



Executive summary

This is a synthesis evaluation covering the international community's funding of the relief response to the tsunami of December 2004.¹ It is one of five similar thematic evaluations commissioned by the Tsunami Evaluation Coalition (TEC) which was set up to promote a sector-wide approach to the evaluation of the tsunami response and to maximise learning.

This synthesis is based on 30 evaluation reports covering bilateral donors, UN agencies, the Red Cross/Red Crescent Movement, non-government organisations (NGOs), funding from the general public, and the local response in the tsunami-affected countries. The main objectives were to provide an overview of the funding of the response by the various actors, and to assess the appropriateness of the allocation of funds. This report covers only the funding of the tsunami response, not the implementation of the response.

Main findings

The key features of the international financial response were that:

- it was the largest international response to a natural disaster
- it was the largest private response, but not the largest official response
- it involved the largest number of donors (state and private)
- the largest number of implementing agencies were involved in the response
- it involved the largest amount of aid per affected person
- it was the fastest financial response to a disaster
- government pledges have been honoured so far
- donations were concentrated on a small number of agencies
- non-government agencies have played a much more significant role
- unprecedented amounts of funding for the UN Appeal were un-earmarked
- financial data are uncertain and inconsistent
- local, national and private responses have been under-recorded.

¹ Not to be confused with the TEC's overall Synthesis Report that draws together learning from all of the TEC's five thematic studies and their various sub-studies.

Of these, two findings stand out. First, this has been the most generous and immediately funded international humanitarian response ever. The scale and speed of the public response was unprecedented. This has in turn contributed to the most generous and immediately funded international humanitarian response ever. US\$14 billion has been pledged or donated for emergency relief and reconstruction from international sources. The volumes of aid per affected person are of a completely different order of magnitude to those in previous disasters. International donations and pledges have, very unusually, been at least sufficient for both emergency relief and reconstruction. The timeliness of funding has been good, and the degree of flexibility (absence of earmarking) better than normal. The majority of funds pledged by governments have been committed, and a significant portion has now been disbursed. The UN Development Assistance Committee (DAC) is monitoring donor pledges for the first time, and it appears that the pledges are being translated into commitments and disbursements. This very positive overall assessment of the international financial response needs to be kept in mind, and the few negatives kept in perspective.

On the negative side, it is apparent that allocation and programming, particularly in the first weeks and months of 2005, were driven by the extent of public and media interest, and by the unprecedented funding available, rather than by assessment and need. A real system of decision making based on humanitarian principles was lacking. Much of the implementation response was driven by the availability of funds, or by contextual opportunism, rather than by needs. This fund-driven and opportunistic response has contributed to: some competition, poor coordination and waste; a response that has sometimes exceeded agency and local capacities; and

a very inequitable response relative to other emergencies. The tsunami response may well be judged to have been effective. It is much more doubtful whether it has been either impartial or efficient.

The second outstanding finding is that the financial response of the general public was the defining characteristic. A key message of this report is that the financial response to the tsunami, and the media and private response that gave rise to it, was quantitatively and qualitatively exceptional: 40 per cent (US\$5.5 billion) of international resources for the tsunami came from the general public. The usual figure is nearer 15 per cent. It was the private response that meant that the international response was, for once, sufficient (together with substantial local resources) to cover both relief and reconstruction adequately. And it was the private response that made NGOs and the Red Cross Movement such important (and numerous) actors. Although large, the official response was not the largest ever official response to a disaster.

Lessons

This evaluation indicates four areas that require attention.

1. The financial response to the tsunami has highlighted the strengths and weaknesses of the current international system for funding humanitarian emergencies

- Humanitarian agencies need to recognise that a commitment to impartiality may be inconsistent with open-ended appeals, and may require reallocating funds already raised.

Flexibility in the use of funds – in line with the principle of impartiality – needs to be increased for future appeals by allowing private and government donors to indicate (via a tick box for private donors) that their donation can be used for other humanitarian emergencies once either the appeal target or assessed needs have been met.

- The international community needs to consider whether it is prepared to give substance to the principles of Good Humanitarian Donorship (GHD) by committing to a target that all people affected by disasters should be entitled to a certain minimum level of humanitarian assistance, and, if so, whether the current appeal-based system can deliver the resources to achieve that. The case for a larger multilateral emergency fund (such as the Central Emergency Response Fund),² and a reduced reliance on appeals, is supported by the tsunami experience. However, such a fund will need clear criteria and a transparent allocation process based on needs and capacity assessment.
- Until the international community faces up to the need to measure the relative effectiveness and efficiency of different agencies, and allocates funds accordingly, improvements in the performance of the sector is likely to be slow.
- The role of OCHA and/or the Humanitarian Coordinators in allocating un-earmarked funds needs to be clearer and institutionally supported if it is to result in a more strategic and

prioritised response. This in turn means that the criteria for allocation must be transparent, accountability defined and standard systems set up to enable the flow of funds. The development of pooled funding mechanisms for humanitarian priorities in Sudan and DRC offers relevant experience.

- Appeals by the UN and others need to be more genuinely needs based, including more explicit consideration of what needs can be or have been met by local and national actors.
- The need for a global mechanism such as the new expanded grant-based CERF mechanism to provide a global fund for humanitarian response is reinforced by the tsunami experience.³ Funds need to flow before a formal needs assessment can take place. Early commitments have to be flexible enough to be revised in line with needs assessments without suggestions that donors are reneging on their pledges.

2. The scale of private funding for NGOs and the Red Cross/Red Crescent Movement, and their more significant role, brings with it increased responsibilities and challenges

So far only a few donor countries, including the UK and the Netherlands, have joint fundraising for NGOs. These moves toward joint fundraising need to be matched by more joint NGO implementation in crowded

² The Central Emergency Response Fund (CERF) is a new standby fund managed by the UN to ensure more timely and reliable humanitarian assistance to victims of natural disasters and armed conflicts. While the idea behind it is sound, its implementation is still problematic, especially in long-lasting and under-funded emergencies like the conflict in Darfur.

³ The new CERF of US\$500 million was already 50 per cent funded by March 2006.

emergencies and, more immediately, by a stronger commitment to coordinated implementation under national direction.

3. Accountability and transparency need to be improved, particularly with respect to financial tracking and reporting

- All agencies should commit to making the full versions of programme evaluations publicly available as a matter of principle.
- Common and consistent accounting definitions need to be agreed and applied across the sector. Existing initiatives (for instance in the Iraq Trust Fund work on defining disbursements and the DAC documentation of pledges as well as commitments) that have resulted in greater transparency and consistency in this area need to be applied much more widely.
- An accreditation system for financial accounting and reporting should be established that uses standard formats and definitions, and which includes full compliance with FTS and DAD or similar reporting requirements. Once established, donors should fund only agencies (UN, NGO and RC Movement) with this accreditation. This would encourage the public to do the same.
- There is a serious need to understand how the humanitarian dollar flows from

original donor to actual beneficiary, documenting each layer, the transaction costs and added values. A pilot study using a sample of programmes from different agency types (UN, bilateral, NGO and RC Movement) should be commissioned.

4. Local resources and capital need to be valued

- Ways of documenting local response need to be developed and included in standard reporting to enable like-with-like comparisons with international assistance. The role of remittances in supporting local response needs to be better understood, and existing plans for facilitating remittance flows for development purposes should be extended to apply to humanitarian situations.
- The assumption that each agency needs to implement its own programme needs to be challenged, particularly in the reconstruction phase. Bilateral donors seem to appreciate this more than others. Greater use of NGO consortia, and pooled funding through national governments, should be explored.
- The coordinated use of cash grants and loans provided through existing institutions needs to be evaluated as way of funding recovery and reconstruction that is potentially more effective and efficient than direct implementation by international and national agencies.