

Tsunami Evaluation Coalition

Funding the tsunami response

July 2006

Tsunami Evaluation Coalition



Tsunami Evaluation Coalition



The Tsunami Evaluation Coalition (TEC) is a multi-agency learning and accountability initiative in the humanitarian sector. It was established in February 2005 in the wake of the Indian Ocean earthquake and tsunamis of 26 December 2004.

The TEC is managed by a Core Management Group (CMG) of agencies and TEC staff are hosted by the ALNAP Secretariat. The CMG provides general oversight and direction for the TEC on behalf of its wider membership. Since February 2005 CMG members have included representatives from: *Donors*: Danida, SDC and Sida; *UN agencies*: FAO, OCHA (Chair), UNDP, UNICEF and WHO; *NGOs/Red Cross*: CARE International UK, AIDMI, IFRC and World Vision International; *Networks/research institutes*: the ALNAP Secretariat and Groupe URD.

The TEC has three main aims:

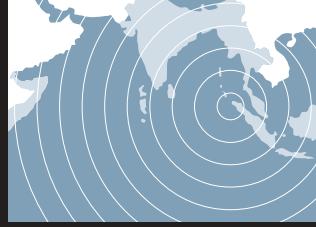
1. To improve the quality of humanitarian action, including linkages to longer term recovery and development.
2. To provide accountability to the donor and affected-country populations on the overall tsunami response (from the point of view of TEC member agencies).
3. To test the TEC approach as a possible model for future joint evaluation.

More information on the TEC can be found in the TEC's Synthesis Report and on the TEC's website: www.tsunami-evaluation.org

The TEC's thematic evaluations

This evaluation is one of five thematic joint evaluations undertaken by the TEC. The other four studies in the series comprise: the role of needs assessment in the tsunami response; coordination of international humanitarian assistance in tsunami-affected countries; the impact of the tsunami response on local and national capacities; links between relief, rehabilitation and development in the tsunami response.

This evaluation is published alongside these other four studies together with the TEC's Synthesis Report, making a set of six. The Synthesis Report draws



Funding the tsunami response

A synthesis of findings

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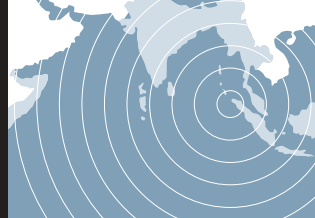
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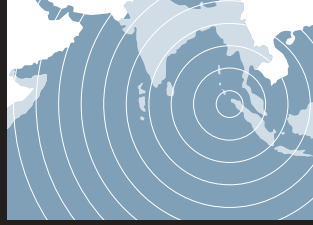
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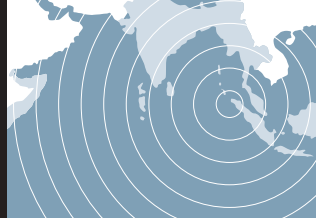
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Acronyms and abbreviations

CAP	Consolidated Appeals Process
CERF	Central Emergency Response Fund
DAC	Development Assistance Committee
DAD	Development Assistance Database
DEC	Disasters Emergency Committee
DRC	Democratic Republic of the Congo
EC	European Commission
ECHO	European Commission Humanitarian aid Office
FTS	Financial Tracking System
GHD	Good Humanitarian Donorship initiative
ICRC	International Committee of the Red Cross and Red Crescent Societies
IDP	internally displaced person
IFI	International financial institution
IFRC	International Federation of the Red Cross and Red Crescent Societies
NGO	non-governmental organisation
MDB	multilateral development bank
MDG	Millennium Development Goal
MDTFANS	Multi-Donor Fund for Aceh and North Sumatra
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	official development assistance
OECD	Organisation of Economic Cooperation and Development
OPT	Occupied Palestinian Territory
PNS	Partner National Societies (Red Cross/Crescent)
RC	Red Cross/Red Crescent
SCF	Save the Children Fund
TEC	Tsunami Evaluation Coalition
UN	United Nations
UNICEF	United Nations Children's Fund



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

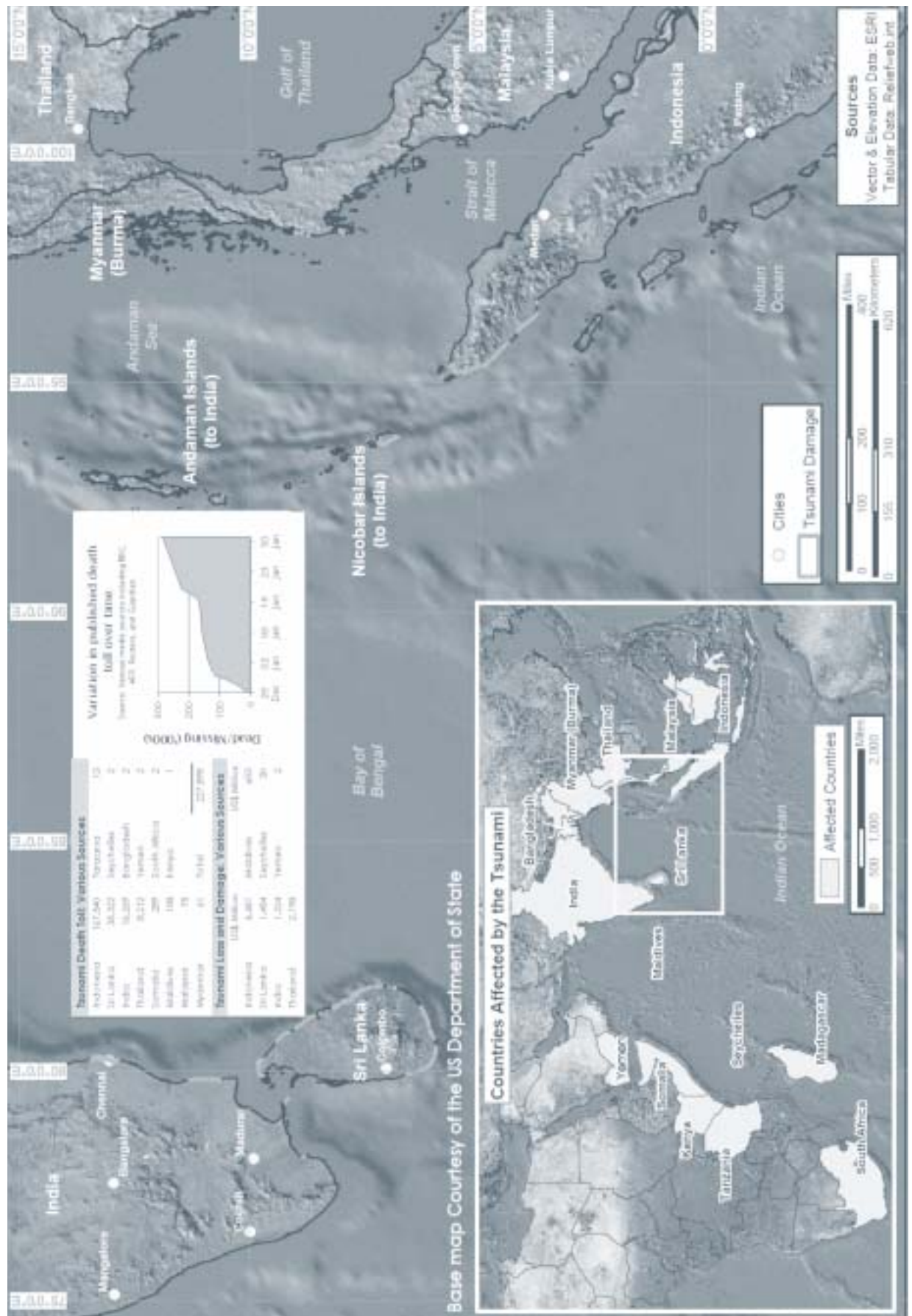
- All agencies should commit to making the full versions of programme evaluations publicly available as a matter of principle.
- Common and consistent accounting definitions need to be agreed and applied across the sector. Existing initiatives (for instance in the Iraq Trust Fund work on defining disbursements 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.

Countries affected by the tsunami



Introduction

This is a synthesis evaluation covering the international community's funding of the relief response to the tsunami of 2004.⁴ It is one of five thematic evaluations commissioned by the Tsunami Evaluation Coalition (TEC) which was set up to promote a sector-wide approach to evaluations of the tsunami response and to maximise learning. Terms of reference for the evaluation are included at the end of this report as Annex 1. The purpose of the evaluation was to:

- provide an overview of the total volume of funding of the response by the various actors, and to sample the flow of donation of goods in kind for a few specific countries or agencies
- assess the appropriateness of allocation of funds in relation to the actual relief and reconstruction needs and in relation to other emergencies
- contribute to a better understanding of public responses to emergencies
- provide a basis for follow-up studies after two and four years.

This report is about how the resources for the tsunami response were mobilised by different agencies and different countries; it is not about spending or implementation. As such, it says more about how funds were donated and allocated at the macro-level than about how they were used in tsunami-affected areas. Only one of the eight funding themes looked at the response from a local point of view.

The 30 funding reports synthesised in this document (and listed in the Bibliography) cover four main types of agency: official donors, non-government organisations (NGOs), the United Nations (UN) and the Red Cross/Red Crescent Movement (RC). These in turn consist of a number, sometimes a very large number, of individual agencies. The reports synthesised here include: 12 studies of bilateral

⁴ 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.

aid donors⁵ and an overall synthesis of donor state funding; one study each of the funding flows from the UN and RC Movement; six studies of NGO funding flows; two studies of funding from the general public; and four studies of the local response in the four countries worst affected by the tsunami. There is some variation in the exact time periods covered by the reports. While this does not change the overall conclusions of this synthesis it does make it more challenging to produce consistent overall figures. While major variations have been noted where possible, the relative brevity of this synthesis precludes a more disaggregated and detailed discussion.

The overview of funding has followed a very specific methodology in order to deliver on its objective of providing a reliable and comprehensive analysis of funding which will provide a baseline for future tracking, so that pledges and commitments made to the tsunami can monitored over future years. The outcome of this is that the figures given in this report are all based on documented data that can be traced back to the original source. However, in addition, we have noted funding that has been reported but which it has not been possible to validate. This includes local response from affected people's families and local communities, most remittance funding, and voluntary contributions to small or direct-aid organisations.⁶

The figures in this report are based on the financial information available in late 2005. The only figures that will not change are those relating to official pledges and public donations. All the figures on commitments and disbursements will have changed by the time this report is published.

This report is a synthesis of the 30 funding reports commissioned as part of the work of the TEC. It draws particularly heavily on the Analysis of Overall Funding Flows (Development Initiatives, 2005a), the Donor State Funding Synthesis (DARA and PARC, 2006) and the Local Response Study Overview (ADPC, 2005a). However, this is an independent synthesis: while based on the 30 reports, it is not a straight summary and does not necessarily reflect the views of the authors of these reports. Synthesising this volume of reports is, unfortunately, as much an exercise of deciding what to leave out as of deciding what should be included. Readers are encouraged to consult the individual reports, particularly the three sub-synthesis reports on overall funding, donor government funding and the local response.

The remainder of this synthesis report is in four sections. Section 2 provides a factual overview of the funding. Section 3 identifies the key features of the financial response. Section 4 assesses the quality of the response, and section 5 presents conclusions and lessons learned.

5 The official donors covered were Australia, Canada, Denmark, European Union, Germany, Ireland, Japan, Netherlands, Spain, Sweden, United Kingdom and USA.

6 See Analysis of Overall Funding Flows (Development Initiatives, 2005a), sections 3 and 4.1.1 for more on methodology and the reliability of data sources

Overview of the financial response

This section provides a factual overview of the funding of the tsunami relief and reconstruction effort. The figures are drawn from the TEC funding studies, supplemented by other data from official sources. As mentioned in the Introduction above, only the figures for the amounts pledged and donated by a given date will remain unchanged. All the figures for commitments and disbursements will change over time.

2.1 How much has been pledged and donated?

A total of US\$14 billion has been pledged or donated by the international community for emergency relief and reconstruction in response to the tsunami. This international funding has come from two main sources: government (46 per cent), and private⁷ (39 per cent). With the exception of Japan, the general public provided the vast majority of the US\$5.5 billion in private donations. Multilateral development banks have provided 15 per cent of the international funding.

The total figure of US\$14 billion relates to validated contributions which can be traced back to their original source and against which future performance can be monitored (Table 2.1). It therefore underestimates the scale of the total financial response from all sources. Countries not covered by the TEC funding studies have reported US\$1.7 billion in private donations, and at least some of this will be additional to income reported by NGOs and the Red Cross. Private remittances and direct-aid initiatives were evident on the ground but, by definition, are not reported publicly.

⁷ The term 'private' is used in this report to refer to the general public and private companies.

Table 2.1: Amounts pledged and donated for the tsunami

Source of funds	Amount (US\$ million)
International sources ⁸	
Pledged by DAC donor governments	5,888 ⁹
Pledged by non-DAC governments	593
Government sub-total	6,481
Private donations to NGOs	3,214 ¹⁰
Private donations to UN agencies	494 ¹¹
Private donations to the Red Cross/Crescent	1,783 ¹²
Private sub-total	5,490
Pledged by multilateral development banks (loans)	2,095 ¹³
Private remittances	Insufficient data ¹⁴
Other private donations	Unverified data ¹⁵
TOTAL FUNDS (INTERNATIONAL SOURCES)	14,067
National sources	
Affected governments	At least 3,400 ¹⁶
Private donations in affected countries	At least 190
Affected population	No data

Domestic funding was mobilised in addition to international funding. This includes private donations in the affected countries, and cash and in-kind donations from within affected communities. It also includes government spending, although the extent of net additional funding by governments of affected countries will not be clear for another year, as donor governments and IFIs will fund some of this government spending. The total amount pledged and donated from all sources will have been well in excess of the US\$14 billion from the international community.

Over half of the governmental pledges came from five donors: the USA, Australia, Germany, the EC and Japan. Some 94 per cent of pledges came from 20 donors, including non-DAC donors Saudi Arabia, Kuwait, China and Korea. Non-DAC donors contributed both cash and gifts in kind, including personnel and military assets (Figure 2.1).

8 These are conservative figures including only contributions for which solid data were available. The data have been compiled to enable performance to be monitored against these commitments in future years.

9 DAC donors are the 22 countries plus the European Commission that are members of the OECD Development Assistance Committee. Figures up to 30 September 2005 (DAC, 8 December 2005).

10 Analysis of Overall Funding Flows, Summary, p 2.

11 Analysis of Overall Funding Flows, Summary, p 3.

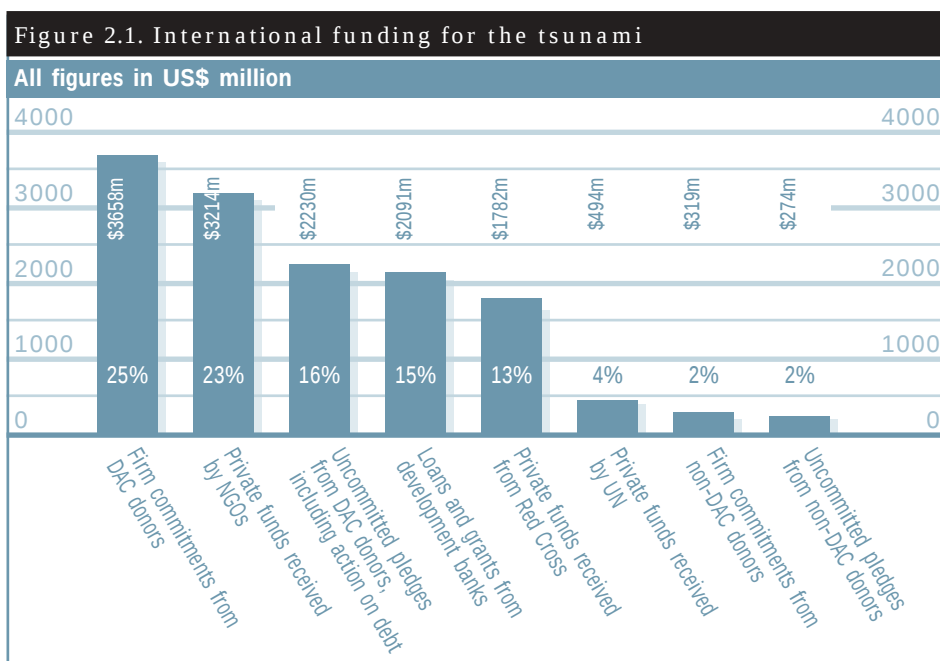
12 DARA (2005c), p 9: US\$1,700 from the general public and US\$83 million from the corporate sector. An additional US\$170 million is labelled as 'other'.

13 Additional flows from multilateral development banks at low levels of concessionality have not been included.

14 US\$125 million has been reported for Sri Lanka.

15 An estimated US\$1.7 billion was reported from private sources in countries not covered by the TEC funding studies. This figure has not been included in Table 2.1 as much of it may already be counted as contributions received by the Red Cross or NGOs.

16 <http://www.tsunamispecialenvoy.org/financial>.



On average the general public donated 77 per cent of NGO income, compared with 13 per cent from corporations. In Japan corporations accounted for twice as much as private individuals, according to the TEC NGO funding studies (see Bibliography). Private individuals were by far the largest source of funds (78 per cent) for the RC Movement (US\$1,700 million from the general public; US\$82 million from corporations).

2.2 How much has been committed and disbursed so far?

DAC donors pledged US\$5.8 billion in response to the tsunami. As at 30 September 2005, US\$3,700 million of the pledged amount (62 per cent) had been translated into firm commitments. The equivalent commitment figure for non-DAC donors was US\$319 million (54 per cent of pledges). The MDB pledges are made up of reallocations of existing loans to tsunami-affected countries to the value of US\$487 million, new loans of US\$855 million and grants of US\$753 million.

As at 30 September 2005, DAC donors had disbursed US\$2,061 million (56 per cent of commitments); 97 per cent of humanitarian commitments have been disbursed compared with 20 per cent of reconstruction commitments. These and other available disbursement figures are shown in Table 2.2.

Disbursement by a donor does not necessarily mean that the funds have been spent on emergency relief or reconstruction. Funds are usually considered disbursed when they are transferred into the implementer's bank account (see

Table 2.2: Pledges, commitments and disbursements (US\$ million)

	Pledged/received	Committed			Disbursed		
		Total	Relief	Reconstruction	Total	Relief	Reconstruction
IFIs	2,095	2,095			212		
RC public receipts	1,700						
RC corporate receipts	83	2,186			587		
RC government receipts	232						
RC other receipts	170						
UN private and own resources	494				189 (e)		
UN outside appeal							
NGOs private receipts	3,214				1,154(e)		
NGO other receipts							
DAC donors	5,888	3,658	1,727	1,931	2,061	1,588	473
Non-DAC donors	593	319			320 (e)		
TOTAL¹⁷	14,469	8,258			4,523		

Note: (e) estimate

OECD-DAC definitions),¹⁸ and there is little information on how much has actually been spent. What information is available suggests that around 38 per cent of funding to UN agencies had been spent by September 2005, around 30 per cent of NGO funding, and 25 per cent¹⁹ of the funds raised by the RC Movement.

2.3 Which implementing agencies have received funding?

The majority of private donations have gone to NGOs (59 per cent) and the RC Movement (32 per cent), with the balance to the UN (mainly UNICEF). In most countries private donations were heavily concentrated on a small number of international NGOs. The RC Movement collectively was the largest single recipient of private donations (US\$1.7 billion).

17 Government and other donations to the RC Movement account for the difference between this total and that in Table 2.1. These donations are included twice in Table 2.2.

18 OECD Development Assistance Committee (DAC) uses the following international standard definitions in tracking aid flows:

- Pledge: the grant or loan resources promised by a donor over one year or a fixed number of years.
- Commitment: a firm written agreement to provide funds for a particular project (or to a trust fund). The commitment date is the date of that written agreement.
- Disbursement: the placement of resources at the disposal of the government, implementing agency, contractor or trust fund administrator. The disbursement date is the date at which those funds were made available. Usually this involves the transfer of funds into the implementer's bank account, or the draw-down by the implementer of funds held in an account by the donor.

19 This consists of US\$115.2m disbursed under IFRC appeals, US\$45.8m disbursed by ICRC by the end of October 2005 and US\$190.6m bilateral spending by national partner societies. It does not include expenditure reported by the Red Cross movement because of the likelihood that this will have been recorded in other categories.

Table 2.3: Government and private funding by agency type (percentage)

Implementing agency	Funding source	
	Share of government commitments by channel ²⁰	Share of private funding by channel ²¹
NGOs	24	59
UN	34	9
RC Movement	14	32
National governments and others ²²	29	0
TOTAL	100	100

Table 2.4: International funding allocation by agency type

Implementing agency	Funding allocation	
	US\$ billion	Percentage
NGOs	3.50	25
UN	1.25	9
RC Movement	2.10	15
National governments	2.60	19
MDBs	2.09	15
Uncommitted pledges including some debt relief	2.50	18
TOTAL	14.04	100

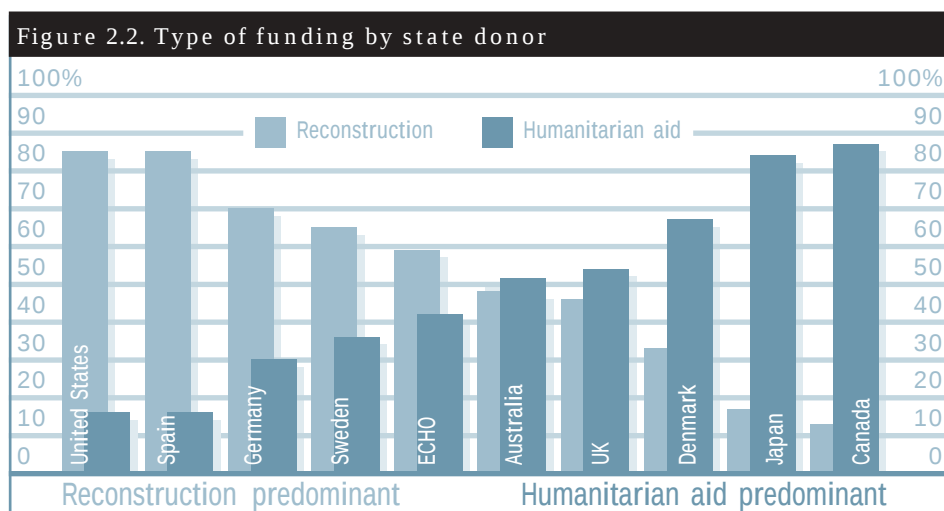
Government funding has, on average, been more evenly spread between NGOs, the UN, the RC Movement and national governments. Most donors overwhelmingly supported their own NGOs, but support was less highly concentrated than were private donations. Just under half of all official funding to NGOs was allocated to ten organisations. Table 2.3 summarises the data available from the TEC funding reports on the recipients of government and private funds.

An accurate picture of the allocation of funds by implementing agency is difficult to obtain. However, estimates from the Office of the Special Envoy for Tsunami Recovery suggest that around half of the US\$14 billion pledged could be allocated to the national governments of affected countries. NGOs and the RC Movement are the next largest implementers of international funds, with the UN being the smallest (Table 2.4). This table excludes direct implementation by state donors. Spain, Sweden and Australia implemented some activities directly, as did Germany and the USA via their military.

20 Donor State Funding Synthesis (DARA and PARC, 2006), p 36.

21 DARA NGO Synthesis tables. Indicative data only.

22 'Other' includes ministries of defence and IFIs.



2.4 To which sectors have international funds been allocated?

19

About half the pledges made in January 2005 were for emergency assistance, a quarter for reconstruction in 2005 and a quarter for reconstruction in 2006–2010. This matches the DAC commitments made to date: about 50 per cent are for emergency aid; 77 per cent of DAC disbursements at the end of September 2005 were for emergency aid (see Table 2.2).

The proportion of DAC funds allocated to humanitarian and reconstruction assistance varies markedly between donors (Figure 2.2). The US, Spain, Germany and Sweden gave a clear priority to reconstruction (more than 60 per cent). The Netherlands, Japan, Canada and Ireland gave predominantly for humanitarian aid (more than 80 per cent).

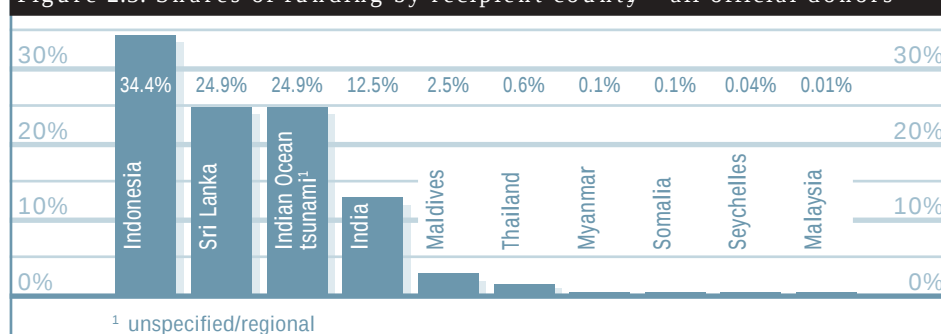
On average donor state funding was fairly evenly distributed by sector. Food and non-food items received the largest allocation (21 per cent), with health, water and sanitation, initial rehabilitation, coordination and multisector aid allocated 10–13 per cent each. Shelter and preparedness received low allocations (6 per cent and 4 per cent respectively). These percentages vary by donor. Sectoral allocations for the Red Cross/Red Crescent Movement, the UN and NGOs are problematic because of the different sector classifications used.

2.5 Where have international funds been allocated?

Three-quarters of the official funding committed has been allocated to the four worst-affected countries: Indonesia, Sri Lanka, India and the Maldives (Figure 2.3).

Table 2.5: Allocation of international funds by country (percentage)

	Indonesia	Sri Lanka	Regional/unspecified	Other countries
DAC commitments	43	25	27	5
UN commitments	35	16	42	7
RC Federation expenditure ²³	60	28	7	5
RC PNS bilateral expenditure ²⁴	26	20	50	4
ICRC expenditure ²⁵	59	41	0	0

Figure 2.3. Shares of funding by recipient county – all official donors

The remaining countries – Malaysia, Myanmar, the Seychelles, Somalia and Thailand – received US\$57 million, 0.9 per cent of total funding. Thailand, like India, did not request international assistance. Nearly a quarter of official allocations have not been specified to a particular country. Country allocations by the UN and RC Movement are broadly similar to the DAC commitments. Between a third and a half of funds have been allocated to Indonesia, and approximately a quarter to a third to Sri Lanka (Table 2.5).

23 RC report (DARA, 2005c), p 19.

24 RC report (DARA, 2005c), p 21.

25 RC report (DARA, 2005c), p 26.

Key features of the financial response

This section identifies the distinctive features of the financial response to the tsunami disaster. It draws heavily on the summary to the Overall Funding Flows report prepared by Development Initiatives (2005a), but also includes material from the individual reports listed in the Bibliography.

3.1 The size of the response

3.1.1 Largest international response to a natural disaster on record

The financial response to the tsunami was the largest international response to a natural disaster on record (Figure 3.1). A total of US\$14 billion had been pledged by December 2005, of which US\$11.6 billion has been either committed or already received by NGOs, the RC Movement and UN agencies. The RC Federation appeal was the largest ever.

3.1.2 Largest public response, but not the largest official response

The key distinguishing feature of the tsunami response was the role of the general public. The official response was not the largest ever (Figure 3.2). Governmental and IFI pledges to the tsunami amount to \$8.5 billion. This is less than pledges to Hurricane Mitch in 1988, of US\$9 billion, and the US\$9.4 billion committed to Iraq in 2004. DAC donor disbursements to the tsunami in 2005 were just under half of disbursements to Iraq in the same year. The UN appeal for the tsunami was the third largest on record. The UN appeals for Sudan (2005) and Iraq (2003) were both larger.

The private response, on the other hand, was unprecedented and exceptional. The minimum of US\$5.5 billion given by the general public to NGOs and UN agencies exceeded the total pledged by all DAC donors, and exceeded the total amounts

Figure 3.1. Comparison of the tsunami response with other emergencies

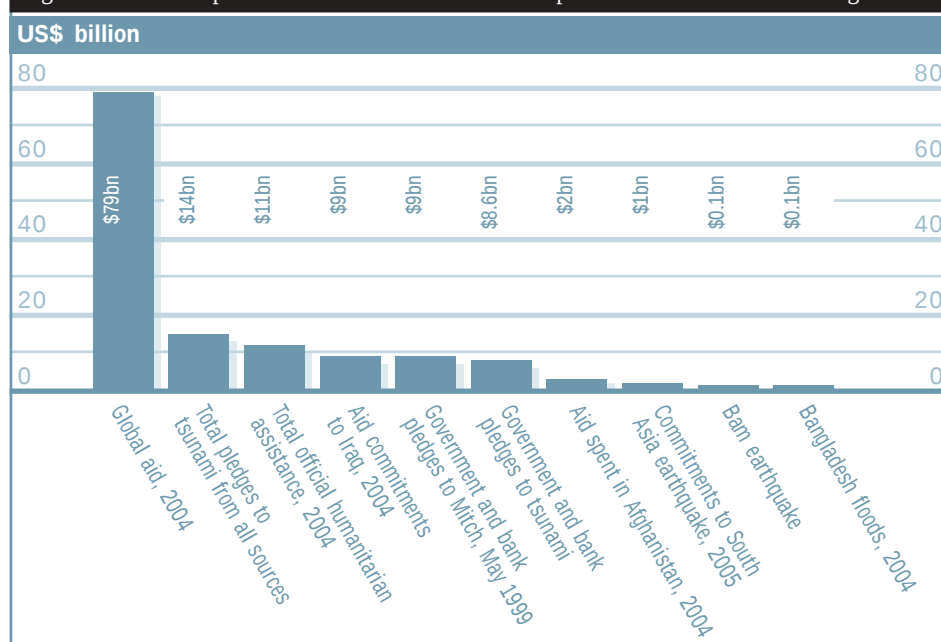
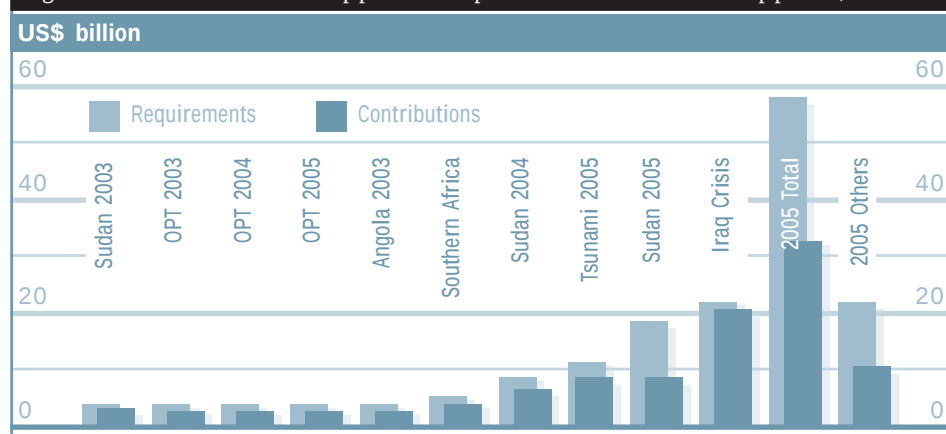


Figure 3.2. The tsunami appeal compared with other UN appeals, 2003–05



previously reported for all NGO humanitarian assistance from all sources.²⁶ In Germany more private donations were received than for any appeal since 1945. For the RC Movement overall, the general public was the largest contributor (US\$1.7 billion) to the largest-ever RC response: 92 per cent of the Federation appeal was covered by private sources, and only 7 per cent from government sources. This was completely different from normal. On average, 70 per cent of the funding for Federation operations comes from governments, and 30 per cent from private sources.

The scale of the response from the general public was due to a special combination of factors: a huge and blameless natural disaster; its occurrence just after Christmas; the number of Western tourists killed; and the extensive media

26 Unverified contributions may amount to another US\$2 billion.

coverage (aided in part by the availability of dramatic video footage). These all increased the public response, and the wide range of fundraising initiatives soon became media stories in themselves. Further donations were then triggered by this media coverage. For example, nearly 40 per cent of the tsunami news stories in Spain related to the response by the public.²⁷

3.1.3 Largest number of donors (state and private)

An unprecedented number of countries contributed to the response: 99 governments and 2 intergovernmental organisations. Thirteen of the governmental donors had never made a recorded contribution to a disaster before, and 77 are non-DAC donors. The scale, number and type of contributions from non-DAC donors is significant as many donors, having given once (often for a high-profile emergency and with gifts in kind), then start to engage in other disaster responses.

Polls in Spain, France and the US suggest that around one third of the population gave a donation.²⁸ A German survey found that around 30 per cent of donations came from people who had not supported the respective charities before.²⁹ An unprecedented number of RC national societies chose to contribute to the Federation Appeal: 100 of a total of 183 member societies worldwide.

3.1.4 Largest number of implementing agencies involved in the response

Definitive figures for the number of implementing agencies involved in the tsunami response are not available, but it is likely that it was the largest ever. At least 202 NGOs are recorded internationally as receiving private donations. Some of these NGOs did not have previous experience of emergency or reconstruction operations.

In many donor countries an unprecedented number of different ministries and specialised government agencies were involved in the response. Expenditure by ministries of defence forms a significant part of the governmental response (US\$251 million of the US\$907 million allocated by the USA for instance) and large quantities of military assets were deployed, particularly military transport.

3.1.5 Largest amount of aid per affected person

Volumes of aid per affected person are of a completely different order of magnitude from those of previous disasters.³⁰

27 Review of Spanish General Public Funding (DARA, 2005d), p 12.

28 Review of Spanish General Public Funding (DARA, 2005d), p 8.

29 Funding from the General Public – Germany (BMZ, 2005b), pp 7 and 17.

30 IMPORTANT NOTE: 'affected people' is not a consistent standard. In the tsunami response, for instance 2 million people have been killed, injured or made homeless. But according to the Center for International Earth Science Information Network (CIESIN), at the time of the tsunami, about 10.4 million people lived within one kilometre of the affected coastal area, and 18.9 million lived within two kilometres. For areas known to have experienced major impacts, where the relief effort was concentrated, the population estimates are 1.9 million and 3.7 million, respectively. Assessments of affected people in other disasters are similarly varied, so comparisons are only indicative.

- If all the tsunami commitments³¹ were shared out equally between the 2 million people directly affected, each person would receive roughly US\$5,500.
- If all the tsunami commitments were shared out between the 3.7 million people in areas with major impacts, each person would receive about US\$3,000.
- Total disbursements from DAC donors alone amounted to US\$1,000 per directly affected person and US\$550 per person in areas with major impacts in 2005.

People affected by other disasters have been allocated much lower volumes of aid. For example:

- In the South Asia earthquake (2005), 1 million people were estimated to be directly affected³² and 4 million to live in affected areas. Total commitments per head were between US\$250 and US\$1,000.
- In Somalia (2005) between 700,000 and 1.1 million people were affected, with an allocation of between US\$114 and US\$178 per head.
- In Eritrea (2005), 2.2 million affected people had an allocation of US\$50 each.

The figures for Somalia and Eritrea show that people in less prominent emergencies are allocated much less aid per capita than people affected by more 'popular' emergencies.

3.2 Other distinctive features

3.2.1 Fastest financial response to a disaster

The UN Emergency Coordinator described the tsunami response as the 'most generous and immediately funded emergency relief effort ever'.³³ Funding timeliness was a record for the RC Movement: 19 per cent of the Federation appeal was received in the last week of December, and 58 per cent by the end of January 2005. The response from the general public was also extremely rapid. A record of £10 million in 24 hours was donated via the UK DEC website.

3.2.2 Contrasting responses to generous funding

Donors and NGOs reacted in different ways to the unprecedented level of donations from private sources. Most non-government agencies, including the RC Movement, responded to the unprecedented inflow of funds by extending the scope, and particularly the timescale, of their programmes. NGOs were also able to decline offers of funds from government donors.

Only one NGO – Medecins Sans Frontieres – acknowledged early on that it had received sufficient funds for its tsunami operations. It has since successfully

31 These are only indicative figures. Much of the tsunami money is for long-term national reconstruction.

32 Some sources put the number of people directly affected as 3.3 million.

33 Jan Egeland, ALERT Net article, 19th December 2005: Tsunami response was world's best – UN, Source: Reuters, Emma Batha, <http://www.alertnet.org/thefacts/reliefresources/113777913049.htm>

sought permission from its donors to divert almost 60 per cent of the funds it collected to the victims of other emergencies.³⁴

Donor funding decisions were more opportunistic than needs-based. Some responded to the lack of spending opportunities through NGOs by increasing their funding of UN agencies. Some donors have focused more on the reconstruction phase, recognising that NGOs had sufficient funds to cater for the relief phase.³⁵ Only one donor – the Netherlands – reallocated humanitarian aid pledged for the tsunami to crises in Africa.

3.2.3 Government donor pledges are being honoured so far

The rate for converting government pledges to commitments and then to disbursements has been better than for some previous disasters. In fact, this is the first international disaster where the gap between pledged and committed funds has been highlighted and tracked in real time.

- 30 per cent of government pledges have been disbursed
- 40 per cent have been committed to a specific activity or agency
- 29 per cent has yet to be committed – the bulk of this funding was pledged for reconstruction in the period 2006–2010, and also included some debt relief.

For the first time ever, the DAC did a special survey which reported donor pledges (as well as commitments and disbursements). While this represents an improvement in accountability, it is not clear how much this funding is additional, or whether some of the tsunami response will be financed from commitments related to the MDGs or existing, planned ODA flows to affected countries. Some donors have specifically stated that their tsunami contributions will be additional to existing aid flows, and most that these will not reduce funding to other crises or ongoing programmes. It will not be possible to test this until figures are published for total aid in 2005.³⁶ If the tsunami commitments are all additional, then the aid figures in 2005 should show major changes.

The multilateral development banks (MDBs) have been explicit about how much funding has been a reallocation from previous loans. Just under a quarter of MDB reported finance from their own funds (that is, excluding funds that they administer such as MDTFANS) has come from transfers from other activities within tsunami-affected countries.

3.2.4 Donations concentrated on a small number of agencies

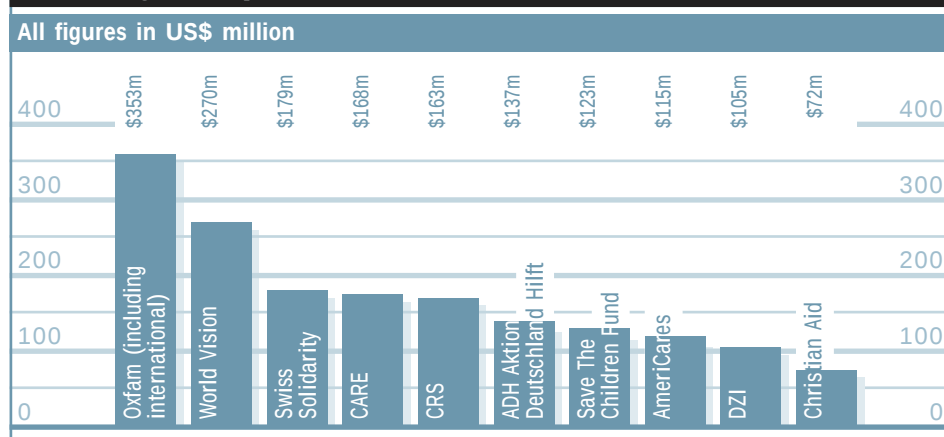
Private donations were both large and concentrated on a relatively small number of agencies: 132 NGOs received US\$3.2 billion between them from private

34 In doing so, MSF has been criticised for reallocating funds that 'belonged' to the Indonesian people.

35 Donor State Funding Synthesis (DARA and PARC, 2006), p 9.

36 In the case of Hurricane Mitch, affected countries received only US\$0.6 billion in addition to their normal aid flows in the six years following the disaster, despite pledges of US\$9 billion.

Figure 3.3. Ten NGOs receiving the most voluntary funding from the general public



donations, with 45 receiving more than US\$10 million each. Half of the private donations (US\$1.7 billion) went to the ten largest NGOs (Figure 3.3). Overall, 70 per cent of private donations (US\$3.9 billion) went to just 12 agencies: the RC Movement, UNICEF and the ten largest NGOs.

The concentration of private donations was even more marked in some countries. In three of the countries covered by NGO funding studies, 90 per cent of private donations went to five or fewer NGOs. In Japan two agencies accounted for 95 per cent of private funding.

The volume of donations to these agencies was, in turn, an order of magnitude larger than they were used to. For example, tsunami donations to SCF-UK from the general public (UK£57 million including the DEC) were almost equal to its total voluntary income in 2004 (UK£60 million).

Official funding to NGOs was spread across a large number of organisations, mostly national NGOs in the donor countries. At least 174 NGOs received official funding, but only 34 NGOs received grants from more than one country, and many of those were international groups (such as CARE or Oxfam) which received funding via their national partners. As with private funding, approximately half of all official funding to NGOs was concentrated on ten organisations.

3.2.5 Increased role of non-government agencies

In 2001 15 per cent³⁷ of humanitarian funding came from private sources. In 2005 this increased to 40 per cent.³⁸ The massive increase in private funding associated with the tsunami had made non-government agencies (including the

37 Global Humanitarian Assistance 2004/5 – published by Development Initiatives (July 2005).

38 The Donor State Funding Synthesis (DARA and PARC, 2006, p 13) gives a figure of 5 per cent for private funding in 2004.

RC) much more important and numerous actors in the emergency and reconstruction response. NGOs are responsible for approximately 26 per cent of international funding. The RC Movement is responsible for 15 per cent.

3.2.6 Unprecedented amounts of un-earmarked funding (UN Appeal)

Over half of the funds for the UN CAP Appeal for the tsunami were given as un-earmarked money – not allocated to a specific sector or agency. Over thirty donors made all or part of their contributions in this way, compared with only two or three in previous years. The Netherlands also gave un-earmarked funding to the Resident Coordinators in Sri Lanka and Indonesia.³⁹

3.2.7 Uncertain and inconsistent financial data

The humanitarian dollar goes through many layers. In the current system, it is very difficult to trace a contribution through to the actual beneficiary, as the tracking stops at the disbursement to an implementing agency or a second-level donor. Very little is known at an aggregate level about what funds are actually received by a government, community or individual. This makes it hard to answer the question of whether a pledge has been delivered and what proportion of the original commitment has resulted in the delivery of a benefit.

Nor are the costs of each transaction clear. Only OCHA recorded the 3 per cent overhead it was required to charge on the Financial Tracking System. Evidence from multi-donor trust funds shows the variety of definitions and charges made by different agencies and the inflexibility of the system. Overheads may also be calculated to compensate for inadequate core funding for key humanitarian institutions.

3.2.8 Local, national and private responses have been under-recorded

Most immediate relief is local, as is the majority of the rescue and relief actors. Despite their importance, local and national responses are not given a financial value or, as a matter of course, included in reports of disaster response. These responses include the resources provided in cash or kind by the affected families and communities themselves, the services provided by the army during the emergency phase, and the contribution of local authorities. All these contributions are highly significant, but are very difficult to quantify or value. At least US\$190 million – and almost certainly a great deal more – was given by the general public in affected countries.

Remittances are likely to have been a major form of resource transfer. Information is not available on the volume of remittances received in tsunami-affected areas in

39 But without much success, according the Donor State Funding Synthesis (DARA and PARC, 2006) p 27.

2005, but even normal levels of remittances to Sri Lanka and Indonesia are significant compared with other inflows such as tourism receipts and foreign direct investment. Governments of affected countries have contributed at least US\$3.4 billion of their own resources. Some, but not all, of this amount will be provided from international sources, such as from the multilateral development banks. The national relief and rehabilitation budgets for India and Thailand – both of which declined offers of international assistance – were US\$2.5 billion and US\$1.7 billion, respectively.⁴⁰

Assessment of the international financial response

4.1 Assessment criteria

29

The previous two sections have presented a largely factual description of the international funding and its key characteristics. This section attempts an assessment of the quality of the financial response, based on the evidence contained in the TEC funding reports. This assessment covers the funding of the tsunami response, not the implementation of the response.

This report uses the Good Humanitarian Donorship (GHD) principles (Annex 2) as the basis of the nine criteria for assessing the international financial response. To what extent was the international community's funding of the tsunami response: informed, efficient, timely, flexible, coordinated, impartial, accountable, effective and efficient?

4.2 How informed was the response?

The GHD principles refer to 'allocating funding in proportion to needs and on the basis of needs assessments'. This assumes some knowledge of need on which to make an informed allocation. To what extent have funding decisions for the tsunami response been guided by information on needs? Needs assessment is the subject of a separate TEC evaluation in this series, and so only a brief answer will be attempted here (see TEC Needs Assessment Report, 2006).⁴¹

The extent to which funding decisions were informed by needs depended to some extent on the entity concerned (general public, government donor, NGO or UN), the type of decision (donation, pledge, commitment or disbursement), the level of

⁴¹ See the separate TEC report on needs assessment for further information on the relationship between needs assessments and funding of the tsunami response.

decision (global, programme or project) and the timing of the decision. There is not a single answer.

In general, and particularly in the early weeks and months, government donor funding decisions were needs-motivated rather than needs-informed. Strong public pressure and competition between donors influenced pledges and operational decisions more than needs. The process of pledging was largely political, and donors then used 'contextual opportunism' to define their priorities. Initial division of tasks and areas were generally not based on needs, the volume of funds that each donor could provide, or on their logistic or operational capacity.⁴² Bilateral or regional interest, proximity and previous presence were defining factors in the allocation of resources and capacity. Once reconstruction started, donors' need for 'visible signature infrastructure projects' significantly influenced priorities and financial flows.⁴³ For government donors at least there is limited evidence of sound humanitarian principles in decision-making.⁴⁴

Early global responses by other agencies were also not needs-informed in any precise way. The overall response was driven by the enormous public reaction to the disaster – driven by perceived needs (as reported by the media) – which in turn generated unprecedented volumes of funds for NGOs and the RC Movement. From then on it was this volume of funds that drove commitments, allocation and programming.

The UN appeal was needs-informed to some extent, but in retrospect was not an accurate statement of all priority humanitarian needs identified for that emergency by all relevant UN agencies and major NGOs. Pressure for a speedy appeal encouraged UN agencies to maximise their requirement well before reconstruction needs, or levels of non-appeal funding, were known. The original UN Appeal amount of US\$1.28 billion was a largely arbitrary calculation about the consolidated amount of funds different agencies felt they needed. At the time the UN had some idea of the needs, but an incomplete picture about the total amount of other income which would flow to the areas outside the CAP. The UN appeal did its job in the narrow sense of providing funds for UN agencies. It was less useful for the 37 other agencies participating, which received only 11 per cent of the total. And it was not useful, in the opinion of most donors, in defining priorities or framing the response.

If early and macro-scale funding decisions were generally not needs-informed, later and micro-scale decisions may have been more so. Specific allocations within agencies were guided by their own field assessments, even if still driven by the need to spend as well as help. However, the overall assessment must be that most funding decisions were not as informed by needs as they should have been, except in the very general sense of responding to a major natural disaster (needs-motivated), or in specific programming decisions where some genuine efforts were made to match funds to needs. But even for the latter, there is evidence of supply-rather than needs-driven responses: 'what we have is what you get'.⁴⁵

42 Donor State Funding Synthesis (DARA and PARC, 2006), p 49.

43 Local Response Study Overview (ADPC, 2005a), p 19.

44 Donor State Funding Synthesis (DARA and PARC, 2006), p 51.

45 Local Response Study Overview (ADPC, 2005a).

4.3 Was the response sufficient?

The sufficiency or otherwise of the funding can be assessed in relation to a number of measures: needs, appeals, economic damage and standards. Information on standards is not included the funding studies, but something can be said about the other measures.

Most appeals are, or will be, fully funded. The ICRC appeals for Indonesia and Sri Lanka were 98 per cent funded. The IFRC appeal was 67 per cent funded as of late September 2005, but the Federation is confident that this figure will increase to 100 per cent. The UN Flash Appeal was 86 per cent funded. Some of the projects in the appeal may no longer require funds, or may be receiving funds from non-humanitarian aid sources not recorded on the Financial Tracking System (FTS). More significantly, some UN agencies (such as UNICEF) received more than they requested in the Appeal, and 82 per cent (US\$4.7 billion) of the funding for the tsunami recorded by the FTS in October 2005 was given outside the appeal⁴⁶ (that is, for activities and organisations that were not part of the Appeal).

Regarding recovery, overall pledges exceed needs as estimated through the assessment processes. This excludes funds for emergency relief. Pledges for Sri Lanka and Indonesia exceed the amounts calculated by the multi-donor Joint Needs Assessment, but India and the Maldives face shortfalls.⁴⁷

Estimates suggest that the international pledges and donations exceed the total economic impact of the tsunami (US\$9.3 billion).⁴⁸ And if local responses are included then it is likely that total funds exceed the economic costs.⁴⁹ It can be concluded that, overall, resources were and are sufficient to meet relief and recovery needs. While this does not necessarily mean that all needs have yet be met in all areas and for all groups, the total volume of resources available have ensured that all needs can be met.

Has there even been too much money? There are several ways of answering this question. As mentioned above, some calculations suggest that funds pledged for recovery exceed assessed needs in Sri Lanka and Indonesia. It also appears that the amount of money available, coupled with a pressure to spend that money quickly, exceeded the capacity of the system (of agencies and affected governments). The result has been a recovery effort that is neither as effective nor as efficient as it might have been (see Sections 4.9 and 4.10 below). Finally, it is clear that a disproportionate amount of money has been allocated to the tsunami compared with other emergencies (see Section 4.7.3 below).

46 This compares with 14 per cent outside the Appeal for Sudan in 2005 and 41 per cent outside the Appeal for Iraq in 2003.

47 UN Special Envoy for Tsunami Recovery.

48 ADPC (2004) Socio Economic Impacts of the Indian Ocean Tsunami.

49 The Local Response study (ADPC, 2005a) includes figures of US\$2.5 billion for India and US\$1.7 billion for Thailand. Some of this will be international funding (ie double-counted).

4.4 Was the response timely?

The timeliness of the response can be a critical issue. In this case, as soon as the scale of the disaster was known, sufficient funds were rapidly made available by public and private donors. In the UK the world record for online donations was broken with over £10 million donated to the DEC website in 24 hours. Funding timeliness was also a record for the RC Federation Appeal. While government pledges were initially modest, the huge reaction from the general public and the media provided additional pressure for a rapid and generous response. This pressure probably contributed to a supply-driven response, over-riding humanitarian principles.

Overall, it can be concluded that the international financial response was timely and that delays in funding have not been a constraint on implementation. In the relief phase, the timeliness of the international financial response was not really an issue: most immediate needs were met by local people, local and national government, and by the national military. If reconstruction efforts have subsequently not gone as well as expected (perhaps unrealistically), the lack of timely funding is not an explanatory factor.

4.5 How flexible was the response?

As mentioned in Section 3 above, over half of the funds for the UN Appeal were given as un-earmarked money (that is, not allocated to a specific sector or agency). For the IFRC as well, a comparatively small proportion of funds (less than 10 per cent) were earmarked. Donations from the general public to NGOs are un-earmarked, and therefore more attractive than equivalent funds from government sources. This general lack of earmarking meant that agencies could be far more flexible in the use of funds than is normally the case.

Some aid was, however, still tied. This appears to have slowed down commitment and disbursement for donor countries with the highest proportion of tied aid – Australia, Germany and Spain.⁵⁰ Most government donors also effectively tied the bulk of their NGO support to domestic NGOs for domestic political reasons. Many goods and services were tied, and not all of these were appropriate or of good quality. Some financial pledges were also earmarked to specific groups and/or activities, which limited the ability of national coordinators to re-direct flows to underfunded activities.⁵¹

4.6 How well coordinated was the response?

Coordination is the subject of another TEC evaluation in this series, so only three observations will be offered here (see TEC Coordination Report, 2006). First, except

50 Donor State Funding Synthesis (DARA and PARC, 2006), p 7.

51 Local Response Study Overview (ADPC, 2005a), p 47.

in Sri Lanka, most planning and coordination happened outside the UN umbrella. Government donors considered the UN reaction to be slow, which affected its legitimacy in defining priorities and resource allocation. The slow establishment of multilateral humanitarian coordination capacities prompted donors to take decisions on their own.⁵² Reports that some donors increased their funding of the UN only because NGOs were able to decline donor offers, and the fact that so much money was provided outside the UN Appeal, does not suggest a strong commitment to a 'coordinated UN response'.

Second, affected governments varied in their ability to programme and coordinate the flow of funds. Pre-existing issues became constraints to responding to emergency and reconstruction needs.⁵³ The third observation is that there were simply too many actors involved, at least in Sri Lanka and Indonesia. This posed huge additional challenges for governments at all levels, as well as for OCHA. In Aceh scarce management resources that should have been focused on reconstruction have had to go into coordination. The response here was overwhelming in terms of funds pledged and numbers of organisations involved in the reconstruction efforts. The huge volume of private funding through NGOs and the RC Movement increased the need for coordination and leadership, which should have called forth a different role from main donors and different coordination mechanisms. This did not happen.⁵⁴

4.7 Was the response impartial?

One of the GHD principles is impartiality, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations (see Annex 2 below, point 2). This can be assessed at three levels: between tsunami-affected countries, within tsunami-affected populations and between different emergencies.

4.7.1 Impartiality between countries

Funding has gone, almost exclusively, to the four worst-affected countries: Indonesia, Sri Lanka, India and the Maldives. The assessment of whether the allocation by country (see Table 2.5 above) has been proportionate depends to some extent on the figures used. Indonesia has received 37 per cent of all commitments (that is, including the regional/unspecified), but 50 per cent of the commitments that were allocable by country. It suffered 48 per cent of the economic impact, and 55 per cent of the human impact in terms of the number of people affected (Table 4.1). Comparing the impact percentages to total commitments might therefore suggest that Indonesia has been under-aided, and Sri Lanka over-aided. However, the magnitude of the economic impact as a percentage of GDP was almost four times larger in Sri Lanka than in Indonesia. On balance it is concluded that funding has, broadly speaking, been allocated to countries in proportion to their needs (Figure 4.1).

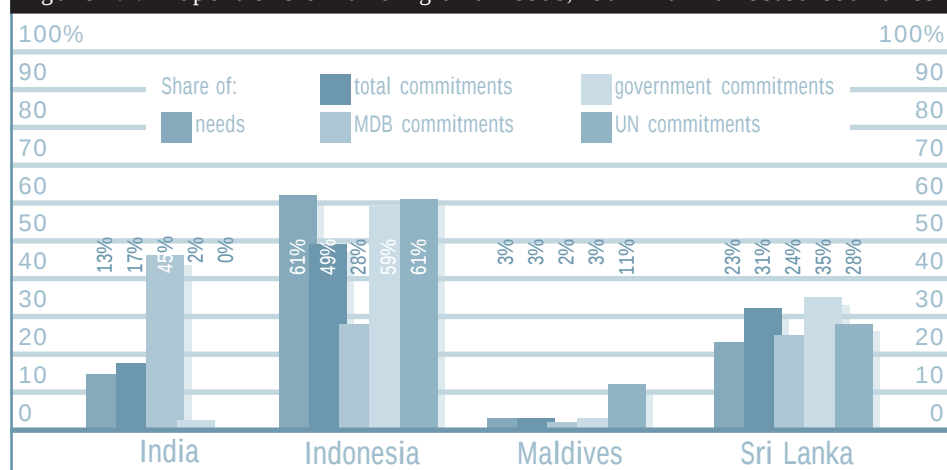
52 Donor State Funding Synthesis (DARA and PARC, 2006), p 9.

53 Local Response Study Overview (ADPC, 2005a), p 45.

54 Donor State Funding Synthesis (DARA and PARC, 2006), p 51.

Table 4.1: Distribution of human and economic impacts by country⁵⁵

Country	Percentage of human impact	Total economic impact (US\$ million)	Percentage of economic impact	Magnitude, impact/GDP (%)
India	14	1,224	13.1	0.2
Indonesia	55	4,451	47.7	2.0
Sri Lanka	26	1,454	15.6	7.6
Thailand	5	2,198	23.6	1.4
TOTAL	100	9,327	100	1.0

Figure 4.1. Proportions of funding and needs, four main affected countries

4.7.2 Impartiality within populations

Overall, with so many funds available, most people seem to have received some assistance, and many have received more than they ever expected and have been able to sell the surplus.⁵⁶ However, this does not necessarily mean that assistance has been impartial, particularly in the reconstruction phase. In India some groups of survivors have done much better than others. Fishing communities, for example, tended to be more organised and therefore more successful at accessing aid. A focus on asset replacement has meant that poor labourers, who had no assets to replace, got left out. The local response studies undertaken as part of this evaluation (see Bibliography) found that the needs of vulnerable groups such as women, older people and children had tended to be overlooked and not been met at the pace or scale expected.⁵⁷

More generally, the need to push out money led to the duplication of goods and services for some, and the abandonment of others. Disparate shelter solutions

⁵⁵ ADPC (2004) Socio Economic Impacts of the Indian Ocean Tsunami.

⁵⁶ Indonesia local response report (ADPC, 2005b).

⁵⁷ Local Response Study Overview (ADPC, 2005a), pp 40 and 43.

were offered by different NGOs in the same community. This is consistent with the observation that aid provided by affected governments was more equitably distributed than aid from NGOs.⁵⁸ There is a major question of equity between war-affected IDPs in both Sri Lanka and Aceh, and people affected by the tsunami. This issue is not covered in the funding studies.

4.7.3 Impact on other emergencies

According to the GHD initiative, donors should 'strive to ensure that funding of humanitarian action in new crises does not adversely affect the meeting of needs in ongoing crises' (Annex 2, point 11). There is no evidence from the TEC funding studies that funding of other emergencies has declined as a result of the tsunami response. Excluding the Tsunami Flash Appeal, UN Consolidated Appeals for 2005 are 61 per cent funded, which is within the range for the period 2000–04 (59–76 per cent) but lower than the previous three years. In the UK, donations from the general public for the DEC Asian Earthquake Appeal have been the second highest ever,⁵⁹ albeit still 15 per cent of the equivalent Tsunami Appeal. There is, however, a risk that the size of the programme commitments in tsunami-affected areas has reduced the humanitarian resources available for emergencies in other parts of the world.

In general terms government donors assert that the tsunami funds are additional and have not and will not impair their reaction to ongoing or future crises.⁶⁰ Some donors have specifically stated that their tsunami contributions will be additional to existing aid flows. It will not be possible to test this, or the extent to which the tsunami will be financed from money already allocated to meet the MDGs, until the aid figures for 2005 and subsequent years are published.

The impact of the tsunami appeal on other charities seems to have been short-lived. A UK report in June 2005 suggested that 85 per cent of charities were positive about the long-term impact of the tsunami appeal, but that approximately half of non-tsunami charities (particularly smaller charities) had experienced a short-term decline in income from corporate, individual and community sources. The main concern, identified by half the respondents, was whether public trust and confidence in charities has been or will be damaged by stories about the use of tsunami funds.⁶¹

Even if there is no evidence in the funding studies to suggest that the tsunami response has reduced the level of financial aid for other emergencies, it is clear that the tsunami response has led to a very inequitable allocation of humanitarian assistance in 2005. While humanitarian assistance is never equitable, the response to the tsunami has made it even less so (see Section.3.1.5 above). Total disbursements in the tsunami response from DAC donors alone are four times greater than the total ODA per head in Bosnia-Herzegovina in the year of highest spending (1999).

58 Local Response Study Overview (ADPC, 2005a), p 26.

59 Approximately equal to the Kosovo Appeal in 1999.

60 Donor State Funding Synthesis (DARA and PARC, 2006), p 59.

61 Institute of Fundraising, June 2005.

4.8 How accountable was the response?

The tracking of pledges, commitments and disbursements by the DAC was a very positive innovation. This is the first time that pledges have been monitored – which makes a major contribution to donor accountability – and the first time that figures have been reported so quickly. Government donors generally show a high degree of transparency in the reporting of commitments.⁶² However, there are deficiencies in other parts of the humanitarian system. Some of these concern the difficulty of tracking contributions through the system, and the different definitions used by different non-DAC agencies (see Section 3.2.7 above).

The OCHA Financial Tracking System (FTS) relies on voluntary reporting by governments, agencies and NGOs. Coverage is neither complete nor consistent.⁶³ For example, only 15 of the UK NGOs (5 per cent) covered by the UK NGO study participated in the FTS. This means that the FTS objective of improving decisions on resource allocation by indicating to what extent populations in crisis receive humanitarian aid, and in what proportion to need could not possibly be achieved.⁶⁴ Donors, governments and NGOs need to commit to FTS and DAC systems if knowledge is to be more complete.

Almost all the organisations shared the notion that records of financial flows should be made available but when asked by the study team to provide this data they were not prepared share it. Local Response Study, Indonesia (ADPC, 2005b)

Accountability and transparency may be improving, but the standards of financial reporting among UN agencies, the RC Movement and international NGOs leave the humanitarian system vulnerable to criticism. ‘Better than it was’ is not good enough. For example, the German General Public study (BMZ, 2005b) found that, by September 2005, only 20 per cent of tsunami NGOs had reported in detail on their donations and the tsunami-related activities. Part of the problem may lie with the financial systems and inconsistent definitions. A greater problem may be a lack of political will both within the organisations and within the humanitarian sector as a whole to prioritise these issues. The fact that such a high proportion of the general public is prepared to donate on trust to NGOs and does not require more information – even if a significant minority is more critical – does not help.

Accountability to beneficiaries is still a weak area both for humanitarian agencies and recipient governments. This is also a consistent message of the other TEC thematic evaluations.

4.9 How effective was the response?

Could the relief and reconstruction effort have been more effective and/or efficient with more or less money, or with a different allocation of funds? This is a key

62 This is less evident in the case of Spain, where there is a problem of accuracy and transparency of information at all levels (DARA and PARC, 2006) p 29.

63 Development Initiatives (2005b), p 3.

64 Donor State Funding Synthesis (DARA and PARC, 2006) p 8.

question that, unfortunately, the funding studies do not address in any great detail. The broad picture seems to be that the relief effort was effective, but that reconstruction so far has been less so. The size and speed of the local and international financial response has made a major contribution to the effectiveness of the relief and reconstruction effort to date. The evident shortcomings are not, in the main, due to inadequate funds.

That said, the ready availability of funds might have reduced effectiveness in some cases. The rush to do good with so much money lead to competitive behaviour among NGOs which was not conducive to the effective deployment of funds.⁶⁵ Coordination problems created by the proliferation of well-funded agencies also compromised the effectiveness of the response in some areas.

4.10 How efficient was the response?

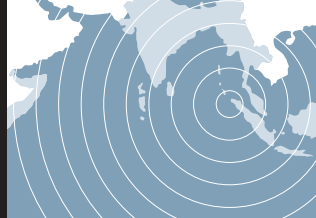
The generous funding and weak coordination probably both did more to reduce the efficiency than the effectiveness of the response. The fact that the response was sometimes competitive and poorly coordinated, and not as informed by needs as it should have been, did not necessarily stop it being effective. These characteristics did however lead to inefficiency and waste.

The need to push out the money collected, and the duplication of goods and services to some and abandonment of others, are but a few of the results of an ill-informed, competitive donor community. Local Response Study Overview (ADPC, 2005a, p 26)

One other factor has probably reduced the effectiveness and efficiency of the response: the uncritical and uninformed allocation of funds between agencies. Some established agencies are more effective and/or efficient than others. The problem is that government and private donors do not know which agencies are more effective or efficient, and even if they did, the pressure to donate was such that the scope for discrimination was limited. In the case of the tsunami, every implementing agency – government, NGO, UN and RC – received as much (or more) money as it could handle, almost regardless of its competence and comparative advantage. This is not conducive to effectiveness, and certainly reduces efficiency. Better information on agency performance is the key to a more informed allocation between agencies in the humanitarian sector.

A related and more fundamental question is whether NGOs and humanitarian agencies have the implementation capacity to engage in the type and scale of reconstruction now being undertaken. Such reconstruction work needs to be done in collaboration with governments, and preferably through government budgets, if it is to be successful. The fact that most humanitarian agencies do not have the right capacity, and have continued to channel funds outside government, must explain some of the shortcomings observed in the recovery work to date.

⁶⁵ Local Response Study Overview (ADPC, 2005a), p 40.



Conclusions and lessons

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This synthesis covers only the funding of the tsunami response, not the implementation of the response. The former was arguably much more creditable than the latter. This report has identified six main conclusions and associated lessons on funding as a contribution to overall evaluation of the tsunami response.

Conclusion 1: 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. More than US\$14 billion has been pledged or donated for emergency relief and reconstruction. 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. Donor pledges are being monitored by the DAC for the first time, and appear to be 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, was driven by politics and funds, not 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.

Conclusion 2: The financial response of the general public was the defining characteristic.

Disasters of similar magnitude to the tsunami are, unfortunately, not that rare. However, 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. Some 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 such important and numerous actors.

The media can be extremely influential and the general public very generous. The challenge for the humanitarian sector is to harness these forces in support of other, less high-profile emergencies. This will not necessarily be easy. The combination of a huge and blameless natural disaster, its occurrence just after Christmas, the number of Western tourists killed and the extensive media coverage (aided in part by the availability of dramatic video footage) all served to increase the public response. The fundraising efforts themselves became strong media stories in many countries, generating yet further funds. This special combination of factors means that, in fundraising terms at least, there are few lessons that can be generalised. The tsunami, and the extensive media coverage then and since, has nevertheless greatly increased awareness of humanitarian issues. There is now an opportunity to reach outside the normal donor community and make stronger progress on global provision of humanitarian assistance. The experience of the past ten years in getting public involvement in global poverty reduction shows how goodwill can be developed into effective campaigns for global reform.

Conclusion 3: The financial response to the tsunami has highlighted the strengths and weaknesses of the current international system for funding humanitarian emergencies.

In exceptional circumstances – as for the tsunami – appeals can be a very effective way of raising funds from private and government sources. Appeals give the general public the opportunity to contribute, and provide NGOs with independent funds. But appeals are also imperfect. They are highly subject to media, public and political forces, and as a result their outcome is highly uncertain. Most emergencies do not engender the same level of public and

political response as occurred in the case of the tsunami. Appeals generally raise barely enough for emergency relief, too little for recovery and reconstruction, and too little for complex as opposed to natural emergencies. When they exceed expectations and raise 'too much' money, it is then difficult to reallocate to ensure a more impartial, needs-based allocation between emergencies. Appeals are not, by themselves, a coherent way of responding to humanitarian emergencies, nor of ensuring effective and impartial allocation between different emergencies.

This latter point is fundamentally important. One of the key humanitarian principles in the GHD approach is impartiality, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations. The global allocation of humanitarian aid has always been inequitable. International funding of the tsunami has resulted in a pattern of global humanitarian assistance that is even less equitable, and certainly not impartial. Indeed, the scale of the resources to be spent will distort agency programmes in favour of tsunami-affected areas for years to come.

■ **Lesson** 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.

Such a facility would, however, need to be carefully framed if confidence in the integrity of the system was not to be undermined. One way of doing this would be to require agencies, as part of the accreditation mentioned below (under Conclusion 5), to report and justify any such reallocation in their annual reports and on their websites. Another way would be to develop and agree a recognised minimum standard or benchmark (a denominator of need) that could apply to all emergencies to enable an objective, comparable assessment of the point when funding was adequate to meet basic needs and where any surpluses could therefore be transferred to needier situations. Currently, there is no standard assessment of even the number of people affected in different disasters.

■ **Lesson** The international community needs to consider whether it is prepared to give substance to the GHD principles 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 CERF), 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.

The allocation criteria and process for any multilateral fund are important for two reasons. First, in the case of the tsunami there were sufficient funds for almost every sector and agency, and competition for funds was not an issue. In most emergencies this is not the case. The GHD initiative aims to support and

promote the vital role of three key international actors: the UN, the RC Movement and NGOs. The problem with such an even-handed approach is that it overlooks the fact that some agencies are more effective and/or efficient than others.

■ **Lesson** 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.

Second, the process for the allocation of the un-earmarked funds (22 per cent of government contributions) lacked clarity. If un-earmarked funds become more important in line with progressive thinking on aid effectiveness, the criteria and process for allocation and accountability must be clearer.

■ **Lesson** 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.

Desirable though it might be, there is little immediate prospect of a central, multilateral fund that would have been large enough to cope with the tsunami response. Some reliance on appeals is likely to be necessary and unavoidable for the foreseeable future. For this reason it is important that appeals to both private and government sources are improved. One way is by increasing the scope for reallocating appeal funds and improving the allocation of un-earmarked funds. The other is by improving needs assessment. A good needs assessment enables resources to go to priorities within emergencies. Comparable needs assessments enable an equitable distribution of resources across different emergencies.

■ **Lesson** Appeals by the UN and others need to be more genuinely needs based, including more explicit consideration of what needs can be and have been met by local and national actors.

That said, it must be recognised that in sudden-onset disasters, resource commitments have to be made before any needs assessment is commissioned, let alone conducted. Without these commitments, funding cannot flow.

■ **Lesson** 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.⁶⁶ 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.

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

Conclusion 4: 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.

The scale of private funding for NGOs and the RC Movement has made these agencies much more significant actors in the tsunami response than they have been in most other emergencies. Together they account for around 40 per cent of the international funds. This brings with it increased responsibilities and challenges.

The combination of a large number of (sometimes less experienced) agencies, a great pressure to spend, an uneven commitment to coordination and weaknesses in UN coordination and leadership, has probably reduced the effectiveness and efficiency of the response. A system of consultation, coordination and decision making based on humanitarian principles has to be supported and reinforced. Donors and NGOs need to develop the discipline to respond in a more coordinated and collegiate manner.

■ **Lesson** So far only a few donor countries, including the UK and the Netherlands, have joint fundraising for NGOs. This needs to be matched by moves toward joint NGO implementation in crowded emergencies and, more immediately, by a stronger commitment to coordinated implementation under national direction.

The studies undertaken as part of this evaluation have also revealed weaknesses in accountability and transparency. Improving the system for tracking and reporting financial data needs to be a priority, as does improving feedback from agencies to their donors and to the media. This applies as much to UN agencies as it does to NGOs and the RC Movement (see below).

Conclusion 5: Accountability and transparency need to be improved, particularly with respect to financial tracking and reporting.

The system for tracking and reporting financial data is inadequate and inconsistent. Standards and definitions differ. The partial commitment of some donors, NGOs and governments to the FTS and DAD does not help. Improved financial accountability requires political and agency support, and needs to be a priority.

The tracking of pledges, commitments and disbursements by the DAC was a very positive innovation. Given the share of non-DAC governmental donors and NGOs, Red Cross movement and UN-agency public-support groups in the funding flows, it will be difficult to improve the overall monitoring unless common and improved standards are applied to all agencies. This is particularly necessary to avoid double-counting funds as they pass through the different agencies of the humanitarian system.

The two studies of the general public's response reveal a mixed picture on the demand for better reporting (BMZ, 2005b; DARA, 2005d). While there is some evidence of an increased demand for transparency from NGOs, this has come more from the media than from the general public. Many more NGOs in Germany recognise an increased responsibility to report on the use of tsunami funds (90 per cent) than had actually produced adequate reports by September 2005 (21 per cent). Weaknesses in financial transparency and reporting are a potential threat to public confidence in humanitarian agencies, particularly in the context of high-profile emergencies such as the tsunami, and particularly given the importance of trust in determining which NGO 'brands' the general public chooses to support. The difficulty of tracking funds through different layers, and the different definitions in use, need to be addressed if confidence is to be maintained.

■ **Lesson** All agencies should commit to making the full versions of programme evaluations publicly available as a matter of principle.

■ **Lesson** Common and consistent accounting definitions need to be agreed and applied across the sector. Existing initiatives, such as the work with the Iraq Trust Fund on defining disbursements and the DAC documentation of pledges as well as commitments, which have resulted in greater transparency and consistency in this area, need to be applied much more widely.

■ **Lesson** An accreditation system for financial accounting and reporting should be established that uses standard formats and definitions, and 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.

■ **Lesson** 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.

Conclusion 6: Local resources and capital need to be valued.

The local response in the first few days was critical, as was the role of locally raised funding from governments and the public, and from international remittances. These are all unrecorded and therefore unacknowledged by international systems, and generally overlooked by international agencies in planning support. This 'invisibility' reinforces the lack of attention given to preparedness and working at the local level.

As found in the TEC studies of local funding responses (ADPC, 2005a–d; EPC/ADPC, 2005), identifying and valuing local resources is difficult. However, if the inputs and impact of local response were clearer, better informed decisions could be made on the investment of resources in disaster preparedness and local capacity, potentially leading to more sustainable and cost-effective provision of disaster response.

■ **Lesson** 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 extended to apply to humanitarian situations.

The capacity of local and national governments, and the burden placed on them by large numbers of humanitarian agencies, needs to be better appreciated. Direct but coordinated (and preferably joint) implementation may be the best option during the emergency phase. Implementation by a large number of individual humanitarian agencies – particularly those without the appropriate capacity and experience – is far less justified during the reconstruction phase.

■ **Lesson** 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.

As the Local Response Study (ADPC, 2005a) concludes, the role of the domestic capital market in recovery and reconstruction can be crucial, but tends to be overlooked. Investing in reconstruction bridges relief and development, and accessing the domestic capital market through formal and community-based financial institutions may be a good way of bringing capital to reconstruction efforts. Seed capital from the generous grants provided for tsunami reconstruction can jump-start the process by capitalising local finance entities. This is related to the use of cash payments by both international donors and national governments.

■ **Lesson** The coordinated use of cash grants and loans provided through existing institutions needs to be evaluated as a potentially more effective and efficient way of funding recovery and reconstruction than direct implementation by international and national agencies.



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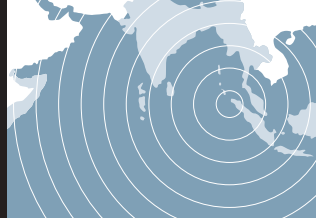
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Annex 1: Concept paper and terms of reference

Introduction

Background

The tsunami catastrophe that struck Asia on 26 December 2004 is one of the worst natural disasters in modern history. Although the major impact was felt in India, Indonesia, the Maldives, Sri Lanka and Thailand, several other countries including Myanmar, Somalia, Bangladesh, Kenya, Malaysia, the Seychelles and Tanzania were also affected. More than 170,000 people are thought to have died and thousands more were injured. Overall, an estimated 2 million people have been directly or indirectly affected, of whom 1.7 million are internally displaced.⁶⁷ Damage and destruction of infrastructure has destroyed people's livelihoods, and left many homeless and without adequate water and healthcare facilities.

The world – governments and people – responded with unprecedented generosity in solidarity with the rescue and relief efforts of the affected communities and local and national authorities. More than US\$6 billion⁶⁸ has been pledged for humanitarian emergency relief and reconstruction assistance to tsunami-affected areas. This has been instrumental in reducing or mitigating the consequences of the disaster, and in boosting the current recovery and reconstruction efforts.

Purpose

This evaluation is part of the overall evaluation by the Tsunami Evaluation Coalition. It is a thematic evaluation of the funding response by the various governments, UN agencies, NGOs and INGOs.

⁶⁷ Figures for numbers dead and missing are taken from Guha-Sapir, D and WG Van Panhuis (2005) Health Impact of the Tsunami: Indonesia 2005. Brussels Centre for Research on the Epidemiology of Disasters (July).

⁶⁸ This amount is a minimum; some estimates go to US\$10 billion

The purpose of the evaluation is to:

- provide an overview of the total volume of funding of the response by the various actors, and to sample the flow of donation of goods in kind for a few specific countries or agencies
- assess the appropriateness of allocation of funds in relation to the actual relief and reconstruction needs and in relation to other emergencies
- contribute to a better understanding of public responses to emergencies
- provide a basis for follow-up studies after two and four years.

The evaluation will cover a ten-month period: December 2004 to October 2005.

Evaluation criteria

The following DAC evaluation criteria will be applied where relevant: timeliness, appropriateness (relevance), coherence, connectedness, efficiency and effectiveness. Donors' funding policy and decisions should be assessed against the Good Humanitarian Donorship principles.

Key issues

Mapping the volume and distribution

- How much has been raised/pledged by donor countries' governments, INGOs, NGOs and private sector and by affected countries' governments, NGOs, communities, etc (both financial and in-kind contributions). How much 'new money' has the tsunami generated?
- Has the generous response to the tsunami affected funding of other emergencies in 2005?
- How much has been allocated to various main purposes: emergency/humanitarian relief, reconstruction, development? How much has been earmarked?
- How much has been allocated to various geographical areas (countries)?
- How much has actually been spent or committed?
- How has the flow of funds been coordinated internationally and nationally (in affected countries)? What role did the Flash Appeal play as a mechanism for funding priority needs?
- Have new funding structures or channels developed? What is the significance of the involvement of several 'non-traditional' donors and other actors?

Appropriateness

- How and to what extent was allocation of assistance based on needs assessment during the emergency phase of the response? How were funds being allocated to various purposes (relief/reconstruction/development) and to geographic locations?
- To what extent has assistance been supply-driven (in-stock supplies, military assets, etc)? How and on what basis were decisions made? How have in-kind contributions been costed? (The cost-effectiveness is to be evaluated in another study.)
- To what extent and how have beneficiaries/communities been involved in defining needs and making choices? (Analysis here should be drawn from the TEC needs assessment study.)

- Has the generous response (funds available per capita) affected quality of assistance (meeting or surpassing Sphere Standards)? (Analysis here should be drawn from the TEC impact study [this wasn't actually carried out].)
- Has the volume of assistance had any national economic effects? (Build here on the work done by the ODI.)

Fundraising

- Why was the response so generous? (Hypotheses need to be tested about the significance here of natural versus human-made disaster, familiar tourist areas, affected Westerners and the near-Christmas timing.)
- What lessons are there for future fundraising? (This may have to be based on previous market research carried out immediately after the response.)
- Were needs and delivery capacities accurately presented to the public? (Review in one or two key countries for which data are available.)
- What are the public's main concerns about how funds are spent? How do organisations report on spending to contributors?
- How have various organisations handled the surplus of funds over and above that which they initially appealed for? Did the flow of private funds change the behaviour of key donors/actors?

Evaluation methodology

The evaluation will be conducted as a series of concurrent studies, which will provide the basis for synthesising findings on the above key issues. The studies will cover the following eight themes, analysing:

- overall global flows of funding
- a number of specific donor governments' contributions
- the UN Flash Appeal and Consolidated Appeal process
- financial flows through and within the Red Cross/Crescent system
- the NGO sector, with specific studies on a number of the larger NGOs
- funding flows and motivation of the general public, focusing on a few key countries
- funding and goods in-kind from the corporate sector
- local response within the region, focusing on Indonesia, Thailand, Sri Lanka and India.

Mapping the volume and distribution will be based on available statistics (FTS, DAC, Reuter AlertNet, National reporting, etc) supplemented, if necessary, with visits to India, Indonesia, Sri Lanka and Thailand to obtain data on national fundraising. Appropriateness will be assessed through interviews with key decision makers and observers as well as by drawing on the other tsunami evaluations. Fundraising will necessarily be assessed through several studies at donor-country level and, in the case of INGOs, cross-country studies. These studies could build on the DEC study 'Maximising the opportunity in the charitable marketplace' and at minimum will address the above questions.

The evaluators will seek out and make use of already commissioned tsunami evaluations and other relevant studies from the donor, the response community and research institutes. Evaluators will be encouraged to use a range of both quantitative and qualitative

investigative techniques. For studies focusing on the disaster-affected countries, the use of participatory appraisal techniques will be encouraged.

Evaluators will be required to feed back their thinking and initial findings to the organisations and communities they are studying. This is partly to help the process of validation but also to encourage a sense of trust in the evaluation process. Evaluation drafts and initial findings will be made available on an interactive file-sharing site such that each evaluation team is able to review and draw insight from the work of the other teams.

Outputs

A synthesis report of maximum 50 pages will cover all three issues. It will build on the eight thematic studies. The synthesis report will be targeted to the donor community, the aid agencies involved in the tsunami response and the national government officials in charge of each country's response. Each evaluation team will be charged with creating an appropriate distribution list for the report, to ensure that it goes to local as well as international agencies and officials.

It is also intended that the results of the evaluations will receive wide general distribution, given the major involvement of the public around the world in funding the tsunami response. To that end, specific additional materials will be developed to facilitate press launches around the world. The synthesis report will be produced in English and also in the key languages of the affected countries.

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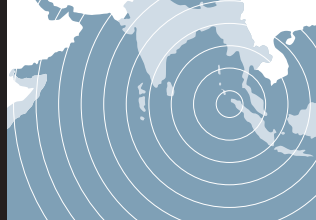
Evaluation teams and management

The synthesis will be prepared by a small team while the thematic studies will be conducted by separate teams as per detailed terms of reference. Where teams are charged with in-country evaluations, the preference will be to contract proven evaluators and researchers from those countries.

The evaluation process and the synthesis report will be coordinated by a group consisting of Danida, DC Ireland, World Vision and DEC (plus other interested and committed parties). Each sub-study will be managed by a single agency. Each participating agency will be responsible for commissioning and supervising their studies. We envisage that participating agencies will each take responsibility for one or more of the thematic studies. Themes 2 and 5 may be split between several country-specific studies, as national consultants may be better placed than international consultants. It is further envisaged that participating agencies will finance or secure financing for 'their' studies.

Time schedule

- June 2005: finalisation of concept paper/overall TOR.
- July 2005: mobilisation of participating agencies and initiation of search for consultants.
- August 2005: select consultants.
- September 2005: start work.
- November (mid-) 2005: draft reports to synthesis team.
- December 2005: draft synthesis report (contribution to overall tsunami evaluation report)
- January 2006: final report to print.



Annex 2: Principles and good practice of humanitarian donorship

Endorsed in Stockholm, 17 June 2003 by Germany, Australia, Belgium, Canada, the European Commission, Denmark, the United States, Finland, France, Ireland, Japan, Luxembourg, Norway, the Netherlands, the United Kingdom, Sweden and Switzerland.

Objectives and definition of humanitarian action

- 1 The objectives of humanitarian action are to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.
- 2 Humanitarian action should be guided by the humanitarian principles of *humanity*, meaning the centrality of saving human lives and alleviating suffering wherever it is found; *impartiality*, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations; *neutrality*, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and *independence*, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.
- 3 Humanitarian action includes the protection of civilians and those no longer taking part in hostilities, and the provision of food, water and sanitation, shelter, health services and other items of assistance, undertaken for the benefit of affected people and to facilitate the return to normal lives and livelihoods.

General principles

- 4 Respect and promote the implementation of international humanitarian law, refugee law and human rights.

- 5 While reaffirming the primary responsibility of states for the victims of humanitarian emergencies within their own borders, strive to ensure flexible and timely funding, on the basis of the collective obligation of striving to meet humanitarian needs.
- 6 Allocate humanitarian funding in proportion to needs and on the basis of needs assessments.
- 7 Request implementing humanitarian organisations to ensure, to the greatest possible extent, adequate involvement of beneficiaries in the design, implementation, monitoring and evaluation of humanitarian response.
- 8 Strengthen the capacity of affected countries and local communities to prevent, prepare for, mitigate and respond to humanitarian crises, with the goal of ensuring that governments and local communities are better able to meet their responsibilities and coordinate effectively with humanitarian partners.
- 9 Provide humanitarian assistance in ways that are supportive of recovery and long-term development, striving to ensure support, where appropriate, to the maintenance and return of sustainable livelihoods and transitions from humanitarian relief to recovery and development activities.
- 10 Support and promote the central and unique role of the United Nations in providing leadership and coordination of international humanitarian action, the special role of the International Committee of the Red Cross, and the vital role of the United Nations, the International Red Cross and Red Crescent movement and non-governmental organisations in implementing humanitarian action.

Good practices in donor financing, management and accountability

(a) Funding

- 11 Strive to ensure that funding of humanitarian action in new crises does not adversely affect the meeting of needs in ongoing crises.
- 12 Recognising the necessity of dynamic and flexible response to changing needs in humanitarian crises, strive to ensure predictability and flexibility in funding to United Nations agencies, funds and programmes and to other key humanitarian organisations.
- 13 While stressing the importance of transparent and strategic priority-setting and financial planning by implementing organisations, explore the possibility of reducing, or enhancing the flexibility of, earmarking, and of introducing longer term funding arrangements.
- 14 Contribute responsibly, and on the basis of burden-sharing, to United Nations Consolidated Inter-Agency Appeals and to International Red Cross and Red Crescent movement appeals, and actively support the formulation of Common Humanitarian Action Plans (CHAP) as the primary instrument for strategic planning, prioritisation and coordination in complex emergencies.

(b) Promoting standards and enhancing implementation

- 15 Request that implementing humanitarian organisations fully adhere to good practice and are committed to promoting accountability, efficiency and effectiveness in implementing humanitarian action.

- 16 Promote the use of Inter-Agency Standing Committee guidelines and principles on humanitarian activities, the Guiding Principles on Internal Displacement and the 1994 Code of Conduct for the International Red Cross and Red Crescent movement and Non-Governmental Organisations (NGOs) in Disaster Relief.
- 17 Maintain readiness to offer support to the implementation of humanitarian action, including the facilitation of safe humanitarian access.
- 18 Support mechanisms for contingency planning by humanitarian organisations, including, as appropriate, allocation of funding, to strengthen capacities for response.
- 19 Affirm the primary position of civilian organisations in implementing humanitarian action, particularly in areas affected by armed conflict. In situations where military capacity and assets are used to support the implementation of humanitarian action, ensure that such use is in conformity with international humanitarian law and humanitarian principles, and recognises the leading role of humanitarian organisations.
- 20 Support the implementation of the 1994 Guidelines on the Use of Military and Civil Defence Assets in Disaster Relief and the 2003 Guidelines on the Use of Military and Civil Defence Assets to Support United Nations Humanitarian Activities in Complex Emergencies.

(c) Learning and accountability

- 21 Support learning and accountability initiatives for the effective and efficient implementation of humanitarian action.
- 22 Encourage regular evaluations of international responses to humanitarian crises, including assessments of donor performance.
- 23 Ensure a high degree of accuracy, timeliness, and transparency in donor reporting on official humanitarian assistance spending, and encourage the development of standardised formats for such reporting.



Annex 3: Authors

Michael Flint is an economist with 24 years postgraduate experience of international development programmes, the last 17 years as an independent evaluation consultant. His areas of expertise include: social and economic analysis; monitoring and evaluation; project and programme design and appraisal; rural and environmental issues; and performance assessment systems. Michael has been team leader/ lead author of over 20 major impact-evaluation studies, including 8 evaluation synthesis reports. The latter include DFID's first Development Effectiveness Report and the first three Annual Reports on Results and Impact for IFAD. He has designed, led and conducted several Country Programme Evaluations for DFID.

Hugh Goyder originally trained as an economist, but then worked as a UN Volunteer for UNICEF in India. After working for Oxfam in India he moved to Ethiopia where he was Country Director at the time of the famine of 1984/5. He then worked on evaluation and impact assessment issues for both Oxfam and ActionAid, and became an independent consultant in 1998, with a major focus on humanitarian evaluations. In addition to his work for the synthesis of the funding study he was also team leader of WFP's real-time evaluation of its tsunami response, and led part of the companion TEC study in this series on the links between relief, rehabilitation and development (LRRD; see TEC LRRD Report, 2006).

Annex 4: Full costs and funding of all studies contributing to this evaluation (in €)

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Study theme	1	2	3	4	5	6	7	8			
All values in Euros	Overall funding synthesis	Global flows	Donor government	UN/CAP	Red Cross/ Red Crescent	NGOs	General public motivation	Corporate sector	Local response	Total costs	Total contributions
Estimated cost of study/ synthesis of theme	40,000	46,000	17,250	25,000	23,700				150,750	302,700	
Australia			4,200							4,200	4,200
Canada			8,500							8,500	0
Denmark			17,000			17,000				34,000	169,550
EC by Dara			12,500							12,500	0
Germany			15,000				26,000			41,000	45,500
Ireland			15,000			15,000				30,000	130,000
Japan			28,750			28,750				57,500	57,000
Luxembourg										0	70,000
Netherlands			15,250			15,250				30,500	30,500
Spain			15,100			8,200	10,850	2,250		36,400	0
Sweden			11,200							11,200	0
UK			10,260			7,050				17,310	0
USA			8,500							8,500	0
Coordination etc.										41,100	
DaRa											94,660
World Vision International, ATRT											17,000
World Vision Canada											17,000
TOTAL										€635,410	€635,410
											US\$803,762

(FX Converter. 16 June 2006. €1 = US\$1.265 <<http://www.oanda.com/convert/classic>>)

This has been the most generous and immediately funded international humanitarian response ever. More than US\$14 billion has been pledged or donated for emergency relief and reconstruction. More than US\$5.5 billion of international resources for the tsunami came from the general public in the North. Unfortunately we do not know how generous the public was in the countries struck by the tsunami. The international system for tracking funding flows does not register the very substantial contributions made by the people and governments in the affected countries.

The speed and magnitude of the financial response has highlighted the strengths and

weaknesses of the current international system for funding humanitarian emergencies: it is apparent that allocation and programming, particularly in the first weeks and months of 2005, was driven by politics and funds, not by assessment and need. Until the international community faces up to the need to measure the relative effectiveness and efficiency of different agencies and the programmes they implement, and allocates funds accordingly, improvements in the performance of the sector is likely to be slow.

This synthesis report is based on 30 country specific studies which are available on www.tsunami-evaluation.org

The Tsunami Evaluation Coalition (TEC) is a multi-agency learning and accountability initiative in the humanitarian sector. It was established in February 2005 in the wake of the Indian Ocean earthquake and tsunamis of 26 December 2004.

This evaluation on funding the tsunami response is one of a series of five thematic evaluations undertaken by the TEC in 2005/06.

This evaluation was managed by the Evaluation Department, Danida, Ministry of Foreign Affairs, Denmark. Funding was provided by AusAid (Australia), BMZ (Germany), Danida (Denmark), DaRa International, IOB/MFA (Netherlands), Irish Aid, JICA/MoFA & JBIC (Japan), MFA (Luxembourg), World Vision Canada, and World Vision International.

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