



International Humanitarian Aid and the 'Localization' Debate: Why is it important to have "Local Funds" for "Local Organization"?

Introduction

At the outset it needs to be underlined that the disbursement of humanitarian aid in India is highly concentrated in the hands of a few global organizations, though efforts were initiated in the World Humanitarian summit in Istanbul in 2016 with 22 donor countries and 31 international organizations, including a number of UN ones, to provide more support and funding tools for local and national responders. The present policy brief looks into the status of localization of humanitarian assistance in India, throwing light specifically on the fund raising patterns of international and India non-governmental organizations engaged in humanitarian assistance. It further recommends some necessary steps to be taken to facilitate the participation of local organizations in the process.

Approximately US\$ 25 billion is spent every year to provide life-saving assistance to 125 million people devastated by wars and natural disasters. Although the current funding level is significantly higher than it was 15 years ago, increase is not in proportion to exponential rise in the scale and frequency of conflicts and natural disasters during that period. A conservative US\$ 40

billions required every year to meet humanitarian emergencies is just a fraction of the US\$ 78 trillion annual global GDP (NDMP, 2016).

Poor are the most vulnerable to disasters. Going by the current trend, by 2030, 62 per cent of the world's poor will be living in fragile and conflict prone areas. Choice is clear – either increase humanitarian assistance to meet increasing need or invest in seeking sustainable, risk resilient solutions to conflicts and calamities. Credible and pragmatic frameworks and roadmaps offered by Sustainable Development Goals, Sendai Framework for Disaster Risk Reduction¹ and Paris Agreement for Climate Change cannot be realized unless a clear, pragmatic and collective political leadership commits to find solutions.

Current Humanitarian Architecture and Financing Mechanism

In the year 2015, the international humanitarian assistance went to 145 countries of which more than half went to five countries – Syria, Yemen, Iraq, South Sudan and Ethiopia. While the scale, nature of emergencies and underlying political priorities may have warranted

FIDC Policy Briefs are prepared on specific themes for facilitating an informed debate across the policy circles. This Policy Brief has been prepared by Mr. Sudhanshu S. Singh, Chief Executive Officer, Humanitarian Aid International (HAI), India. The views are personal. Usual disclaimers apply.

larger share of the humanitarian finance to five countries, many other communities across the world, particularly affected by natural disasters, were denied of the reasonable assistance (Development Initiatives, 2017).

In 2016, while OECD-DAC funding was channelized through intermediary organizations, about 46 per cent funding was channelled through multilateral agencies, mainly the 8 UN agencies. Of the remaining portion, more than 85 per cent went through international NGOs, of which more than half went to largest ten recipients; and more than a third to the largest five recipients. Southern international NGOs received just 1.65 per cent of the funding available to NGOs and local and national actors received just 1.5 per cent of that part of the funding pie (Development Initiatives, 2017). In 2015, local and national actors received just 0.3 per cent. There is a clear pattern emerging, with powerful and resourceful organizations controlling humanitarian architecture and funding mechanisms while local and national actors who are the first respondents and best placed to extend assistance to affected community languishing for want of means and resources. Grand Bargain was launched to address this particular anomaly and flaw in humanitarian system.

The Grand Bargain

Grand Bargain (GB) (Agenda for Humanity, 2018) is one of the significant outcomes of the World Humanitarian Summit, which brought together some 50 donors and aid agencies, controlling maximum percentage of humanitarian funding. The GB commitments, grouped under 10 work streams, intend to improve the effectiveness and efficiency of humanitarian action. The GB expected some major changes in the working practices of signatories, including gearing up cash programming, greater funding for national and local responders and cutting bureaucracy through harmonised reporting requirements.

Altogether 51 commitments were made to improve the humanitarian architecture, including more funding directly accessible to local and national actors, with more un-earmarked money and increased multi-year funding to ensure greater predictability and continuity in humanitarian response.

Out of the 10 work streams, the work stream 2, “more support and funding tools to local and national

responders as directly as possible”, popularly known as ‘localisation’, drew maximum attention as that committed providing *at least 25 per cent of global humanitarian funding to local and national responders by 2020 as directly as possible*, against less than 2 per cent funding in 2016 and less than 0.3 per cent in 2015. Meaningful implementation of this work stream would not only significantly alter the humanitarian landscape, but may also adversely impact the ambitious growth of international non-governmental organizations (INGOs) and UN agencies, which are the prime recipients of humanitarian funding.

The Localisation Process

Humanitarian Financing Task Team (HFTT) of Inter Agency Standing Committee (IASC) set up a Localisation Marker Working Group (LMWG), which was inclusive of IASC members, southern actors, donors, OECD and technical bodies like International Aid Transparency Initiative (IATI). This group was led by United Nations Office for the Coordination of Humanitarian Affairs (OCHA), Catholic Agency for Overseas Development (CAFOD) and Development Initiatives to define ‘local and national actors’ and ‘as directly as possible’. This group proposed that the local and national actors are the local and national NGOs, local and national governments, local and national private sector and Red Cross/Red Crescent National Societies, working in an aid recipient country, but without affiliation to international organisations, hence eligible to receive 25 per cent global humanitarian funding directly or through a country based pooled fund.

However, this definition was significantly changed and diluted right before the ECOSOC Humanitarian Affairs Segment (HAS), held in Geneva in June 2017. The revised definition says, the local and national actors are: “*Organizations engaged in relief who are headquartered and operating in their own aid recipient country and with autonomous governance, financial and operational decision-making*”. This definition drops the term ‘international affiliation’, and also includes one intermediary international organisation in ‘as directly as possible’ before funds reach local and national actors. Thus this definition dilutes the localization process in letter and spirit.

In simple words it means, status quo will largely be maintained; as some of the 25 per cent will be taken away by affiliates and some of the 25 per cent will entail one intermediary.

A unique opportunity to revise and transform humanitarian system will probably be lost and the purpose defeated. Direct access to funding, multi year financing and long term partnership would have brought financial sustainability to local and national actors, enhanced their response capacity which would have eventually helped the disaster affected communities. That is not going to happen now as effectively as envisaged because *localised chapters of international NGOs will remain eligible to call themselves 'local and national actors'*. Armed with international support and seed funding, nationalized chapters of international NGOs will continue to rule the humanitarian space in global South.

Mark Dubois, an independent analyst and formally head of Médecins Sans Frontières (MSF) UK observes, “The accommodation of political and bureaucratic interests means that a local outpost of a billion-dollars-per-year INGO could be considered ‘local’, and that funding funnelled to local responders via the same old rent-extracting Western INGO intermediaries may count towards the Grand Bargain’s target of going 25 per cent local (an issue still to be settled) (Humanicontrarian, 2018).

Optimistically, everything is not lost as of now. Different donors, UN actors and INGOs show different levels of low and high commitment to honour this agenda, and different visions of what should be allowed. Michael Mosselmans, a passionate advocate of the localisation process from Christian Aid, U.K. feels, “The watering down will slow the progress, but slowly, patchily and gradually local actors will achieve access to more resources and power. Vested interests will inevitably do their best to stem the tide, but justice will ultimately prevail. It is too late to close the stable door”.

The Indian Context

One may argue that India largely remains unaffected with whatever is happening at global stage regarding localisation. Since the beginning of this century, from being a predominantly aid receiving country, India has transformed herself to play the dual role of

an aid recipient as well as a major partner providing development assistance to other developing countries. Since independence till 1990s, India was a major aid recipient nation. It even received food aid from the United States and was also one of the largest borrowers of the World Bank and IMF. However, from being a net borrower, India has successfully transformed herself to become a net creditor of assistance (Samuel A. & George J., 2016), (Chaturvedi, 2016).

India has dedicated institutions and mechanisms under Ministry of Home Affairs, such as Cabinet Committee on Security (CCS), the National Crisis Management Committee (NCMC), the National Disaster Management Agency (NDMA), State Disaster Management Authorities (SDMA), National Institute of Disaster Management (NIDM) and National Disaster Response Force (NDRF) (NDMA, 2016).

The states are primarily responsible for disaster response and for that they get yearly allocations under State Disaster Response Fund, which gets complemented by the National Disaster Response Fund, if a disaster overwhelms response capacity of a state. In addition to that, India has National Disaster Mitigation Fund, and also Prime Ministers National Relief Fund (PMNRF), which accepts voluntary contribution from individuals, organisations, private enterprises and institutions.

India has United Nations Disaster Management Team (UNDMT) comprising of FAO, ILO, UNDP, UNESCO, UNICEF, UNFPA, UNHCR, WFP and WHO. However, any assistance from the UN agencies is accepted only if the government considers it necessary. The central government also supports states for reconstruction and rehabilitation in the aftermath of major disasters, often through aid from the World Bank and other multilateral financial institutions or aid agencies. India also allows international NGOs already operating in the country at the time of the disaster to continue their humanitarian assistance to the affected population.

Almost all UN agencies and several international NGOs operating in India, are signatory to Grand Bargain, thereby, *inter alia*, also committing to channel at least 25 per cent of international funding to ‘local and national actors’, ‘as directly as possible’ by 2020. (Link of the list of the Grand Bargain signatories is presented in the Agenda for Humanity, 2018).

There are an estimated 3.1 million working NGOs in India, the vast majority of which are national or local Indian civil society organisations. India has largest number of NGOs of any country in the world. Most of these NGOs rely on governments, multilateral agencies and international NGOs for their field operations and administrative sustenance. Only a few have the capacity to raise resources through direct fundraising. Given that, meaningful implementation of localisation will greatly impact the humanitarian architecture in India, and a failure of which will impact response capacity and sustenance of local and home grown NGOs.

Evolution of Intense Fund Raising in India

In 2003, India laid out its new policy for development assistance and decided not to accept tied aid any more. The high growth rate of the economy together with accumulation of large foreign exchange reserves have provided India the flexibility to stop accepting aid from all the donor countries by setting a minimum ceiling for incoming aid (US\$25 million) and opened memorandum of partnership with only a handful of donors such as EU, UK, US, Russia, Germany and Japan. During the same period, India also cancelled debts worth US\$24 million

owed to it by seven Heavily Indebted Poor Countries (HIPC) of Africa (Samuel J, & George A, 2016), (Chaturvedi, 2016).

These policy changes and fast growth trajectory meant that India became a preferred country for international NGOs to receive funding from bilateral and multilateral donors, and, with a burgeoning wealthy middle class, a market with tremendous potential to raise money locally. Growing economy in India coupled with increasing donor fatigue in West and global recession in 2008 may have been another reason for international organisations to invest more on fundraising in India. This was the year when CARE India, Save the Children and a several other INGOs got registered in India. As presented in Table 1, nationalised chapters of INGOs are far more successful in raising funds within India, while retaining their traditional funding base.

ADRA India, Change Alliance (affiliated to Christian Aid), Islamic Relief, etc. are some other nationalised organizations though their finances are not updated for public view. UNICEF India does massive fundraising in India. The figures are not in public domain but they include 150,000 individual donors who contribute every month and half-a-dozen

Table 1: Fundraising Pattern of INGOs in India

Name	Head	2016		2015	
		In INR	In USD	In INR	In USD
World Vision India	Total income	3,657,586,125	57,411,500	4,020,393,968	63,106,300
	Raised in India	537,618,400 (14.7%)	8,438,760	485,007,358 (12.1%)	7,612,940
	Incurred on fundraising	173,299,884	2,720,210	247,045,365	3,877,760
Oxfam India	Total income	843,122,000	13,234,100	747,385,000	11,731,400
	Raised in India	176,404,000 (21%)	2,768,940	284,587,000 (38%)	4,467,040
	Incurred on fundraising	26,681,000	418,129	n.a.	n.a.
CARE India	Total income	2,236,661,971	35,107,900	1,695,935,261	26,620,300
	Raised from individuals	103,685,859	1,627,510	79,621,620	1,249,790
	From corporates	216,806,172	3,403,110	199,200,134	3,126,760
	From Govt	357,521,489	5,611,680	361,542,781	5,674,980

Save the Children India	Total income	1,719,670,760	26,992,900	1,508,970,455	23,685,600
	Raised in India	n.a.		133,374,730 (9%)	2,093,520
Action Aid India	Total income	867,387,002	13,615,000	833,523,019	13,083,400
	Raised in India	41,875,585 (5%)	657,302	57,855,632 (7%)	908,134
	Fundraising expense	34,133,934	535,785	2,298,327	36,076
Plan India	Total income	1,252,439,706	19,659,000	1,280,525,946	20,099,800
	Raised in India	321,782,273 (3.2%)	5,050,870	270,741,021 (2.71%)	4,249,700
	Fundraising expense	98,559,463	1,547,040	120,829,489	1,896,610
Caritas India	Total income	99,88,88,362	15,679,100	94,34,43,274	14,808,800
	Raised in India	32,40,19,622 (32.4%)	5,085,990	192,615,249 (20.4%)	3,023,400
Habitat for Humanity	Total income	251,044,155	3,941,039	146,206,611	2,295,237
	Voluntary local India	40,964,082 (16.32%)	643,078	3,3049,555 (23%)	518,831
	Voluntary overseas contribution	72,255,008	1,134,302	49,562,607	778,063

Note: The real amount raised in India could be a lot more as funding received from multinational companies working in India, also requires FCRA routing.

Source: Annual Reports of the concerned organizations for various years.

corporate partners, besides having global partners like Bill & Melinda Gates Foundation, IKEA Foundation, Barclays Pic, H&M, Starwood Hotels, etc.

Let's now look at the financial overview of some of the prominent Indian humanitarian NGOs. Table 2 presents fundraising pattern of some of the leading Indian

Table 2: Fundraising Pattern of Indian NGOs in India

Name	Head	2016		2015	
		In INR	In USD	In INR	In USD
Goonj	Total income	188,384,669	2,956,990	364,503,276	5,721,450
	Raised in India	110,831,346 (59%)	1,739,670	73,598,867 (20.2%)	1,155,250
SEEDS India	Total income	101,935,346	1,600,030	65,921,941	1,034,750
	Raised in India	70,915,545 (70%)	1,113,130	32,203,155 (49%)	505,479
Sewa International	Total income	195,958,900	3,074,160	76,343,833	1,197,670
	Raised in India	86,483,680 (44%)	1,356,740	17,575,920 (23%)	275,727

Source: Annual Reports of the concerned organizations for various years.

homegrown organisations, engaged in development and disaster response programmes.

A comparison of Tables 1 and 2 indicate that the nationalised chapters of international NGOs dominate the humanitarian and development architecture in India. They have the leverage to continue to receive funding from OECD-DAC donors through their parent organisation, such as USAID, DFID, ECHO, etc. which a homegrown Indian organisation can't do. They have the capacity to mobilise resources from most resource rich corporate houses and foundations and have ability and leverage to go for public fundraising in Europe and America. In addition to that, given their strong brand, now they are far better positioned in India for partnership with central and state governments, corporate houses as well as go for public fundraising. If we just analyse funding pattern of Save the Children India, in the year 2016, it had 34 institutional partners including Bill & Melinda Gates Foundation, Department for International Development, UK (DFID), European Union, European Civil Protection and Humanitarian Aid Operations (ECHO), IKEA Foundation, Overseas Development Assistance from the governments of Finland, Netherlands, Norway, Australia, Denmark, USA and Canada, Ford Foundation, World Bank, UNICEF and 44 corporate partners including Punjab National Bank. In this era of suave communication and brand packaging, there is no wonder that resourceful NGOs garner bulk of resources. Rich getting richer and poor getting poorer is not restricted to the population alone!

As mentioned in Table 1, some of the nationalised INGOs have marketing and fundraising budgets equivalent to years of revenues of local NGOs, in addition to having corporate partnerships and celebrity brand ambassadors.

It has its serious consequences over humanitarian architecture in India and elsewhere. It is also not honouring the commitments made towards 'localisation', to which Anne Street of CAFOD, a strong champion of the localisation process, calls satirically 'localwashing'. It is the local organisations who respond first and remain longer in a disaster affected area. They keep the overheads low to ensure that maximum resources reach the affected population. However, they are neither the primary beneficiaries of global funding, nor the funding available within their own countries. That impacts the overall timeliness of response, inclusion of local

practices in response plan, completion of humanitarian response cycle, Linking Relief and Rehabilitation with Development (LRRD), and on top of that sustainability of the institutions rooted closer to the vulnerable communities.

A look at the matrix of actors² that recently responded to floods in the Northeast highlights the marginalisation of local organisations and aid-dependency on national INGOs. Since local actors lack financial clout, they even get marginalised in its coordination process. A look at the structure of Sphere India will make it clear.

Sphere India, established in 2003, is the largest humanitarian network in India, drawing membership from the government, national and international NGOs, other networks, UN agencies and also the corporate sector. Since its inception, it has done commendable work on assessment, dissemination, coordination, capacity building, advocacy, and so on.

Election of Sphere India board was held in September 2016 to elect new office bearers and board members. According to the Sphere constitution, in addition to having a chair, a vice-chair and a treasurer, it should have two representatives from INGOs, two from national NGOs and one representative each coming from network and UN agencies. The outcome of the election, and present constitution of Sphere India Board is an interesting case study on localization. All the board positions, except one, have gone to international NGOs or their India chapters nominated as local NGOs. ADRA India and CARITAS India find a board seat as national NGOs. Technically, this may be correct but with 3.1 million NGOs, it is difficult to agree that there was no other suitable or credible locally grown institution to represent the largest and most powerful humanitarian network in India.

Recommendations

It is clear that a lot of meaningful discussion is happening at global level to bring about reform in the humanitarian architecture, but the change process is slower than expected and also with lots of impediments from vested interest groups who fear having adverse impact on their size, budget and growth ambition. In addition to some resource-rich INGOs, UN agencies, particularly UNHCR, UNICEF and WFP are possibly the major blockers to transformational reform because

they control so much resources that any change is not in their interest. Some of the donors are very strongly pressing for one intermediary because they have some procedural and philosophical challenges with direct support. The International Federation of Red Cross and Red Crescent Societies (IFRC) is anxious to optimise its own resources, which implies that it has its own interest if the definition of localisation is diluted.

Ironically, most of the global debates happen without adequate inclusion of Southern actors. In the absence of awareness, they are unable to influence the decision-making and to hold international actors accountable for the commitments they have made. Therefore, the process should be reversed and the local organisations should be more assertive about their inclusion in global processes, and should also have more control over the resources available within their own national boundaries. Governments from global South need to be supportive of this localisation process. Humanitarian Aid International (HAI) makes following recommendations in this regard:

Role of Government to support localisation

1. Central and state governments shall allocate at least 75 per cent of their funding directly to local and national actors;
2. Central and state governments shall partner with only such civil society networks and associations that has at least 50 per cent representation of local and national actors in their governance structure; and
3. CSR Act should be amended to ensure that at least 50 per cent of CSR funding directly goes to local and national actors.

Governance and compliance by international NGOs

4. Nationalized INGOs, their international affiliates and parent organizations shall by law make public all fund raising expenses and income, their partnership policies and recruitment policies to help donors make informed choices;
5. Wherever possible, Nationalised INGOs should work through partnership with local and national NGOs rather than being operational directly, unless such partnerships are not available; and

6. INGOs and their affiliate shall ensure that the global discourse on Grand Bargain, Charter4Change and localization processes are discussed with their partners in particular and national or local actors in general and facilitate participation of local and national actors in such global discourses.

Humanitarian financing and country pool fund

7. To ensure efficiency of financing, a country pool fund shall be created with direct involvement of national networks, national/local actors in partnership with INGOs and their national affiliates, with clear mandate of making resources accessible and available to national and local actors INGOs and other stakeholders shall invest in building capacities and resources of national and local actors so that they cannot only have improved access to humanitarian funding, but also significantly contribute to global decision making system.

Concluding Remarks

In a country like India, where disaster response is primarily managed by state governments, further strengthening of local and national NGOs is expected to provide better complementary support to the government managed responses. A locally led response is not only timely, it is also cost efficient which ensures that scarce resources are used optimally for addressing comprehensive needs of affected population, which eventually helps in mitigating future risks and strengthen resilience.

Endnotes

- 1 It is a fifteen year, voluntary, non-binding agreement that recognizes that the state is primarily responsible for reduction in disaster risk. However, such responsibility should be shared with stakeholders including local government, the private sector and others. It was adopted by UN members states on 18 March 2015.
- 2 URS Matrix - Resource Mapping and Planning, North East India (Assam, Manipur and Mizoram) July 2017. Last edited on 10 August 2017. Google Spreadsheet <https://docs.google.com/spreadsheets/d/1kT47K0rFFaT69AXjefo bnqx7ZTr9K7kzpD6EiVd3IeU/edit?ts=5963559f#gid=0>

References

Agenda for Humanity. 2018. Grand Bargain: Accessed on January 22, 2018 from <https://www.agendaforhumanity.org/initiatives/3861>

- Chaturvedi, S. 2016. *The Logic of Sharing: Indian Approach to South-South Cooperation*. New Delhi: Cambridge University Press.
- Development Initiatives. 2017. Global Humanitarian Assistance Report: Development Initiatives Limited. Accessed on January 22, 2018 from <https://reliefweb.int/sites/reliefweb.int/files/resources/GHA-Report-2017-Full-report.pdf>
- Forenade Nationer, & High-Level Panel on Humanitarian Financing Report to the Secretary-General. 2016. *Too important to fail: addressing the humanitarian financial gap: High-Level Panel on Humanitarian Financing Report to the Secretary-General*. S.I, United Nations.
- Forenade Nationer, & High-Level Panel on Humanitarian Financing Report to the Secretary-General. 2017. *Too important to fail: addressing the humanitarian financial gap: High-Level Panel on Humanitarian Financing Report to the Secretary-General*. S.I, United Nations.
- Humanicontrarian.com. 2018. *The Good, the Bad and the Ugly of Localization | Humanicontrarian*. [online] Available at: <http://www.humanicontrarian.com/2017/07/06/the-good-the-bad-and-the-ugly-of-localization/> [Accessed 23 Jan. 2018].
- National Disaster Management Plan (NDMP). (2016). A publication of the National Disaster Management Authority, Government of India, New Delhi: Accessed on January 22, 2018 from <http://ndma.gov.in/images/policyplan/dmplplan/National%20Disaster%20Management%20Plan%20May%202016.pdf>
- Samuel, J. & George, A. 2016. Future of Development Cooperation: Policy Priorities for an Emerging India. Institute for Sustainable Development and Governance, Oxfam India: Accessed on January 22, 2018 from <https://www.oxfamindia.org/sites/default/files/WP-Future-of-Development-Cooperation-Policy-Priorities-for-an-Emerging-India-12072016.pdf>

Forum for Indian Development Cooperation

The Forum for Indian Development Cooperation (FIDC) is a platform launched to explore various facets of Indian development cooperation policy with its partner countries. The objective is to encourage debate and analytical research on all the broad constituents of India's development partnership spectrum in order to bolster policy making process in this field of critical importance. Thrust of the forum would be to substantially contribute in facilitating an informed debate on policy framework of India and other developing countries.

The FIDC would also try to follow broad trends in South-South cooperation and analyse contributions and impact of Indian policies. The Forum will establish dialogue with the relevant government agencies and academia with a focus on South-South cooperation. The FIDC would also establish linkages and dialogue with international agencies, experts from the partner countries and advanced countries with a view to meet its comprehensive multi-faceted objectives. The FIDC is housed in RIS, New Delhi.

Strengthening Indian development cooperation policy towards promoting greater South-South cooperation



RIS

Research and Information System
for Developing Countries

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi-110 003, India
Ph.: +91-11-24682177-80, Fax: +91-11-24682173-74
E-mail: fidc@ris.org.in
Website: <http://fidc.ris.org.in>