



MODERNIZING HUMANITARIAN ASSISTANCE

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Introduction

U.S. humanitarian leadership under a future Administration will face a challenging environment. The current tools and approaches for responding to humanitarian crises are not fit for purpose. The average length of conflicts today last more than [20 years](#), yet the funding to respond to these crises is typically provided in one year grants. The sector largely measures its success based on activities and outputs—such as the number of children enrolled in school—instead of outcomes—like actual improvements in learning.

Instead of embracing and advancing the aid reform agenda, for the past four years, U.S. humanitarian diplomacy and leadership has been at best missing and at worst destructive. During this time, the humanitarian system has grown only more overstretched; international aid has plateaued while needs in low- and middle-income countries continue to rise. Total global humanitarian assistance [declined](#) between 2018 and 2019, while Humanitarian Response Plans continued to be [underfunded](#) by nearly 40 percent. This gap between financing and requirements is only widening due to COVID-19. [Estimates](#) suggest more than 500 million more people will be pushed into poverty while the number of people suffering from extreme hunger is set to nearly double by the end of 2020. Meanwhile, a racial reckoning in the U.S. has inspired and elevated discourse around de-colonizing aid and shown a light on the limited progress of the localization agenda.

USAID has just emerged from a significant and drawn-out reorganization, forming the new Bureau of Humanitarian Assistance, while PRM has been decimated.

A future Administration should avoid a wholesale restructure of U.S. humanitarian assistance and instead focus on improvements to U.S. policy and practice that will have an outsized impact for the people most in need. Critically, the U.S. government should take-up an agenda for improving localization and inclusion of vulnerable populations; leverage U.S. leadership and funding to the United Nations to encourage reforms that will make the humanitarian aid system more effective and efficient; and embrace an aid reform agenda.

1. Drive towards increased localization and inclusion.

National and local actors are often the first responders in a crisis, and they are the actors who will remain to help rebuild after an acute crisis subsides. For key populations, like women and girls, local women's organizations often already hold the trust of communities and are therefore able to identify and serve those most in need. Despite their expertise in the local culture and context, these local institutions are more often overlooked by international donors, who prefer to work with international/Western/Northern NGOs and UN agencies that have more "proven" capacity and technical expertise. But this comes at the expense of—and entrenches—imbalanced power dynamics as well as creates a risk of a potential mismatch between solutions and needs. COVID-19 has only underscored the need for greater localization. The pandemic has exposed the fragility of the traditional model and the centrality of local actors who not only understood nuanced community needs in this crisis, but importantly who stepped in to respond to those needs when international and domestic travel was halted.

Making the localization agenda a reality and supporting the decolonization of foreign aid should be central to the U.S. government's approach to assisting forcibly displaced populations. To achieve this, the United States Agency for International Development (USAID) and Bureau for Population, Refugees and Migrants (PRM) should center their response to forced displacement on four key actions. First, support and fund the meaningful integration of displaced people into host communities, such as through their inclusion in national laws that enable freedom of movement, access to education and health care, and access to the formal labor market. Second, strengthen national systems, through technical assistance and financing, to ensure that public institutions have the capacity to provide quality services to displaced populations and that local economies are stable and can offer decent employment opportunities for both displaced and national populations. Third, work with local partners to identify, fund and implement local solutions that drive towards outcomes. Finally, USAID should consider reforms to compliance requirements that align with the New Partnerships Initiative in terms of accessibility to a broader range of partners, while still taking an appropriate risk mitigation approach. U.S. assistance compliance requirements for its partners, as well as its low tolerance for risk, hinder more and better partnerships with local institutions.

2. Improve efficiency and effectiveness of humanitarian operations.

Reduce impediments to humanitarian access, delivery and localization.

The U.S. government's own policies and practices currently stand in the way of more efficient and effective humanitarian operations. Two levels of policy and practice review should be conducted. First, U.S. leadership should review and revise existing suspensions of humanitarian assistance. Most immediately, USAID should lift its suspension of aid to northern Yemen, where implementing partners have been able to operate in a principled manner and needs of those impacted by the world's largest humanitarian crisis are beyond dire. Second, the Administration should conduct a broader and more comprehensive review and revision of U.S. policies and practices related to humanitarian exemptions for humanitarian services to victims of conflict. In particular, U.S. sanctions should include clear humanitarian exceptions for food, medicine, medical and

humanitarian supplies, and for humanitarian personnel. The U.S. Treasury and State departments should be compelled to partner with the humanitarian community to clearly communicate humanitarian exemptions to financial institutions and other actors to avoid [bank de-risking](#) and other chilling effects. The Administration should continue the work already done to remove grant clauses that increase uncertainty and ambiguously interfere with assisting victims of conflict who are protected by International Humanitarian Law and not barred by sanctions law.

Increase multiyear humanitarian financing.

USAID and PRM have been among the Grand Bargain signatories to [increase](#) their multiyear financing for humanitarian response; still, the Office of Foreign Disaster Assistance (OFDA) reports just 13 percent of its funding is in multiyear tranches. It has been [demonstrated](#) that in humanitarian crises multiyear, flexible financing is more efficient and effective than short-term (less than 1 year) grants. The benefits of multiyear financing are multifold: it provides predictability and stability for implementing partners, reduces staff turnover and other administrative costs, better enables cross-sectoral responses (e.g. programs to achieve gender equality), supports rapid and shifting responses, and improves relations with local partners and communities. In addition, multiyear financing has shown to be more cost-effective. A comparative analysis of two IRC cash programs in Somalia found the longer-term program cost 44 percent less in delivery for every dollar transferred.

Align funding to outcomes, not outputs.

U.S. aid agencies should jointly determine and commonly define sectors and a streamlined set of core indicators to measure progress of humanitarian programs. Core indicators should be measurable and reflect not just outputs (number of children with access to schools), but outcomes (percent increase in literacy and math skills). USAID and PRM funding, across all award types, should be aligned to these intended outcomes. The U.S. should also continue to work with other donors to standardize core indicators. This will necessitate longer-term horizons for change in some sectors, such as progress towards gender equality.

Moreover, the U.S. government should begin collecting outcome-level data among its refugee populations and report the data in a Voluntary National Review at the next High Level Political Forum for Sustainable Development. When agreed in 2015, the Sustainable Development Goals almost [completely ignored](#) the development outcomes of refugees. Although, as of July 2020, there are new indicators specifically for refugees across a number of the SDGs, national data collection and reporting remains voluntary and therefore incomplete. U.S. leadership on this issue could motivate other countries to follow suit.

Improve USAID's gender equality policy.

The 2012 USAID Gender Equality and Female Empowerment Policy is due to be updated, as much progress has been made in terms of evidence of what works to empower women and girls, as well as commitments to their education, safety, and health. However, the draft updated policy circulated by USAID in August 2020 reflected major steps back in the field's thinking around gender equality. A future Administration should restart the process for review and revision of the policy, with adequate time for consultation with civil society—both INGOs and local women-led

and women-focused organizations. The policy should center both women and girls, seek to make USAID a leader in progress for the field, be evidence-based, and prioritize policy and programmatic interventions that will meet the expressed needs of the most marginalized women and girls.

Enhance joint planning and streamline reporting requirements.

U.S. aid agencies should enhance their joint planning efforts by formalizing joint planning as part of the annual budget and planning process. Joint plans can inform Country Development Cooperation Strategies (CDCS) to leverage development interventions in protracted emergencies and help guide resilience investments. In addition, U.S. aid agencies should adopt one grant and reporting format per award type (i.e., Public International Organization award, grant, cooperative agreement, contract) to create predictability and efficiencies in reporting. [Research](#) has shown that simplified and harmonized reporting can save staff time and generate cost efficiencies.

Develop and refine joint messaging for UN agencies.

State and USAID should agree to shared objectives for UN humanitarian agencies and deliver common messages about reform and system behavior across individual agency Executive Board meetings, framework partnership agreements, and other formal engagements. For example, State and USAID should have common positions on cash delivery, management costs, participation in humanitarian clusters, the function of the Inter-Agency Standing Committee, and Grand Bargain commitments.

3. Lead on critical UN reforms.

A future U.S. Administration should use its leadership and voice in UN Executive Boards and leverage its funding of UN Agencies and relations with the Secretary General, to make the UN system fit for purpose. There are three key areas where UN reforms are needed for the humanitarian sector to achieve greater and more sustainable impact for the world's most vulnerable populations.

Move towards outcome-oriented humanitarian responses.

UN OCHA has touted the concept of “collective outcomes” for a number of years; however, in practice few humanitarian response plans are truly outcome-oriented. The sector continues to focus on outputs rather than outcomes. The U.S. government should push OCHA to set a new standard for humanitarian response plans to ensure they are outcome-oriented and include outcome-level indicators as measures of success.

Pass on multiyear, flexible financing to partners and increase financial transparency.

UN agencies receive a significant portion of the multiyear humanitarian financing currently in the system—including from the U.S. government. However, UN agencies do not typically pass this financing on to implementing partners in multiyear grants; rather, the length of grants to NGOs are typically one year or less. This means implementing organizations do not benefit from multiyear financing. In addition, flexibility of financing is not guaranteed for implementing partners; earmarks and other requirements, such as the need for approval to adapt programs to meet

changing needs, are commonplace. Each UN Agency has its own reason for failing to provide multiyear, flexible financing—from the fact that multiyear financing remains too small of a portion of their own funding to a perceived lack of evidence of its merits. However, donors, including the U.S., have increased their multiyear financing to UN agencies over the last four years, and the evidence on the benefits of multiyear, flexible financing have been published by numerous agencies (see [here](#), [here](#) and [here](#)).

Improve financial transparency at the UN.

Financial transparency among UN agency partners is necessary to achieve greater coherence of U.S. humanitarian assistance, including for better joint analysis and planning and for multi-sectoral programming, such as for gender-based violence mitigation efforts. But not all UN agencies provide the level of transparency required. For example, UNHCR's financial reporting, and thus PRM's by association, currently lags behind its peers. Whereas UNICEF, IOM, WFP, UNDP and OCHA report standardized data to IATI, UNHCR does not. UNHCR currently only reports on Migration and Refugee Assistance (MRA) at the regional level. While UNHCR tracks total expenditures at the country level in an online database, this data is not disaggregated by donor, making it impossible to reliably track U.S. government aid to specific crises or countries. UNHCR should publicly report on expenditures by crisis, country, implementing partner, sector and donor on an annual basis. PRM should report the same for use of MRA.

Recommended actions to modernize humanitarian assistance

In the first 100 days of the Administration:

- ▶ **Annually, State and USAID should jointly agree on shared, system wide objectives for UN humanitarian agencies.**
 - > State and USAID should deliver common messages about reform and system behavior across individual agency executive board meetings, framework partnership agreements and other formal engagements.
- ▶ **Review USAID policies and procedures (ADS) for compliance policies that run counter to or limit the ability of partners to improve localization and implement effective and efficient humanitarian operations.**
- ▶ **Lift the USAID suspension of humanitarian assistance to northern Yemen.**
- ▶ **Communicate affirmatively to implementing partners and financial institutions humanitarian exceptions in all U.S. imposed sanction regimes for humanitarian personnel, goods and services.**

In the first year of the Administration:

- ▶ **Report outcome-level data on refugees** in the U.S. through a Voluntary National Review at the High Level Political Forum for Sustainable Development.
- ▶ **Adopt a single grant and reporting format per award type** (PIO award, grant, cooperative agreement, contract). Shift to measurable outcomes as core progress indicators and align funding to outcomes not outputs.
- ▶ **Formalize joint planning in protracted crises** as part of the annual budget and planning process and use joint plans to inform CDCS.

Recommended actions (continued)

- ▶ **Increase multiyear, flexible financing** to UN agencies and NGOs and **require UN partners to disburse multiyear awards** commensurate to the multiyear financing they receive.
 - > As a start, **champion a target amount of multiyear, flexible funding** from donors to UN agencies **that should be cascaded to partners.**
- ▶ **Update the USAID Gender Equality and Female Empowerment Policy** through a consultative, multi-stakeholder, and evidence-based process, and prioritize the reauthorization of the Violence Against Women Act and passage of a strong International Violence Against Women Act.
- ▶ **Work with OCHA and other donors to standardize a set of core indicators** to measure progress towards outcomes in humanitarian responses.
- ▶ **Adopt a single standard for financial reporting and transparency by all UN humanitarian partners** to allow for a comprehensive understanding of the humanitarian response to a given crisis.
 - > Reporting should include breakdown of assistance by crisis, country and sector, standard definitions and calculations for management costs and analysis of financing flows from UN partners to INGO and local implementers. PRM should report the same for use of MRA in the annual Congressional Budget Justification.
 - > All UN partners should meet standards for and report to the International Aid Transparency Initiative (IATI).

International Rescue Committee (IRC) responds to the world's worst humanitarian crises and helps people to survive and rebuild their lives. Founded in 1933 at the request of Albert Einstein, IRC offers life-saving care and life-changing assistance to refugees forced to flee from war, persecution or natural disaster. At work today in over 40 countries and 29 cities in the U.S., we restore safety, dignity and hope to millions who are uprooted and struggling to endure. Visit [rescue.org](https://www.rescue.org) for more information.