,954,282	\$952,119,132	\$1,155,165,595	\$2,117,857,210
Total humanitarian aid	\$4,857,950,182	\$5,334,421,760	\$5,303,883,210	\$7,163,669,971	\$7,302,214,883	\$9,799,354,852
Total humanitarian aid	\$4,857,950,182	\$5,179,050,252	\$5,099,887,702	\$6,695,018,665	\$6,638,377,166	\$8,671,995,444
% of private sector aid to total humanitarian aid	13.2	13.3	14.3	14.2	17.4	24.4

sums together humanitarian aid for only five organisations (N=5), for which data were available over the ten years the sub-sample pertains to. Splitting the sample in this way gives an indication of the trends in total humanitarian aid over the whole period 1995–2005, illustrated in Figure 4. This split also implies that, as one approaches the full sample of N=18, one can be more confident of the representative nature of the trendlines. Trendline equations for sub-samples are given in the far top left part of the figure, starting with N=18 and going down to N=5.

Figure 4 lends further support to the conclusion that humanitarian funding has experienced a trend increase over the decade, even with the exclusion of the tsunami year 2005. The linear trendlines for each of the five sub-samples all have a positive slope. The trendline for the sample that includes the period 2000–2004 has a sharply increasing slope (around \$600m per annum) whereas the trendlines that include the period 1995–2004 (or parts thereof) show a much flatter

increase (of around \$57m per annum) (for the sub-sample N=5). Albeit based on a very small sample, this suggests that the increase in humanitarian funding in the first part of the period until 2000 appears to have been much more subdued. Finally, the trendlines become flatter the further back in time they reach. This is partly the result of how the sub-samples were constructed. It is also attributable to a smaller trend increase in humanitarian funding in the first half of the period under study. However, the corresponding trendlines do not exhibit explosive growth in the latter half of the period, suggesting that those organisations that are not included in the smaller samples (N=5, N=6, N=8) may also have been responsible for the explosive growth in humanitarian aid funding seen from 2000 onwards. This will be examined in more detail in later sections, when trends of funding within individual organisations are analysed.

Regarding the split between official and private sector aid, Figure 5 makes clear that official aid still dominates as a

Figure 4: Humanitarian funding within sub-samples (in current US\$), 1995–2004

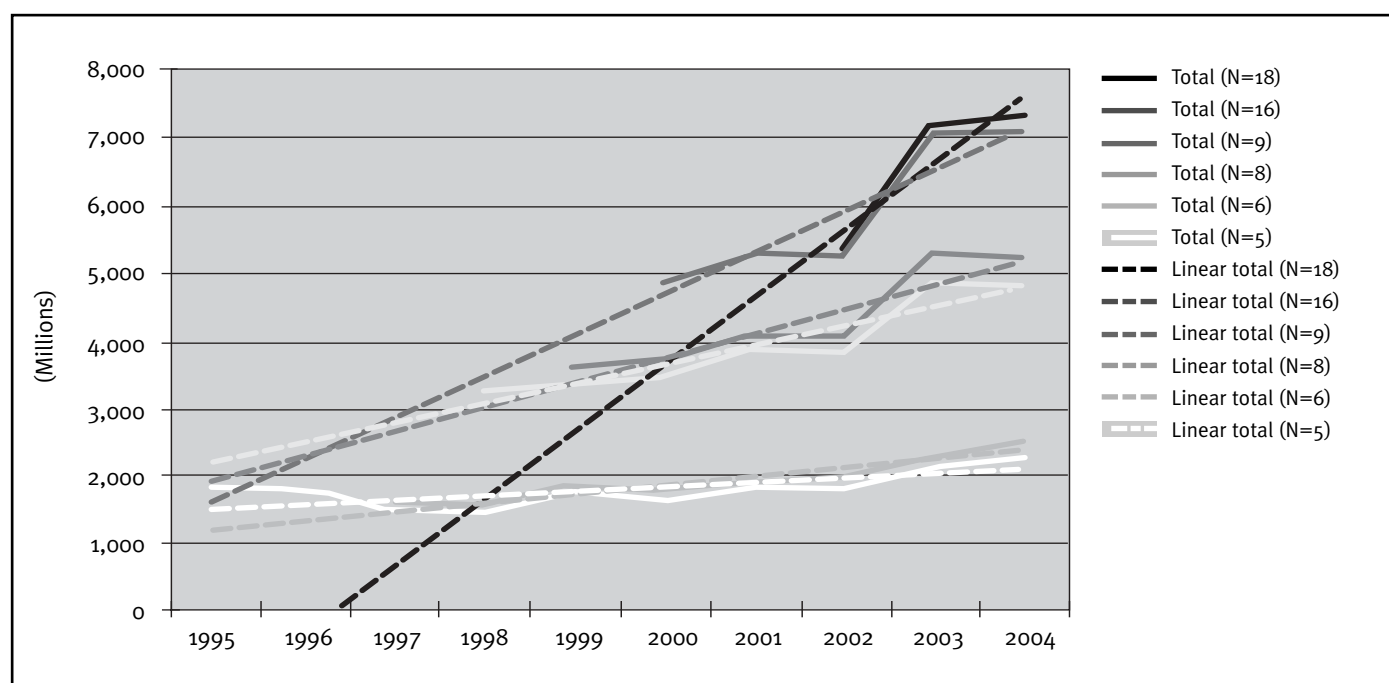
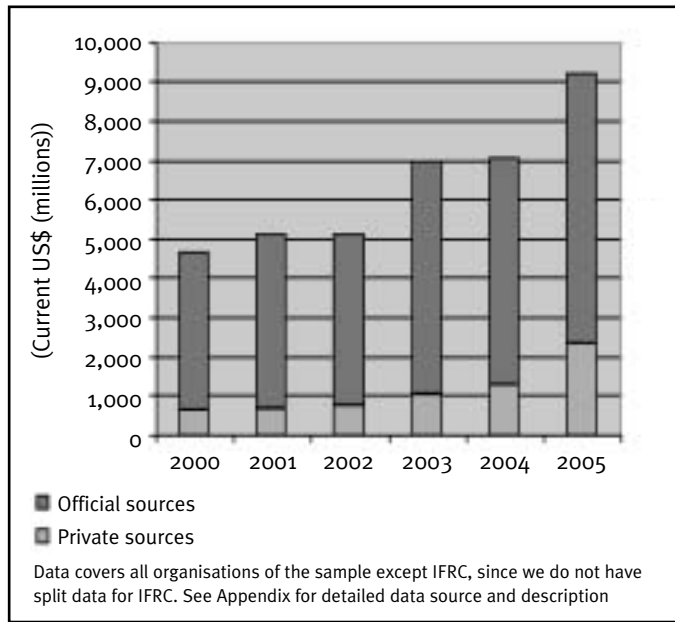


Figure 5a: Total funding of international aid by source for the sample organisations



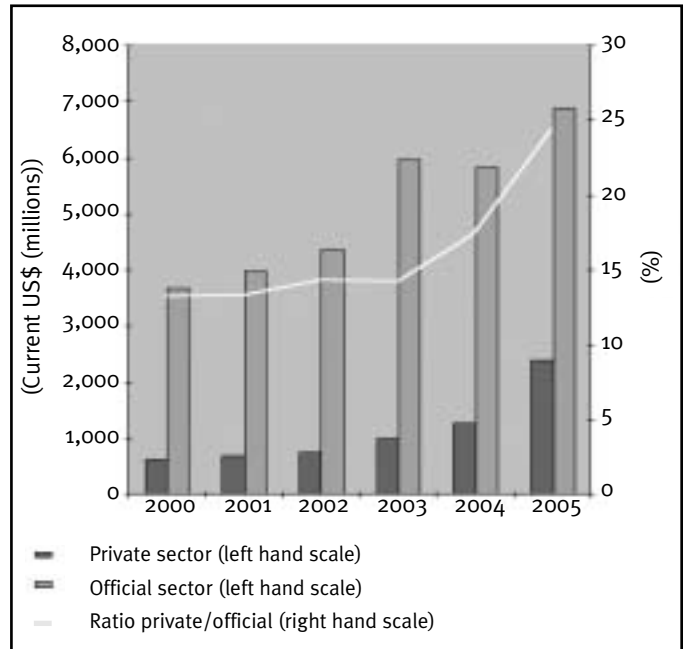
source of income for the organisations studied. For all multilateral organisations except UNICEF, it accounted for the vast majority of their funding. The picture among NGOs was more mixed, with some relying much more heavily on official aid than others, for example, CARE USA or IRC.⁹

The value of private sector humanitarian funding, based on the sample data covering the years 2000–2005, almost quadrupled, rising from \$644m in 2000 to almost \$2.4bn by 2005. However, whether this represents a longer-term trend merits further analysis. As before, Figure 6 gives an indication of the trends in private sector humanitarian funding over the period 1995–2004, again excluding the tsunami year, by splitting the sample into six sub-samples. Corresponding trendline equations for each sub-sample are given in the top far left part of the figure (see facing page).

A closer look at the data again suggests that the increase in private sector-sourced humanitarian funding is also part of a longer-term trend. All linear trendlines are upward-sloping. The trendline for the full sample of organisations has a steep positive slope of 256,226,851, meaning that, for each year, humanitarian funding increased by some \$256m. Third, the trendlines covering the period 1995–2004 show a much flatter increase, with a slope of only 26,314,965 for the sub-sample N=3. This might suggest that the trend characterising the private sector’s humanitarian funding in the first part of the period until 2000 was only very slightly increasing, if at all, although with a sample size this small it is difficult to generalise. A number of caveats to these data must be kept in mind. First, the sample data covering private sector funding is

⁹ Detailed figures for individual organisations can be found in the Appendices.

Figure 5b



more heavily reliant on assumptions which may obfuscate the true picture. Second, the overall amounts of private sector funding are still relatively small, leaving room for small absolute variations – caused either by increased funding or by distorting assumptions – to have a large relative impact on the overall trend. This suggests that these results should be interpreted with some caution.

Finally, Figure 7 plots the growth rates of total and private sector humanitarian aid over the whole period using the ‘best sample’ available, i.e. starting with the sub-sample that goes back to 1995, but contains the fewest humanitarian actors, and then switching to the next sub-samples going forward in time as the data become available. This means that both ‘best sample’ series plotted become more and more valid as the sample size increases, i.e. as one approaches the year 2005, for which the data encompass the full set of sampled organisations. A number of results emerge. First, the growth rate of the ‘best sample’ private sector humanitarian aid is roughly double that of total humanitarian aid, with a trend increase over the period of 10% per annum. However, this is due largely to its greater volatility, as seen by the spikes in 1999 and 2005.

2.2 Disaggregated financial trends

Figure 8 and Figure 9 (page 12) give the relative order of magnitude of organisations’ shares of total and private sector humanitarian funding relative to the sample total, over the period 1995–2005.

Figure 8 shows that the major operational spenders of humanitarian aid over the period included WFP (31%), UNHCR (19%), MSF (8%), UNRWA (8%), ICRC (7%), UNICEF (6%) and

Figure 6: Private sector humanitarian funding within sub-samples (in current US\$), 1995–2004

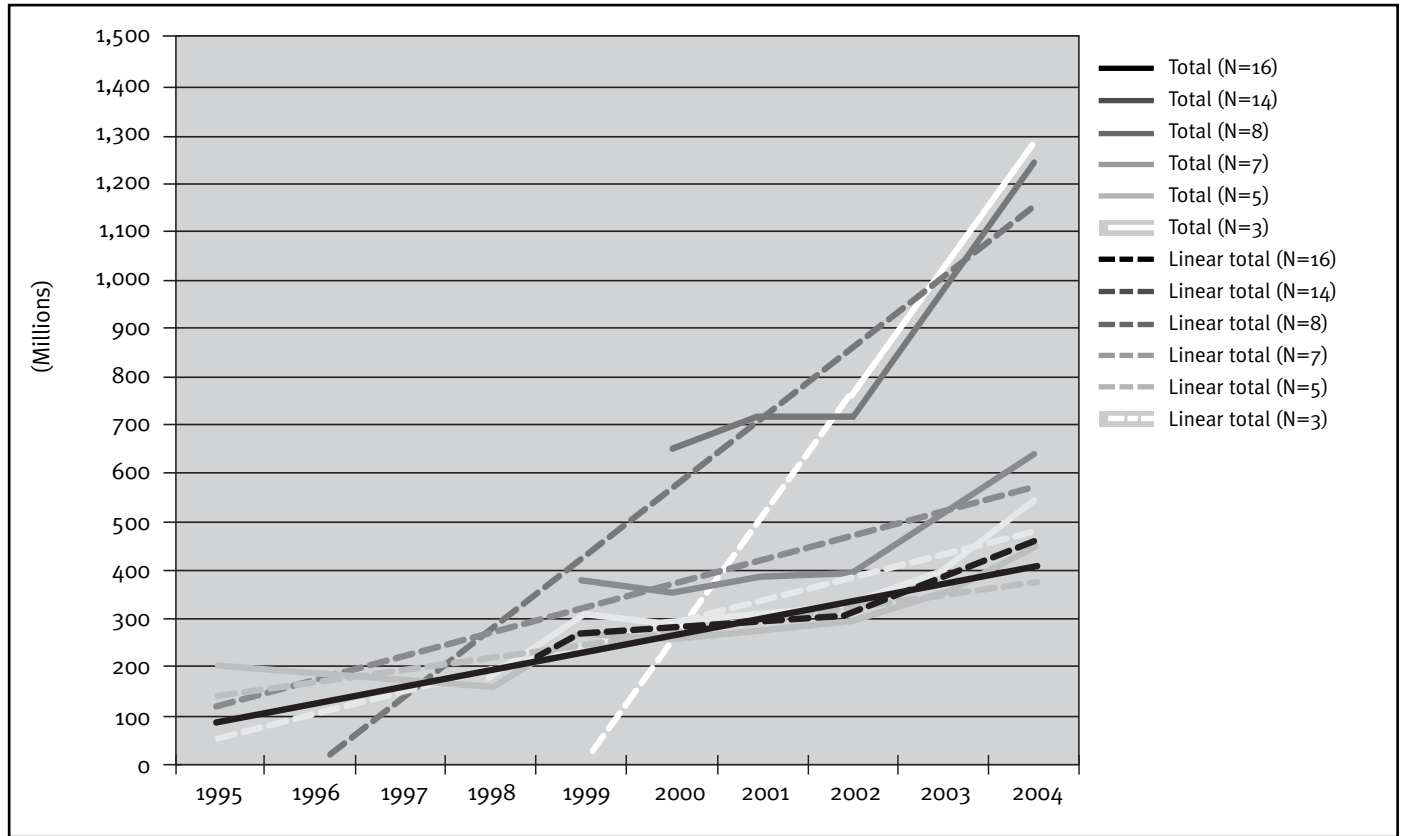
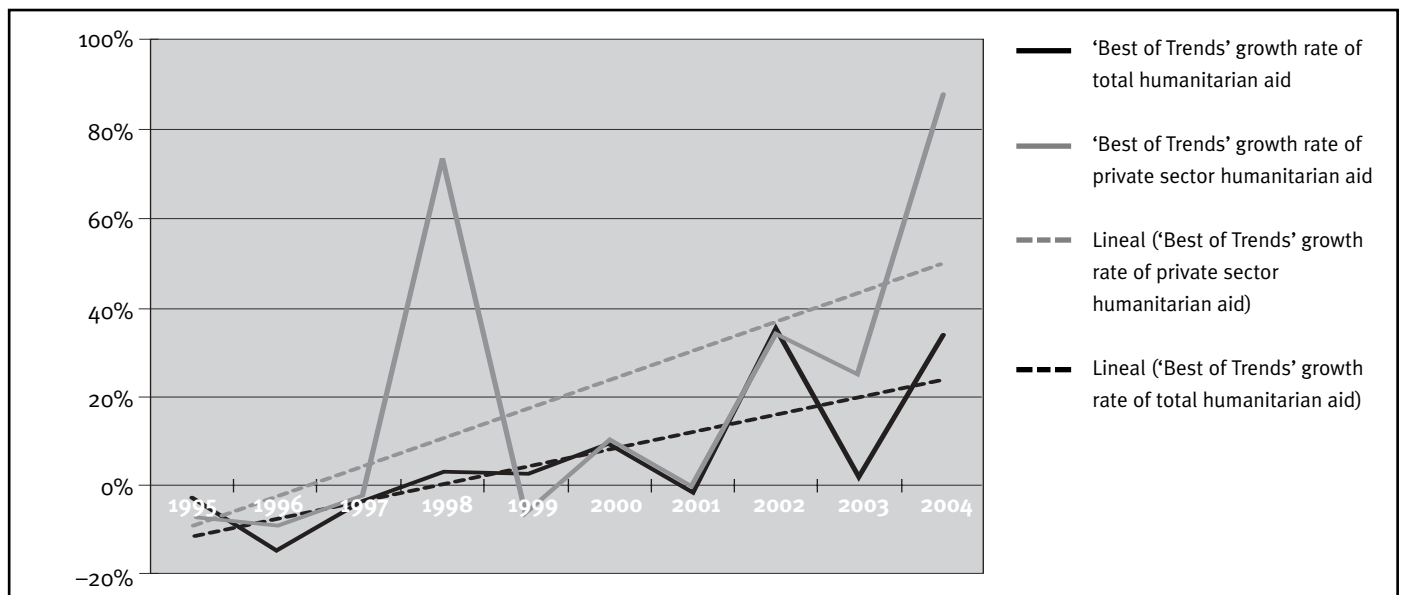


Figure 7: ‘Best sample’ growth rates, 1996–2005



WVI (5%). These seven organisations make up around 84% of total humanitarian funding within the sample over the period, although the data for ICRC and WVI pertain only to the period 2000–2005, while that of WFP covers the period 1998–2005. These include both multilateral agencies and NGOs.

Figure 9 shows the organisations which dominated the private sector funding of humanitarian action during the period. Three-

quarters of the period’s private sector funding was attributable to MSF (38%), WVI (24%) and UNICEF (13%). The samples for WVI (2000–2005) and for UNICEF (1999–2005) were much shorter than the sample for MSF (1995–2005). Again, these dominant players included both NGOs and a multilateral agency.

Figure 10 (page 13) graphs the data for these large humanitarian players. It is clear from the figure that not all the organisations

Figure 8: Shares in total humanitarian funding, 1995–2005 (as a proportion of the sample total over the whole period)

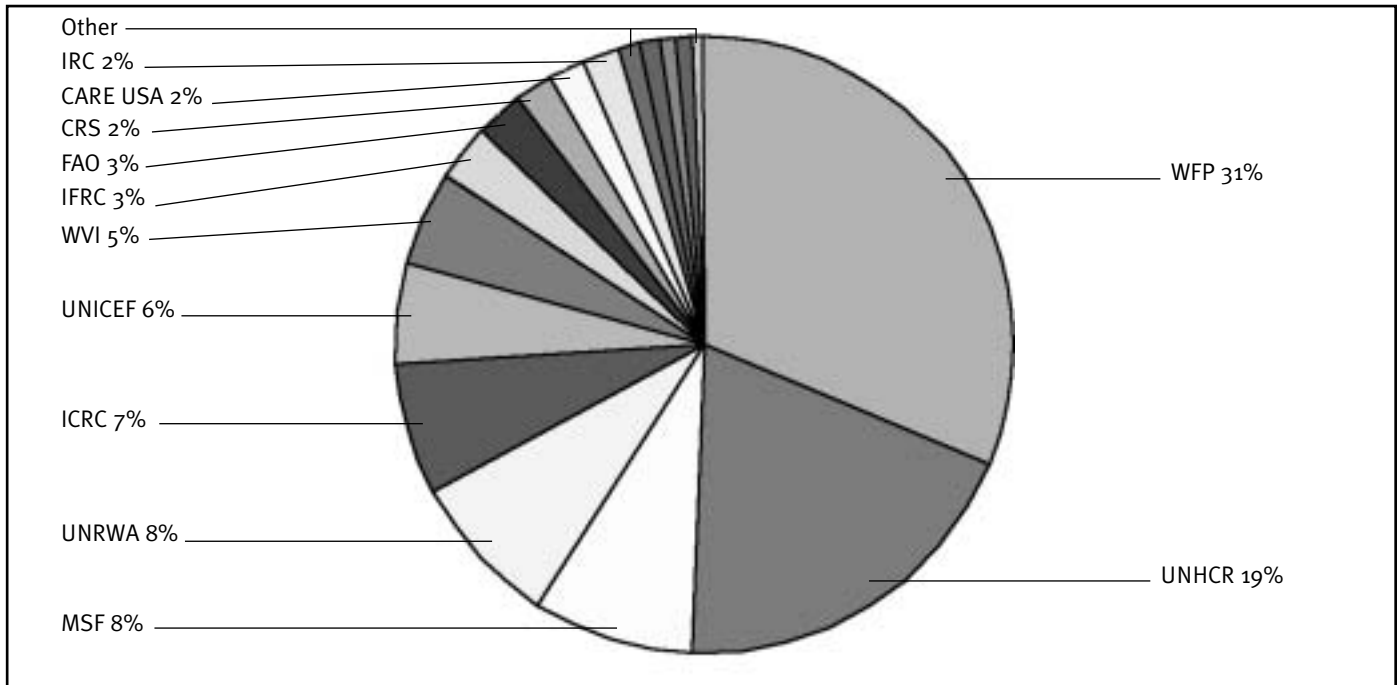
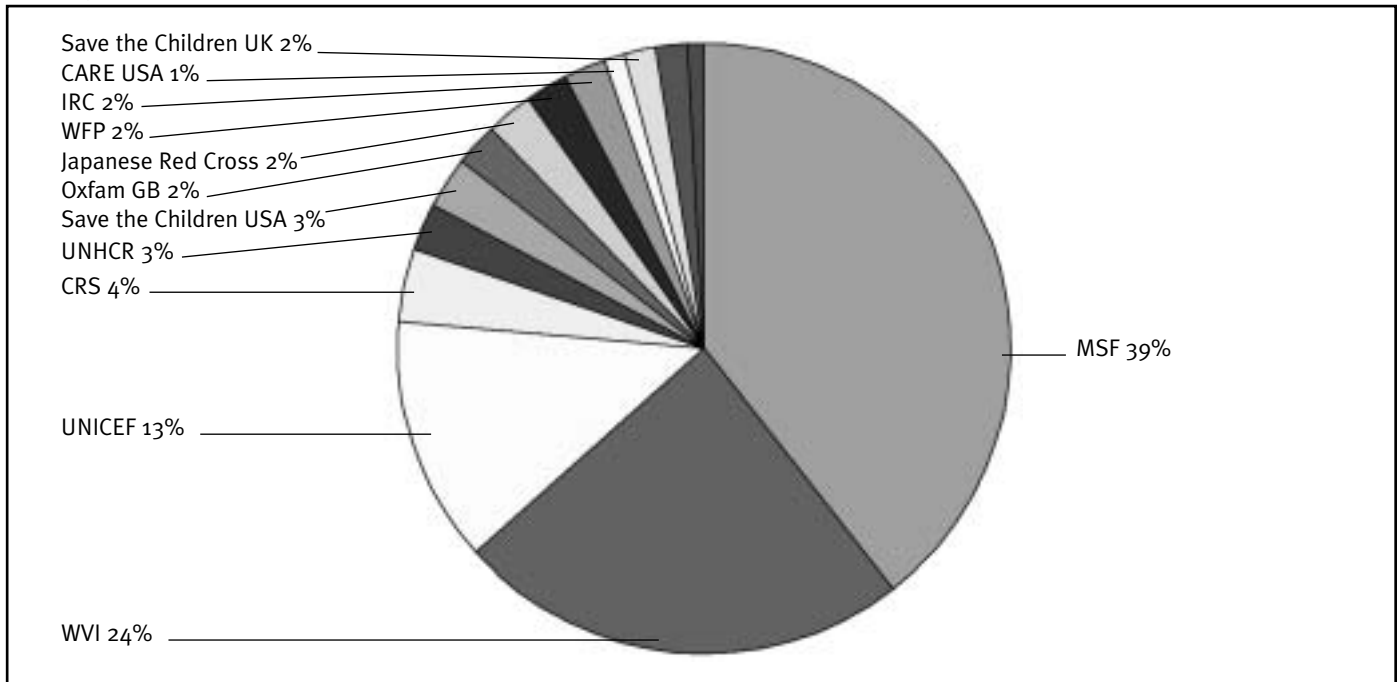


Figure 9: Shares in private sector humanitarian funding, 1995–2005 (as a proportion of the sample total over the whole period)



have done equally well in raising funds for humanitarian purposes. WFP experienced the highest trend increase over the period, with other agencies following in decreasing order of trend increases. UNICEF, WVI, ICRC, MSF, UNRWA and UNHCR.

Figure 11 plots the data for these three organisations, and linear trendlines for each series. As shown, all three organisations experienced substantial rises in private sector funding over the period for which data were available. WVI experienced the

highest trend increase over the period, with a trendline slope of 73m. UNICEF's trendline had a slope of 54m, while the trend in MSF was characterised by a slope of 38m. However, it should be noted that UNICEF's trendline would have had a much smaller slope had it not been for the large jump in private sector funding it experienced in 2005, mainly linked to the tsunami.

Figure 12 and Figure 13 (page 14) graph the data for those organisations whose share of funding commanded the

Figure 10: Total humanitarian funding of largest humanitarian actors within sample, 1995 – 2005 (in current US\$)

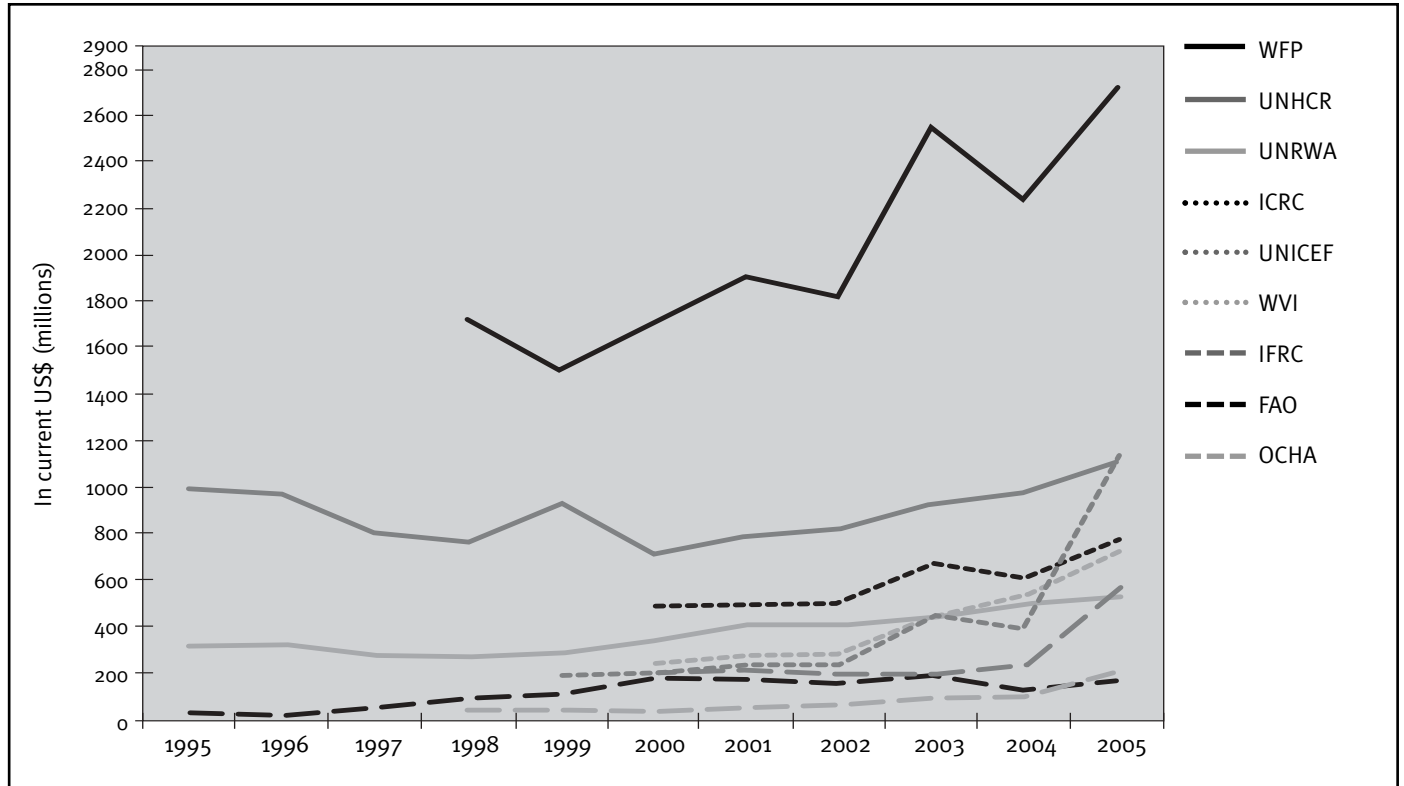
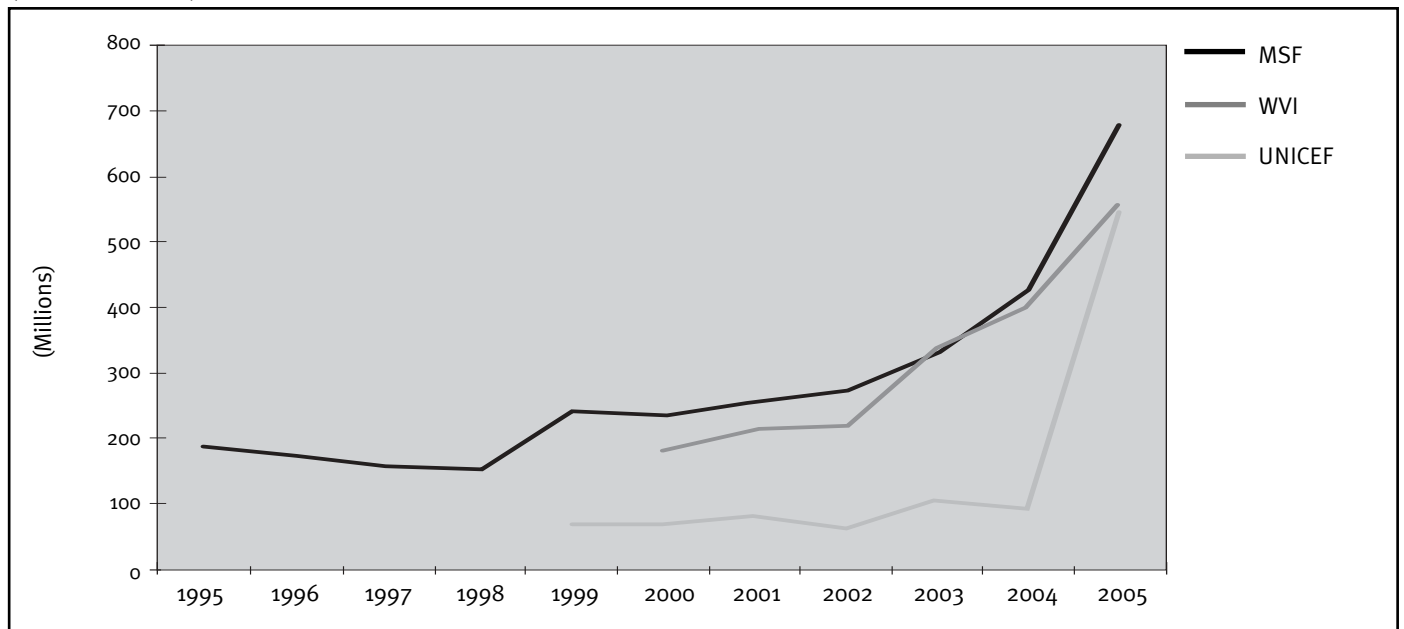


Figure 11: Private sector humanitarian funding of the largest humanitarian actors within sample, 1995–2005 (in current US\$)



remaining 25% of private humanitarian funding over the period studied. Among these 13 organisations, there is a marked difference in the private sector funding trends over the period. Here, NGOs (plotted in Figure 12) experienced significantly higher trend increases over the period, while multilateral organisations (shown in Figure 13), with the notable exception of WFP, experienced almost flat trendlines. Figure 14 (page 15) shows the aggregate data for both groups

of organisations and their aggregate trendlines, which exhibit slopes of 33m for the NGO group, and only 9m for the multilateral agency group (excluding WFP).

2.3 Trends in the make-up of private sector funding

Only four sample organisations were able to split their private sector funding into its three constituent parts, individuals,

Figure 12: Private sector humanitarian funding of smaller humanitarian actors (NGOs only) within the sample, 1995–2005 (in current US\$)

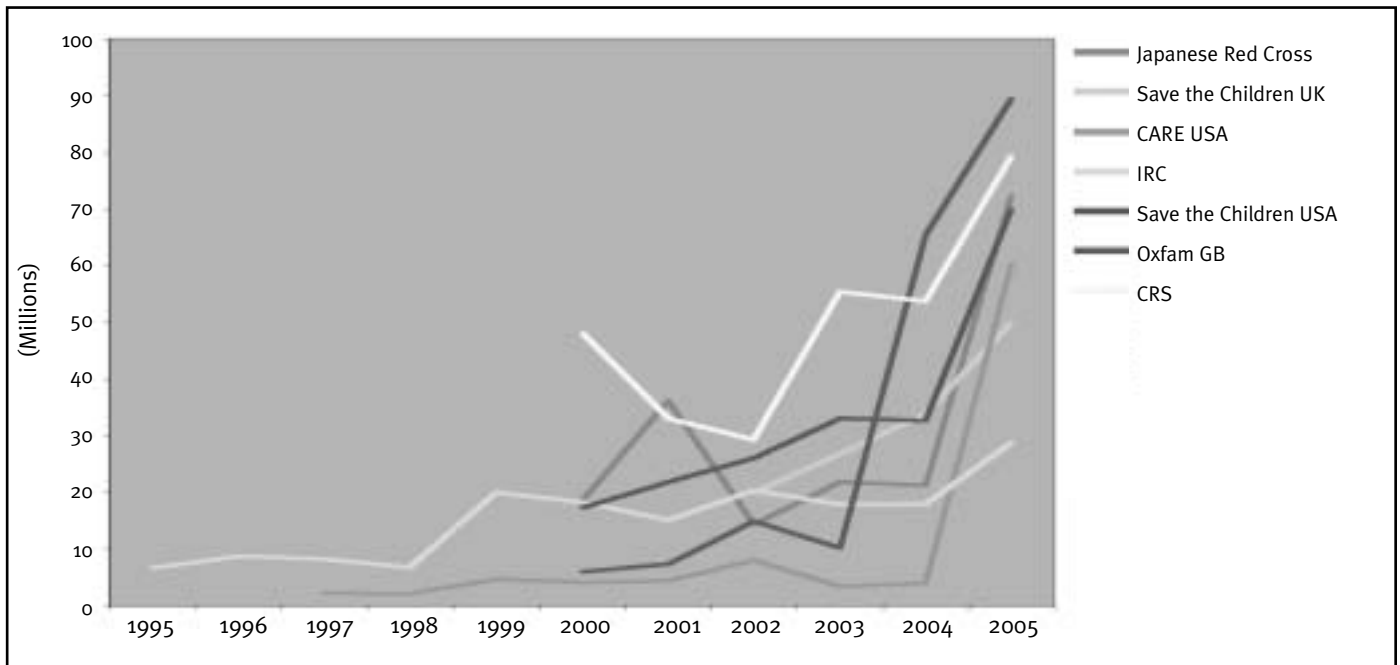
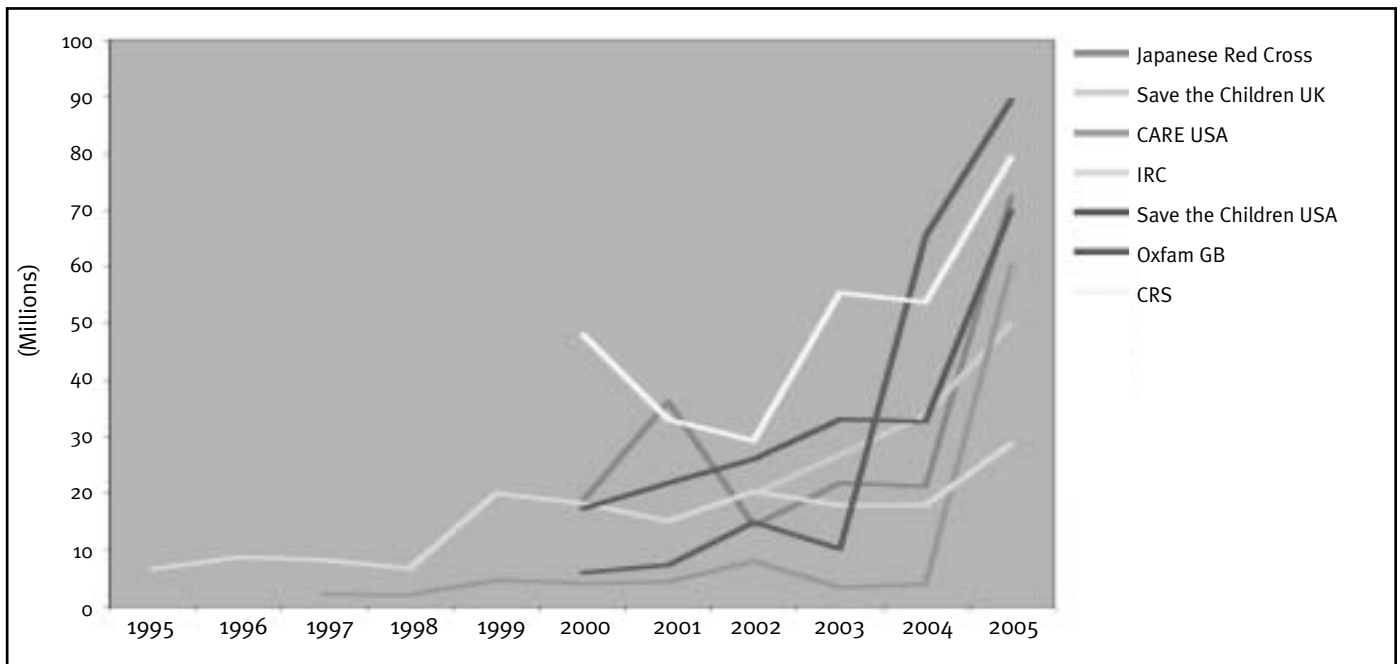


Figure 13: Private sector humanitarian funding of smaller humanitarian actors (multilateral agencies only) within the sample (in current US\$), 2000–2005



corporations (direct giving) and foundations, for the period since 2000 or later. The fact that most organisations approached did not have these detailed data, and that those that did only began recording this split since 2000 or later, is itself noteworthy. The data collection exercise revealed that some sample organisations were becoming more aware of the potential of private sector fundraising, and had added capacity within their fundraising units, as well as making changes to the way they account for their private sector data, in order to reflect this.

Table 3 summarises the data collected. The results show that organisations rely on different sources within the private sector to make up for the bulk of their private sector funding. Of the four organisations, MSF and Oxfam GB, both European NGOs, collected the bulk of their private sector income from individuals (88% and 96% on average, respectively). Foundations played a small role, averaging less than 10% over the period, while corporations' funding was almost negligible (5% and 0.4%, respectively). UNRWA, a UN agency operating in a very politicised environment and therefore not always

Figure 14: Private sector humanitarian funding of smaller humanitarian actors within sub-sample

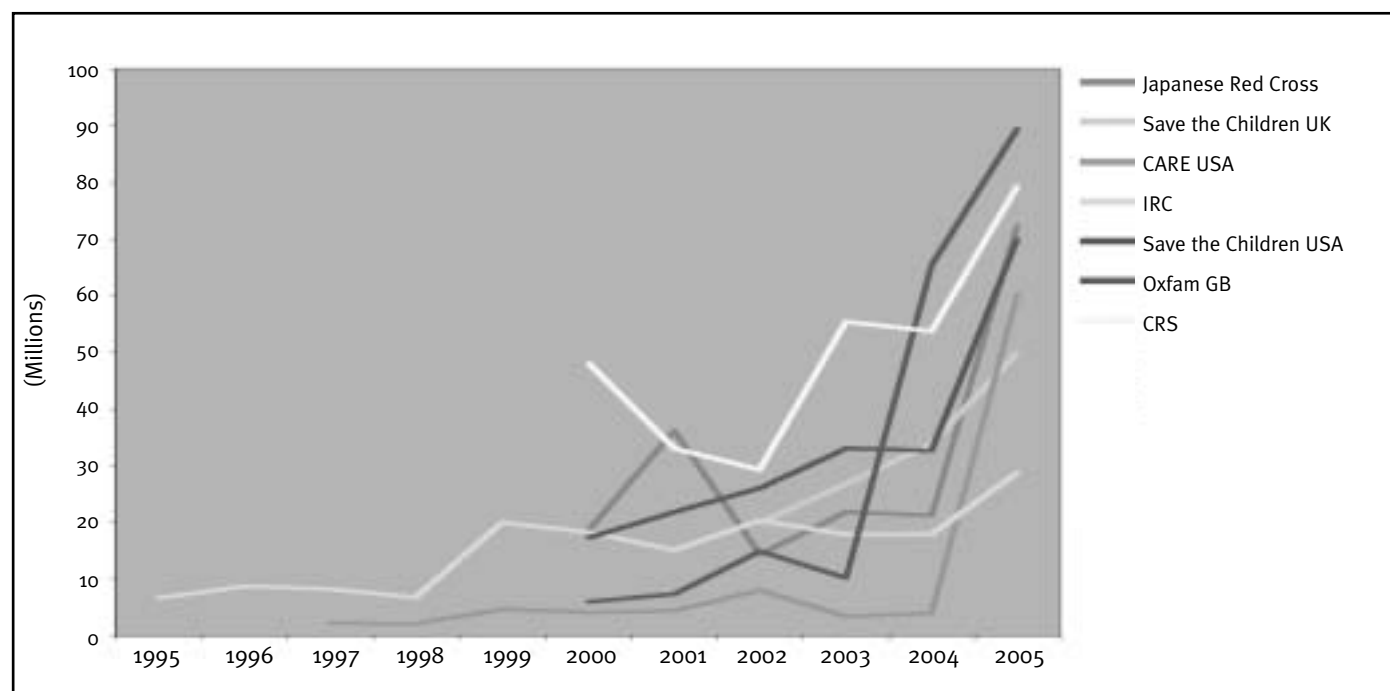


Table 3: Private sector (constituent parts) funding of humanitarian aid (in %)

		2000	2001	2002	2003	2004	2005	Average
UNRWA	Individuals			3.9	20.1	39.8	8.6	8.3
	Corporations			0.5	7.6	6.7	1.4	1.6
	Foundations			95.7	72.2	53.5	90.0	90.1
MSF	Individuals			86.7	87.5	87.2	87.9	87.5
	Corporations			2.8	3.8	4.6	6.3	4.8
	Foundations			10.5	8.8	8.2	5.8	7.7
Oxfam GB	Individuals	82.3	99.0	97.1	97.8	96.3	96.4	96.2
	Corporations	1.2	0.4	0.3	0.2	0.3	0.4	0.4
	Foundations	16.6	0.6	2.6	2.0	3.4	3.2	3.5
ICRC	Individuals	51.3	51.4	63.1	29.3	72.6	56.4	52.4
	Corporations	1.7	8.4	9.3	55.6	2.6	16.4	19.6
	Foundations	47.0	40.2	27.7	15.1	24.8	27.2	28.0

Source: DARA questionnaire and annual reports. Averages are calculated based on total data for given period. Figures for ICRC include only private contributions given directly to ICRC (not National Societies). Figures for MSF do not include in-kind contributions.

representative, collected the bulk of its private sector income – in itself not large – from foundations (90% on average). The rest came from individuals (8%) and corporations (2%). Finally, the ICRC relied on individuals’ contributions to make up an average of 52% of its private sector income over the period, with the rest split between corporations (20%) and foundations (28%).

Finally, the data show that, while the two NGOs, MSF and Oxfam GB, had very stable financing patterns over the period, with little fluctuations across years from all the sources of

private sector income, both UNRWA and the ICRC enjoyed very considerable variation over time. Due to UNRWA’s particular operating environment, this may not be such a surprising result. However, the ICRC’s corporate as well as individual income, which was much more substantial than UNRWA’s, in absolute and percentage terms, also varied considerably over time.

While this particular sample is too small to allow too many conclusions to be drawn at this stage, some questions that arise for future research are whether organisations with

volatile private sector income also rely mainly on appeals as a means to solicit this portion of their income. From the data collection exercise, it became clear that many private sector donors initially fund agencies' humanitarian appeals, and only later are converted into long-term donors. It therefore may be that organisations with a small or negligible development component are also those that will have more volatile income flows from the private sector. The data highlight the fact that, in some cases, private sector flows are indeed very volatile, making it difficult for recipient organisations to efficiently

programme these funds. This may also be a consideration when an organisation seeks to further engage with the private sector, and is supported by evidence from the data collection exercise, where it emerged that agencies are far more interested in converting private sector donors into longer-term donors than in receiving one-off funds for a particular emergency. Accordingly, they have put in place mechanisms such as corporate partnerships, discussed below, in order to secure longer-term and more predictable income flows from the private sector.

Chapter 3

Typology of private sector involvement

This chapter explores how private sector contributions were delivered, whether through cash or in-kind contributions; the nature and relative importance of in-kind contributions; and any existing policies which govern the acceptance of in-kind contributions. It also touches on the use of funds, the role of religious organisations in humanitarian action and the fundraising strategies of the humanitarian organisations under study.

The terms of engagement between UN agencies and the private sector (either individuals or corporations) are still relatively new, especially compared with NGOs' experience. Most UN agencies studied, with the exception of UNICEF, report that they have actively targeted individuals and corporations as potential sources of funding only in the last four to five years. As philanthropy entered a new era and wealthy individuals and corporations engaged with UN agencies, the system realised that these untapped resources could provide supplementary income to fund humanitarian responses.

Funds coming from private sources still only represent small fractions of overall budgets (typically less than 5%), with the exception of UNICEF, where private sector money has increased steadily over the last few years, reaching 46.5% in 2005, the tsunami crisis year.¹⁰ Typically, UN agencies' budgeting process involves defining needs in the field and setting up a strategy to raise enough funds to cover the outlined budget requirements. As OCHA reports, CAP appeals on average receive two-thirds of the funds requested, so private money is a good source of funding for the remaining third that generally remains unmet.

In addition to its role in providing supplementary income, private funding is sought by agencies as a means of diversifying and expanding their donor base, or in the case of public-private partnerships, to generate savings that will enable agencies to spend that income in other areas of need. It appears that this shift has been partially motivated by official donors. As the number of agencies' beneficiaries is increasing every year, donor governments are encouraging some agencies to diversify and expand their donor base as a way of covering core expenses. Private sector funds have certain advantages for agencies. Agencies that receive funds from individuals report that this money is unearmarked, making it more flexible. On the other hand, funding from foundations is sometimes earmarked and requires specific reporting and follow up, similar to official funding.

With regard to corporations, over the past five years UN agencies have begun to engage more with the commercial

sector not only as potential donors, but also as advisors on issues related to the improvement or strengthening of the agencies' operations and functioning. Enterprises are interested in engaging in humanitarian causes beyond mere financial contributions, and UN agencies have had to find innovative ways to establish partnerships that, while addressing needs, also pave the way for more than charitable giving and have a longer-term focus. The benefit of this type of co-operation is that it offers branding opportunities for both parties, and allows UN agencies to expand their outreach. However, such partnerships also risk associating UN agencies with corporations which in future may suffer reputational damage. For this reason, as explored in the next section, all UN agencies interviewed carefully analyse each potential partnership, and all have developed strict guidelines governing their collaboration with the private sector.

Private sector funding does not appear to have a specific impact on humanitarian organisations' modus operandi, nor does it compromise the way in which they conduct their operations on the ground. From the responses to the questionnaires and interviews, UN agencies seek funding for programmes that are already in place. All report that these initiatives are not donor-driven.

Volatility of private income appears not to be an issue for UN agencies interviewed, as this private income does not represent a significant part of their budget. But some of the interviewed organisations have contingency funds that would allow them to continue running operations for several months if private or official money dried up.

Turning to the NGOs interviewed for this study, these described their funding strategy as guided by a combination of the demands of any given emergency and the guidelines set in their annual budgets. As a result, they have developed very sophisticated and competitive strategies to raise funds from individuals, corporations and foundations. NGOs view financial contributions by individuals as a source of income that allows them to conduct their operations with greater freedom and flexibility, as the funds are typically unearmarked. All NGOs interviewed confirmed that securing private funding is important to maintaining independence (especially financial), but that fundraising from private sources is not necessarily based on a deliberate strategy to be independent. Only MSF and Oxfam GB reported that raising private funds was a deliberate attempt to maintain political as well as financial independence, allowing them to incorporate an advocacy component within certain emergency responses. Some NGOs reported that individual giving offered the

¹⁰ See Appendices for more details on individual organisations.

possibility of funding support functions. Only one organisation, CARE International, cited the use of private funding to match grants from official donors.

There is a positive correlation between media coverage of a crisis and fund-raising. NGOs regularly experience a certain degree of income volatility, whether the sources are institutional or private. During emergency situations (especially in high-profile crises that are widely covered by the media), NGOs see a possibility to expand their institutional and private donor base. But when humanitarian crises are not given extensive media coverage, organisations may encounter difficulties in getting an emergency response off the ground. NGOs have developed a variety of tools and fundraising strategies to cope with volatility of income. Among the tools cited are regular budget revisions to adjust and control for sparse funding environments and the maintenance of reserve funds. As for fundraising strategies, in general NGOs prioritise regular giving from individuals and (with the exception of MSF) try to strike a balance between public and private fundraising. All NGOs cite the challenge of converting one-time emergency donors into regular monthly givers, whose funds can be used to sustain the organisations' operations, particularly in the event of unforeseen humanitarian crises.

With regard to upswings in funding, such as in the tsunami response, organisations say that it is easy to spend excess income if funds are not restricted by scaling up operations in the field. However, MSF reports that, in general, the main constraining factor in their field operations is linked to human resources and management capacity more than to financial scarcity.

NGOs stressed that corporate or foundation giving tended to be tied to specific projects or programmes, especially since this usually entailed larger sums of money and donors wanted their contributions to benefit specific projects or high-profile objectives. NGOs report that the involvement of the corporate sector does not have an impact on the way they conduct their operations. Money from foundations or corporations is only accepted if it does not come with significant restrictions on how funds can be spent.

3.1 Cash versus in-kind contributions

All aid agencies interviewed favour cash over in-kind contributions because they are more flexible and easier to manage. UN agencies welcome gifts in kind, but report that they pose a variety of challenges: they generate unforeseen and hidden expenses usually related to management of the gifts, and may also incur transport, storage or licensing costs. UN agencies need to devote a significant amount of time to guarantee the quality of the products (reviewing the expiry date of medicines or canned food, for instance). In addition,

the distribution of certain donations can be problematic because they do not necessarily match target groups or location-specific requirements. When accepting in-kind contributions, agencies preferred these gifts to come with all direct costs covered. Otherwise, they either had to decline gifts or look for alternative ways to meet any hidden costs. Donations of services and pro bono work, albeit increasingly common and welcome, require a thought-through process to ensure that the service offered falls within the organisations' mandate and responds to need.

WFP usually budgets programmed gifts in-kind, and will register them as cash. When it comes to staff secondments or pro bono expertise, however, the majority of UN agencies did not know precisely how these items were recorded in the accounts. WFP told us that volunteer expertise is categorised as an extraordinary gift in-kind, which is not budgeted for in its programmes and therefore is not counted as a financial contribution. WFP received the largest amount of in-kind contributions between 2003 and 2005, totalling over \$40m in 2004 and 2005.

UN agencies reported that corporations were increasingly interested in engaging in humanitarian responses beyond financial contributions. It appears that, in recent years, corporations have become keener to establish partnerships or offer pro bono expertise than to donate cash. All UN agencies confirmed that they valued corporate engagement because it offered opportunities for the transfer of know-how and knowledge of new technologies, but that alliances had to fill a need and fall within their mandate. This has required agencies to find innovative ways to create opportunities for collaboration in order to take advantage of the supply. In fact, partnerships are becoming so common that most UN agencies have developed Standard Operating Procedures to guide and operationalise the process of developing partnerships with corporations. Furthermore, the UN's Global Compact is developing a predictive assessment tool to determine whether the partnership is likely to be successful, and this will be made available to all UN agencies. The project was to be presented at the next Global Compact Leaders Summit in July 2007. In addition, agencies also subjected corporations to strict scrutiny to check that they were not dealing with companies with reputational problems, were engaged in illegal business practices or whose activities ran counter to their objectives.

All aid agencies had policies regulating the principles under which a partnership could be established or contributions accepted, but guidelines (in the case of multi-mandated organisations) were not specific to humanitarian responses. Guidelines typically included general criteria for corporations' eligibility and exclusion, and emphasised that all agreements needed to be transparent and publicly available, and must not compromise agencies' independence.

Table 4: Cash and in-kind contributions

Type of private sector funding of international humanitarian aid (in %)								
		2000	2001	2002	2003	2004	2005	Average
IRC	Cash contributions	94.2	83.9	91.8	91.1	83.0	92.2	89.4
	In-kind contributions	5.8	16.1	8.2	8.9	17.0	7.8	10.6
ICRC	Cash contributions	90.9	97.5	90.1	98.7	98.8	97.4	95.5
	In-kind contributions	9.1	2.5	9.9	1.3	1.2	2.6	4.5
UNHCR	Cash contributions	73.5	86.9	86.4	89.9	79.6	89.9	84.4
	In-kind contributions	26.5	13.1	13.6	10.1	20.4	10.1	15.6
UNRWA	Cash contributions			96.0	37.4	44.2	76.5	63.5
	In-kind contributions			4.0	62.6	55.8	23.5	36.5
WFP	Cash contributions				19.0	34.6	39.0	30.9
	In-kind contributions				81.0	65.4	61.0	69.1

Source: DARA questionnaire and annual reports. Averages are calculated based on total data for given period. Figures for ICRC include only private contributions given directly to ICRC (not National Societies).

Furthermore, agencies stress that a partnership does not entail endorsing the companies’ products or services, and that agencies maintain the right to engage in collaborations with other companies, even direct competitors. The use of the logo is usually forbidden unless written permission is given, and this is usually granted only under special circumstances. With the exception of WHO, most guidelines do not differentiate between partnerships and staff secondments. In general, there is no reference to cash contributions in existing guidelines.

Prompted by the outpouring of support from corporations in response to the tsunami, OCHA and the World Economic Forum’s Humanitarian Relief Initiative issued a document to guide philanthropic corporate engagement in humanitarian action in January 2007.¹¹ The principles outlined in the document were developed in consultation with the IASC, and are meant to provide guidance to the international humanitarian community as a whole. The guidelines are more comprehensive than the procedures UN agencies follow because they contain operational instructions aimed at improving the impact of partnerships on the ground. Thus, the document addresses issues such as co-ordination with other local and international humanitarian agents, respect for local customs and culture and a requirement to monitor the impact of philanthropic support. In addition, it provides clear recommendations on how contributions should be made.

NGOs have a clear set of policies for accepting in-kind contributions. As with most UN agencies, NGOs prefer cash over in-kind contributions. Nonetheless, NGOs welcome and accept gifts in-kind, but on a case-by-case basis in order to make sure that the corporation’s focus was aligned with the organisation’s objectives, and that the gift met priority needs. NGOs screened the corporations from which they received

donations and did not accept gifts from industry sectors whose activities conflicted with their operations, such as the armaments, tobacco and extractive industries. Half of the NGOs studied received pharmaceuticals, food and non-perishable goods; the other half either did not accept in-kind gifts, or under-reported the gifts they received.

The majority of NGOs reported that they accept the value of in-kind contributions given by the donor. When the donor does not make the information available, NGOs value contributions at insurance value or according to market prices. Volunteer time or pro bono work is usually not counted as income. However, many organisations interviewed did not attach a monetary value to the contributions received during 1995–2005, hence making it difficult to assess the importance of in-kind versus cash contributions.

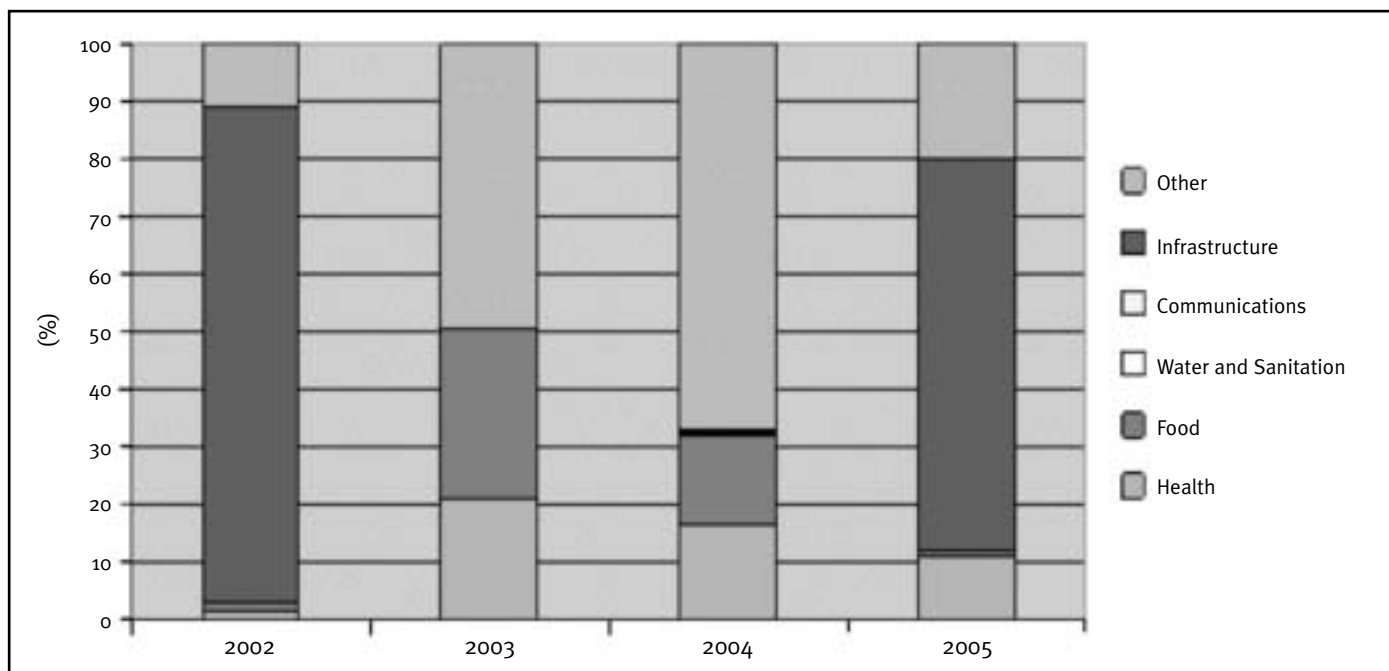
3.2 Use of funds

Both humanitarian agencies and NGOs reported in the questionnaires that funds coming from the private sector were spent in the same way as official funds. With respect to sectors and regions, neither the official aid agencies nor NGOs had breakdowns of their expenses according to the funding source, hence making it impossible to draw out trends. The exception to this was UNRWA, which recorded expenses according to source of funding. This showed the sectors preferred by private funding, namely health, infrastructure and food. It is worth mentioning, however, that most of UNRWA’s private funding comes from charitable foundations, rather than individuals or corporations.

In addition, some of the interviewed NGOs mentioned that part of their private funds were used to replenish emergency funds, and may be used to jump-start responses while other funding is being sought. These funds also serve the

¹¹ Guidelines for Philanthropic Engagement <http://ochaonline2.un.org/Default.aspx?tabid=1673>

Figure 15: Private sector funding across sectors



Source: DARA completed questionnaire.

*UNRWA provides humanitarian assistance although some of the projects could be considered as development but the Agency does not differentiate them.

additional purpose of financing essential work such as early needs assessments, for which organisations cannot find funding elsewhere. They are also very important in the context of low-profile humanitarian crises, which are not covered extensively by the media.

3.3 The role of religious organisations

None of the organisations interviewed commented on donations from religious organisations, or felt that these funds had any impact on their policies or modus operandi. No financial figures for religious organisations' contributions were uniquely identified to this study either by NGOs or UN agencies.

3.4 Fundraising schemes

On the whole, UN and NGO fundraising strategies differ significantly. The majority of UN agencies pursued fundraising plans guided by annual budget strategies that estimated needs in the field; the exception to this was UNICEF, which elaborates its budget following a combination of demand in each emergency and annual budget calculations.

UN agencies have revamped their websites to include mechanisms for accepting online donations, but these instruments were generally very simple and covered only donations through cheques, bank transfers or credit card transactions. In most cases, agencies did not provide an explanation to potential donors of what could be achieved with the donated money, nor did they allow donors to

contribute to a particular crisis. UNHCR, FAO and UNICEF were the exception. The first two informed the potential donor of the activities that would be undertaken with the donation (e.g. providing access to potable water, an irrigation pump or a tent for a refugee family), and UNICEF offered donors the possibility of contributing to a specific crisis response. Agencies like WFP, UNICEF, FAO and OCHA have also established tax deductibility terms for potential donors, mostly covering key countries such as the US and the United Kingdom, and to a lesser extent other European countries. On the whole, facilities for online donations have only recently been set up and it is too early to assess their effectiveness.

It appears that the conservative mindset is rapidly changing and UN agencies are beginning to engage in more cutting-edge fundraising activities, such as TV drives for particular crises or enabling individuals to donate through call centres and via text messages, nominating celebrities as goodwill ambassadors to gain visibility, or establishing strategic alliances with corporations in order to take advantage of business know-how. The Indian Ocean tsunami and the South Asia earthquake in 2004 and 2005 have certainly influenced the way in which UN agencies look at their fundraising strategies. Even an agency like WHO, which does not actively seek private funds for humanitarian operations, received \$2.7m from individuals and foundations for its Health Action in Crises programme in 2005.

The majority of agencies who answered the questionnaires said that they devoted much of their efforts to persuading individuals to commit to regular monthly giving programmes, or through fundraising campaigns organised by their national

committees. This was the case for UNICEF, UNRWA and UNHCR. These national campaigns vary in number depending on the agency (UNICEF has the most, UNRWA the fewest), and tend to function as local NGOs. Usually, the country support groups serve as fundraising hubs in charge of organising local campaigns and funding drives for specific crises or for general priorities within the organisations. UNICEF reports that the conversion rate of one-time emergency donors to regular monthly donors is 20%.

UNICEF and WFP have greatly professionalised their fundraising and have established in-house capacities in order to address and target the specific needs of individual and corporate donors. UNRWA has a small department in charge of expanding its donor base; it focuses on foundations, because they provide higher returns than individuals and are less labour-intensive. One untapped strategy for UN agencies that could potentially raise additional funds is collective fundraising drives. The agencies interviewed mentioned that, beyond the CAP launch, they usually do not engage in collective fundraising with other UN organisations or with NGOs and foundations.

NGOs seemed to have established a clearer set of objectives than UN agencies in terms of increasing private contributions. Marketing or development divisions regularly set strategic plans to expand and maintain their donor base, and were constantly on the look-out for new ways to attract funding from corporations, individuals and foundations. The majority of the organisations interviewed developed sophisticated strategies and user-friendly websites that presented the potential donor with a wide array of options to donate. This was reflected in the wide spectrum of online donations available to individuals via NGOs' websites, characterised by an extremely user-friendly design. A potential donor is given opportunities to donate in various forms, from cash to shares and securities to leaving a legacy in their will. NGOs' websites are not only friendly to navigate, but also allow donors to contact advisors who can provide details on how to make a donation.

In general, the websites reviewed enabled donors to choose an emergency, gave information on the type of activities funded and provided a breakdown on how the organisation spends the funds they received across their activities, including programmes, fundraising, management and general expenses. However, online facilities are not strictly viewed as an instrument to raise funds. The majority of NGOs mention that developing their websites and advancing their online donations feature is an integral part of their fundraising strategy, which serves other purposes such as informing the public where funding is needed, in addition to offering the possibility of contributing to the organisations' operations.

NGOs reported other fundraising tools to target individuals. The preferred traditional fundraising strategies are direct mailing, monthly gift programmes, telemarketing campaigns, membership fees, personalised mailing campaigns and toll-free numbers to make donations. Save the Children and World Vision International also offer child sponsorship programmes. A recent new addition to these fundraising techniques, which was used by the majority of interviewed NGOs, is gift catalogues and online shopping. Oxfam reports that its Oxfam Unwrapped programme has contributed significant amounts over the first two years after its launch, although it is now slowing down.

Another brand-related mechanism being developed is actively engaging donors in group gatherings, debriefings and other activities that bring the donor closer to the organisation's activities. Individuals are invited to organise events such as concerts, sports tournaments or other activities utilising the organisation's name. One NGO also organised field trips in order to foster ties with donors, as well as offering them the chance of experiencing its programmes in situ.

Collective fundraising drives, such as those organised through the Disasters Emergency Committee in the UK, are also used by the majority of NGOs interviewed, with the exception of IRC and MSF. Media coverage of the emergency is a requisite for success. Other areas that deserve further analysis to decide whether a joint appeal is worthwhile include how the funds are going to be redistributed, whether communication among members is difficult and the chances of raising funds solo. With regard to corporations, NGOs are increasingly targeting this sector through a variety of means, mainly via the websites. Strategies involve traditional workplace giving programmes matching gifts for specific crises, or regular corporate giving partnerships, which cover general emergency needs on a yearly basis. One growing trend over the last decade, at least amongst the interviewed NGOs, is the establishment of longer-term corporate social responsibility plans, whereby industry-specific corporations create an alliance to collaborate with a given NGO in projects within their field of expertise. This engagement serves to improve a corporation's image as ethical and committed to the communities it serves, offers co-branding opportunities to both organisations and enables the collecting of funds for specific projects and emergencies.

Regarding foundations, all the NGOs looked at said that private foundations were a growing source of income to fund their operations, and they were keen on capitalising on them in the future. Selected NGOs reported that money coming from private and corporate foundations was usually not as restricted as official aid, and allowed for more timely responses during humanitarian crises.

Chapter 4

Corporations in humanitarian action: two case studies

This chapter, which describes a case study on large corporations involved in humanitarian aid, provides a snapshot of their humanitarian funding in relation to overall turnover, the prevalence of corporate funding per sector of activity and the split between their contributions to humanitarian as opposed to other forms of aid, as well as between financial and in-kind contributions. It also attempts to shed light on how the private sector understands humanitarian aid, motives for involvement in it and the choice of funding mechanism and modes of delivery of humanitarian aid.

The data published by the Committee Encouraging Corporate Philanthropy (CECP) was chosen as a representative case study for corporations' involvement in humanitarian action. The CECP is a high-level international forum of business leaders focusing on corporate philanthropy, which aims to raise the level and quality of corporate philanthropy. As its members include over 145 Chief Executive Officers and Chairpersons representing companies that account for nearly 40% of reported corporate giving in the United States, it would appear to be representative of corporate America. Many members are Fortune 100 companies.¹²

¹² This analysis is based on a 2005 survey conducted by CECP among its member companies, in which 103 companies responded, of which 40 were Fortune 100 companies.

The study looks at spending by CECP member companies directed at two humanitarian emergencies, the May 2006 Indonesian earthquake and the October 2005 South Asian earthquake, and draws some conclusions on financing trends, in relation to sectors of activity and corporation size. The Indonesia disaster was the smaller of the two in its magnitude and scale, killing some 5,000 people compared to the 80,000 dead in the South Asian disaster. This was reflected in the scale of the corporate response. These two natural disasters were chosen based on the availability of data. Corporate donations are often not publicly available, and it is therefore difficult to obtain large-scale data sets without expensive subscriptions to relevant databases.

Table 5 covers the Indonesian case study. Only nine companies contributed to the disaster response, donating a total of \$2.6m, with an average per company of \$284,000. There was a substantial variation in corporate donations, ranging from \$25,000 to \$1.6m. The vast majority of donations were in the form of cash, with in-kind donations making up only around 10% of the total, contributed by two out of the nine companies involved. The largest grant, \$1.6m, was predominantly in cash (99%). In this emergency, corporate spending was to some degree related to 2005 gross revenue figures, with a correlation coefficient of 0.48. When compared

Table 5: The Indonesia case study. Total contributions by CECP members to the Indonesia earthquake

Company	Total contribution (US\$)			Gross revenue 2005 (US\$m)	Total contribution (% of gross revenue)
		In-kind (US\$)	Cash (US\$)		
Altria Group, Inc.	1,615,600	15,600	1,600,000	97,854	0.00165
American Express Foundation	25,000	0	25,000	24,068	0.00010
Bank of America	25,000	0	25,000	83,980	0.00003
Eli Lilly and Company	50,000	0	50,000	14,645.30	0.00034
Ernst & Young LLP	50,000	0	50,000	16,900	0.00030
HSBC	150,000	0	150,000	93,494	0.00016
JPMorgan Chase	200,000	0	200,000	79,876	0.00025
Lehman Brothers	100,000	0	100,000	32,420	0.00031
Merck & Co., Inc.	340,470	240,470	100,000	22,011.90	0.00155
Total	2,556,070	256,070	2,300,000	465,249.20	
Median	100,000	0	100,000	32,420	0.00030
Mean	284,007.78	28,452.22	255,555.56	51,694.36	0.00052
Standard Deviation	509,765.81	79,673.88	507,564.31	35,905.32	0.00062

Notes: Cash contributions include employee contributions.

Source: CECP website, Reuters, Yahoo finance, Google finance, websites of the companies

Table 6: Contributions according to sector

Sectors	Total contribution (US\$)	Sector's total contribution (% of total)					Gross revenue in 2005 (US\$ m)	Total contribution (% of gross revenue)
			In-kind contribution (US\$)	Sector's in-kind contribution (% of total in-kind)	Cash contribution (US\$)	Sector's cash contribution (% of total cash)		
Consumer staples	1,615,600	63.21	15,600	6.09	1,600,000	69.57	97,854	0.00165
Financials	500,000	19.56	0	0	500,000	21.74	313,838	0.00016
Healthcare	390,470	15.28	240,470	93.91	150,000	6.52	36,657.20	0.00107
Industrials	0	0	0	0	0	0	22,011.90	0
Services	50,000	1.96	0	0	50,000	2.17	16,900	0.00030
Total	2,556,070	100	256,070	100	2,300,000	100	487,261.10	
Median	390,470		0		150,000		36,657.20	0.00030
Mean	511,214		51,214		460,000		97,452.22	0.00063
Standard Deviation	653,534.89		106,012.75		666,520.82		125,198.75	0.00070

to companies' gross revenues, the contributions to this emergency are tiny, never exceeding 0.00165% of gross annual revenues for 2005.

Table 6 disaggregates contributions according to the sectors the companies operate in. Consumer staples (one corporation) provided the largest contribution (some 63% of the total). Companies within the financial sector (five corporations) provided around 20% of the contributions, followed by those in the health sector (two corporations), with 15%. As expected, the health/pharmaceutical sector accounted for the lion's share of in-kind contributions (94%). As a sector, 62% of its contributions were donated in-kind, while only 38% were cash contributions.

Data in Table 7 relate to the second case study. In total, 145 companies and other entities contributed to the South Asian earthquake, donating a total of \$113.1m, with an average per company of \$8.7m. The large sample size of this case study allows for more representative results than in the Indonesian example. There was a substantial variation in corporate donations, ranging from \$25 to \$28.2m. By contrast to the Indonesia earthquake, donations were fairly evenly split between cash (48%) and in-kind contributions (52%), although only 22 corporations contributed in-kind. Eight of the largest nine grants (over \$2m) had substantial in-kind components; on average as much as 76% was contributed in-kind. Corporate spending was not related to 2005 gross revenue figures, with a correlation coefficient of 0.04. When compared to companies' gross revenues, the contributions to this emergency are tiny, never exceeding 0.15% of gross annual revenues for 2005.

Figure 16 gives the sectoral breakdown of contributions to the South Asia earthquake. The health/pharmaceuticals sector

made the largest contribution, accounting for some 53% of the total, followed (as in the other case study) by companies in the financial sector (around 13%) and the industrials sector (around 10%). As before, the health/pharmaceutical sector accounted for the lion's share of in-kind contributions (88%). As a sector, 85% of its contributions were donated in-kind, while only 15% were cash contributions. The highest contributing sector in cash terms was, perhaps unsurprisingly, the financial sector, whose contributions make up around one-quarter of the total cash going to this emergency.

In the past, cooperation between humanitarian organisations and the business community tended to focus almost exclusively on the financial dimension. However, there has been a growing recognition by humanitarian actors over the past few years that business can offer much more, including 'its pragmatic thinking, expertise and technology transfer, as well as practical assistance during crises when business can respond with less red tape'.¹³ Businesses can contribute in numerous ways, from funding to logistics. They also have an important role to play in restoring normality in disaster-stricken areas through the early resumption of business and investment. Offering jobs and other wealth-creating opportunities can help restore social and economic stability.¹⁴ Regarding the choice of implementing agency, a key consideration for business is to find 'groups who are flexible and willing to re-direct programs to be compatible with strategic business objectives'.¹⁵ Businesses appear to take into account a number of factors when choosing their humanitarian partners, including a shared interest or presence

¹³ BHF, op. cit., p. 12

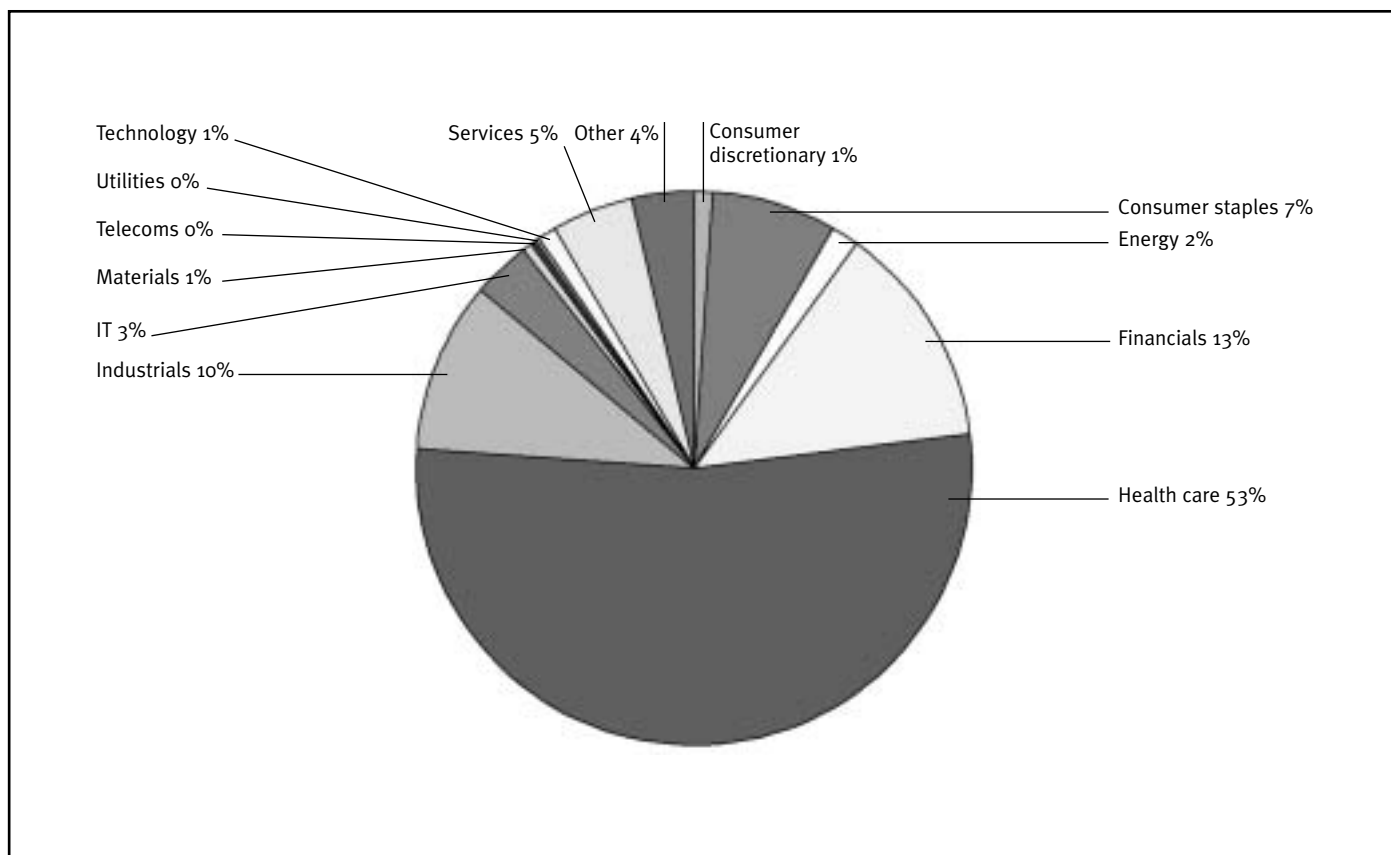
¹⁴ See Business Humanitarian Forum (2005), Annual Report.

¹⁵ BHF, op. cit. p. 9.

Table 7: Case study: the Pakistan earthquake

Sectors	Total contribution (US\$)	Sector's total contribution (% of total)			
			In-kind contribution (US\$)	Sector's in-kind contribution (% of total in-kind)	Cash contribution (US\$)
Discretionary	1,350,100	1.19	500,000	0.86	850,100
Consumer staples	8,105,240	7.17	1,040,000	1.78	7,065,240
Energy	1,898,600	1.68	53,600	0.09	1,845,000
Financials	14,563,592	12.88	774,000	1.32	13,789,592
Healthcare	60,245,316	53.28	51,477,000	88.08	8,768,316
Industrials	11,107,100	9.82	2,452,100	4.20	8,655,000
IT	3,760,300	3.33	450,000	0.77	3,310,300
Materials	570,000	0.50	250,000	0.43	320,000
Telecoms	564,000	0.50	14,000	0.02	550,000
Utilities	204,500	0.18	0	0	204,500
Technology	1,429,000	1.26	300,000	0.51	1,129,000
Services	5,142,233	4.55	1,085,000	1.86	4,057,233
Foundations/Private/Associations	4,122,763	3.65	46,000	0.08	4,076,763
Total	113,062,744	100	58,441,700	100	54,621,044
Median	3,760,300		450,000		3,310,300
Mean	8,697,134.15		4,495,515.38		4,201,618.77
Standard Deviation	16,106,600.47		14,132,223.37		4,205,683.94

Figure 16: Contributions to the South Asian earthquake response



in the country; the clear prioritisation of humanitarian activities by the humanitarian organisation to define and target the areas of greatest need; and flexibility so that a company can make an investment which is worthwhile, aligned with the company's business objectives, and achievable.

Finally, regarding corporate response mechanisms, it appears that the sequence of large-scale natural disasters in 2005 also had an important impact on how corporations respond to disasters. CECP (2006) reports that companies made changes to their philanthropy programmes to ensure that they would be better prepared for future disaster responses, should the need arise. The most common reported change was the formation of new partnerships with NGOs or the expansion of existing partnerships. Corporate philanthropy was also found to focus strongly on relief and rescue, with very little money directed towards reconstruction, child assistance, technology or medical equipment, all areas much further removed from the media spotlight.

In summary, corporations' financial contributions vary substantially, ranging from the very small to the very large, in the tens of millions of dollars. In terms of financial value, both cash and in-kind contributions appear to play an important role, and although most donors provide cash, a smaller number of corporations, typically operating in sectors such as pharmaceuticals, make up the bulk of in-kind donations. Indeed, the largest grants in terms of value included very substantial in-kind elements. Overall, corporate spending was not related to gross revenue figures, and contributions were small relative to these. However, corporations seem to be more aware of the need to respond to humanitarian catastrophes in an effective way, and have begun mobilising their resources and management to better co-ordinate their response in future. This may also suggest that collaborative efforts, such as joint corporate humanitarian initiatives, the development of guidelines for corporate disaster response and the fostering and expansion of long-term partnerships with selected NGOs, will become increasingly significant.

Chapter 5

Case study: foundations

This section explores whether foundations have played an increasingly important role in humanitarian action over the period 1995–2005, on the basis of a small case study. The case study data suggest that it is probably too early to conclude that there is a new trend of increased giving to humanitarian action by US foundations.

All data for this case study are taken from the US Foundation Center (FC), a leading authority on philanthropy, which maintains the most comprehensive database on US grant-makers and their grants.¹⁶ There are two main sources of data, namely information made public by private foundations to comply with tax laws, and a survey of over 1,000 foundations, which is carried out each year by the FC. US tax laws stipulate that private foundations make their financial information publicly available, by filing Form 990-PF.¹⁷ This serves as the basis for the information collected by the FC, and has allowed it to build a database that covers almost all private foundations.

This study follows the definition of a foundation used by the US Foundation Center: ‘an entity that is established as a non-profit corporation or a charitable trust, with a principal purpose of making grants to unrelated organisations or institutions or to individuals for scientific, educational,

cultural, religious, or other charitable purposes’. The focus is on private foundations, which are characterised by the fact that most of their funds come from one source, whether an individual, a family or a corporation.

Table 8 shows that, over the period 1995–2004, the number of private foundations in the US increased by 69%. Independent private foundations are by far the largest group, numbering 60,031 in 2005, compared with 2,596 corporate private foundations, although this does not include the numerous corporate ‘direct giving’ programmes which do not channel their money through corporate foundations.

Total giving by independent foundations in current US dollars increased by \$13.9m over the period 1995–2004, or by 148%, while that of corporate foundations increased by \$1.7m, or 102% (see Table 9).

The FC also collects information on what foundations’ grants are spent on. Although there is no specific information on spending on humanitarian aid, this is contained in a larger category called ‘International Affairs, Development, Peace and Human Rights’. Figure 17 (page 28) gives an indication of the evolution of spending for this category over the period

Table 8: Grant-making foundations by type, 1995–2004

Year	All types	Private foundations				Community foundations
		Number	Independent	Corporate	Other	
1995	40,140	39,727	35,602	1,946	2,179	413
1996	41,588	41,177	36,885	1,969	2,323	411
1997	44,146	43,743	39,248	2,029	2,466	403
1998	46,832	46,395	41,751	2,022	2,622	437
1999	50,201	49,682	44,824	2,019	2,839	519
2000	56,582	56,022	50,532	2,018	3,472	560
2001	61,810	61,208	55,12	2,170	3,918	602
2002	64,843	64,182	57,834	2,362	3,986	661
2003	66,398	65,699	58,991	2,549	4,159	699
2004	67,736	67,036	60,031	2,596	4,409	700
Total change over period	27,596	27,309	24,429	650	2230	287
(in %)	68.7	68.7	68.6	33.4	102.3	69.5

Source: The Foundation Center, 2006 (foundationcenter.org)

Notes: Collection of data on community foundations began with the fiscal year 1977. Data solicited annually by questionnaire; community foundations are not required to file Form 990-PF. ‘Other’ category refers to operating foundations that use the bulk of their income to provide charitable services or to run charitable programmes of their own and make few, if any, grants to outside organisations.

¹⁶ See <http://foundationcenter.org/>.

¹⁷ As additional information, prevailing US tax laws for private foundations include a payout requirement of at least 5% of the average market value of

their investment assets in any given fiscal year by the end of the following year, as well as an excise tax of 2% on net investment income, and a limit on the share of profitable enterprise they may own.

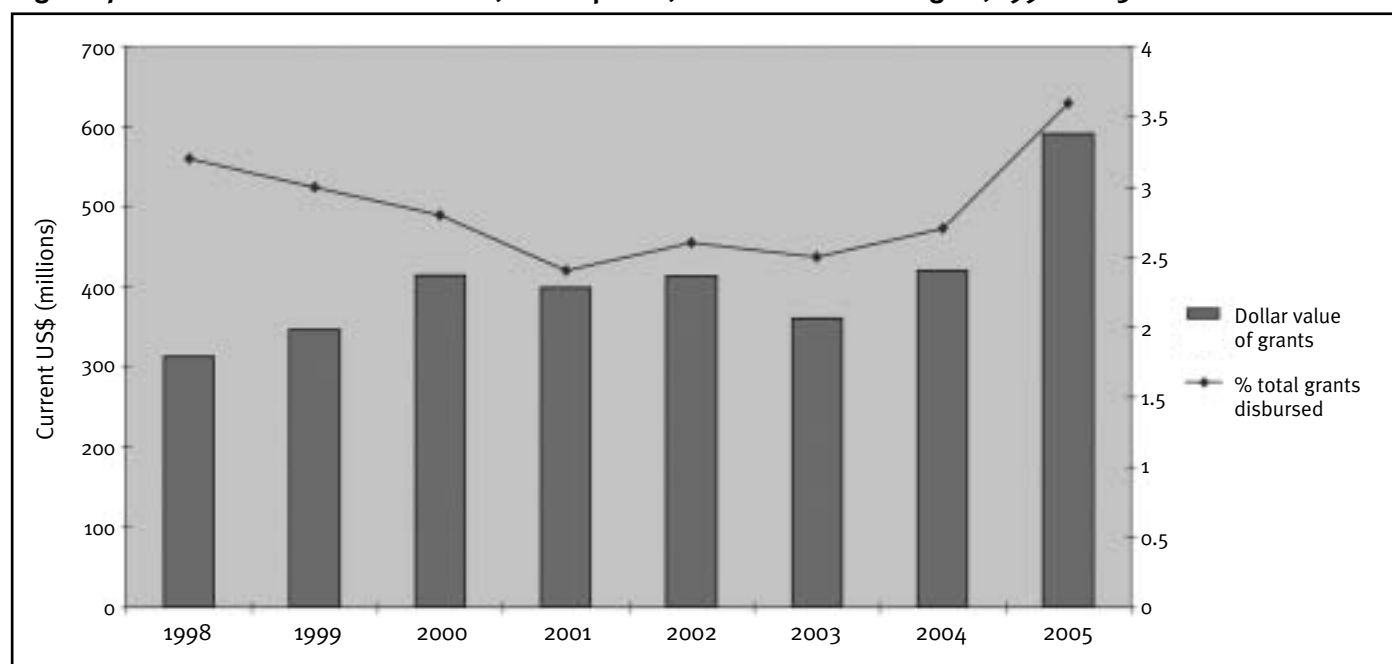
Table 9: Number of grant-making foundations, assets and total giving, 1995–2004

Year	All types			Independent		Corporate	
	Number	Assets (US\$ bn)	Total giving (US\$ bn)	Number	Total giving (US\$ bn)	Number	Total giving (US\$ bn)
1995	40,140	226.74	12.26	35,602	9.419	1,946	1.699
1996	41,588	267.58	13.84	36,885	10.714	1,969	1.836
1997	44,146	329.91	15.99	39,248	12.375	2,029	2.066
1998	46,832	385.05	19.46	41,751	14.934	2,022	2.446
1999	50,201	448.61	23.32	44,824	17.989	2,019	2.814
2000	56,582	486.09	27.56	50,532	21.346	2,018	2.985
2001	61,810	467.34	30.50	55,12	23.705	217	3.284
2002	64,843	435.19	30.43	57,834	23.254	2,362	3.457
2003	66,398	476.71	30.31	58,991	22.568	2,549	3.466
2004	67,736	510.48	31.84	60,031	23.334	2,596	3.43
Total change over period	27596	283.74	19.58	24429	13.92	650	1.73
(in %)	69	125	160	69	148	33	102

Source: The Foundation Center (foundationcenter.org).

Notes: Years are approximate; reporting years varied. Total giving includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and programme expenses. It is reported in current dollars.

Figure 17: Grants to International Affairs, Development, Peace and Human Rights, 1998–2005



1998–2005. The left-hand axis plots the value of grants to this category in current US dollars; the right-hand axis shows the share of grants to this category as a proportion of total grants disbursed to all categories in a given year.

As a percentage of total grants disbursed, foundations’ spending for the overall category has been small, averaging 2.9% over the period for which data was available. The average annual value of grants over the period disbursed for the overall category was \$407m. Spending slowed from 1998, when the proportion was 3.2%, reaching 2.4% in 2001. Since

then it has picked up slightly, reaching 3.6% in 2005, or in grant value terms \$591m, although this could be considered an outlier since it was the tsunami year.

To obtain a rough estimate of how much within the category International Affairs, Development, Peace and Human Rights went towards purely humanitarian spending, Table 9 lists the grant value among the top 50 grant recipients for each year from 1998–2004 that went to purely humanitarian organisations, such as CARE, IRC, Save the Children and Oxfam. Finally, Figure 18 plots the total grant value to these

Table 10: Sample organisations listed in the top 50 recipients of foundation grants for International Affairs, Development, Peace and Human Rights

Year	Organisations	Total amount	%	Number of grants	%
1998	CARE	4,259,393	1.4	22	0.8
1998	International Rescue Committee	4,088,000	1.3	34	1.2
1998	Total	8,347,393	2.7	56	1.9
1999	CARE	5,532,060	1.6	30	1.0
1999	International Rescue Committee	6,459,793	1.9	45	1.5
1999	American Red Cross	2,500,000	0.7	1	0
1999	Total	22,839,246	4.2	76	2.6
2000	CARE	6,049,220	1.5	30	0.9
2000	International Rescue Committee	5,404,063	1.3	59	1.8
2000	Save the Children Federation	59,018,398	14.2	36	1.1
2000	Total	70,471,681	17.0	125	4
2001	CARE	11,164,647	2.8	49	1.6
2001	International Rescue Committee	7,269,359	1.8	49	1.6
2001	Save the Children Federation	7,884,068	2.0	34	1.1
2001	Total	26,318,074	6.6	132	4.4
2002	CARE	6,789,760	1.6	35	1.2
2002	International Rescue Committee	5,043,400	1.2	5	1.7
2002	Save the Children	10,106,812	2.4	39	1.3
2002	Total	21,939,972	5.3	125	4.1
2003	CARE	7,150,696	2.0	30	1.2
2003	International Rescue Committee	6,930,388	1.9	52	2.0
2003	Save the Children	2,557,048	0.7	22	0.9
2003	Total	16,638,132	4.6	104	4.1
2004	CARE	19,497,931	4.6	35	1.3
2004	International Rescue Committee	5,819,109	1.4	57	2.0
2004	Oxfam America	5,037,650	1.2	19	0.7
2004	Save the Children	3,622,000	0.9	34	1.2
2004	Total	33,976,690	8.1	145	5.2

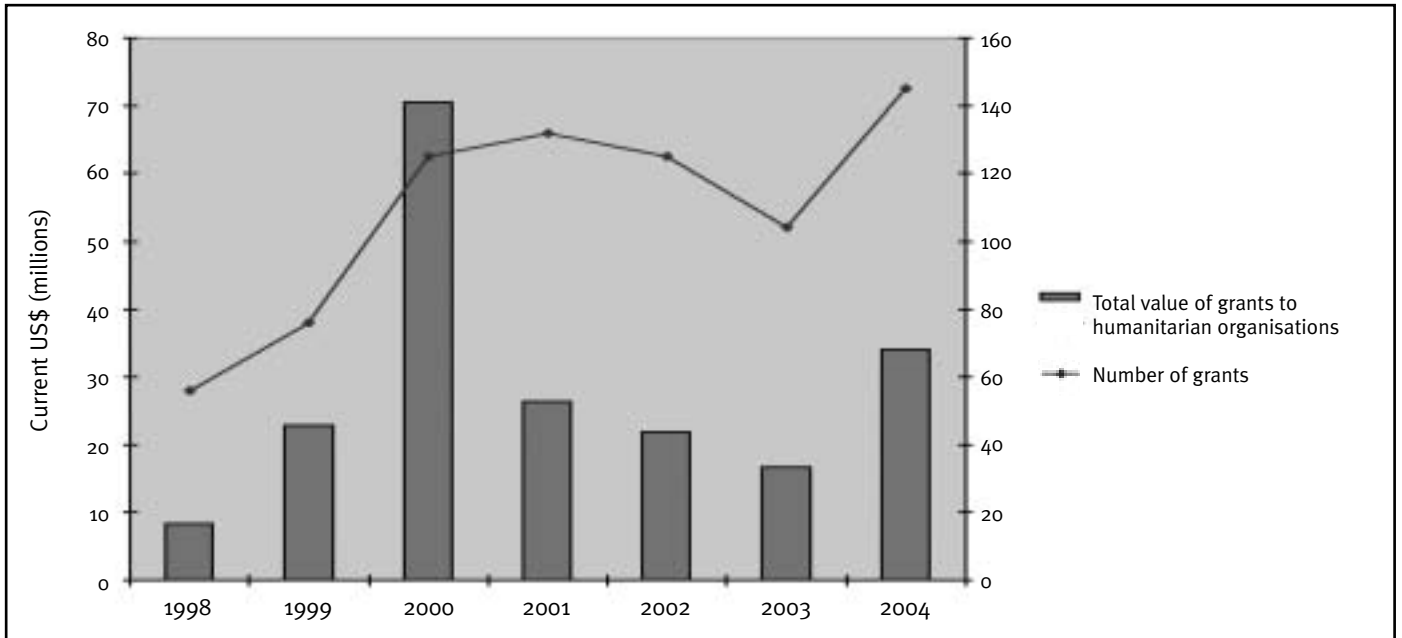
Source: The Foundation Center.

Notes: These data were not supplied by the organisations cited in the table.

humanitarian organisations, as well as the number of grants they received, providing an estimate of the spending by US foundations directed towards humanitarian causes. It shows that spending over the period was variable and did not follow an upward trend. In 2000, grants reached over \$70m, but the average aggregate grant value over the period was \$28.6m per annum.

In summary, the case study shows that the number of charitable foundations has increased. However, although there are years over the recent past when the value of foundation grants to humanitarian organisations has increased, mainly linked to periods where more disasters occurred, it is difficult to speak of a growing trend in this respect. And, compared to other causes, such as education, international humanitarian assistance still plays a very small role.

Figure 18: Grants to Humanitarian Organisations within Top 50 Recipients of Grants, 1998–2004.



Chapter 6

Conclusions

This analysis shows that the private sector is an increasingly powerful force in humanitarian action. In some ways, this follows the trend already observed in development aid, where the private sector is increasingly engaged through corporate or public–private partnerships. Although the private sector has become more involved, funding flows are often more volatile than official spending. Indeed, once the tsunami year and other outlier episodes are controlled for, the strongly positive trend in private sector funding becomes weaker. The jury is therefore still out on whether this commitment will continue and prosper, or whether it will tail off, especially if money is perceived to be badly spent.

Much more effort needs to be made to improve data collection, both to capture overall humanitarian flows and, in particular, to understand those that pertain to private sector sources. This would include raising awareness about OCHA's FTS among private sector players, and encouraging more complete reporting by all parties.

A number of institutional mechanisms are now in place, including established corporate partnerships, and there is a

better understanding and awareness of how these can benefit both donors and recipient organisations. There has been a proliferation of guidelines to further help streamline this relationship, successful collective fundraising mechanisms, such as the CERF, and a greater professional capacity on the part of NGOs and multilateral agencies to engage the private sector. Together, these developments suggest that the private sector will become increasingly involved in humanitarian crises. More needs to be done to better understand the incentives for private sector involvement, and to tailor solutions accordingly.

What is clear is that, on the demand side, the number of humanitarian crises has mushroomed. The need for humanitarian funding is therefore as urgent as ever. On the supply side, greater global prosperity, a heightened awareness of issues related to corporate social and environmental responsibility and a new trend among high net worth individuals to foster and fund charitable foundations make it more likely that the private sector will play an increasingly important role in the humanitarian arena.

Appendix I: tables and figures

Table A1: Total Funding of International Humanitarian Aid for the Sample Organizations * (In current US\$)

	2000	2001	2002	2003	2004	2005
ICRC	495,147,627	491,826,654	506,371,371	666,544,500	609,615,822	770,752,387
CRS	151,994,000	100,533,000	70,431,000	272,647,000	272,329,000	185,244,000
IFRC	198,364,517	206,528,024	185,135,294	191,838,245	230,462,827	559,527,741
OCHA	38,405,852	51,181,943	68,569,246	85,460,743	101,860,551	201,923,559
Save the Children UK			48,528,430	70,108,137	74,206,059	94,344,818
UNHCR	711,366,299	786,980,993	821,878,310	935,716,660	975,497,111	1,109,997,453
WVI	239,249,160	279,620,610	288,848,840	439,374,250	525,771,240	730,190,930
Oxfam GB	55,943,985	50,397,349	46,872,176	39,469,241	128,617,424	158,377,983
MSF	297,270,400	314,215,200	337,847,199	414,270,485	554,395,243	788,390,190
FAO	179,163,480	182,574,758	159,029,824	190,470,430	129,388,644	170,261,161
Japanese Red Cross	21,318,787	37,865,707	15,604,553	24,031,688	25,145,745	75,219,689
UNICEF	199,000,000	235,000,000	240,000,000	443,000,000	391,000,000	1,129,000,000
UNRWA	337,014,742	414,187,334	403,975,321	438,140,969	500,221,292	534,527,040
WFP	1,693,841,332	1,904,419,187	1,821,605,645	2,554,959,623	2,241,510,924	2,725,459,901
Save the Children USA	37,028,000	53,713,000	67,999,000	90,228,000	87,423,000	134,686,000
CARE USA	95,885,000	93,466,000	79,411,000	145,484,000	204,514,000	148,473,000
IRC	106,957,000	102,912,000	105,776,000	100,926,000	108,256,000	127,979,000
WHO		29,000,000	36,000,000	61,000,000	142,000,000	155,000,000
TOTAL	4,857,950,181	5,334,421,759	5,303,883,209	7,163,669,971	7,302,214,882	9,799,354,852
TOTAL excl. IFRC	4,659,585,664	5,127,893,735	5,118,747,915	6,971,831,726	7,071,752,055	9,239,827,111

* See appendix for detailed data source and description. For IRC official and private sources do not make up total funding due to other sources. Split of total contributions between private and official sources for IFRC was not available.

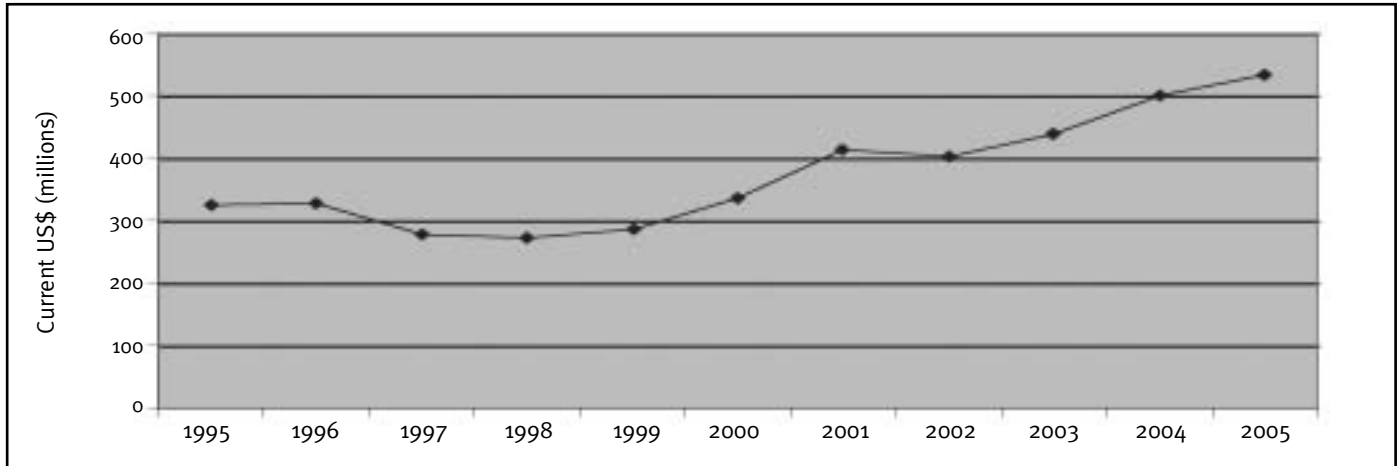
Table A2: Total Private Sector Funding of International Humanitarian Aid for the Sample Organizations (In current US\$)

	2000	2001	2002	2003	2004	2005
ICRC	18,963,369	14,989,785	12,771,377	31,503,623	23,830,706	38,132,113
CRS	47,961,641	32,995,042	29,296,649	55,360,348	53,632,283	79,155,721
IFRC						
OCHA	130,474	660,916	52,111	50,509	607,486	2,111,323
Save the Children UK			19,922,876	26,853,427	33,928,105	49,737,462
UNHCR	20,399,829	23,476,595	21,641,895	22,253,286	33,250,841	33,638,891
WVI	181,829,362	212,511,664	219,525,118	333,924,430	399,586,142	554,945,107
Oxfam GB	5,896,869	7,361,311	14,846,634	10,186,156	65,318,878	89,300,362
MSF	234,492,800	254,236,800	271,610,584	326,399,147	426,420,661	675,971,986
FAO	19,688	16,321	0	0	0	105,829
Japanese Red Cross	18,525,104	36,059,153	14,357,502	21,845,380	21,210,618	72,208,075
UNICEF	69,865,971	82,045,556	64,406,770	103,537,762	93,945,430	548,380,458
UNRWA			31,517,184	3,916,763	2,827,256	18,967,207
WFP	5,434,703	3,116,013	3,788,293	28,698,912	61,602,613	69,268,092
Save the Children USA	17,267,050	21,831,187	26,035,061	32,984,311	32,656,160	69,830,783
CARE USA	4,073,053	4,410,269	8,000,000	3,400,000	4,000,000	60,000,000
IRC	18,267,772	15,114,812	20,340,399	17,853,417	17,864,975	28,725,240
WHO	0	0	0	0	0	2,700,000
TOTAL	643,127,685	708,825,424	758,112,453	1,018,767,471	1,270,682,154	2,393,178,649

Table A3: Total Official Sector Funding of International Humanitarian Aid for the Sample Organizations (In current US\$)

	2000	2001	2002	2003	2004	2005
ICRC	476,184,258	476,836,869	493,599,994	635,040,876	585,785,116	732,620,275
CRS	104,032,359	67,537,958	41,134,351	217,286,652	218,696,717	106,088,279
IFRC						
OCHA	38,275,378	50,521,027	68,517,135	85,410,234	101,253,065	199,812,236
Save the Children UK	0	0	28,605,554	43,254,710	40,277,953	44,607,356
UNHCR	690,966,470	763,504,398	800,236,415	913,463,374	942,246,270	1,076,358,562
WVI	57,419,798	67,108,946	69,323,722	105,449,820	126,185,098	175,245,823
Oxfam GB	50,047,116	43,036,038	32,025,542	29,283,085	63,298,546	69,077,621
MSF	62,777,600	59,978,400	66,236,615	87,871,338	127,974,582	112,418,205
FAO	179,143,792	182,558,437	159,029,824	190,470,430	129,388,644	170,155,332
Japanese Red Cross	2,793,683	1,806,555	1,247,052	2,186,308	3,935,128	3,011,614
UNICEF	129,134,029	152,954,444	175,593,230	339,462,238	297,054,570	580,619,542
UNRWA	337,014,742	414,187,334	372,458,137	434,224,206	497,394,036	515,559,833
WFP	1,688,406,629	1,901,303,174	1,817,817,352	2,526,260,711	2,179,908,311	2,656,191,809
Save the Children USA	19,760,950	31,881,813	41,963,939	57,243,689	54,766,840	64,855,217
CARE USA	91,811,947	89,055,731	71,411,000	142,084,000	200,514,000	88,473,000
IRC	86,136,180	84,659,533	82,912,573	80,612,171	88,356,312	97,014,066
WHO	0	29,000,000	36,000,000	61,000,000	142,000,000	152,300,000
TOTAL	4,013,904,931	4,415,930,657	4,358,112,435	5,950,603,842	5,799,035,188	6,844,408,770

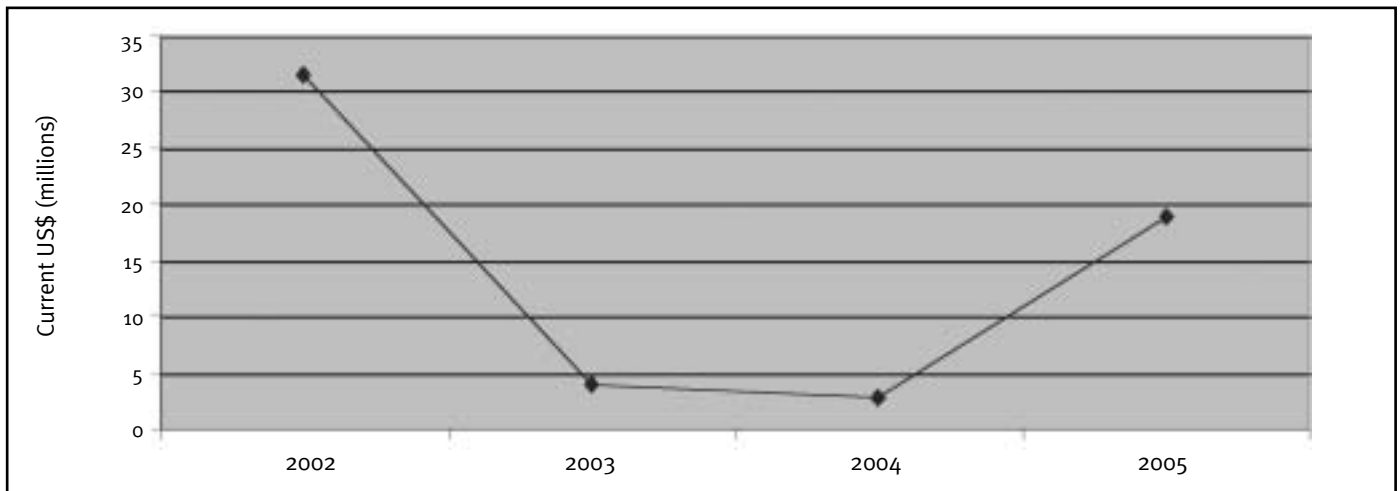
Figure A1: Total funding of international humanitarian aid*



Source: DARA completed questionnaire.

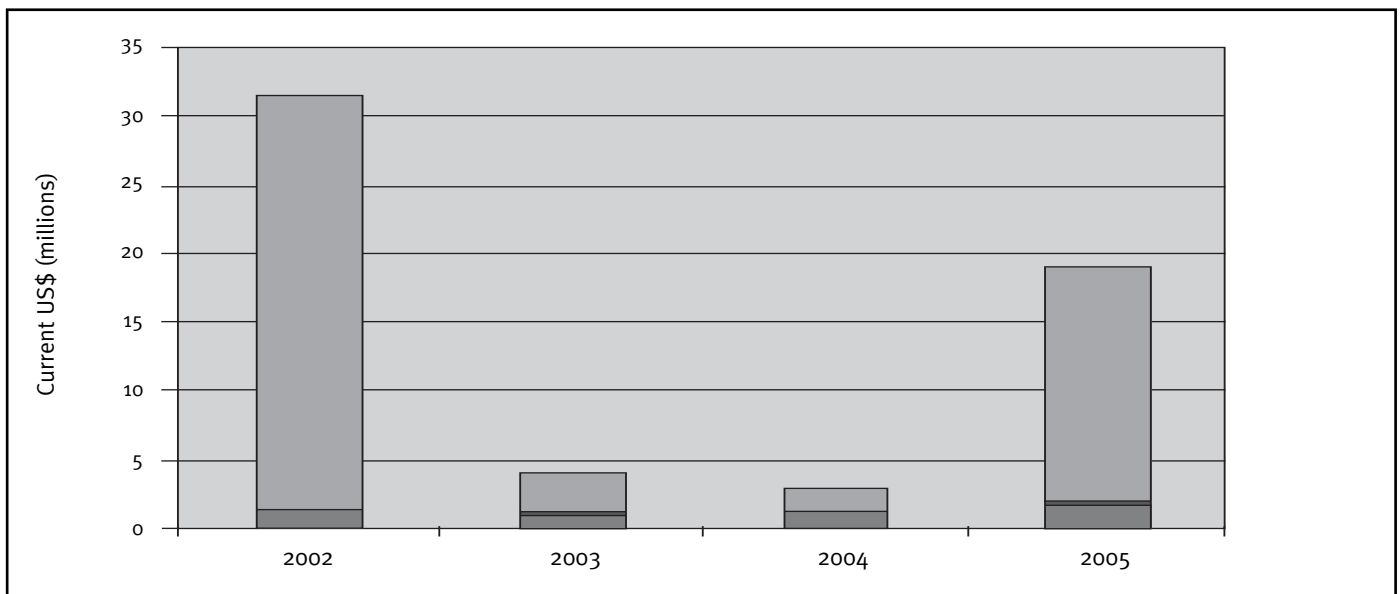
*UNRWA provides humanitarian assistance although some of the projects could be considered as development but the Agency does not differentiate them.

Figure A2: Private Sector Funding of International Humanitarian Aid. UNRWA



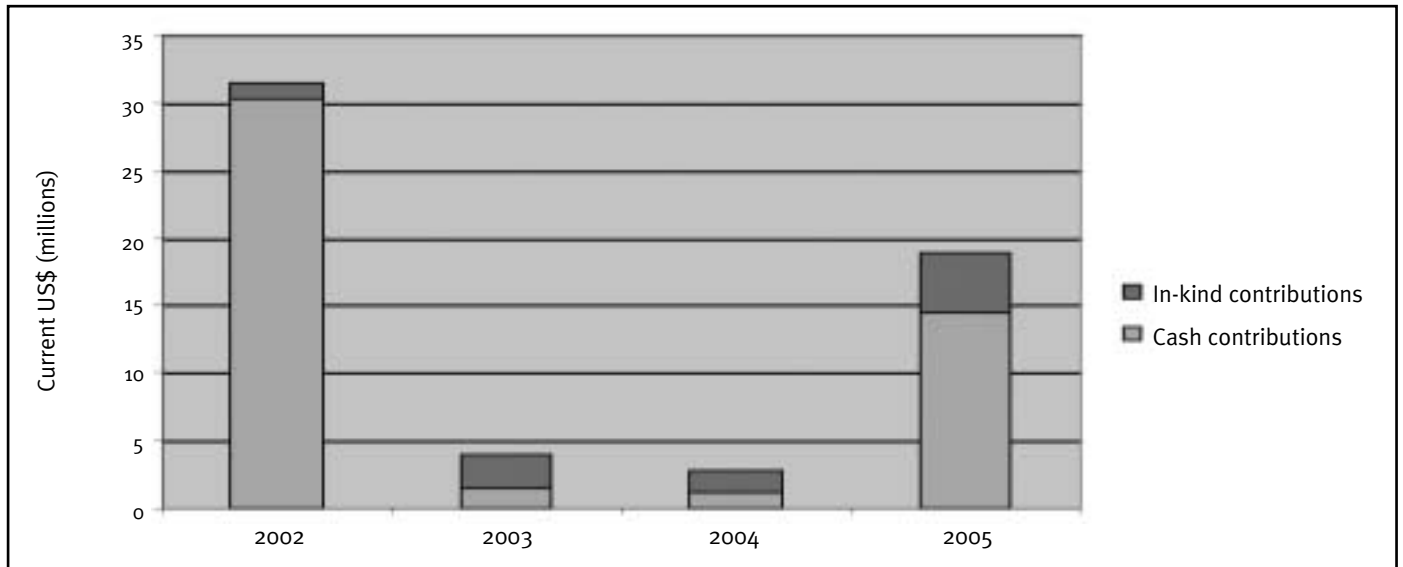
Source: DARA completed questionnaire.

Figure A3: Private Sector Funding of International Humanitarian Aid.



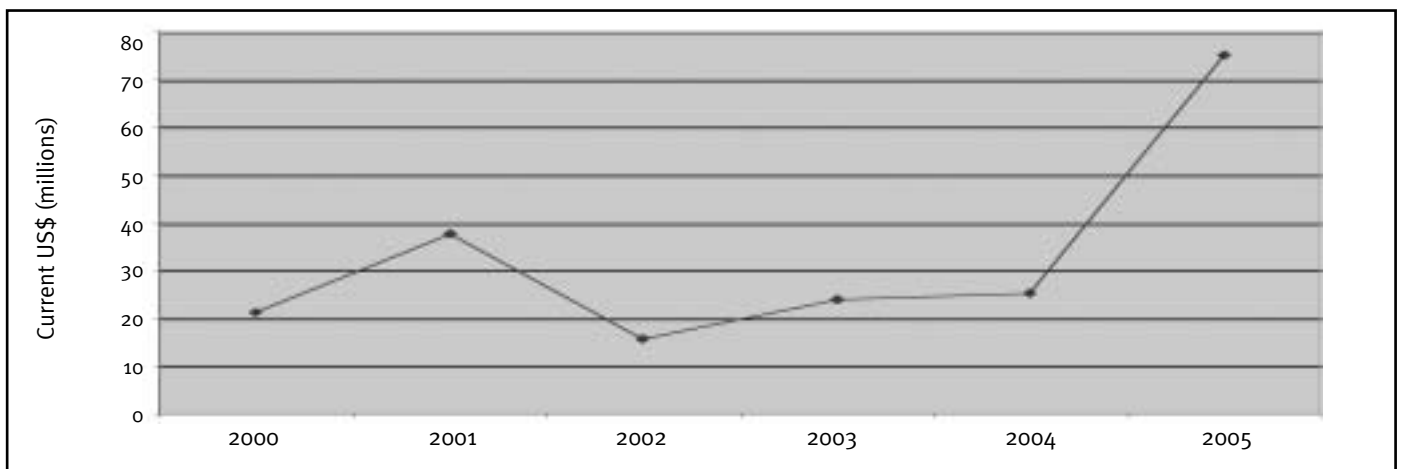
Source: DARA completed questionnaire.

Figure A4: Type of Private Sector Funding of International Humanitarian Aid. UNRWA.



Source: DARA completed questionnaire.

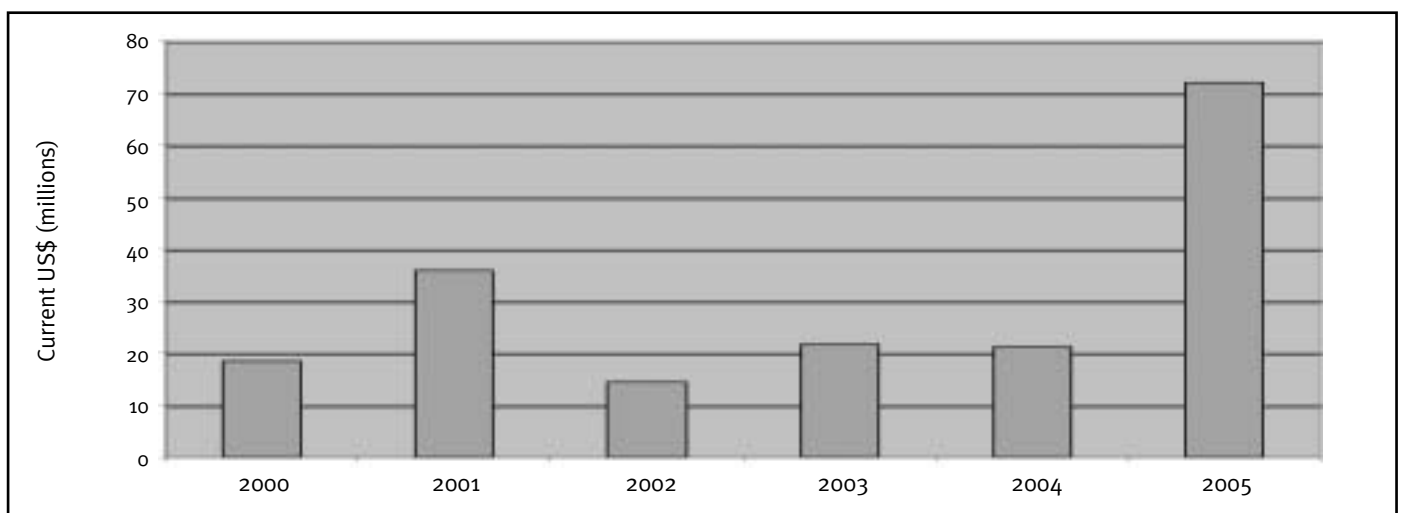
Figure A5: Total Funding of International Humanitarian Aid *. Japanese Red Cross.



Source: DARA completed questionnaire.

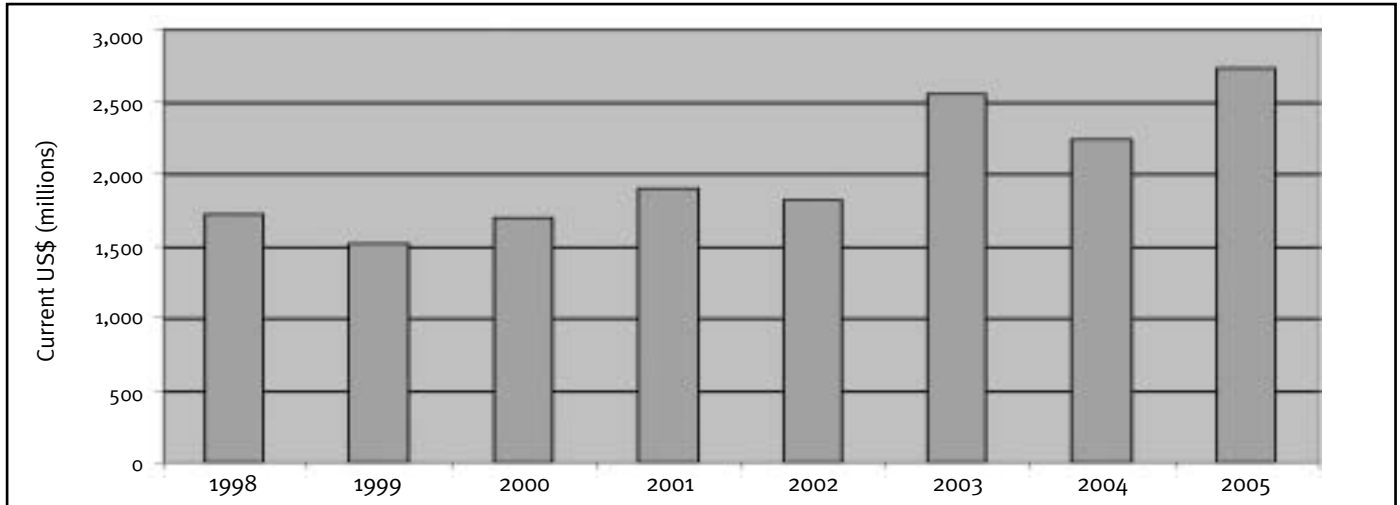
*Data is converted from JPY to US\$ based on figure M1. Years indicated are Fiscal years (begins on 1st April.)

Figure A6: Private Sector Funding of International Humanitarian Aid. Japanese Red Cross.



Source: DARA completed questionnaire.

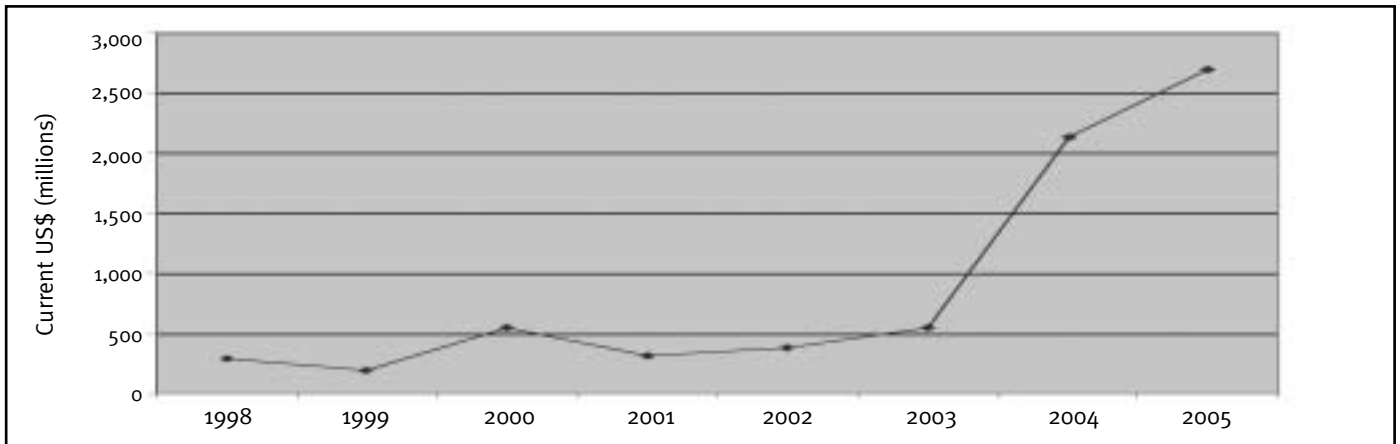
Figure A7: Total Funding of International Humanitarian Aid * (Cash contributions only). WFP



Source: DARA completed questionnaire.

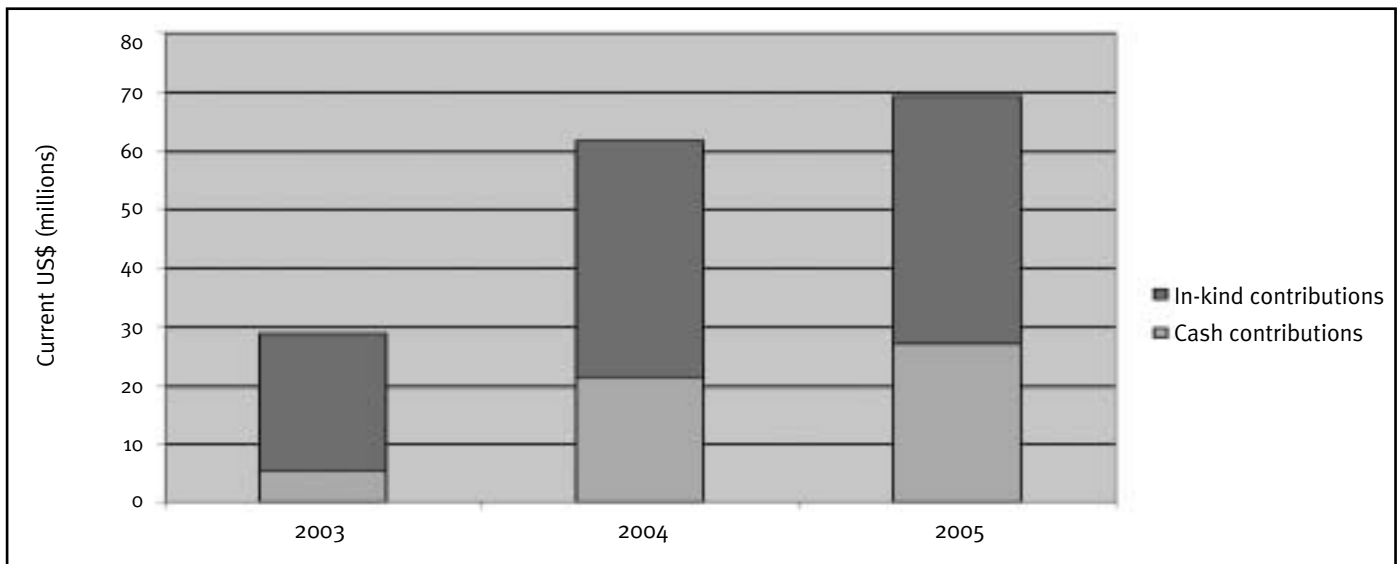
*Emergency, PRO (protracted relief operation) and PRRO (protracted relief and recovery operation) are considered to be humanitarian aid. They are included in the figures.

Figure A8: Private Sector Funding of International Humanitarian Aid. (Cash contributions only). WFP



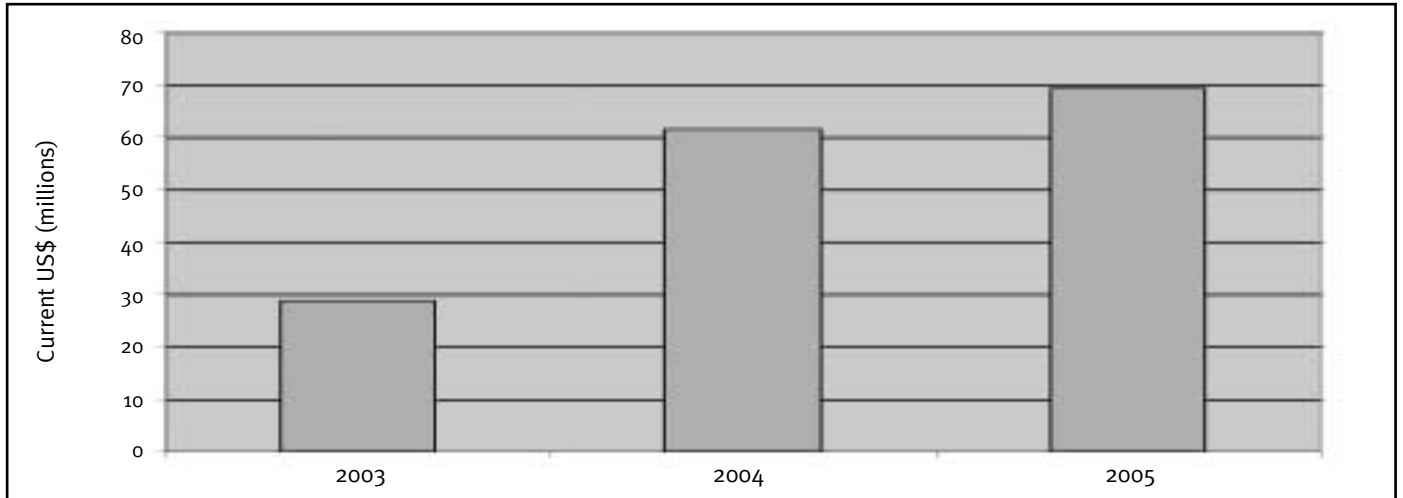
Source: DARA completed questionnaire.

Figure A9: Type of Private Sector Funding of International Humanitarian Aid. WFP



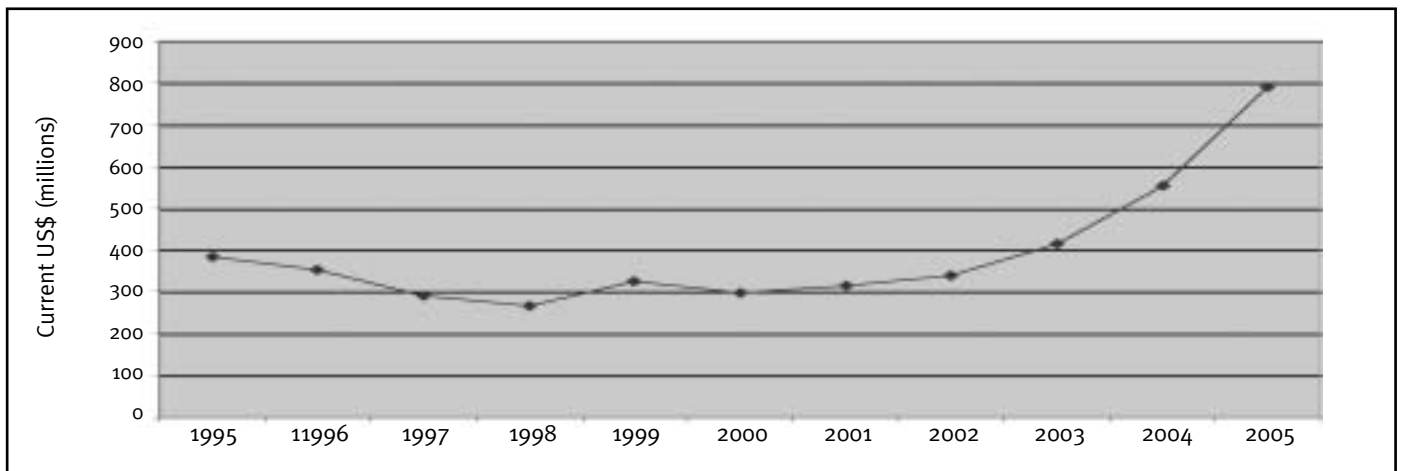
Source: DARA completed questionnaire.

Figure A10: Private Sector Funding of International Humanitarian Aid. WFP



Source: DARA completed questionnaire.

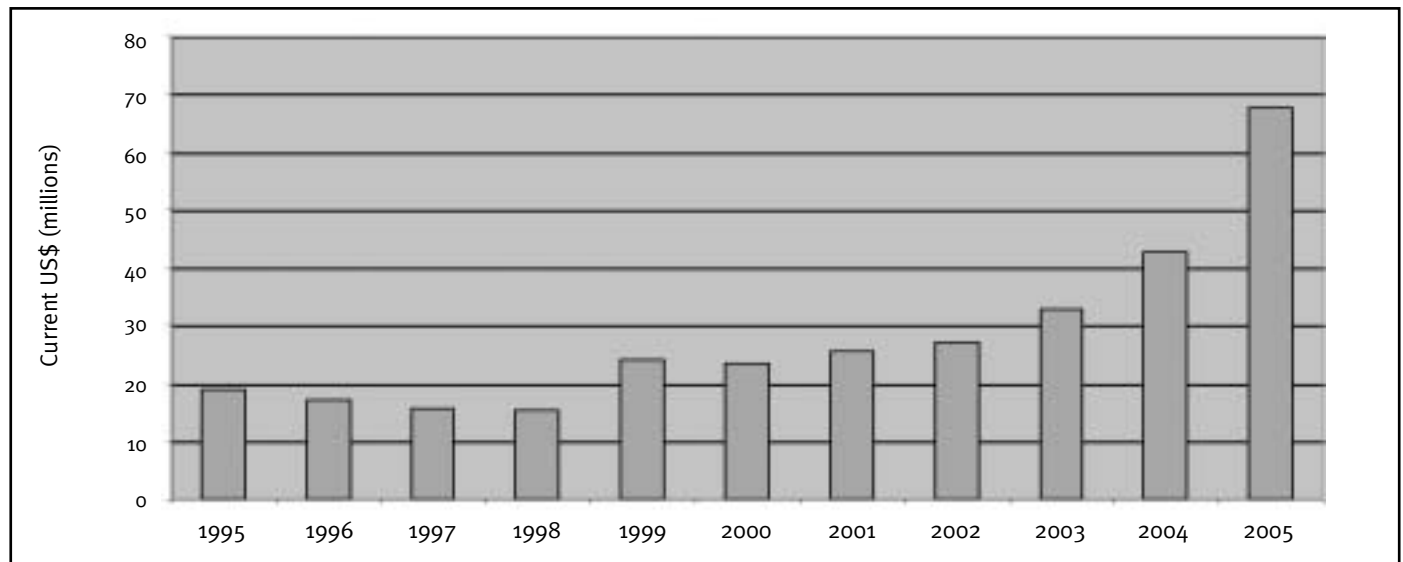
Figure A11: Total Funding of International Humanitarian Aid *. MSF



Source: DARA completed questionnaire.

*All operational work of MSF is considered as humanitarian. Figures are income of MSF. Figures include only cash contributions. Figures prior to 2002 are very rough estimates of combined data. Data is converted from EUR to US\$ based on figure M1.

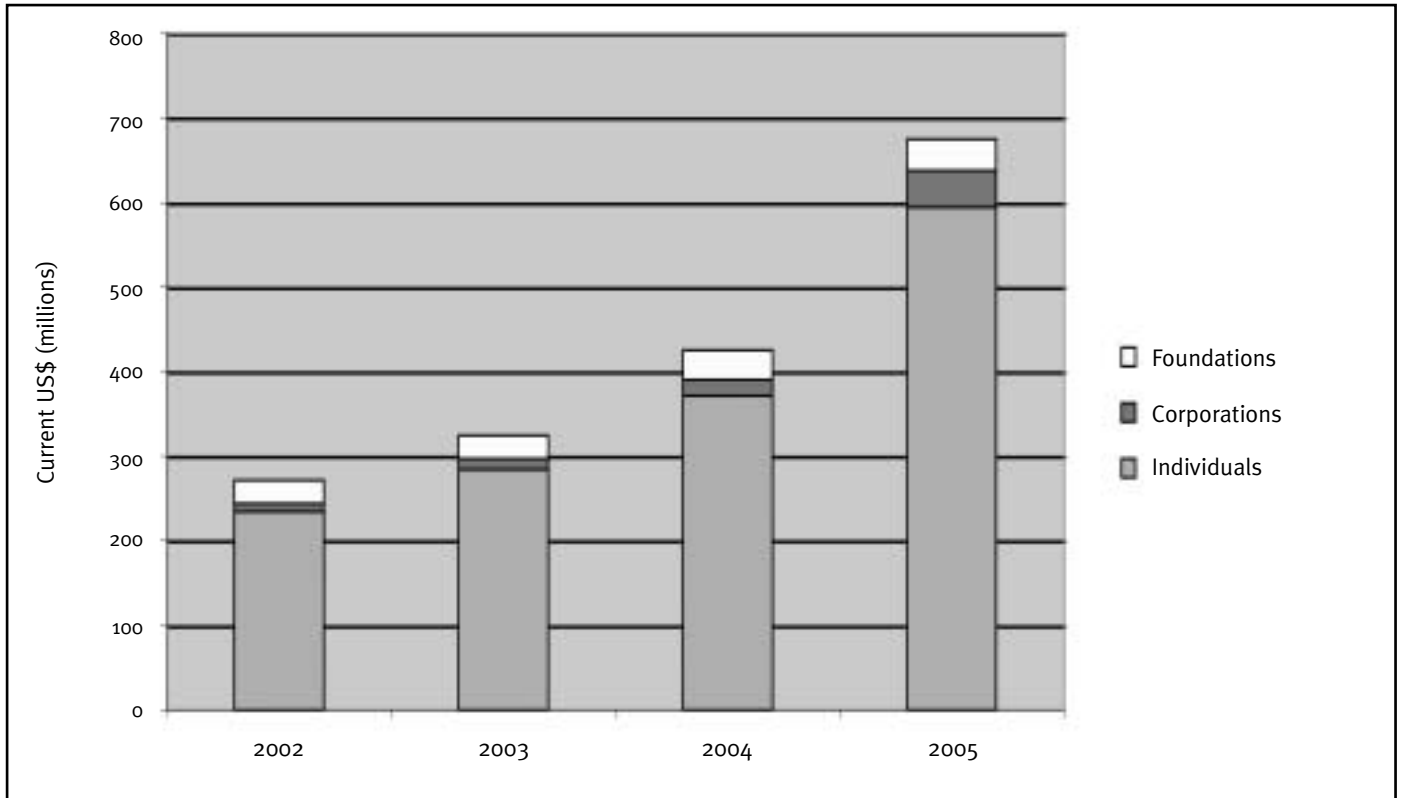
Figure A12: Private Sector Funding of International Humanitarian Aid *. MSF



Source: DARA completed questionnaire.

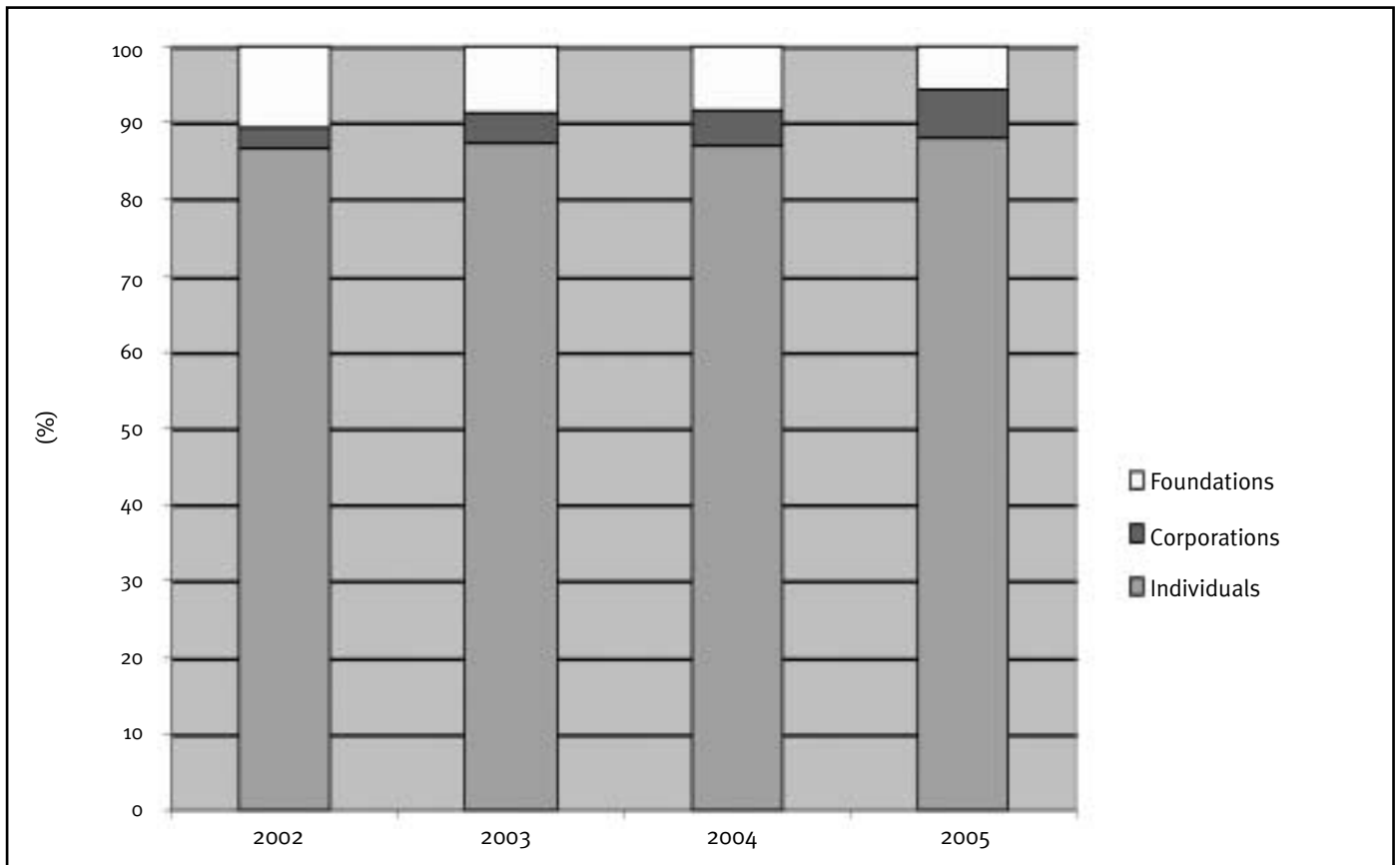
*Figures prior to 2002 are very rough estimates of combined data.

Figure A13: Private Sector Funding of International Humanitarian Aid. MSF



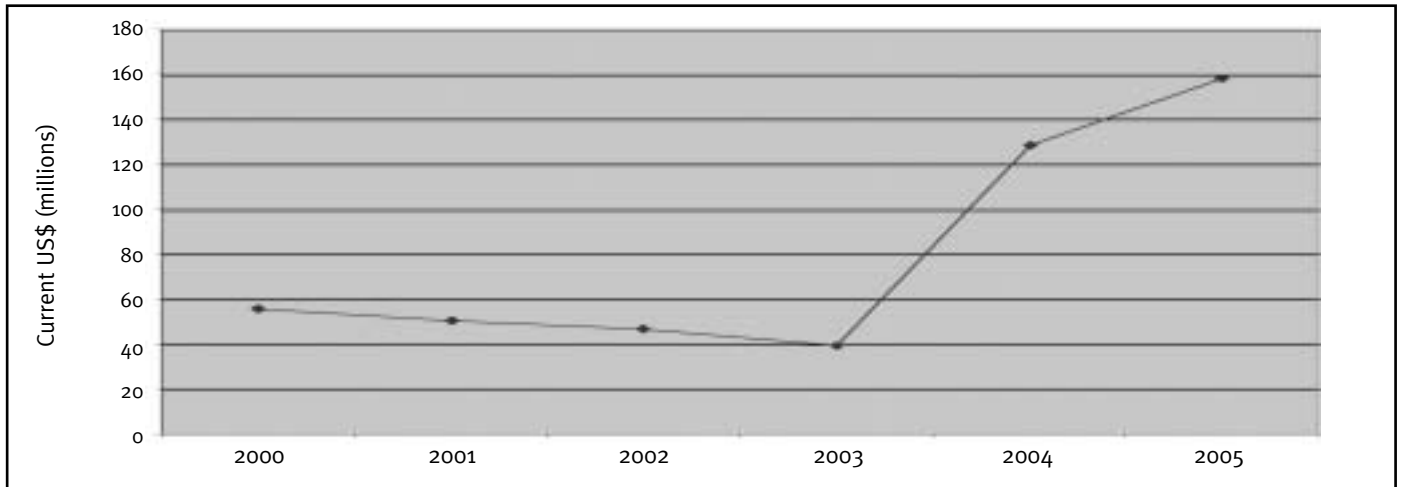
Source: DARA completed questionnaire.

Figure A14: Private Sector Funding of International Humanitarian Aid. (Current US\$). MSF



Source: DARA completed questionnaire.

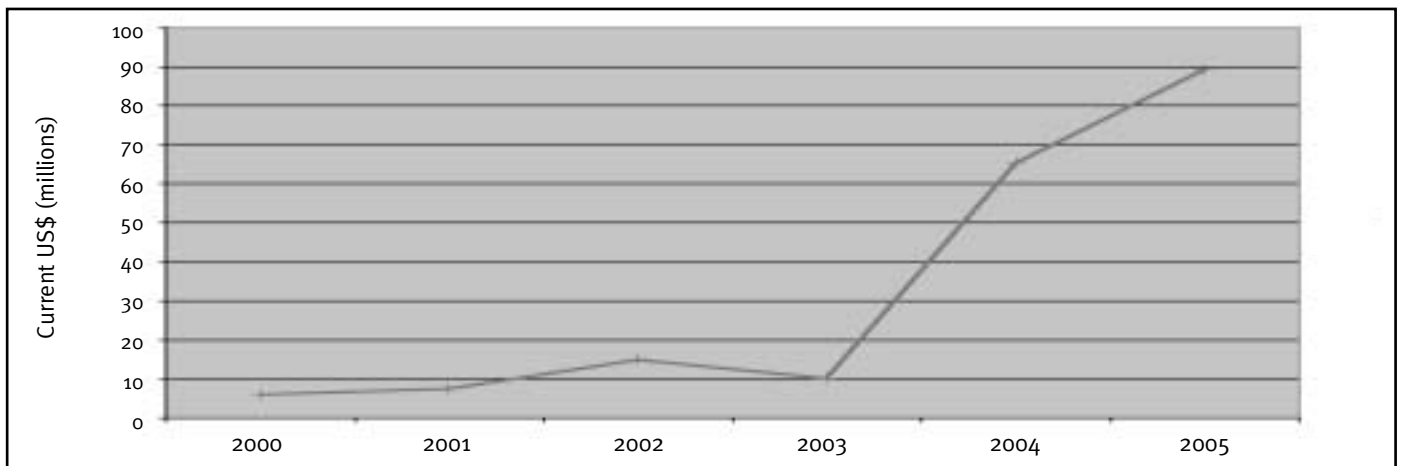
Figure A15: Total Funding of International Humanitarian Aid *. Oxfam GB.



Source: DARA completed questionnaire.

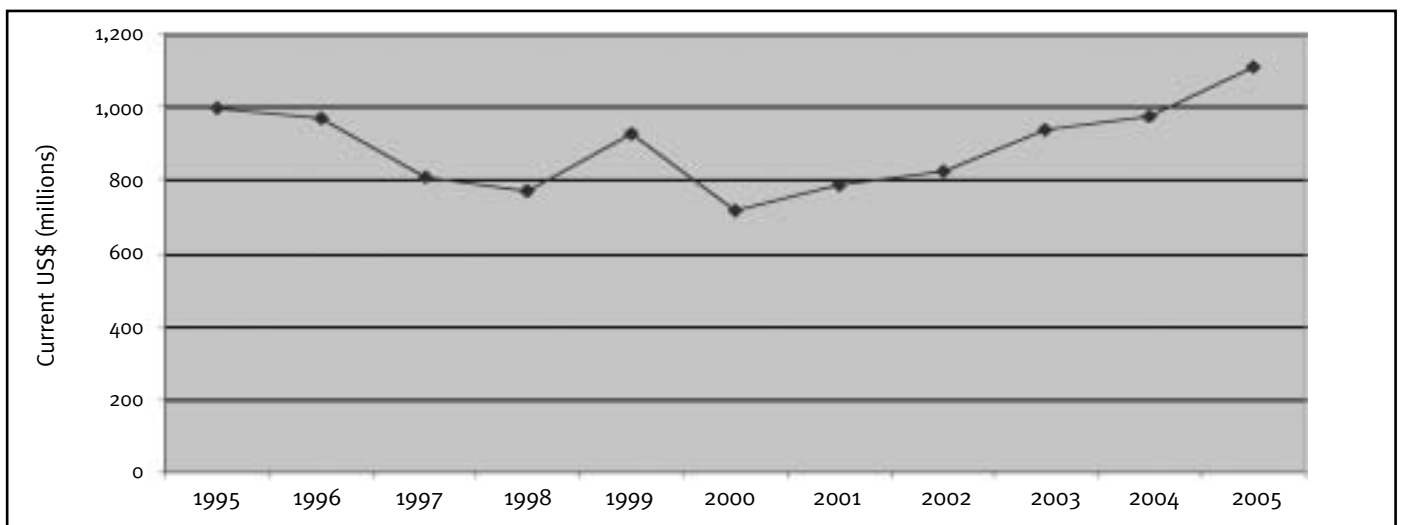
*Only income for humanitarian programme is included. Figures include only cash contributions. Data is converted from GBP to US\$ based on figure M1. All figures are in terms of Oxfam's financial year, which runs from 1 May to 30th April

Figure A16: Private Sector Funding of International Humanitarian Aid. Oxfam GB.



Source: DARA completed questionnaire.

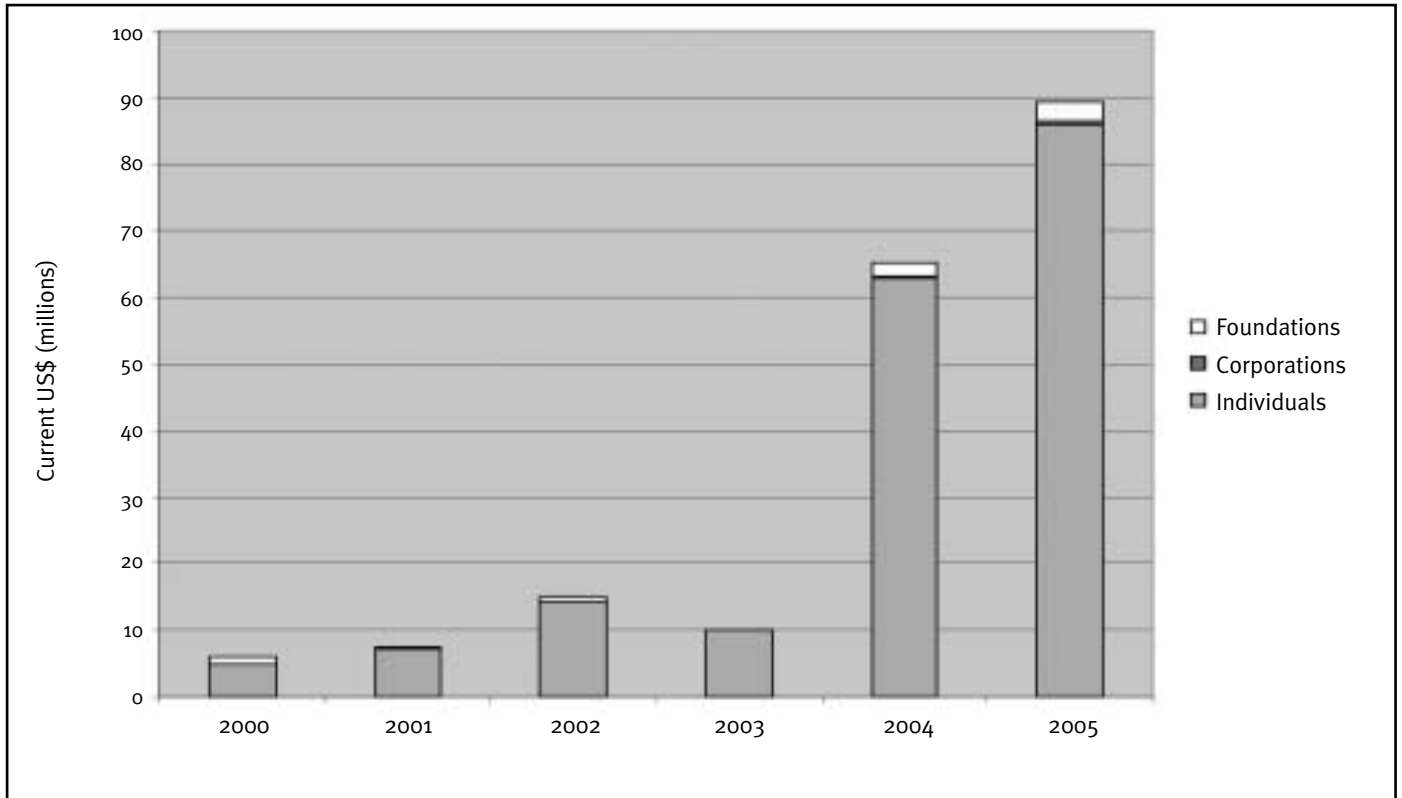
Figure A17: Total Contributions *. UNHCR



Source: UNHCR Global Reports (1999-2005)

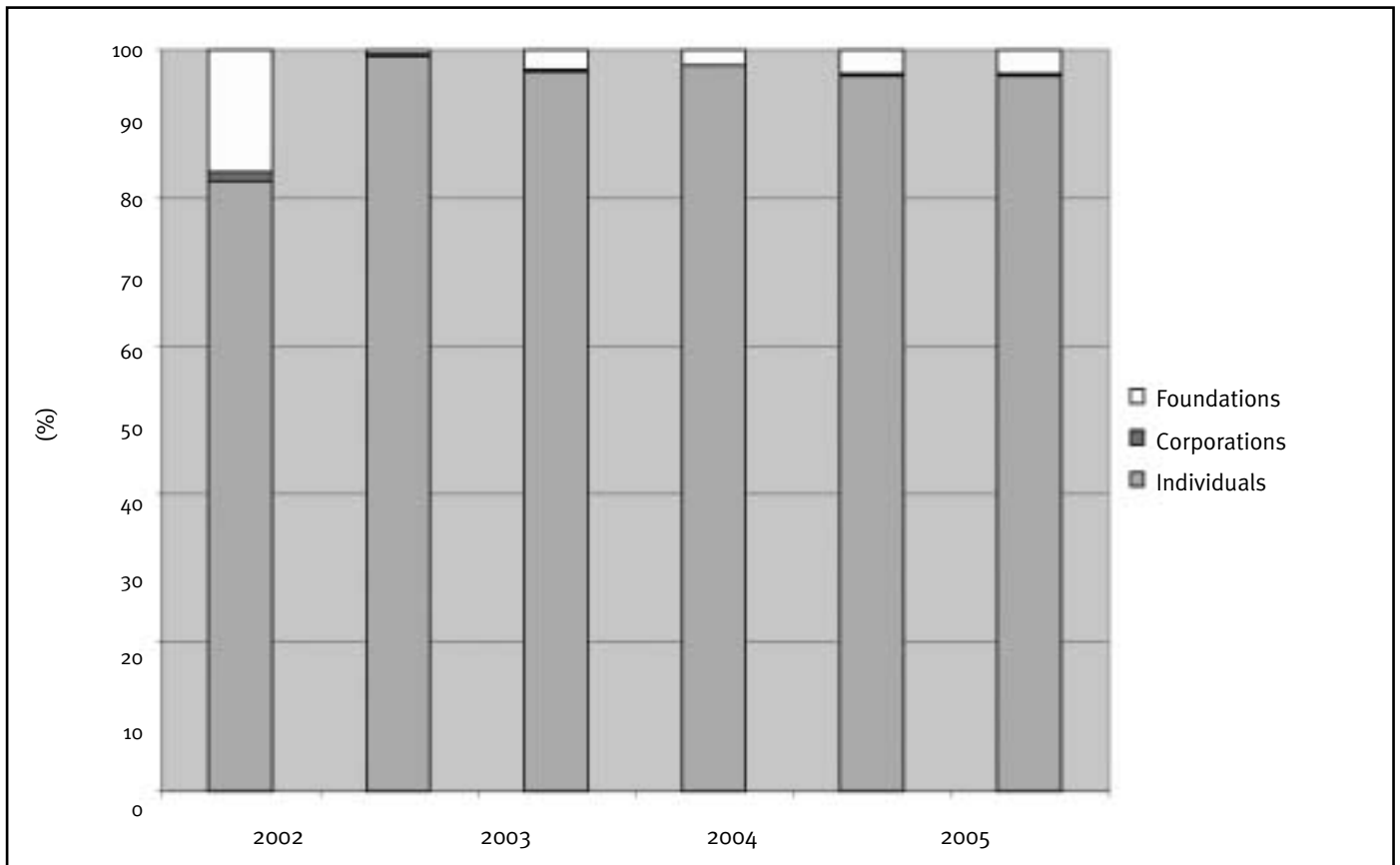
* Figures prior to 1999 do not include in-kind contributions.

Figure A18: Private Sector Funding of International Humanitarian Aid. Oxfam GB.



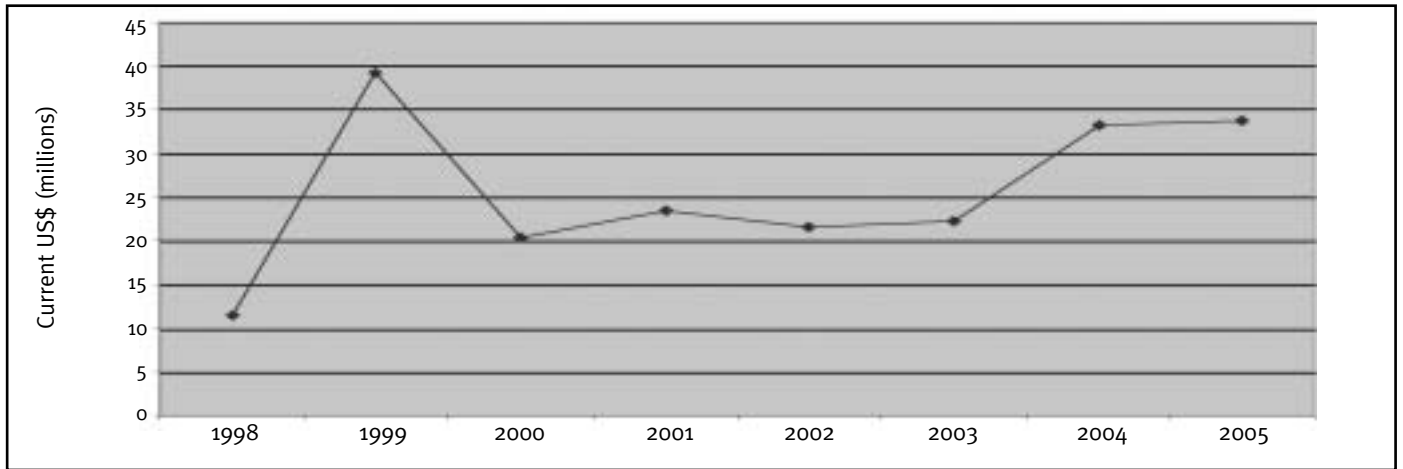
Source: DARA completed questionnaire.

Figure A19: Private Sector Funding of International Humanitarian Aid. Oxfam GB.



Source: DARA completed questionnaire.

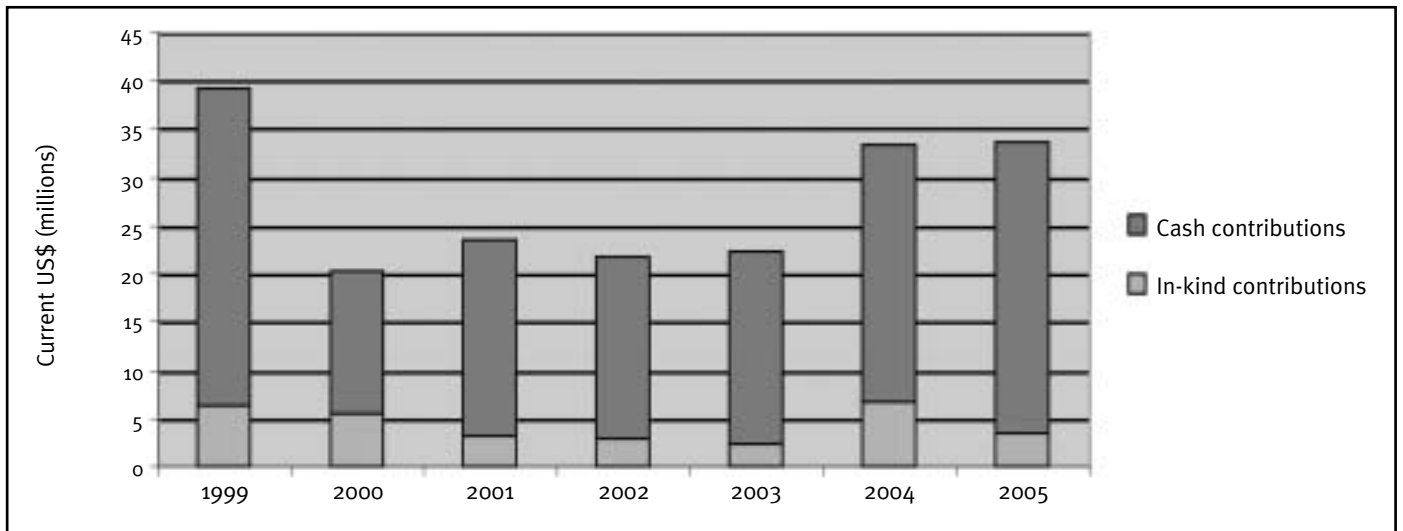
Figure A20: Private Sector Contributions *. UNHCR



Source: UNHCR Global Reports (1999–2005)

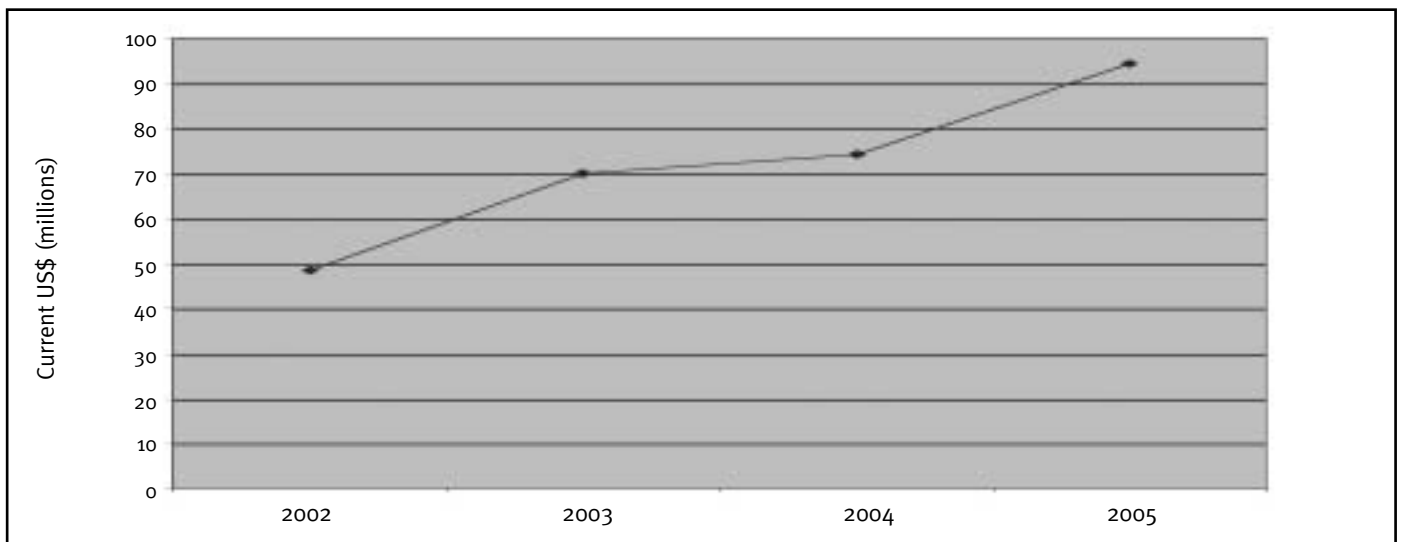
* Figures prior to 1999 do not include in-kind contributions.

Figure A21: Type of Private Sector Contributions. UNHCR



Source: UNHCR Global Reports (1999–2005)

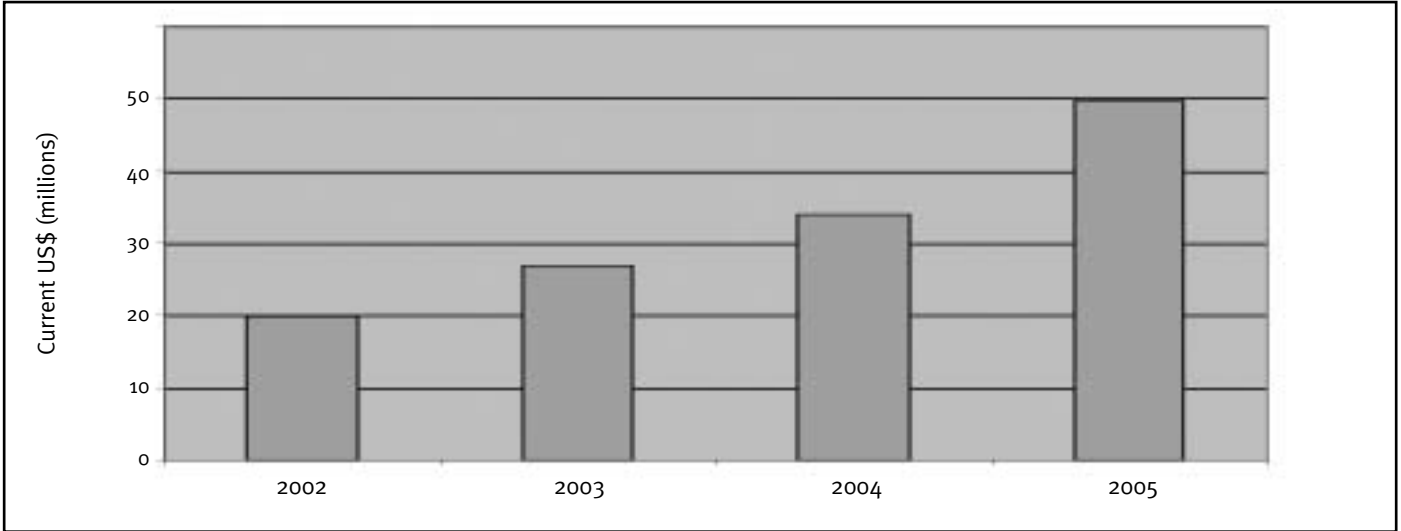
Figure A22: Total Funding of International Humanitarian Aid *. Save the Children UK



Source: Annual Reports (2002/03–2005/06)

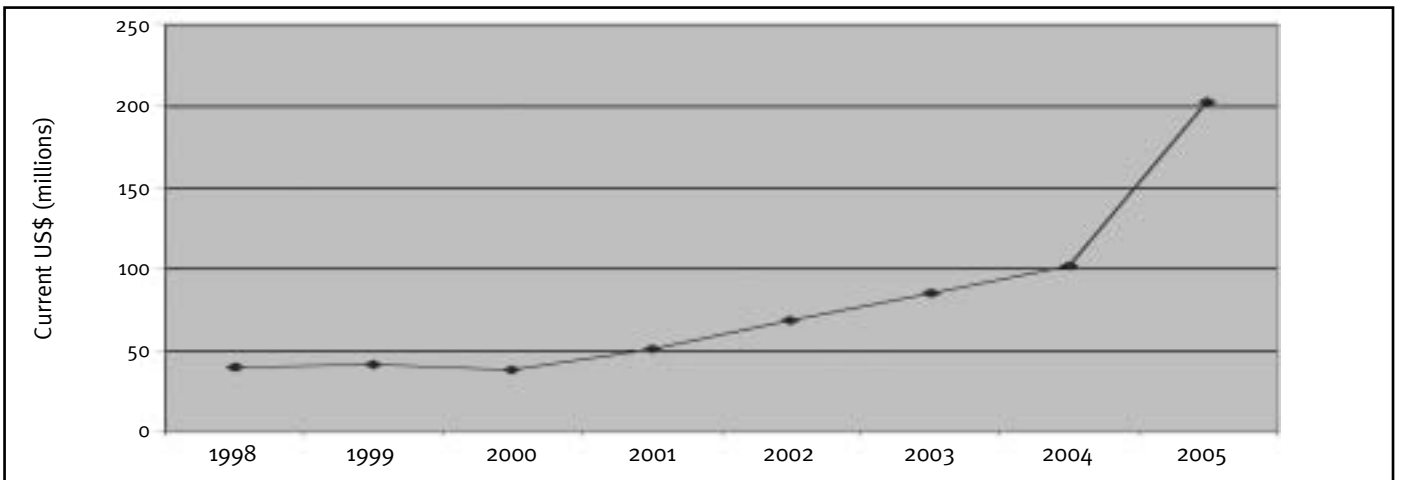
*Humanitarian aid is used to mean Funds used for "Safeguarding children in emergencies". Data is converted from GBP to US\$ based on figure M1. Years begin on 1st April.

Figure A23: Private Sector Funding of International Humanitarian Aid. Save the Children UK.



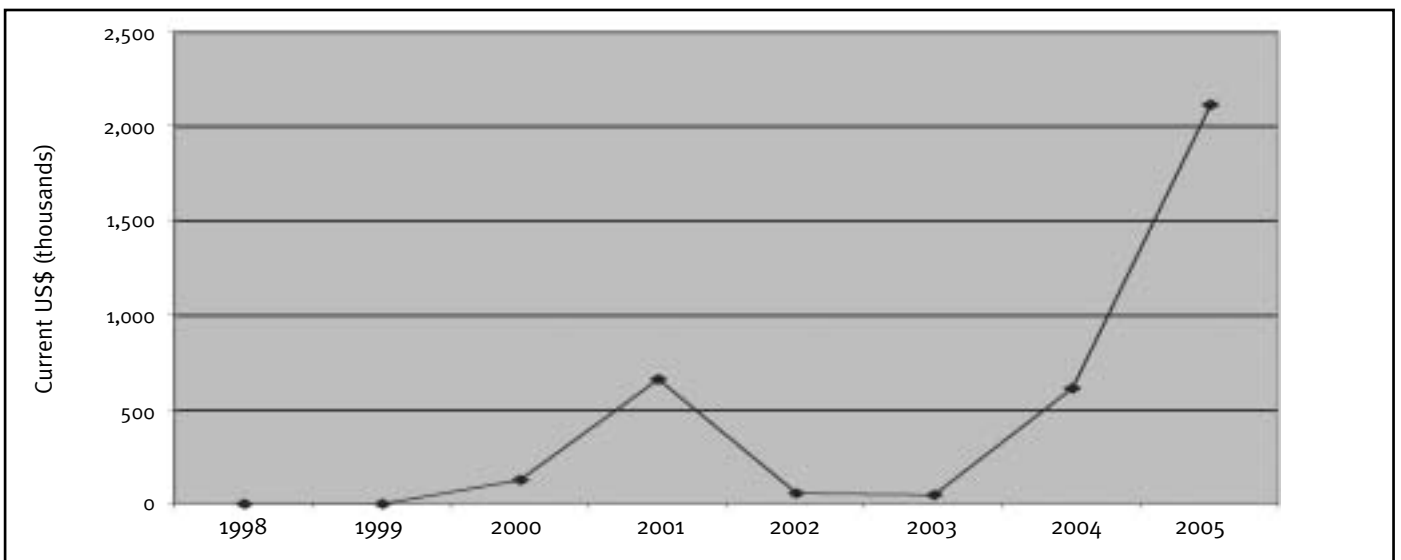
Source: Annual Reports (2002/03–2005/06)

Figure A24: Total Contributions. OCHA



Source: OCHA in (1999–2002) and OCHA Annual Reports (2002–2005)

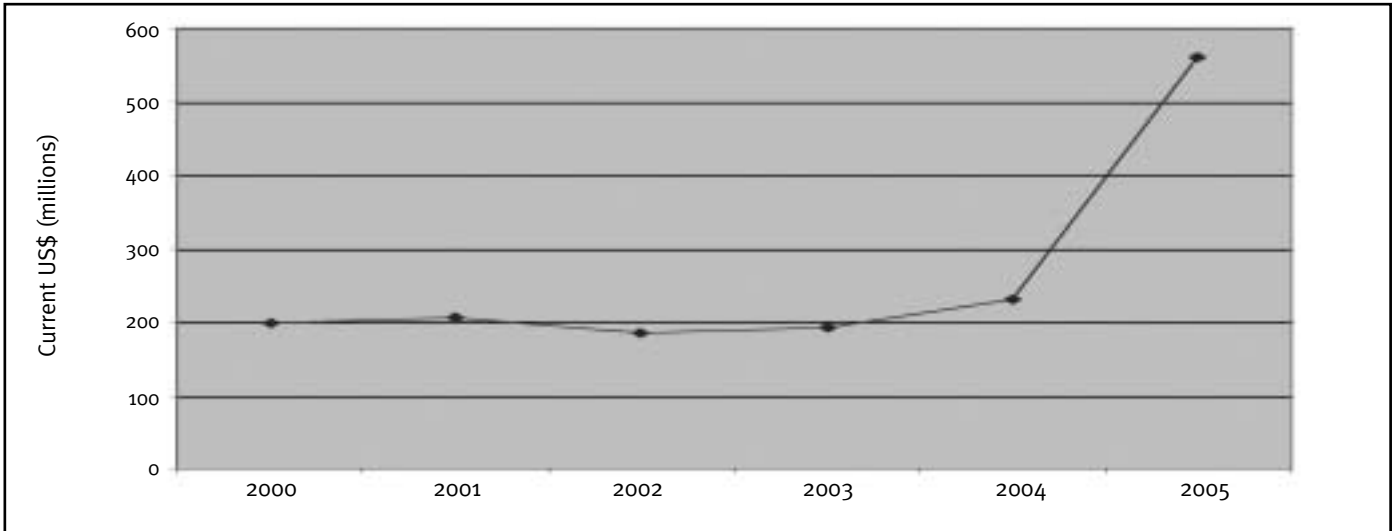
Figure A25: Private Sector Total Contributions *. OCHA



Source: OCHA in (1999–2002) and OCHA Annual Reports (2002–2005).

*Tsunami related data was provided by External Relations Officer of OCHA.

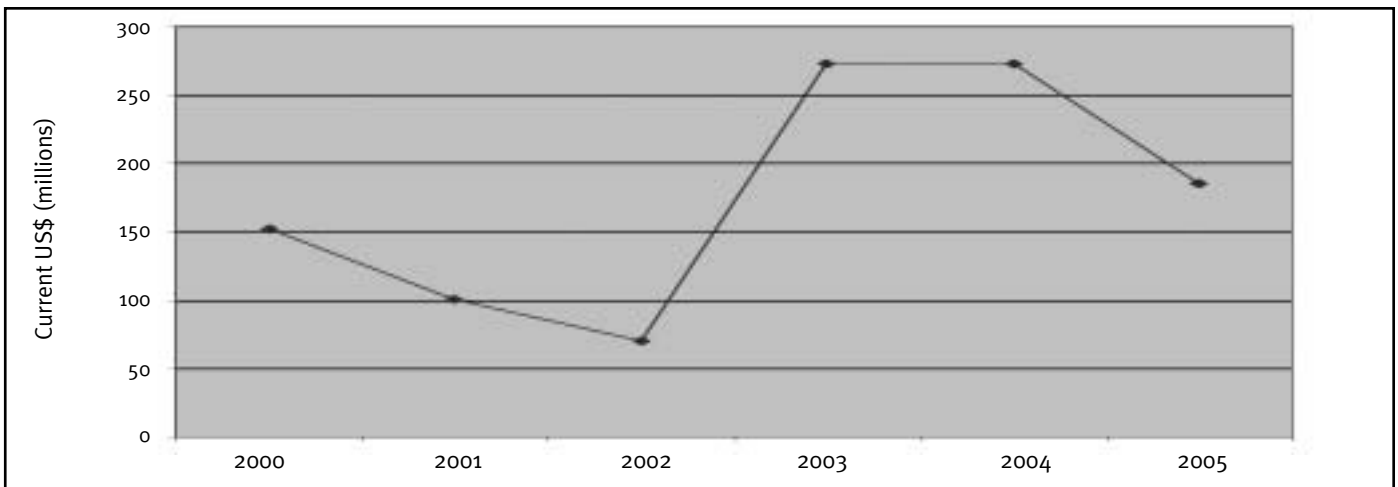
Figure A26: Total Contributions *. IFRC



Source: IFRC Annual Reports (2001–2005)

*Figures prior to 2001 do not include in-kind contributions. Data is converted from CHF to US\$ based on figure M1.

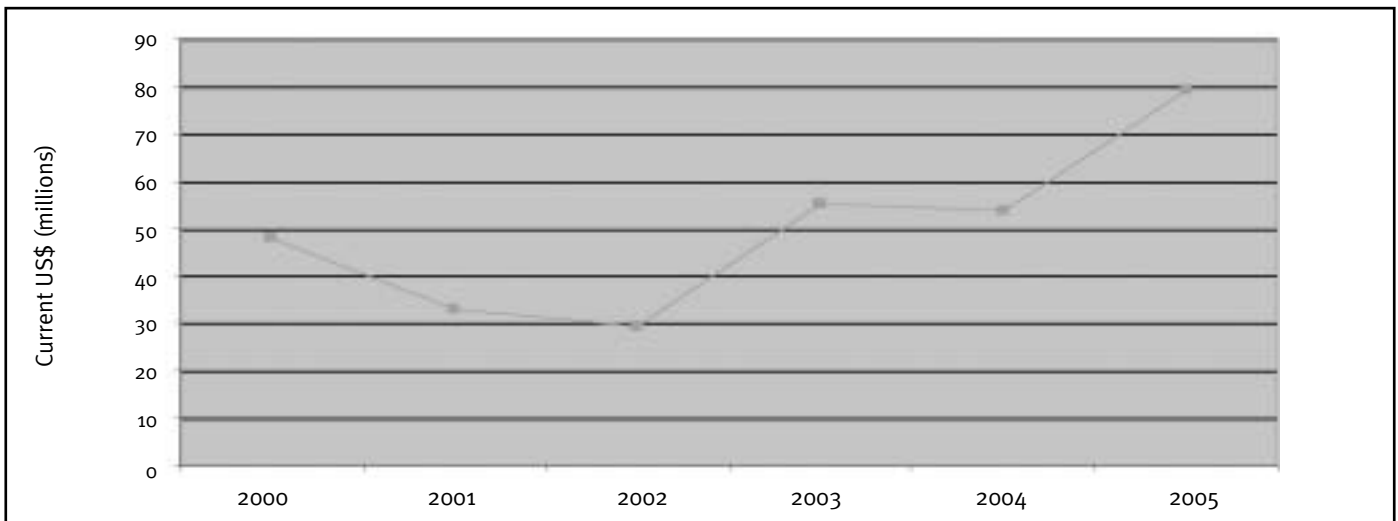
Figure A27: Total Funding of International Humanitarian Aid *. CRS



Source: CRS Annual Reports (2001–2005)

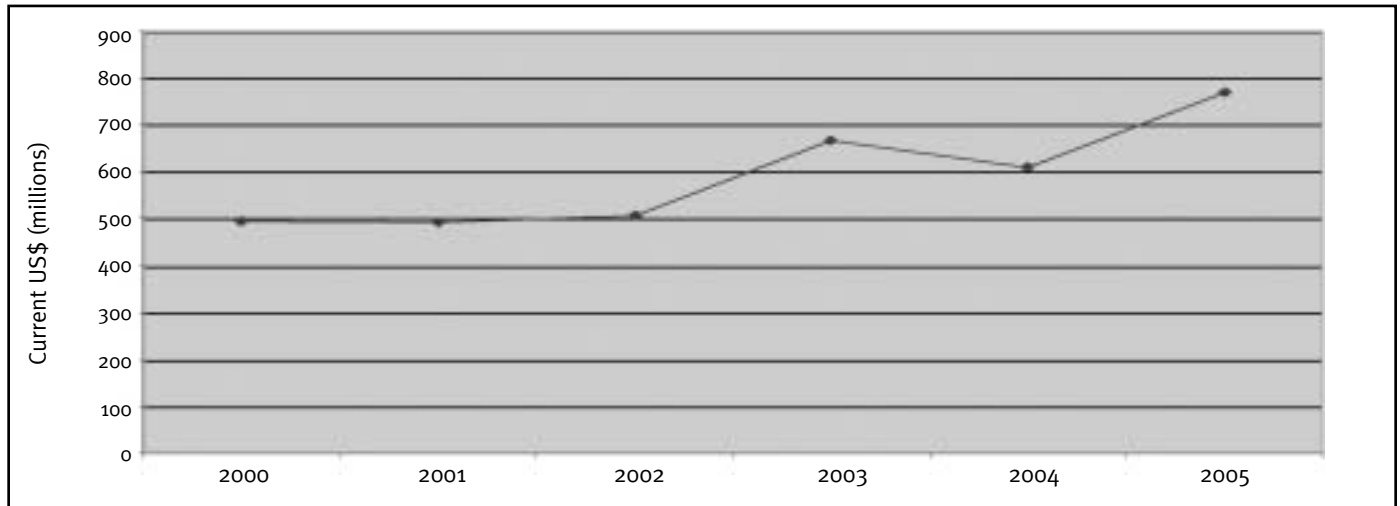
*Humanitarian aid is used to mean Funds used for "Emergency" — programs seeking to prevent loss of life, minimize suffering, reduce property damage, speed recovery, reduce vulnerability, and otherwise better cope with natural or manmade disasters, while fostering a culture of peace, dignity and respect. Years indicated are the years ended September 30.

Figure A28: Private Sector Funding of International Humanitarian Aid. CRS



Source: CRS Annual Reports (2001–2005)

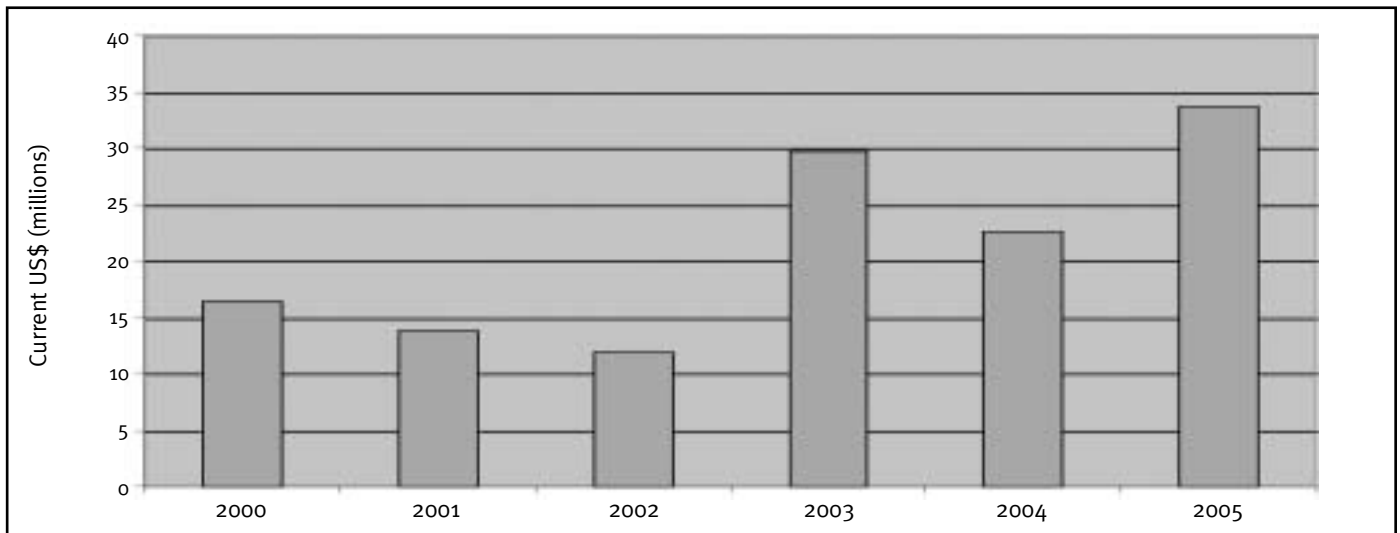
Figure A29: Total Contributions*. ICRC



Source: ICRC Annual Reports (2000–2005)

*Data is converted from CHF to US\$ based on figure M1. nnnb

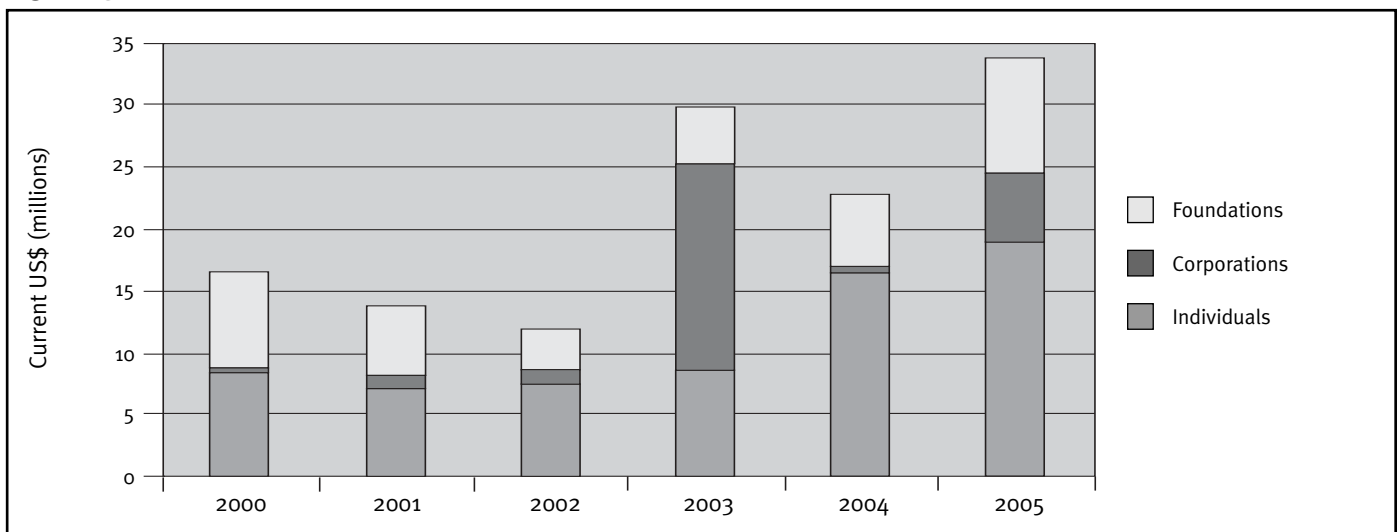
Figure A30: Private Sector Contributions *. ICRC.



Source: ICRC Annual Reports (2000–2005)

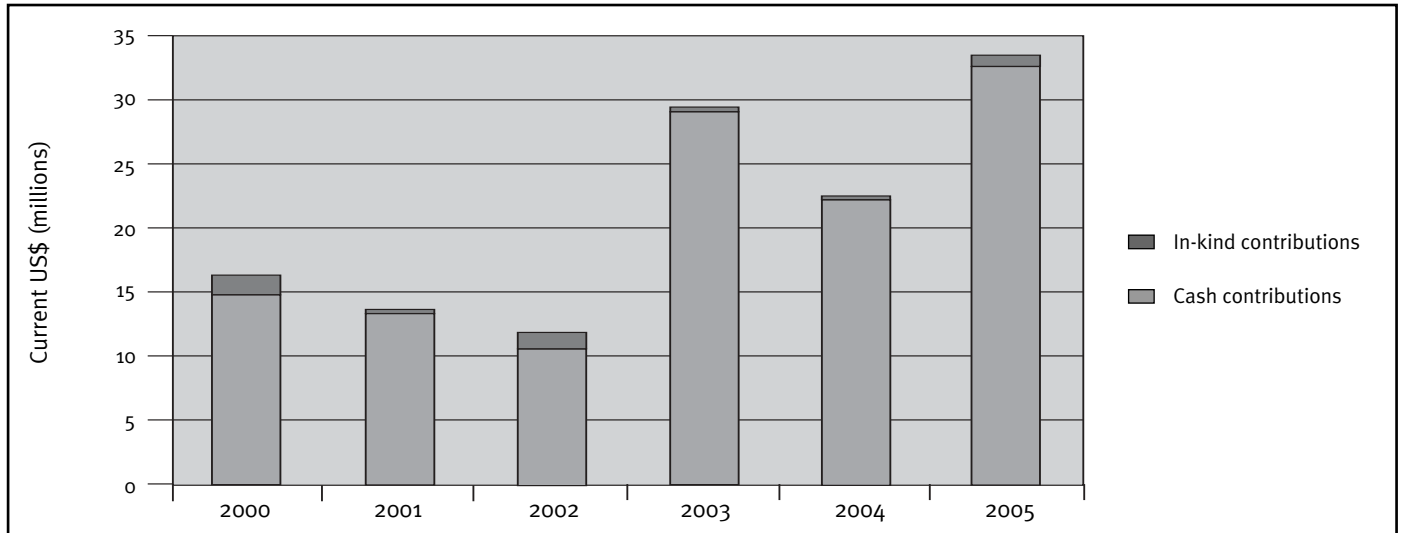
*Figures include only private contributions given directly to ICRC (not National Societies)

Figure A31: Private Sector Contributions *. ICRC.



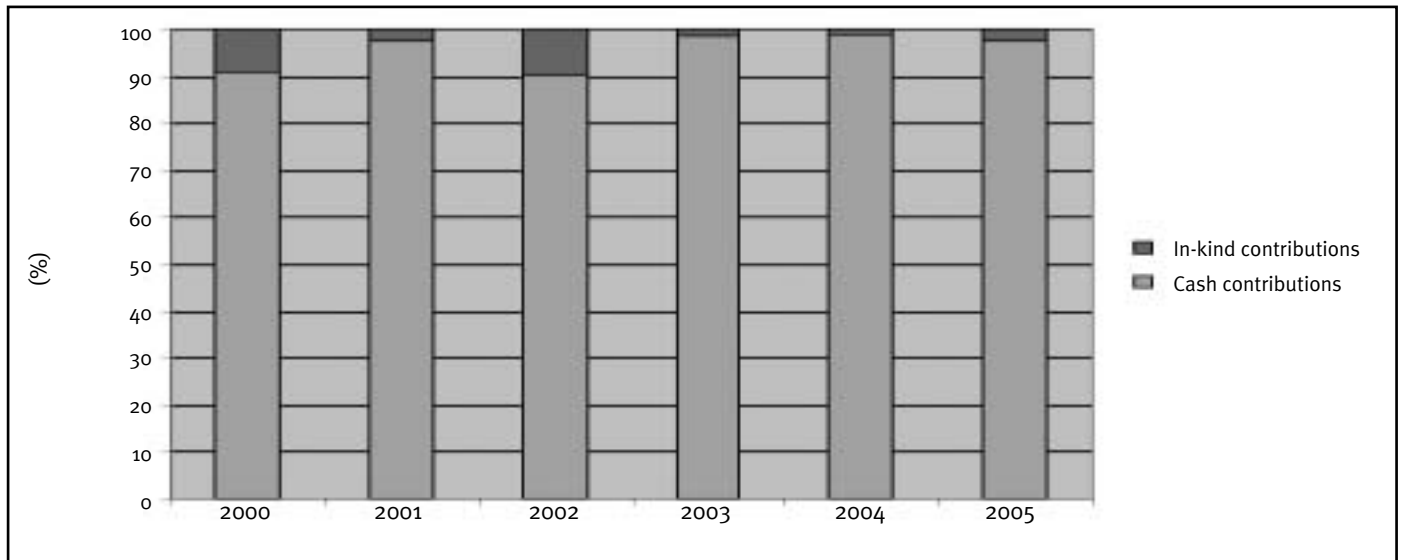
Source: ICRC Annual Reports (2000–2005)

Figure A32: Type of Private Sector Contributions . ICRC.



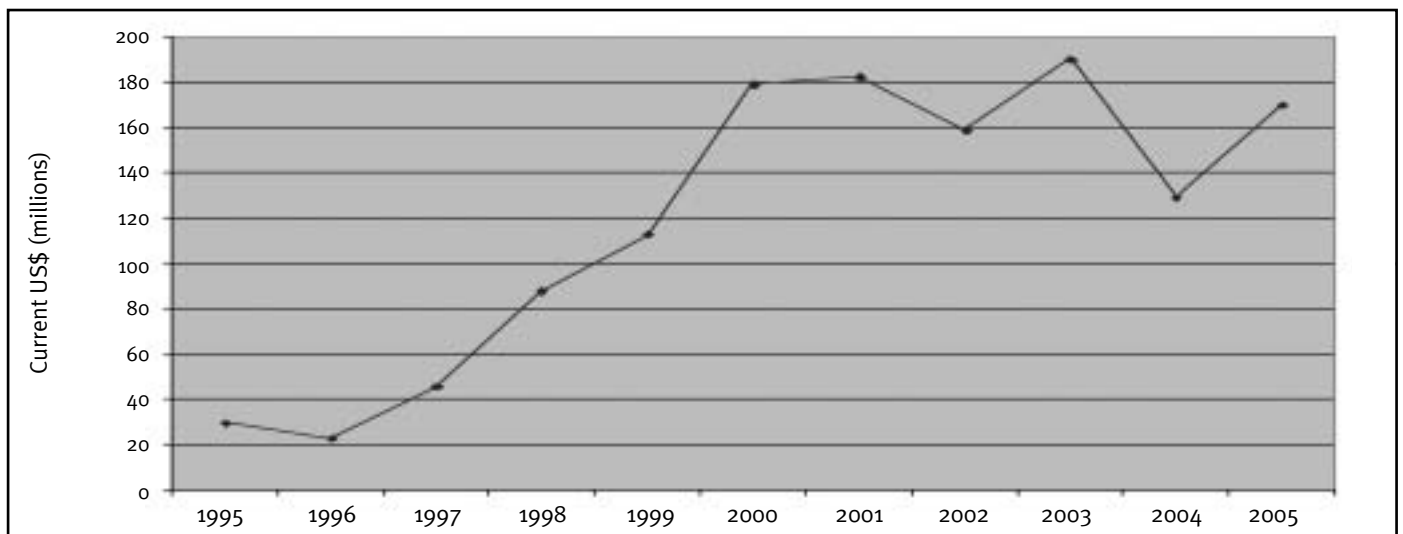
Source: ICRC Annual Reports (2000–2005)

Figure A33: Type of Private Sector Contributions. ICRC



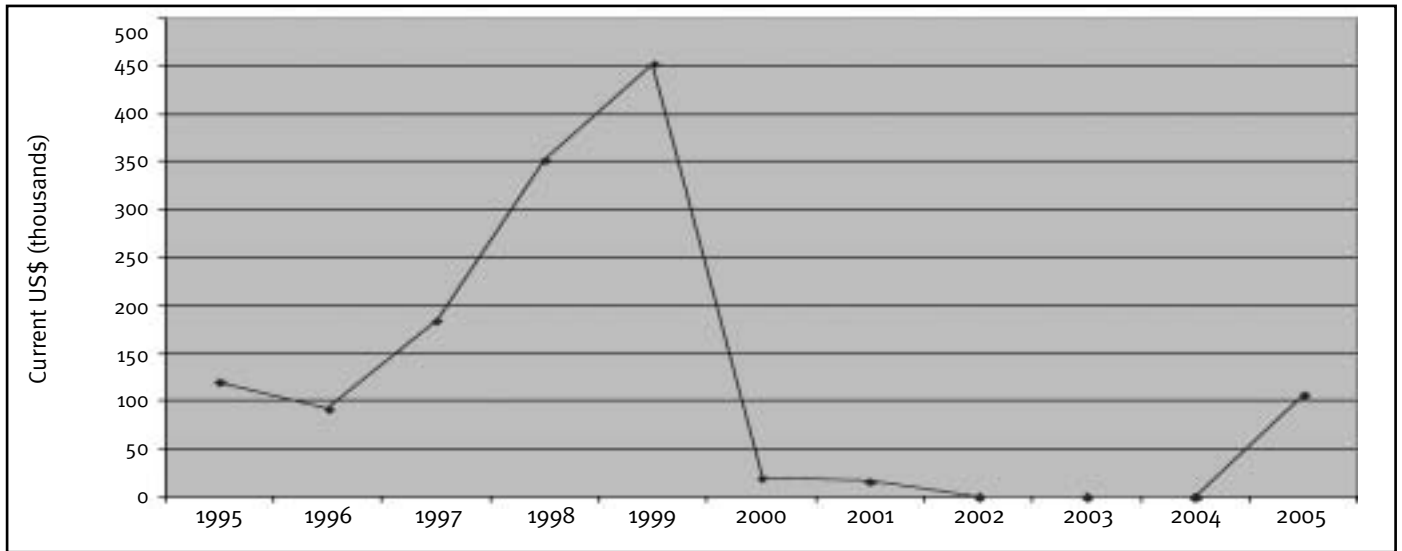
Source: ICRC Annual Reports (2000–2005)

Figure A34: Total Humanitarian Funding. FAO.



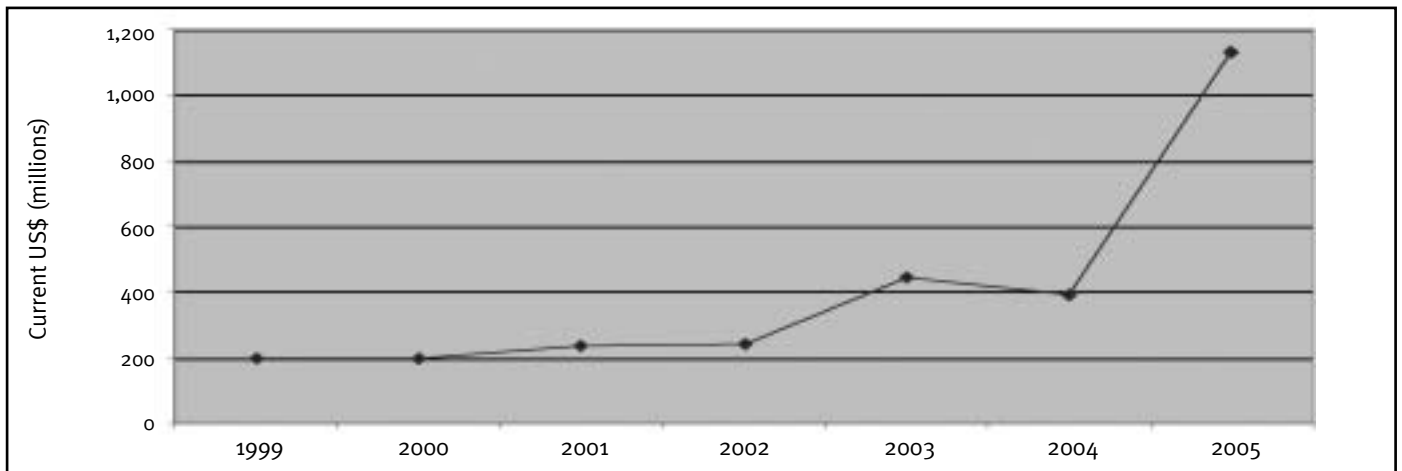
Source: FAO

Figure A35: Private Sector Funding of International Humanitarian Aid *. FAO



Source: FAO

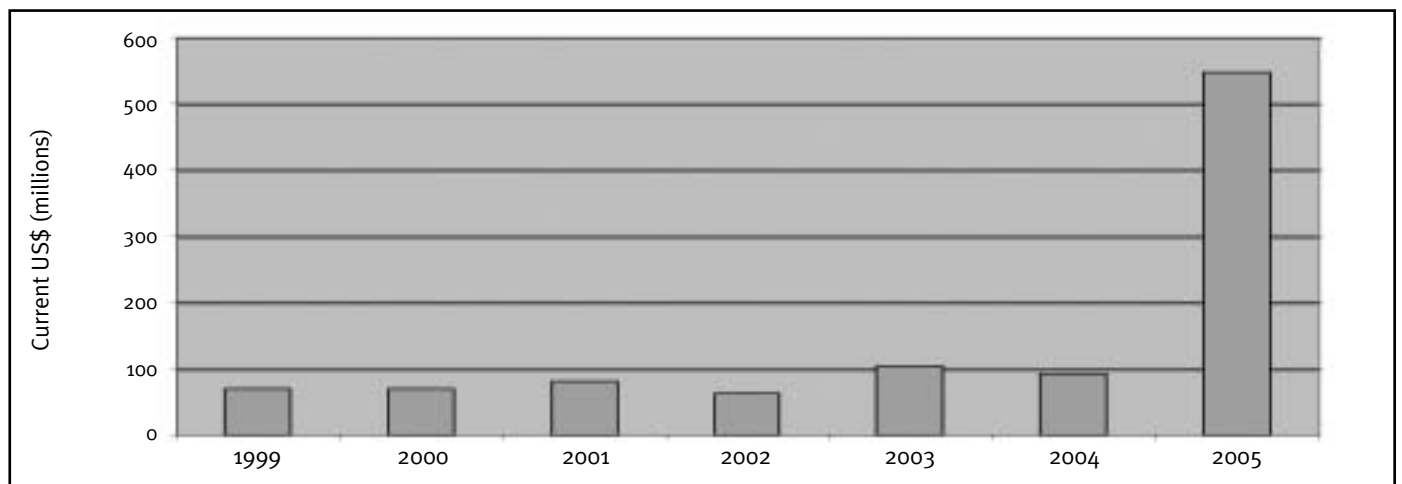
Figure A36: Total Funding of International Humanitarian Aid *. UNICEF



Source: UNICEF annual reports covering the years 1999–2005

*Humanitarian aid is used to mean Other resources (emergency) of UNICEF Income. UNICEF Income consists of Regular resources, Other resources (regular), Other resources (emergency).

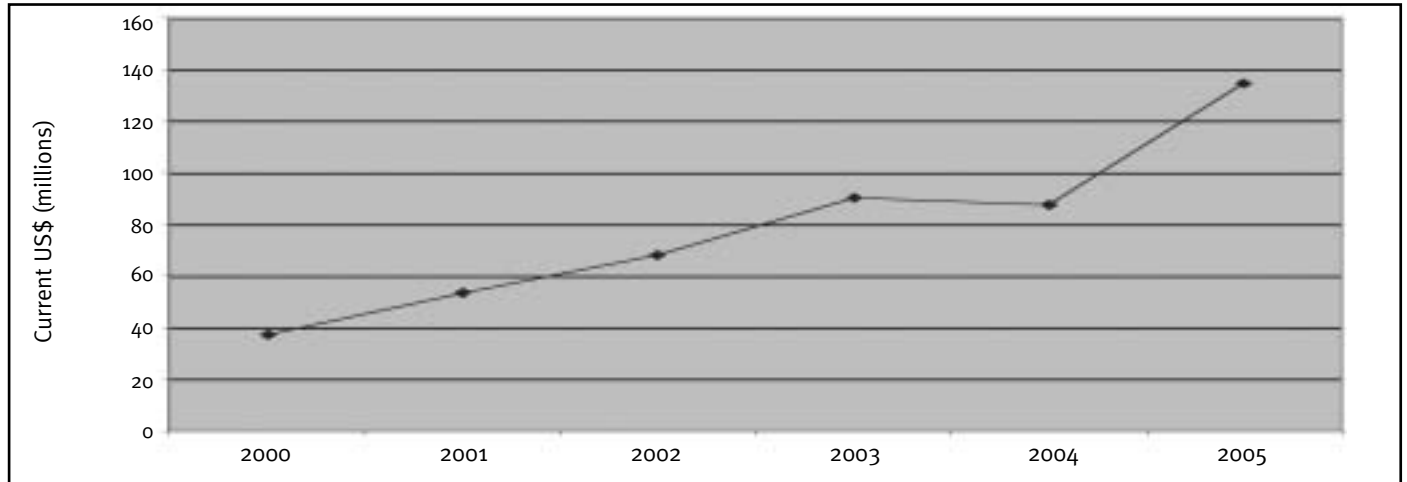
Figure A37: Private Sector Funding of International Humanitarian Aid *. UNICEF.



Source: UNICEF annual reports covering the years 1999–2005

*Data for Other resources (regular), Other resources (emergency) and Private contributions for Other resources (total) were available. Therefore, percentage split of Other resources (regular) and Other resources (emergency) was applied to Private contributions for Other resources (total) to get data for Private contributions for Other resources (regular) and Private contributions for Other resources (emergency).

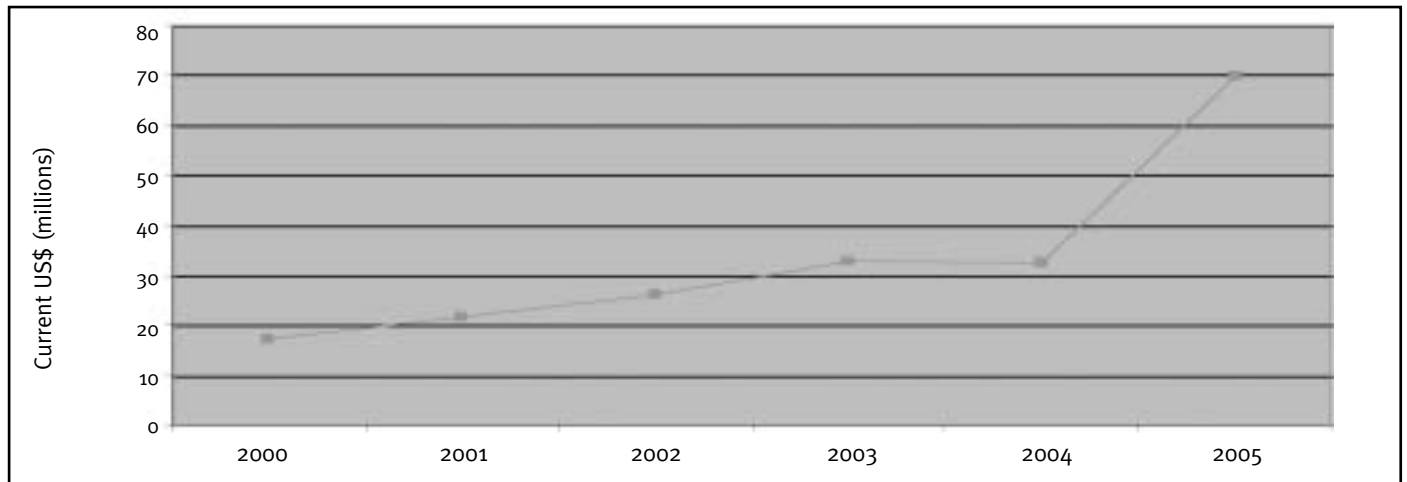
Figure A38: Total Funding of International Humanitarian Aid *. Save the Children USA



Source: Annual Reports (2001–2005)

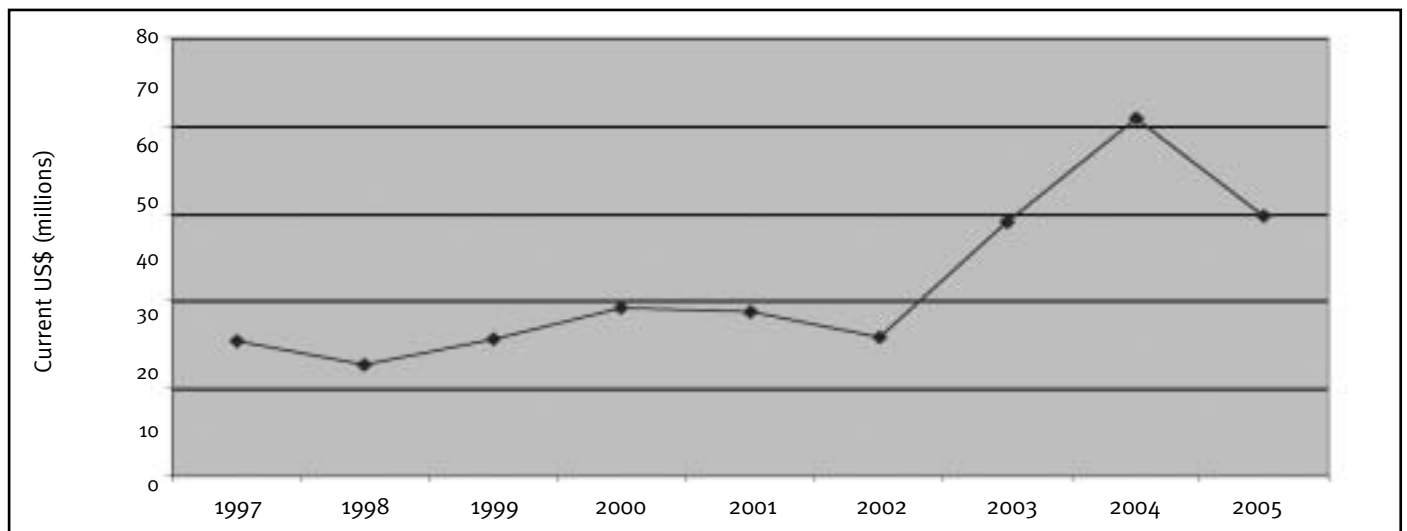
*Humanitarian aid is used to mean "Emergency, Refugee, and Civil Society" expenditures. Years indicated are the years ended September 30.

Figure A39: Private Sector Funding of International Humanitarian Aid. Save the Children USA.



Source: Annual Reports (2001–2005)

Figure A40: Total Funding of International Humanitarian Aid *. CARE USA¹

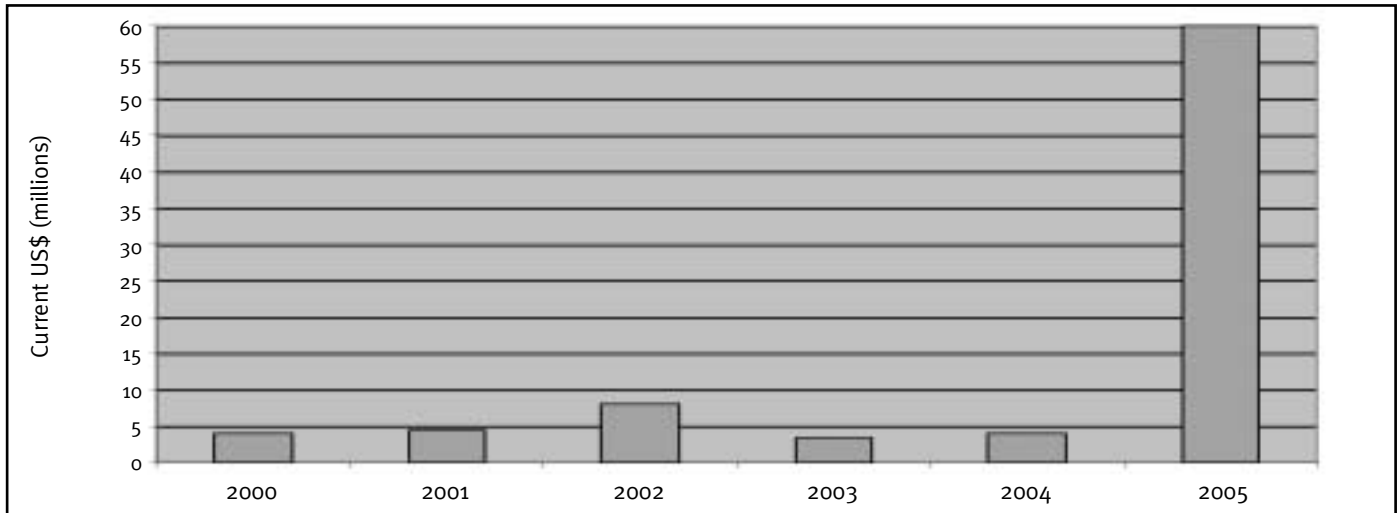


Source: Annual Reports and Financial Statements (1998–2005) and DARA completed questionnaire.

*Humanitarian aid is used to mean "Emergency and Rehabilitation" expenditures. Years indicated are the years ended June 30.

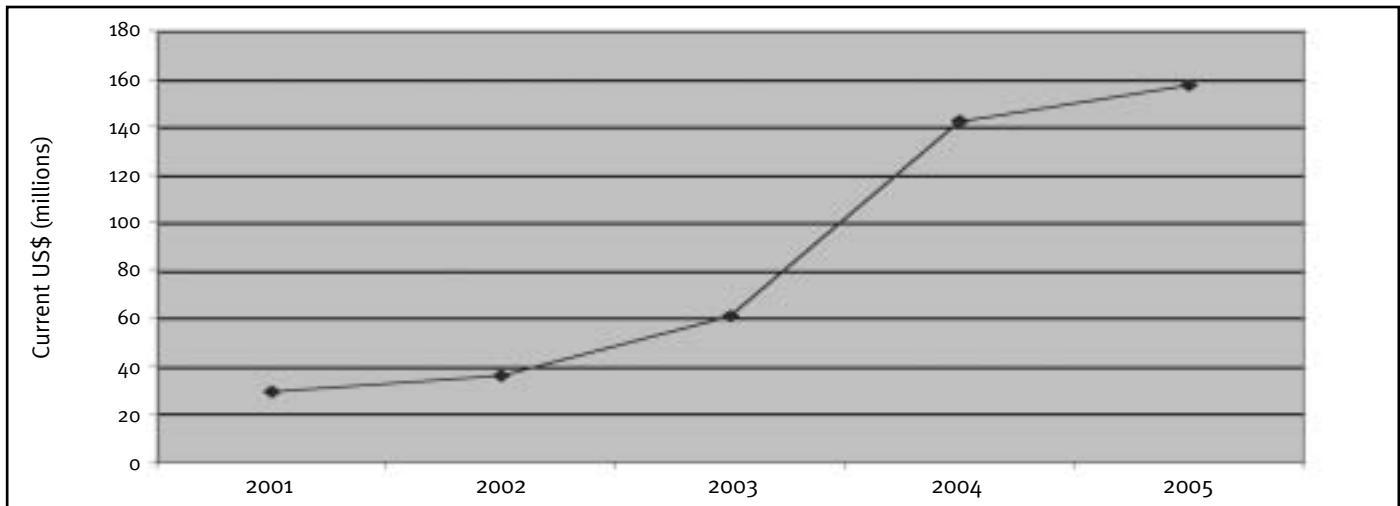
¹Only CARE USA was included in the study. CARE USA's private contributions make high percentage of CARE International's private contributions (i.e. 2004-70%; 2003-79%). CARE USA's expenditure for development programs and disaster and relief makes high percentage of expenditure of CARE International (i.e. 2004-81%; 2003-79%).

Figure A41: Private Sector Funding of International Humanitarian Aid. CARE USA.



Source: Annual Reports and Financial Statements (1998–2005) and DARA completed questionnaire

Figure A42: Total Funding of International Humanitarian Aid*. WHO

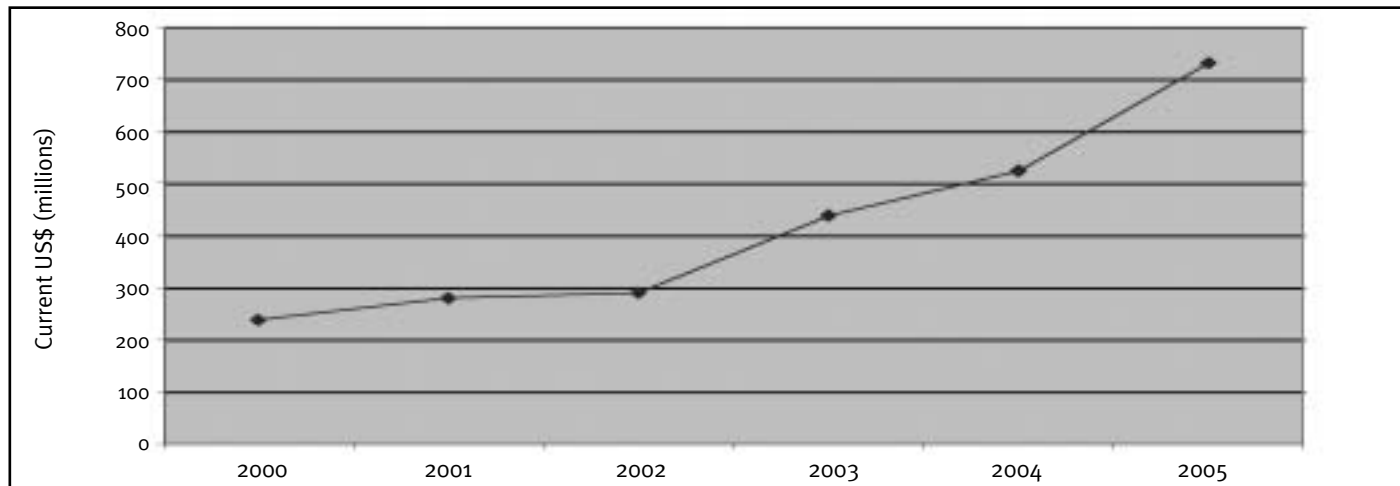


Source: DARA completed questionnaire.

*Humanitarian Aid is used to mean voluntary contributions received by WHO for work in the area of Health Action in Crises.

*Only in 2005 Health Action in Crises received contributions from private individuals and foundations. These funds were received for the response to the Tsunami crisis. The total contributions from individuals and foundations to WHO for the Tsunami crisis amounted to US\$2.7 million (1.7% of total received in 2005).

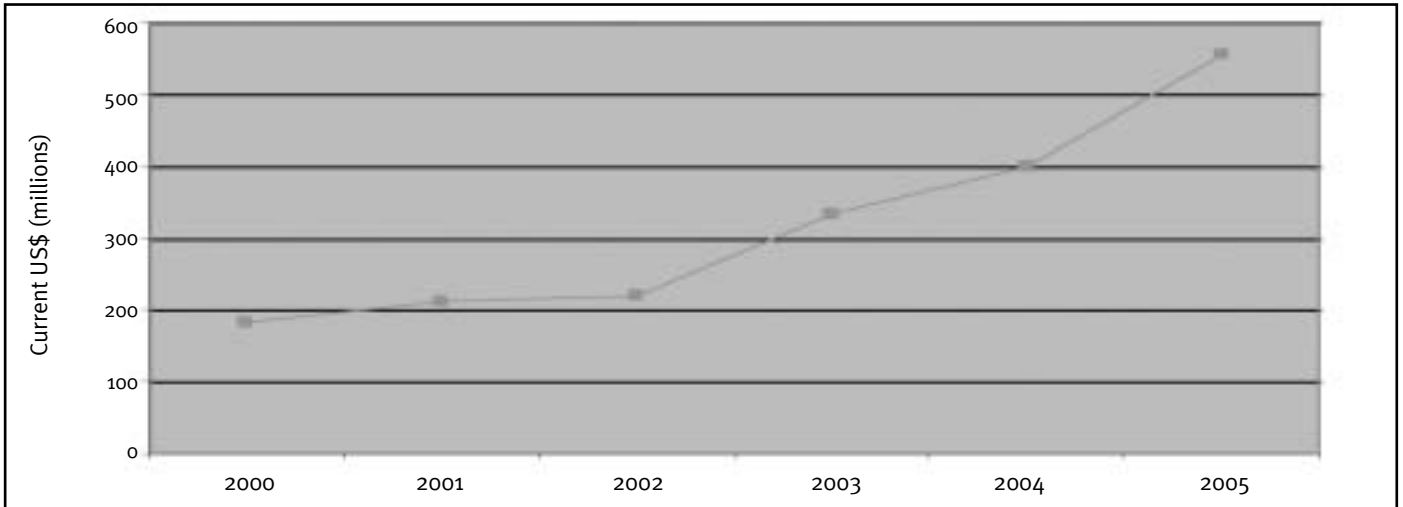
Figure A43: Total Funding of International Humanitarian Aid*. WVI



Source: World Vision International Annual Reviews (2000–2005) and DARA completed questionnaire.

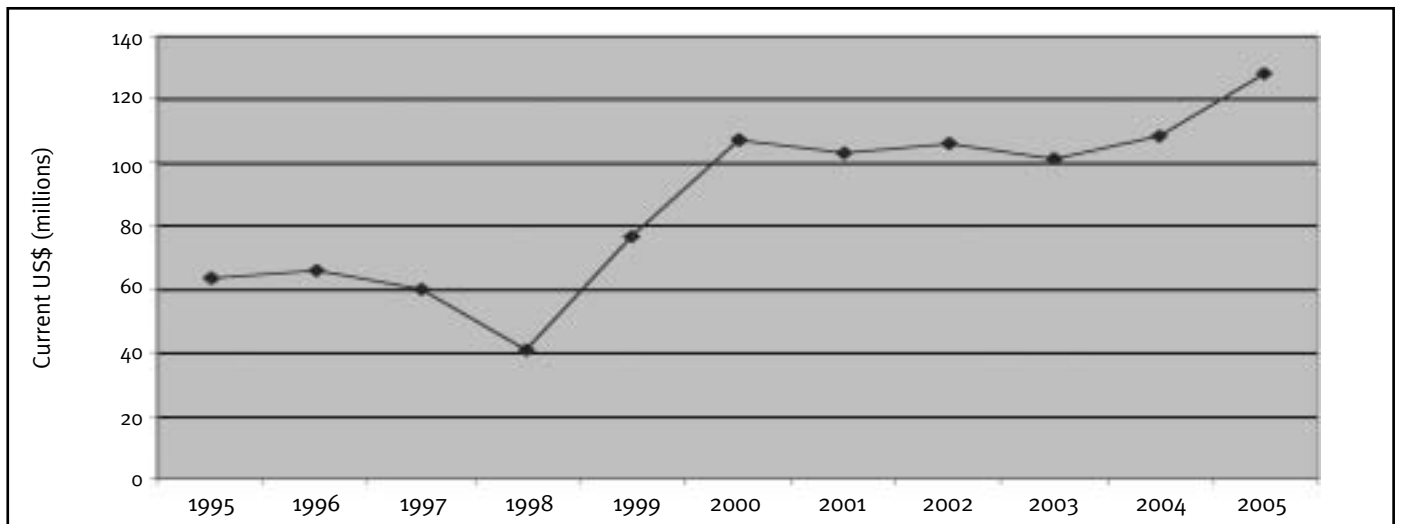
*Humanitarian aid is calculated based on relief versus development percentage split (DARA questionnaire) of total income (Annual Reviews).

Figure A44: Private Sector Funding of International Humanitarian Aid. WVI.



Source: World Vision International Annual Reviews (2000–2005) and DARA completed questionnaire.

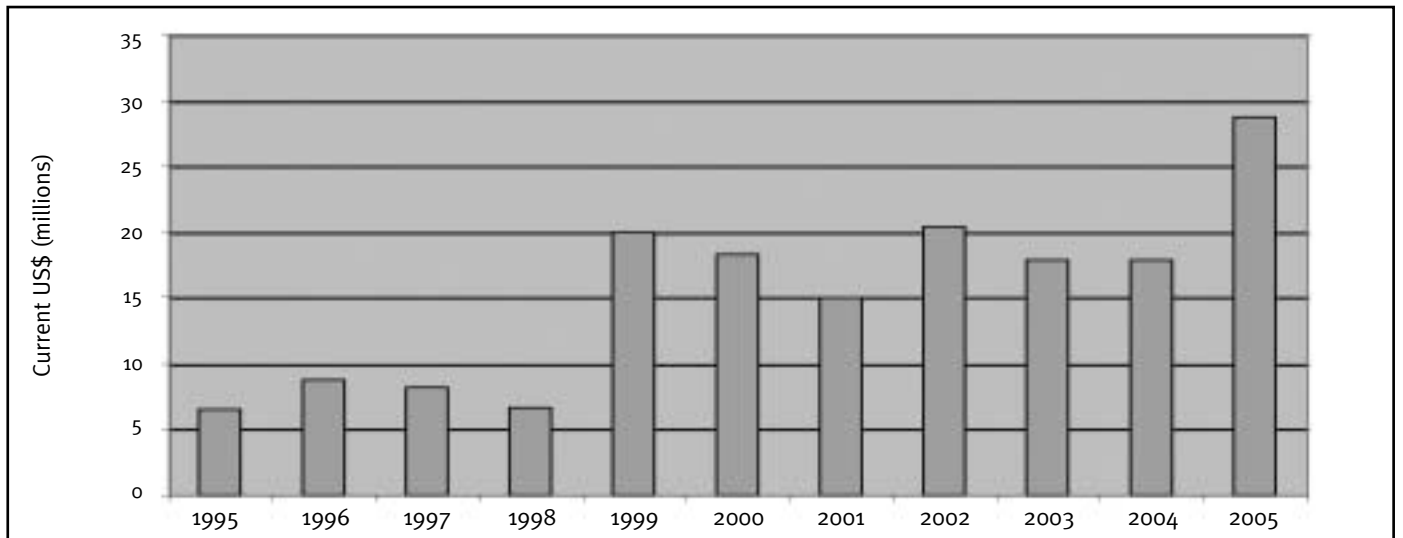
Figure A45: Total Funding of International Humanitarian Aid*. IRC.



Source: DARA completed questionnaire.

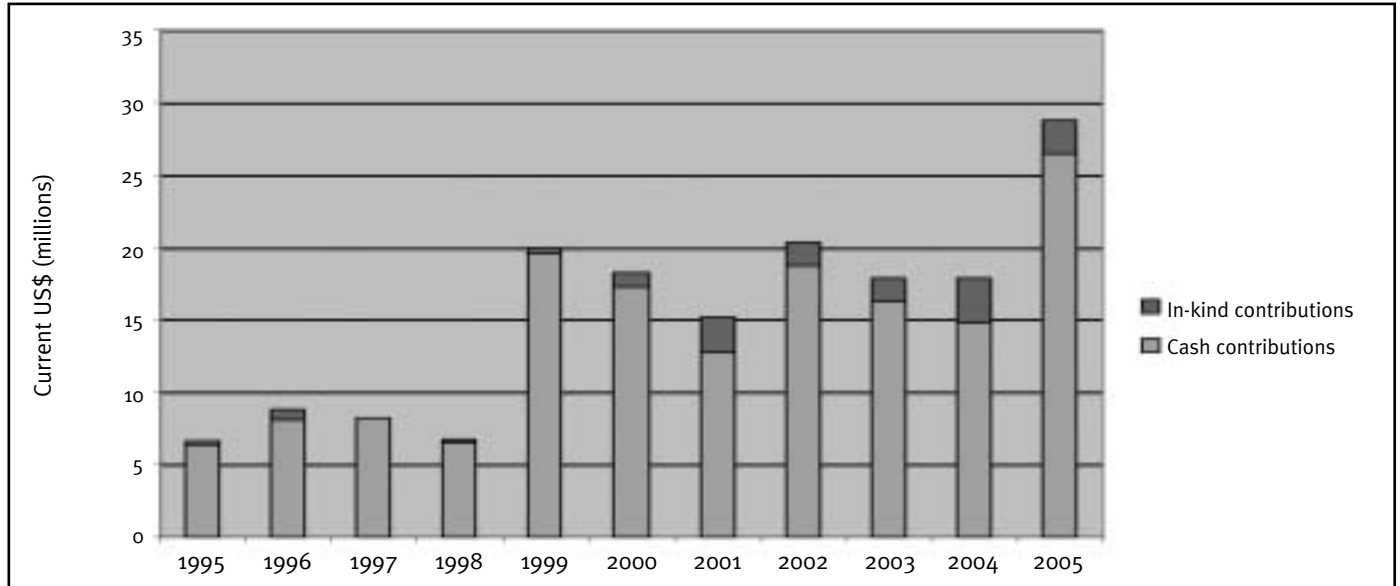
*Overseas relief and assistance programs are considered as humanitarian aid

Figure A46: Private Sector Funding of International Humanitarian Aid. IRC.



Source: DARA completed questionnaire.

Figure A47: Type of Private Sector Funding of International Humanitarian Aid. IRC



Source: DARA completed questionnaire.

Memorandum Items

Table M1. Annual Average Exchange Rates (Source: US Federal Reserve Board)

	USD/EUR	JPY/USD ¹	CHF/USD	USD/GBP ¹	USD/GBP ²
1995	1.2941		1.1812		
1996	1.252		1.2361		
1997	1.13		1.4514		
1998	1.1224		1.4506		
1999	1.0653		1.5045		
2000	0.9232	110.61	1.6904	1.4787	1.4664
2001	0.8952	125.10	1.6891	1.4320	1.4327
2002	0.9454	121.89	1.5567	1.5466	1.5575
2003	1.1321	112.98	1.345	1.6939	1.7130
2004	1.2438	107.49	1.2428	1.8452	1.8530
2005	1.2449	113.23	1.2459	1.7857	1.7756

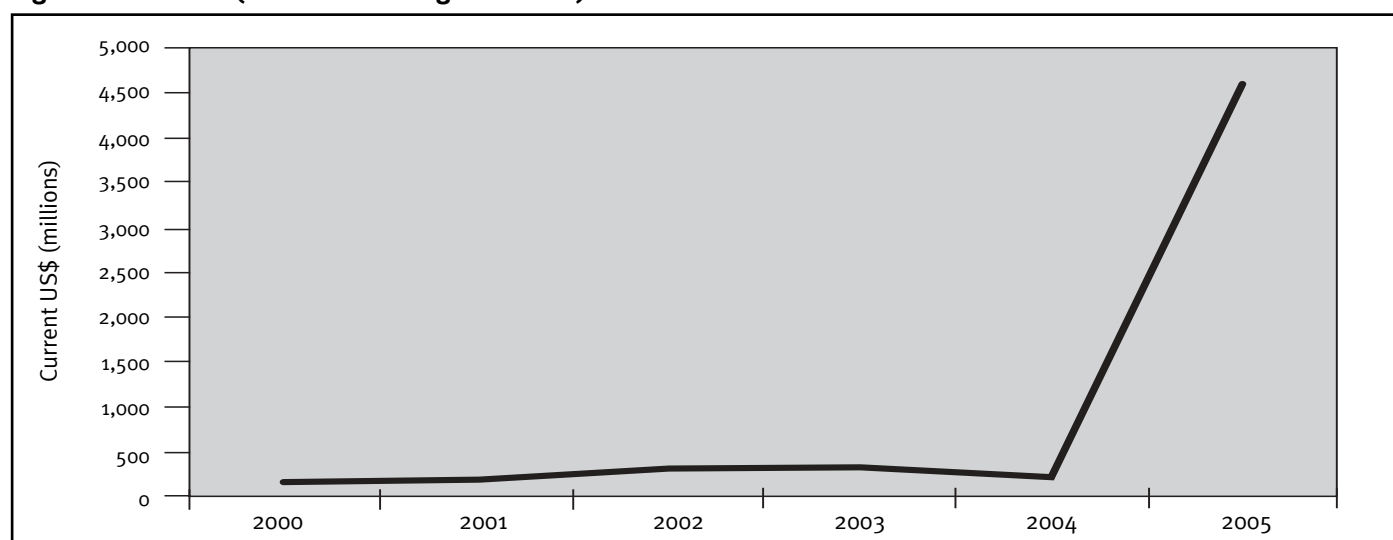
¹ Average for the fiscal year which begins on 1st April (i.e. FY 2002 covers the period 1st April, 2002 – 31st March, 2003).

² Average for the fiscal year which begins on 1st May (i.e. FY 2002 covers the period 1st May, 2002 – 30th April, 2003).

Table M2. Consumer Price Index (CPI) for USD (Source: Federal Reserve Bank of Minneapolis)

	Base year: 2000	Base year: 1995	Base year: 2003
1995	0.89	1	0.83
1996	0.91	1.03	0.85
1997	0.93	1.05	0.87
1998	0.95	1.07	0.89
1999	0.97	1.09	0.91
2000	1	1.13	0.94
2001	1.03	1.16	0.96
2002	1.04	1.18	0.98
2003	1.07	1.21	1
2004	1.1	1.24	1.03
2005	1.13	1.28	1.06

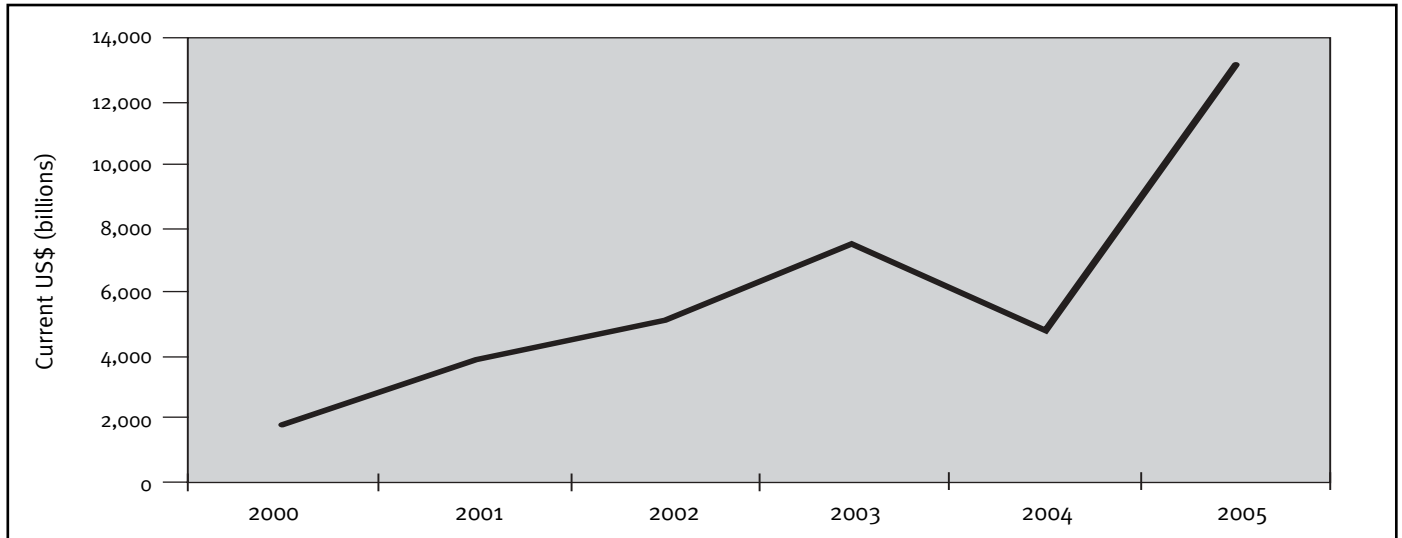
Figure M1: Private (individuals & organisations) Humanitarian Funds



Source: OCHA FTS.

*includes contributions to the Consolidated Appeal and additional contributions outside of the Consolidated Appeal Process (bilateral, Red Cross, etc...).
 "Funding" means Contributions + Commitments.

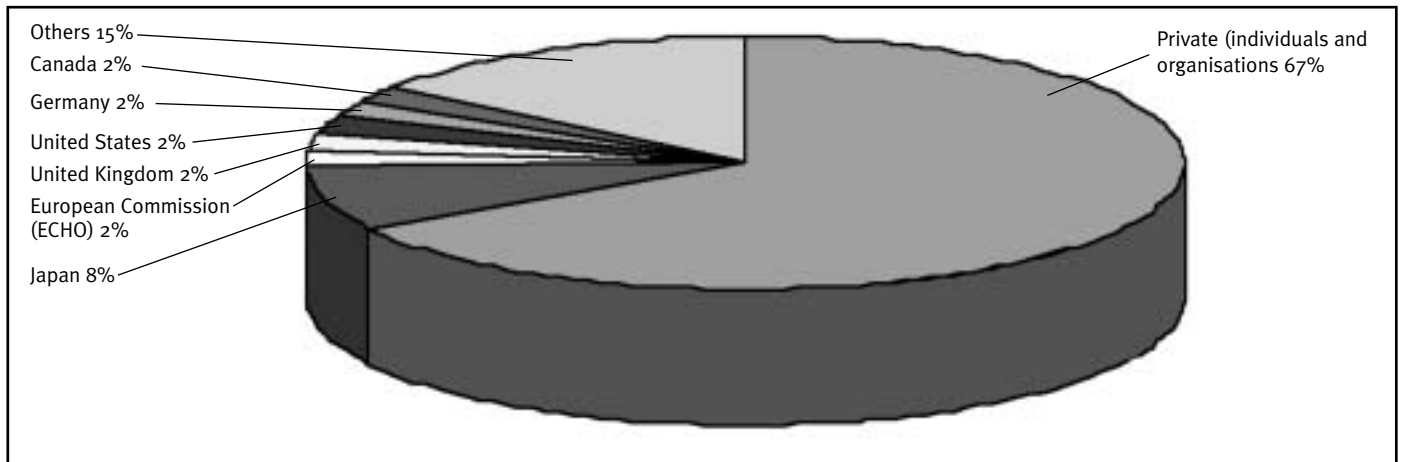
Figure M2: Global Humanitarian Funding



Source: OCHA FTS.

*includes contributions to the Consolidated Appeal and additional contributions outside of the Consolidated Appeal Process (bilateral, Red Cross, etc...).
 "Funding" means Contributions + Commitments.

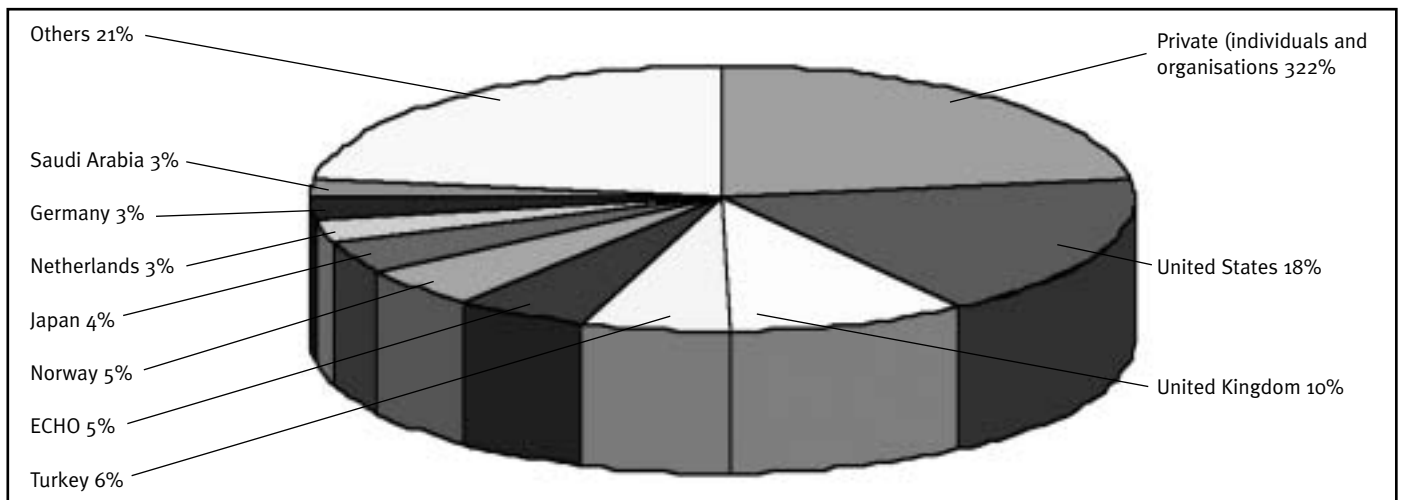
Figure M3: Humanitarian Assistance for INDIAN OCEAN – Total amount: 6,245,697,246 US\$



Source: OCHA FTS.

*includes contributions to the Consolidated Appeal and additional contributions outside of the Consolidated Appeal Process (bilateral, Red Cross, etc...).

Figure M4: Humanitarian Assistance for SOUTH ASIA – Earthquake October 2005 * Total amount: 1,165,589,575 US\$



Source: OCHA FTS.

*includes contributions to the Consolidated Appeal and additional contributions outside of the Consolidated Appeal Process (bilateral, Red Cross, etc...).

Appendix II

Data sources and assumptions

Data was collated through a mixture of questionnaires sent to sample agencies, which were filled in by the agencies, and/or data collected from public resources (annual reports, websites), and corroborated and clarified through interviews with sample agency representatives. The following organisations provided filled questionnaires:

- Care USA
- FAO
- IRC
- Japanese Red Cross Society
- MSF
- Oxfam GB
- UNWRA
- WFP
- WHO

Data for following organisations were collected through annual reports and websites, and corroborated through interview:

- CRS
- ICRC
- IFRC
- OCHA
- Save the Children UK
- Save the Children USA
- UNHCR
- UNICEF
- WVI

Detailed Notes:

CARE USA

- Source: Annual Reports and Financial Statements (1998–2005) and DARA completed questionnaire
- Humanitarian aid is used to mean “Emergency and Rehabilitation” expenditures.
- Years indicated are the years ended June 30.
- Proportion of emergency funding in total expenditure for a particular year was multiplied by the temporarily restricted revenue to find private humanitarian aid. Figures for years 2002–2005 were based on manual calculations of private fundraising for emergencies.

CRS

- Source: CRS Annual Reports (2001–2005)
- Humanitarian aid is used to mean Funds used for “Emergency” — programs seeking to prevent loss of life, minimize suffering, reduce property damage, speed recovery, reduce vulnerability, and otherwise better cope

with natural or manmade disasters, while fostering a culture of peace, dignity and respect.

- Years indicated are the years ended September 30.
- Percentage split of total contributions between private and official sources were applied to Emergency expenses to get data for private official sources for Humanitarian aid.

FAO:

- Source: DARA completed questionnaire.
- Rehabilitation and Humanitarian projects are considered as humanitarian aid
- Private sector funding of humanitarian aid figures was estimated based on reply of Programme Officer of Rehabilitation and Humanitarian Policies Unit. (Less than 0.5% of contributions have been received from the private sector in 2006. Therefore, it is estimated that 0.4% of total aid is received each year from the private sector.)

ICRC

Since ICRC is considered as humanitarian organization, overall income of the organization is considered as humanitarian aid.

- Source: ICRC Annual Reports (2000–2005).
- All Data is converted from CHF to US\$ based on annual average exchange rates.

IFRC

Since IFRC is considered as humanitarian organization, overall income of the organization is considered as humanitarian aid.

- Source: IFRC Annual Reports (2001–2005)
- Data is converted from CHF to US\$ based on annual average exchange rates.
- Figures for years prior to 2001 do not include in-kind contributions

IRC

- Source: DARA completed questionnaire.
- Overseas relief and assistance programs are considered as humanitarian aid.
- Years indicated are the years ended September 30.
- Percentage split of total contributions between private and official sources were applied to Total Humanitarian aid to get data for private and official sources.
- Official and private sources do not make up total funding due to other sources

Japanese Red Cross Society

- Source: DARA completed questionnaire.
- Data is converted from JPY to US\$ based on annual

- (beginning on 1st April) average exchange rates.
- Years indicated are Fiscal years (begins on 1st April.)

MSF

- Source: DARA completed questionnaire.
- All operational work of MSF is considered as humanitarian. Figures are income of MSF. All Figures prior to 2002 are very rough estimates of combined data.
- Data is converted from EUR to US\$ based on annual average exchange rates.
- Figures do not include in-kind contributions

OXFAM GB

- Source: DARA completed questionnaire.
- Only income for humanitarian programme is considered as humanitarian aid.
- Data is converted from GBP to US\$ based on annual (beginning on 1st May) average exchange rates.
- All figures are in terms of Oxfam's financial year, which runs from 1 May to 30th April
- Figures do not include in-kind contributions

OCHA

Since OCHA is considered as humanitarian organization, overall income of the organization is considered as humanitarian aid.

- Source: OCHA in (1999–2002) and OCHA Annual Reports (2002–2005). Tsunami related data was provided by External Relations Officer of OCHA.

Save the Children UK

- Source: Annual Reports (2002/03–2005/06)
- Humanitarian aid is used to mean Funds used for “Safeguarding children in emergencies”.
- Data is converted from GBP to US\$ based on annual (beginning on 1st April) average exchange rates.
- Years begin on 1st April.
- Percentage split of total contributions between private and official sources were applied to Total Humanitarian aid to get data for private official sources for Humanitarian aid.

Save the Children USA

- Source: Annual Reports (2001–2005)
- Humanitarian aid is used to mean “Emergency, Refugee, and Civil Society” expenditures.
- Years indicated are the years ended September 30.
- Percentage split of total contributions between private and official sources were applied to Total Humanitarian aid to get data for private and official sources.

UNHCR

Since UNHCR is considered as humanitarian organization, overall income of the organization is considered as humanitarian aid.

- Source: UNHCR Global Reports (1999–2005)

- Private sector includes individuals, corporations, foundations, non-governmental associations, schools etc. All other sources are considered as Official.
- Figures for years prior to 1999 do not include in-kind contributions

UNICEF

- Source: UNICEF annual reports covering the years 1999–2005
- Humanitarian aid is used to mean Other resources (emergency) of UNICEF Income. UNICEF Income consists of Regular resources, Other resources (regular), Other resources (emergency).
- Data for Other resources (regular), Other resources (emergency) and Private contributions for Other resources (total) were available. Therefore, percentage split of Other resources (regular) and Other resources (emergency) was applied to Private contributions for Other resources (total) for data for Private contributions for Other resources (regular) and Private contributions for Other resources (emergency).
- All Humanitarian Aid other than Private sector humanitarian aid is considered as Official sector humanitarian aid
- UNICEF have not endorsed the estimates and the authors retain sole responsibility for the presentation of the data and conclusions drawn from it.

UNRWA

- Source: DARA completed questionnaire
- UNRWA provides humanitarian assistance although some of the projects could be considered as development but the Agency does not differentiate them.

WFP

- Source: DARA completed questionnaire
- Emergency, PRO (protracted relief operation) and PRRO (protracted relief and recovery operation) are considered to be humanitarian aid.
- Figures for years prior to 1999 do not include in-kind contributions

WHO

- Source: DARA completed questionnaire
- Humanitarian Aid is used to mean voluntary contributions received by WHO for work in the area of Health Action in Crises.

WVI

- Source: World Vision International Annual Reviews (2000–2005) and DARA completed questionnaire.
- Humanitarian aid is calculated based on relief versus development percentage split (provided by WVI) of total income.
- Percentage split of total contributions between private and official sources were applied to Total Humanitarian aid to get data for private and official sources. Figures for percentage split were kindly provided by WVI.

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