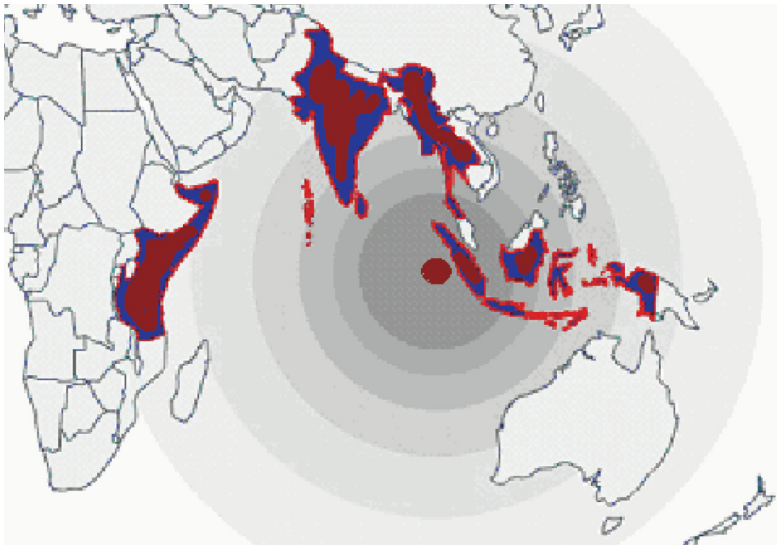
Tsunami Evaluation Coalition (TEC)

The International Community's Funding of the Tsunami Emergency and Relief



IFRC and ICRC Funding

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ABBREVIATIONS AND ACRONYMS

CAP	Consolidated Appeal Process
CHF	Swiss Francs
Danida	Danish International Development Assistance
ERU	Emergency Response Unit
Federation	International Federation of Red Cross and Red Crescent Societies
HQ	Headquarters
ICRC	International Committee of the Red Cross
Movement	Red Cross and Red Crescent Movement
PNS	Partner National Societies
NS	National Society (ies)
RC	Red Cross or Red Crescent
TOR	Terms of Reference
UN	United Nations

BACKGROUND

This report has been commissioned by Danida as part of a series of funding studies under the TEC (Tsunami Evaluation Coalition) to obtain a vision of the overall funding response to the Tsunami from the International Community.

The current study focuses exclusively on the Red Cross and Red Crescent Movement (Movement), which include the Federation and the ICRC, in addition to 183 recognized National Societies worldwide. It includes the analysis of the funds raised and channelled by the Movement, particularly in regards to the timeliness of funding and expenditures, and provides descriptive and financial data on how the funds have been obtained, committed, and programed through two of the Movement's components, the Federation and the ICRC. It also informs about the Movement's policies and procedures.

The different sources and levels of information identified regarding the funding flows are the following:

1) The overall funds collected by the entire **Red Cross and Red Crescent National Societies**. This information is based on an internal document from the Federation in which all estimated potential Red Cross and Red Crescent financial resources as of 2 August amount to US$ 2.18 billion.

2) The **Federation** financial system, regarding both the funding under appeal 28/04 and expenses incurred. Complete and detailed information was available regarding both funding obtained and expenditures until end of August 2005. Total funding obtained under the appeal amounts to US$ 319.9 million as of 20 September 2005 with US$ 115.2 million spent as of end of August 2005.

3) The **ICRC** financial system was also able to provide some information regarding both funds obtained and expenditures, including details enabling to identify timeliness of the funding received. The ICRC had obtained under its own appeals US$ 59 million by the end of September 2005 of which US$ 41.7 were expenditures by end of August 2005.

4) The **Partner National Societies** (PNS) are equally active in the Tsunami affected countries. According to the Federation some 26 PNS have had expenditures amounting to almost US$ 333 million by the end of July 2005. A November update on actual PNS expenditures covering only 19 of the 26 PNS indicates that overall US$ 587 million have been spent by end of September 2005 (with 4 PNS reporting expenditures until the end of August 2005, and one up to end of October 2005).

5) The **National Red Cross and Red Crescent societies** of the affected countries, in order to obtain information on the local funding response. The Federation was formally requested to obtain this information through its own reporting network within the Movement. As with the PNS for which a specific reporting format was recently introduced, the Federation is seeking to

obtain some update on the local contributions to the affected National Societies. This information will become available at the beginning of 2006. At the time of the study no data is yet available. Once this information is available it will be incorporated into the final study report.

METHODOLOGY

The study is based on a combination of a review of relevant documents and literature from the Federation and the ICRC, as well as key informant interviews at Federation and ICRC HQ levels. The four main questions covered in the TOR were used during interviews as a questionnaire guide, namely:

1) Origin of funds received;

2) Timeliness of funding received;

3) Timeliness of actual disbursement (from HQ level) and;

4) Period covered by the disbursement. In the second phase of analysis of the funding flows, several methods will be used to collect information and inform as to the decision making process.

Data was obtained through a combination of documents, reports, and internal notes shared by the Federation and the ICRC as well as interviews. In addition some information was obtained through web sites and internet searches.

Study limitations and constraints

There is no comprehensive financial information regarding overall Movement's funding collected by the various actors. There is only an indication of the total funds collected.

As the Federation is introducing a new reporting system to update all Movement expenditures, with a specific reporting format for Partner National Societies (PNS), the study opted not to use parallel communication channels and requested the Federation to provide information from both the PNS and the affected National Societies (levels 4 and 5 mentioned in the introduction).

It should be noted that the sector classification used by the UN CAP does not match the identified priorities of the Movement, which are categorised according to the following programs and according to the specific International Federation mandate:

1. Emergency and post-emergency relief

2. Health

3. Livelihoods

4. Reconstruction

5. Disaster management

6. Humanitarian values

7. Organizational development and capacity building

8. Tracing and re-establishing family links (ICRC activities only, not Federation)

It is worthwhile noting that only point 2. Health matches the UN CAP sectors. This fact complicates the overall classification of financial flows by sector requirements and expenses. It is left up to the Synthesis team to decide on the actual sector categorization.

For practical purposes the terms "disbursed" and "spent" are used as synonyms in this report. Pledges are used by both organizations to commit resources and are equivalent to confirmed undertakings. As always there is a delay between the date of the pledge and the value date applied to the money on the recipient's bank account, but for operational decision-making purposes both organizations use the amount of pledges received.

SUMMARY AND KEY POINTS

The Federation possesses a very detailed financial system, which is able to give complete and full information both on funding received under its appeal and on its expenditures. It also provides additional information regarding the Movement's funding flows and the PNS' bilateral projects and expenditures, but financial information regarding the Movement is not yet validated. Considering the importance of the financial volume and the complexity of operations involved, this is a remarkable and praiseworthy accomplishment. The ICRC has also been willing and able to provide some financial information regarding its own funding flows.

The Movement's financial information regarding the funds collected has also been provided by the Federation, but as it is an internal document, the current study was requested to use it only globally without breaking down the data according to the contributors' source (or National Society).

The Movement is collectively the largest single funding recipient of the Tsunami response, with over US$ 2.18 billion collected worldwide. Almost 90% comes from private sources including corporate, and 10% from government sources. <u>This makes the general public the largest single contributor of the largest Movement response ever.</u>

The division of labour among the three components of the Movement – the National Societies, the Federation and the ICRC, has been clearly defined in geographical terms in order to respect each component's mandate and avoid duplication. A specific coordination framework was even

created in Sri Lanka and Indonesia, the two countries that concentrate the largest part of the operations.

Funding timeliness was a record, with incredibly swift financial response and equally swift deployment of resources and/or activation of those resources already present in the affected countries to provide immediate relief. In this respect, 19% of the Federation appeal financial response until end of September 2005 was received during the last week of December, and 58% by the end of January 2005 (not including in-kind donations).

For the ICRC, the aggregate hard pledges in response to the two appeals and including non-earmarked contributions ("Tsunami", not country specific), is even more striking with 82% of the pledges received by the end of January 2005. The funding flows are closely tracked in detail by the Federation, and despite the considerable volume, full information has been available on Federation income and expenditures. Likewise the ICRC has equally kept track of both resources and expenditures to date.

The comparatively small amount of earmarking (less than 10%) allowed the Federation to use resources more flexibly, providing a good opportunity to dispose of funds on a priority basis.

THE MOVEMENT – COMPOSITION, MANDATE, COVERAGE AND DIVISION OF LABOR REGARDING THE TSUNAMI RESPONSE

The Red Cross and Red Crescent Movement is made up of three components:

1) Nationals Societies (NS) worldwide, currently numbering 183 NS;

2) The International Federation of Red Cross and Red Crescent Societies, (Federation), based in Geneva;

3) The International Committee of the Red Cross, (ICRC), based in Geneva.

The Federation's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. The Federation's work focuses on four core areas: promoting humanitarian values, disaster response, disaster preparedness, and health and community care. The Federation has specialized in natural disasters, whereas the ICRC's mission is to direct and coordinate the international relief activities conducted by the Movement in situations of conflict.

The ICRC has additionally a specific mandate in conflict situations recognized by the 1949 Geneva Conventions and the 1977 Additional Protocols to the Geneva Conventions. However all of the Red Cross and Red Crescent Movement components are bound to act on the basis of the seven fundamental principles of the Red Cross, which are:

1. Humanity

2. Impartiality

3. Independence

4. Neutrality

5. Voluntary service

6. Unity

7. Universality

The movement made a joint statement on 3 January 2005 in order to announce the division of labour among the three components to organise the Tsunami response. Under this division,

- the **Federation** would provide the general overview, strategy, and operational guidelines of the regional operation, and assume general responsibilities in communication as the main Movement spokesperson;
- the **Host National Societies** would have a prominent role in establishing coordination mechanisms and in the implementation of all activities;
- the **ICRC** would provide operational coordination in the areas in which it had been operational before the disaster (north and east of Sri Lanka, Aceh province of Indonesia, Myanmar and Somalia – the Federation would provide operational coordination elsewhere) as well as ensure overall coordination for programs related to restoring family links in all countries affected by the Tsunami; and
- the **Federation** would lead in the development of common country plans, with priorities established at field level, as a step towards a fully coordinated and combined approach."

After a forum organised in Hong Kong in March 2005, the Movement developed a strategy for the Tsunami Response. The strategy focused on mainly three key points:

1. Building on the nature and experiences of the emergency response, as well as on the comparative advantages of all the Movement's components in terms of capacities and skills. The forum also focused on the necessity to design and implement an operation framework in order to plan early and long-term recovery programs guided by established standards and best practice, promoting disaster risk reduction and community resilience;

2. Establishing new in-country coordination structures that ensure principled and coherent action and effective collaboration between the Movement components; ensuring effective coordination with central and local government authorities in the affected countries as well as with the UN specialised agencies and other international and national agencies;

3. Establishing a robust accountability framework, ensuring transparent and regular narrative and finance reporting to all stakeholders, including beneficiaries' private, institutional and corporate donors and governments.

Furthermore a Movement Coordination Framework was drafted and agreed amongst all Movement partners working in Indonesia and Sri Lanka.

The Federation has become involved in the Tsunami Response in the following ten countries (by alphabetical order): Bangladesh, India, Indonesia, Malaysia, Maldives, Myanmar, Seychelles, Sri Lanka, Somalia, and Thailand. In addition, the Federation undertook specific programs in three regions (Southeast Asia, South Asia, and East Africa). Funding for identified needs for each country are incorporated into the emergency and recovery appeal 28/04 (Plan and Budget) of 6 May 2005.

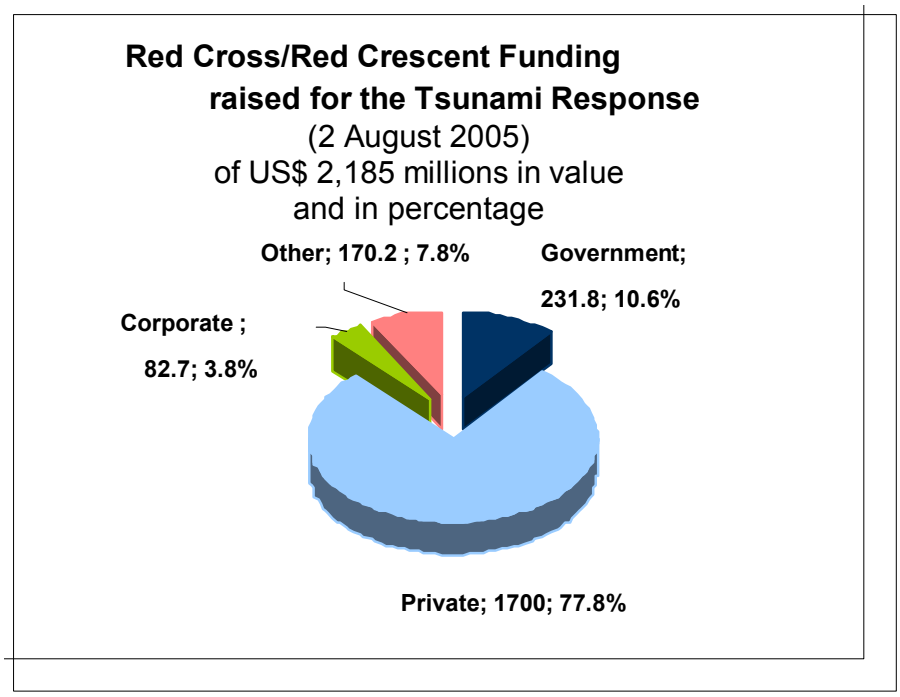
The ICRC has only launched appeals for Sri Lanka and Indonesia, as the funds to respond to the Tsunami in Myanmar and Somalia did not require any budgetary extension of their on-going programs.

I. Funds collected for the Tsunami Response

The Red Cross and Red Crescent Movement

As explained above, the Movement is a network consisting of 183 National Societies worldwide, the International Federation of Red Cross and Red Crescent Societies (Federation), and the International Committee of the Red Cross (ICRC). It is probably the largest humanitarian aid network worldwide.

According to the Federation, as of 2 August 2005 the Red Cross and Red Crescent National Societies, together, has been able to collect from all sources the unprecedented amount of US$ 2.18 billion. Of this total figure, US$ 1.7 billion were collected from the general public and channelled through 90 different Red Cross and Red Crescent Societies, US$ 82.3 million were collected from the corporate sector, some US$ 277.2 million were pending clarification (of which US$ 107 million came from government sources), and some US$ 124.8 million were obtained from Government sources raising the total Government contributions to US$ 231.8 million.



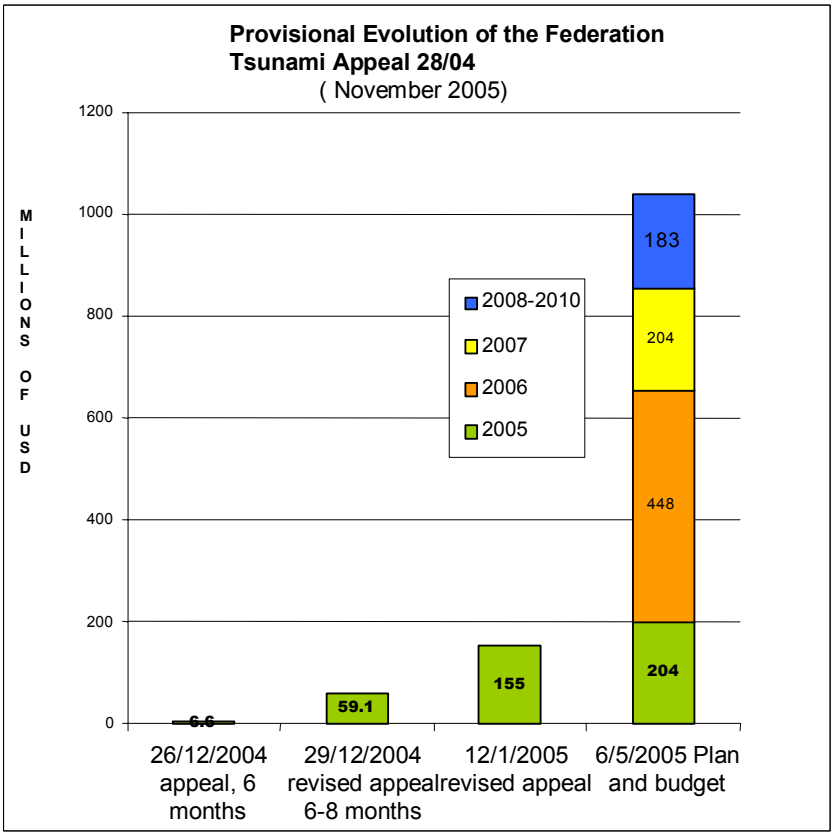
The above graph corresponds to the entire funding collection effort of the Red Cross and Red Crescent National Societies. The collection of funds is traditionally channelled through three systems: a) for National Societies' bilateral programs; or b) for Appeals of the Federation; or c) for appeals of the ICRC. In this particular case however, there have been some additional channels. They are described under PNS expenditures.

The International Federation of Red Cross and Red Crescent Societies appeal

The evolving structure of the Federation appeal has been as follows:

Date	Amount	Time-frame
26.12.2004 appeal 28/04	US$ 6,648,712	6 months, June 2005
29.12.2004 revised appeal	US$ 59,152,246	6-8 months, August 2005
12.01.2005 revised appeal	US$ 155,286,000	
6.05.2005 Plan and budget (revised appeal)	US$ 480,965,190	2 year, 2005-2006[VS1]
6.05.2005 plan and budget (revised appeal)	US$ 342,382,000	4 year, 2007-2010

In total the Federation appeal for the six year period from beginning 2005 to end of 2010 stood in May at US$ 823.3 million, the largest Federation appeal ever.



As indicated by the Federation however, the 6 May 2005 Plan and Budget is currently under revision as of November 2005 and **provisional** budget figures are expected to increase by some US$ 200 million in order to arrive at or near the following distribution:

2005: US$ 204 million

2006: US$ 448 million

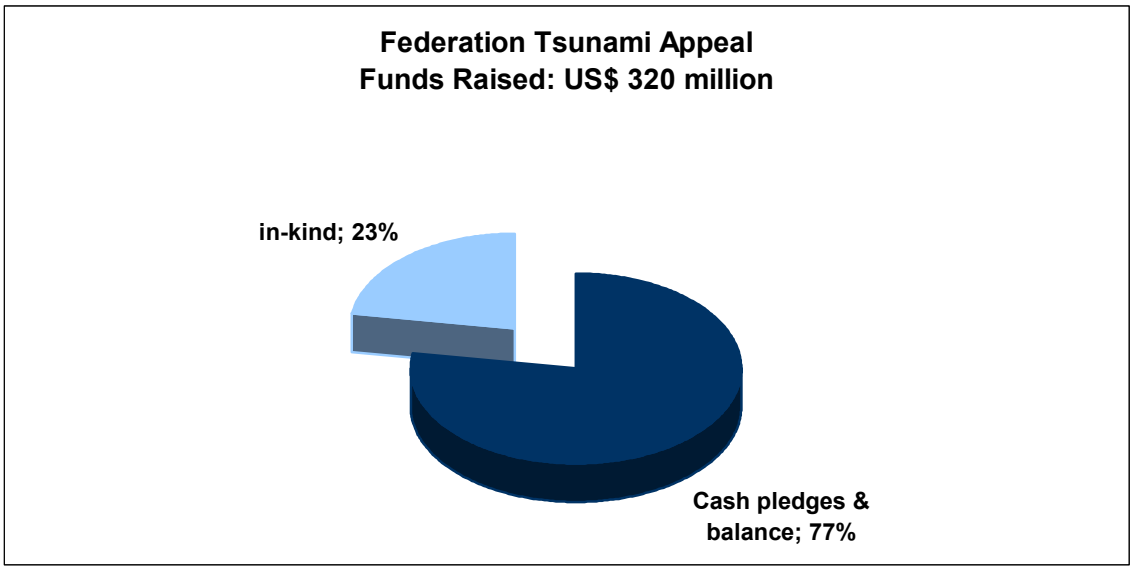
2007: US$ 204 million

2008-2010: US$ 183 million

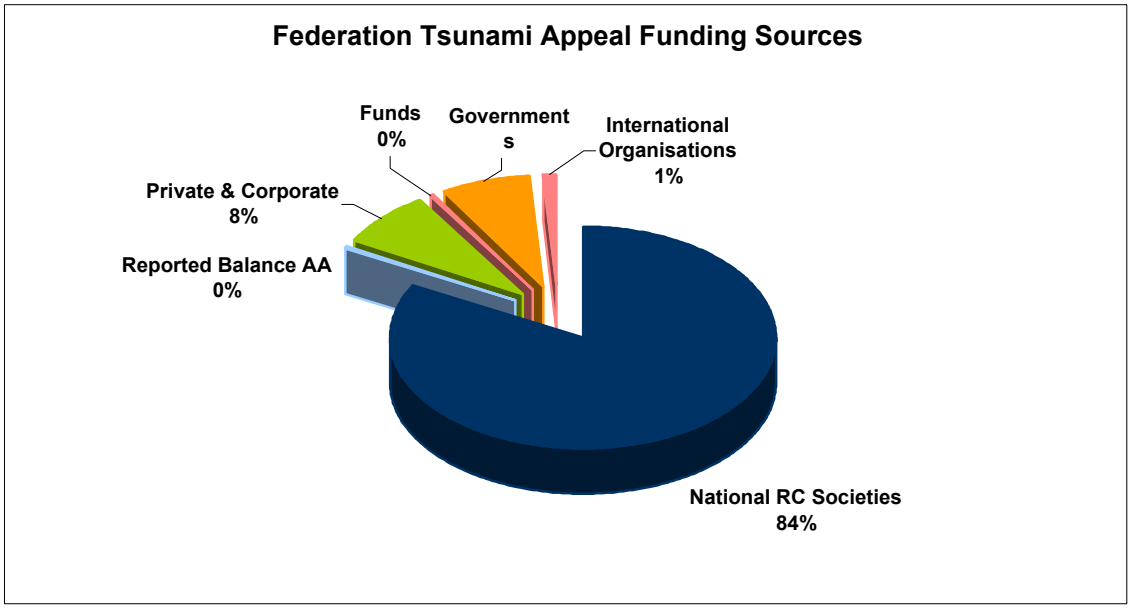
Total: US$ 1,039 million

Funding response to the Federation appeal 28/04 (6 May 2005 Plan and Budget revision)

In terms of the funding response to the Federation appeal, the situation as of 20 September 2005 was that of a fulfilment of 67% of the financial requirements programed for the first two years (US$ 320 million out of the US$ 481 million for activities planned in 2005-2006).



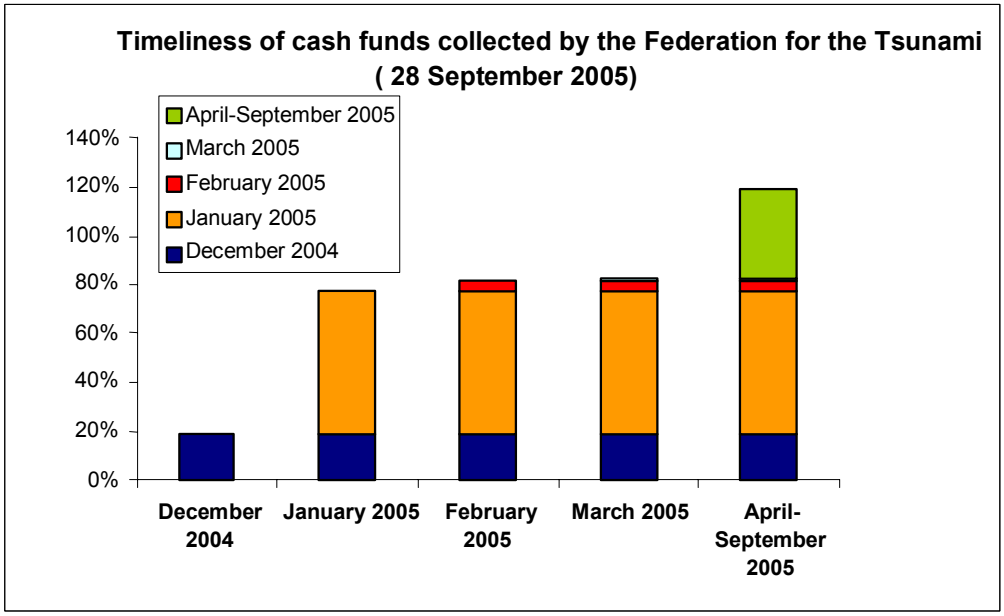
The funding sources for the pledges are as follows:



Timeliness of the funding response

- Cash pledges

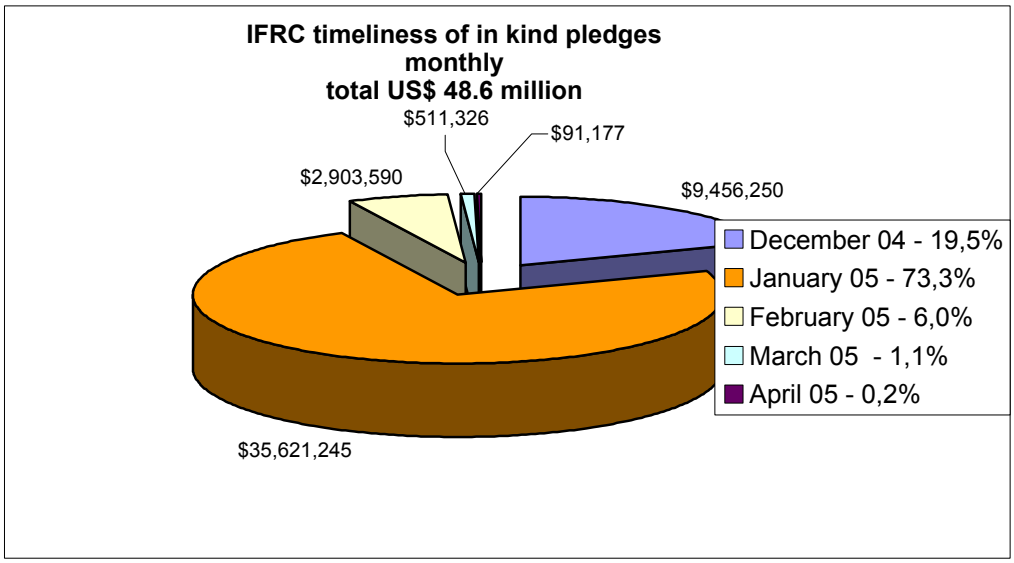
The Movement was extremely rapid in collecting funds. Below, corresponding to US$ 250.9 million are the amounts collected in cash by month in response to the Federation's appeal,. This shows that within the five remaining calendar days of December, the Federation remarkably was able to receive pledges corresponding to 19% of the funds pledged by 28 September 2005. Between December and January pledges represent an impressive 58% of the total pledges received by 28 September 2005.



- In-kind goods

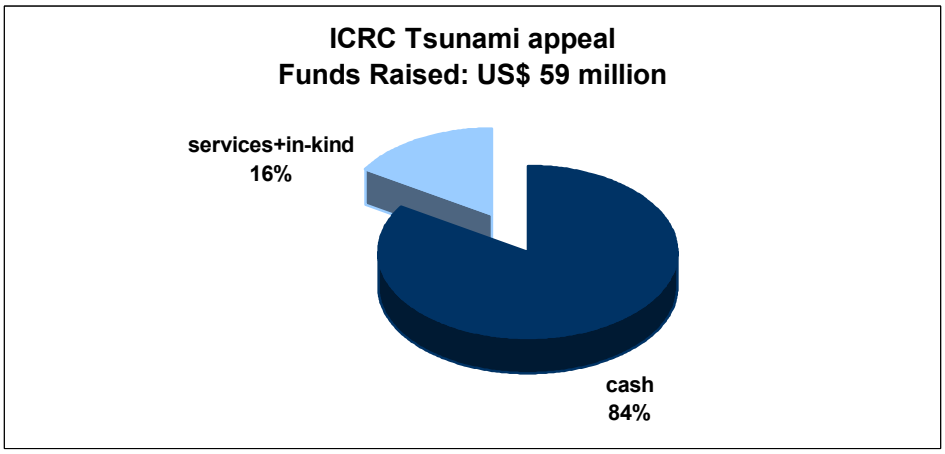
The Federation also received substantial in-kind support (goods, transport and personnel) from National Red Cross Societies, valued at US$ 48.6 million (CHF 59.6 million). 18 ERU (Emergency Response Units) were deployed between December 2004 and March 2005.

An updated list from the FICR gives the following dates of pledges for in-kind donations :



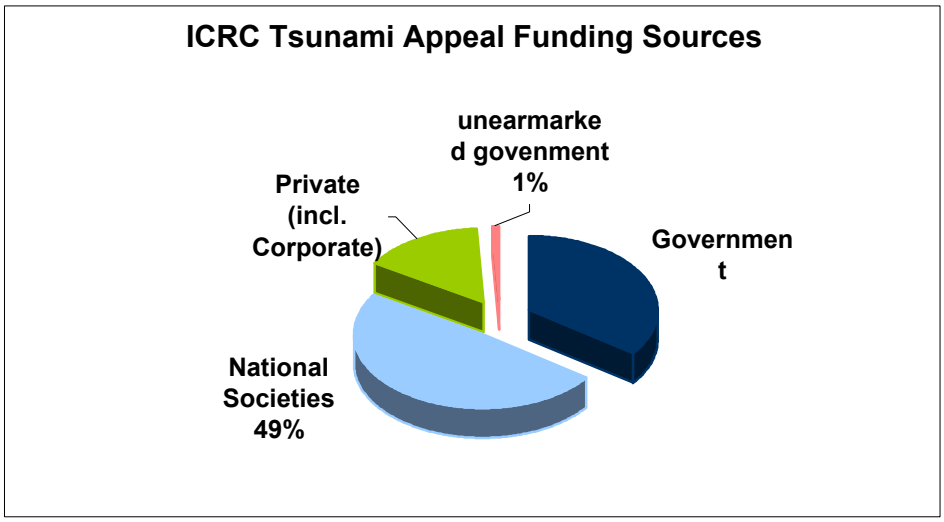
The International Committee of the Red Cross appeals[1]

In December 2004 the ICRC launched as part of the Tsunami Response two emergency appeals, one for Sri Lanka and one for Indonesia. Initially the emergency appeal figure was US$ 9.4 million for Sri Lanka and US$ 7.9 million for Indonesia. However both appeals were revised twice during 2005 and as of April 2005, were raised to US$ 27.85 million and US$ 32.48 million for Sri Lanka and Indonesia respectively. The cumulative total was therefore US$ 60.33 million for both countries. The funding response was as follows as of 27 September 2005.



[1] Comment from the ICRC : As a general remark, the ICRC tough being part of the Movement has a different budgeting, appealing, accounting and reporting system. It has from the beginning taken the position of not being consolidated into a Movement Appeal and accountability scheme.

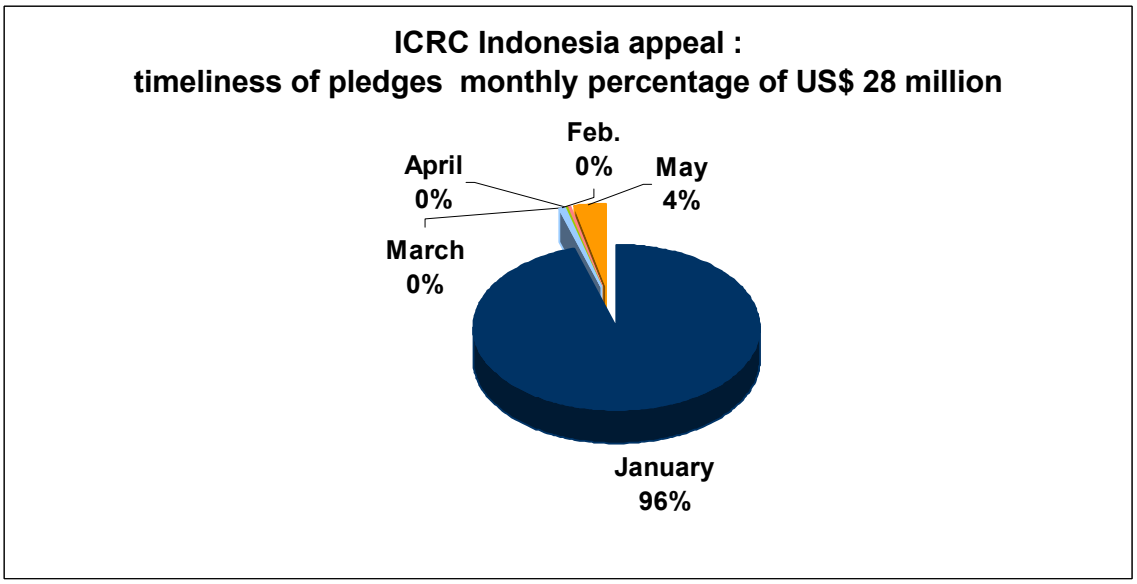
The ICRC appeals were funded from the following sources, expressed as a percentage of the overall response:

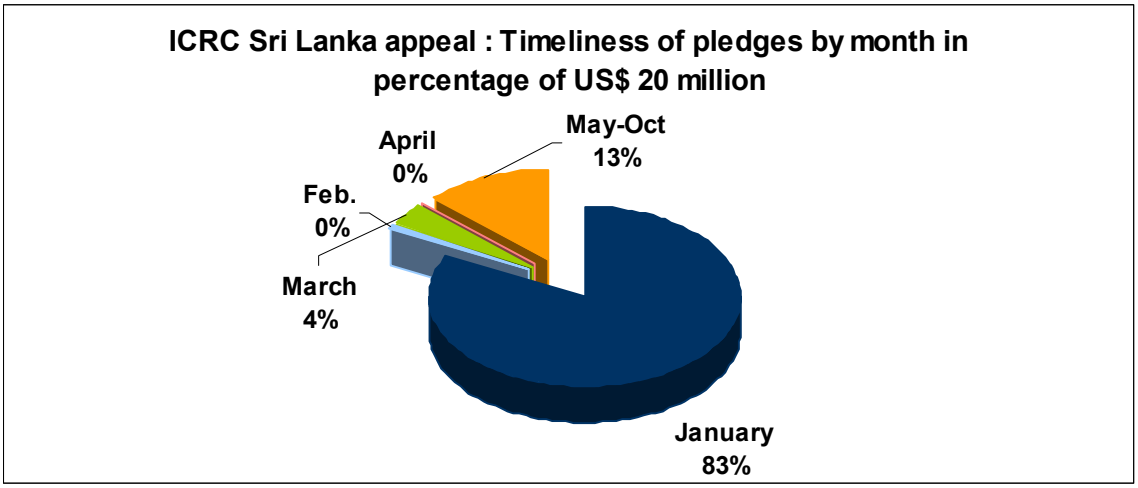


Timeliness of the funding response

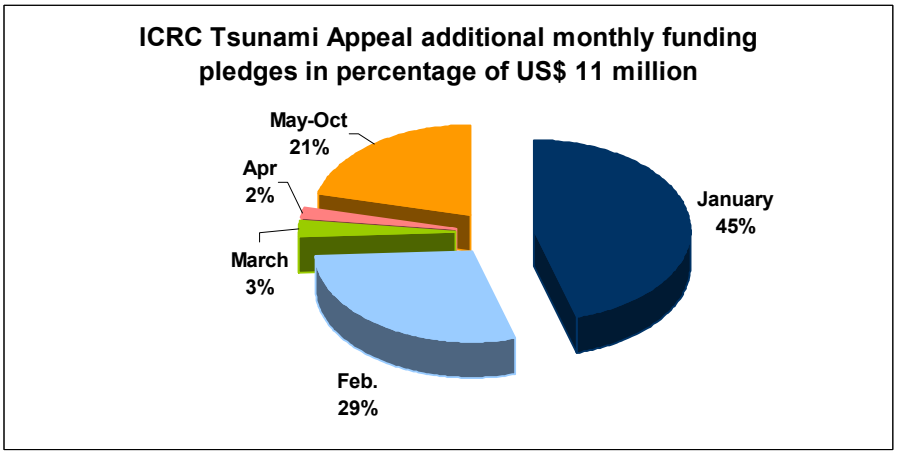
Funding was obtained and resources mobilized very quickly, given the existing presence of the ICRC in the field with on-going programs. For Indonesia by the end of January pledges were received covering almost the entire appeal, with almost 96%. By the end of May 100% of the pledges had been made. For Sri Lanka the funding and operational response were equally as rapid. By the end of January 2005 83% of the appeal had been collected. However a comparatively larger percentage of pledges came in the May to October 2005 period.

Below are the details per country:

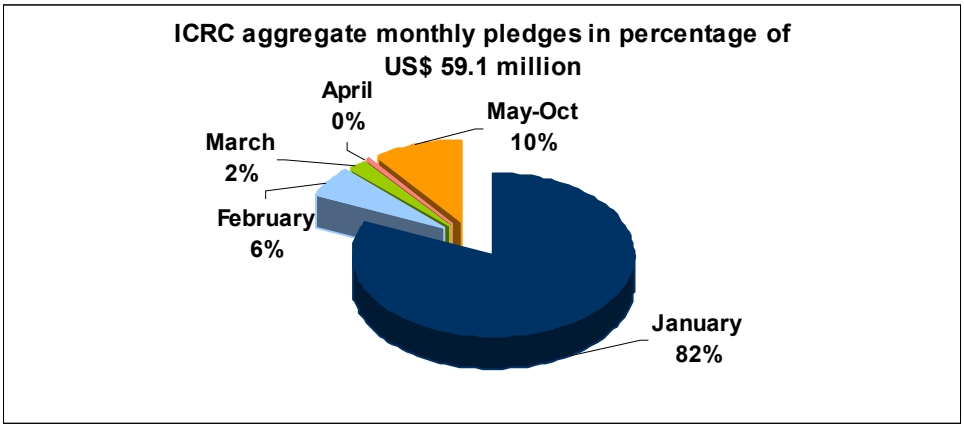




In addition to the country specific appeals, funds were also received for the Tsunami Response (non earmarked by country) as follows:



The aggregate figures for the US$ 59.1 million pledged to the ICRC follows below:



By the end of January 2005, an average of 82% of pledges were received for funding all ICRC operations covered by the Tsunami Response.

Funding collected locally in the affected countries by their respective National Red Cross Societies

No information is available to date concerning the funds collected locally in the affected countries as a result of the Tsunami Response. The Federation has informed that these figures will be obtained at the beginning of 2006. The study will be completed accordingly once these figures become available.

II. Programming, budget and expenses in the Tsunami Response

Programming and budget

Needs identification and allocation of funds

The Movement has undertaken a large scale needs identification in order to determine the programs in which it would be involved. Three field assessment and coordination teams (FACT) were deployed between December 2004 and mid-April 2005.In addition two recovery assessment teams were deployed to Indonesia and Sri Lanka in late January 2005 to prepare Movement-coordination as well as short and medium to long term recovery programming. These different assessments provided the basis for the comprehensive and tentative programming of the Movement.

Aggregate program figures of the different Movement components

Total programming figures for the Movement on the basis of the available information as of end of the September 2005 stand as a minimum at **US$ 2,096.5 million**[2]. This corresponds to 96% of the total funds collected by the Movement of US$ 2,180 million.

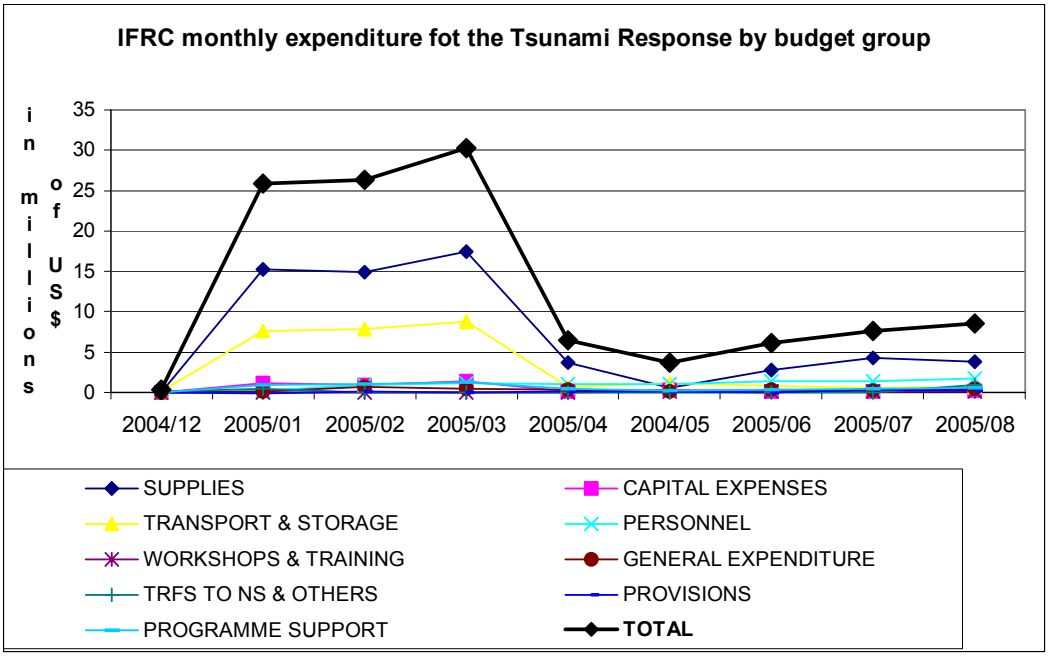
The National Societies bilateral programs

In addition to the amounts requested by the Federation in their 6 May 2005 appeal revision, information is given at the time that the global figure of known bilateral National Societies projects amount to US$ 451.6. The updated information from the Federation indicates that from the 19 (out of 26) PNS, which provided a response to the Federation, indicative project plans and budgets amount to **US$ 997.2 million** (for 16 PNS, 3 have not given bilateral project budgets).

[2] US$ 60.3 million ICRC, US$ 997.2 million 19 National Partner Societies, US$ 1,039 million Federation 2005-2010.

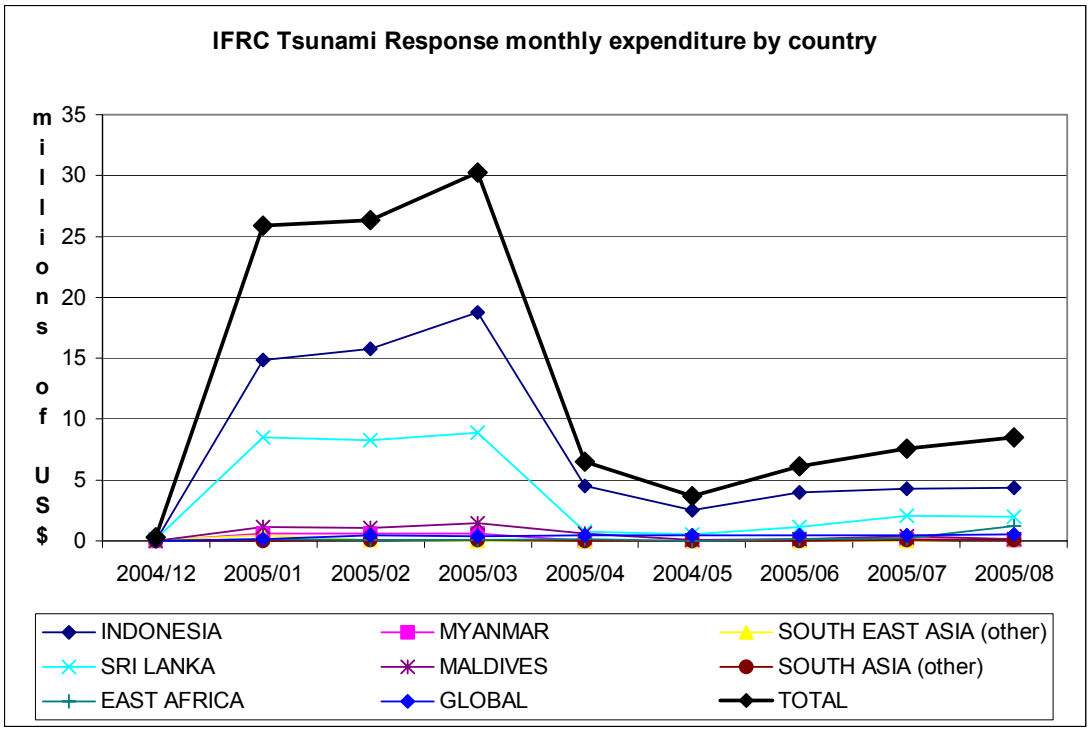
Expenses incurred by the Federation

At the end of August 2005 the Federation has spent **US$ 115,2 million** in response to the Tsunami operations. The total expenditure versus the appeal budget for 2005-2006 represents 24%.



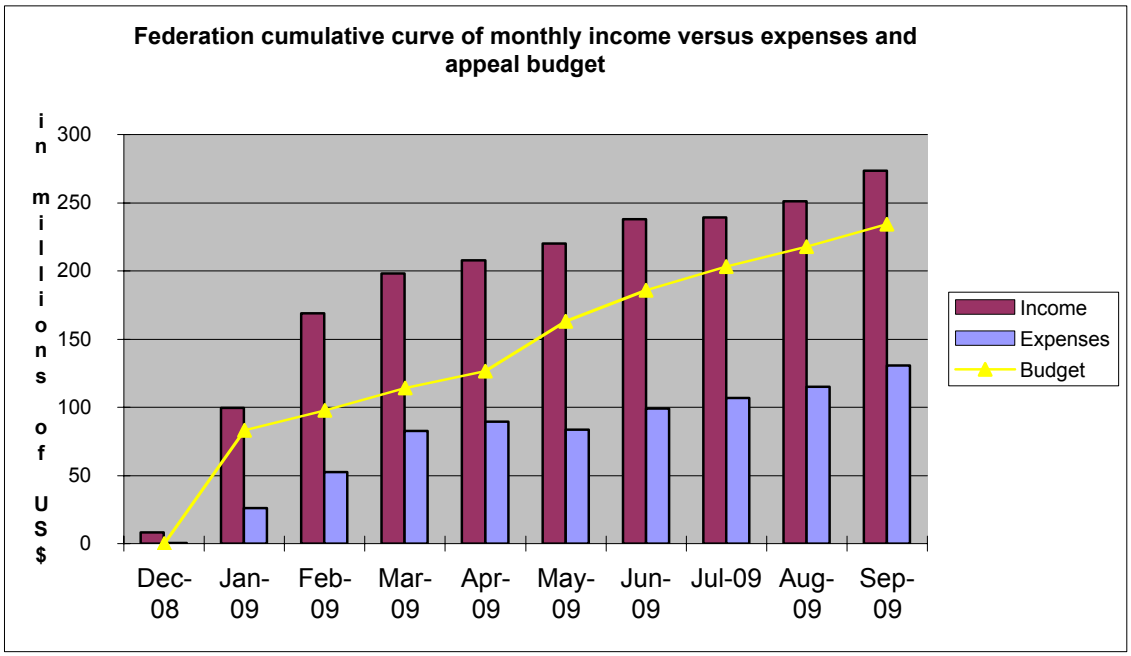
[VS2]

The monthly expenditure per country is also indicated in the following graphic.

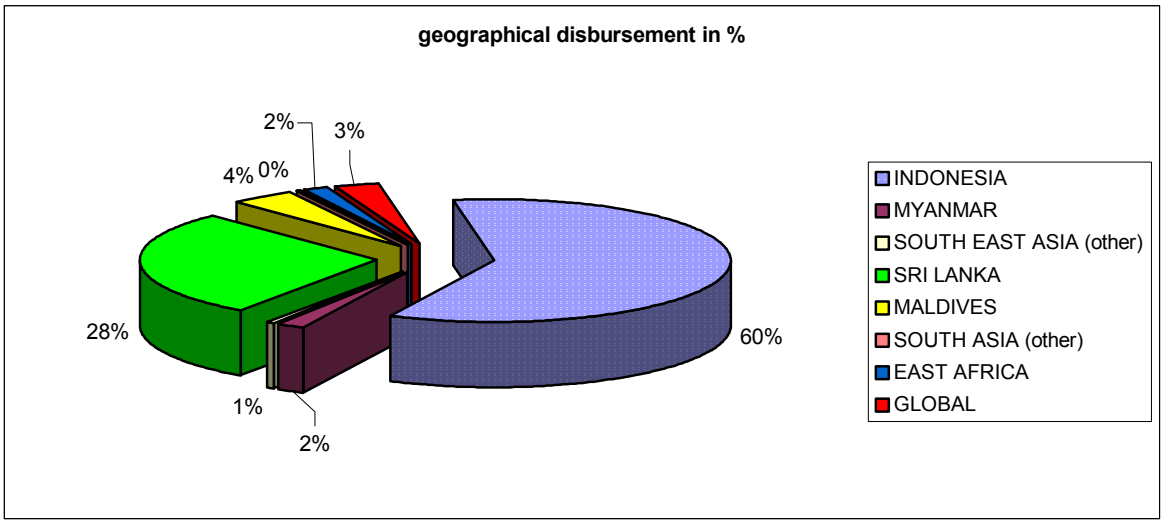


[VS3]

Furthermore as of end of September 2005 the cumulative curve of monthly income versus expenses and appeal budget is as follows:



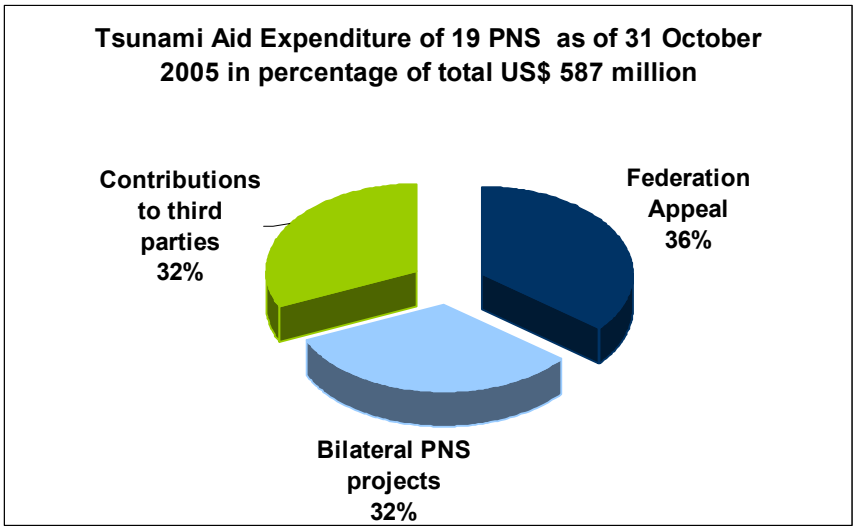
In terms of the geographical distribution of funds, the expenditures in percentage of the total budget spent as of end of August 2005 was as per the graph below:



Indonesia and Sri Lanka amounted to 88% of overall expenditures for the Tsunami Response.

Expenses incurred by the Partner National Red Cross and Red Crescent Societies

In addition to the Federation, some 26 partner National Red Cross and Red Crescent Societies have contributed with bilateral programs to the Tsunami Response. The total amount at the end of July 2005 was **US$ 332.7 million** (CHF 429.1 million). No detail of the monthly expenditures is available. Updated information received at the beginning of November indicates that expenditures on bilateral programs amount to US$ 190.6 million for 19 PNS (out of 26), with a further US$ 186.4 million given to other recipients (ICRC, UN, Governments, other) and US$ 209.9 million contributed to the Federation appeal. Total expenditures of the 19 PNS are therefore **US$ 587 million**, a third of which are bilateral projects. As compared to overall bilateral plans and budgets of **US$ 997 million**, the expenditure/budget ratio **is 59%.**



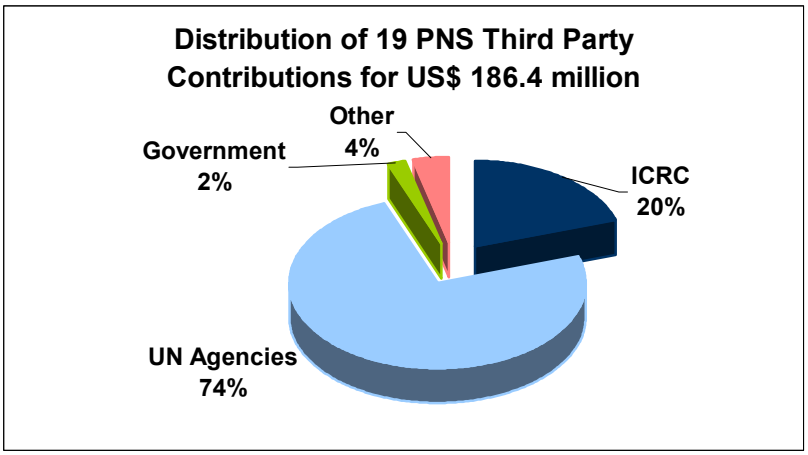
Third party contributions include contributions to the ICRC, UN agencies, Governments and others. The detail composition is reflected hereunder.

It is noteworthy that 74% is allocated to UN agencies (US$ 138 million) and 20% to the ICRC (equivalent to US$ 37.4 million), which together account for 94% of contributions to third parties (outside the Federation appeal which is reported upon separately).

This information however is somewhat misleading as only one RC Society, the American Red Cross, has given a substantial contribution of US$ 138 million (74% of the total) to UN agencies. The Movement is traditionally not a donor to the UN system, and the funding from the American Red Cross represents a notable exception of behavior compared to the other PNS.

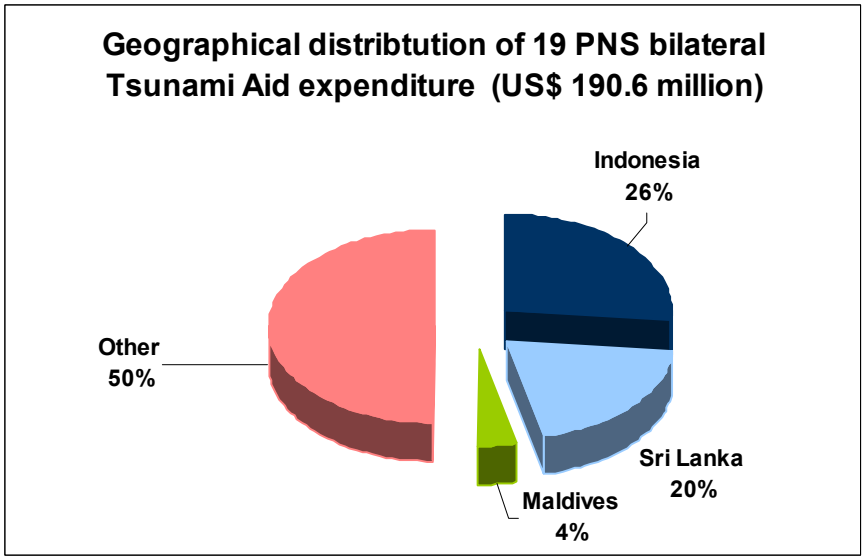
Donations to Governments (of Sri Lanka, Indonesia and Maldives) are equally rare. In this case they amount to US$ 3.7 million (2%) and stem from only two National Red Cross Societies: the Chinese and the Austrian Red Cross.

Finally most of the US$ 7.2 million (4%) under the label of "others" was given by two Red Cross Societies: the American Red Cross' US$ 4.3 million contribution, most of which went to IOM (International Organization for Migration) and the French Red Cross, which gave US$ 2.2 million to NGOs.



[VS4]

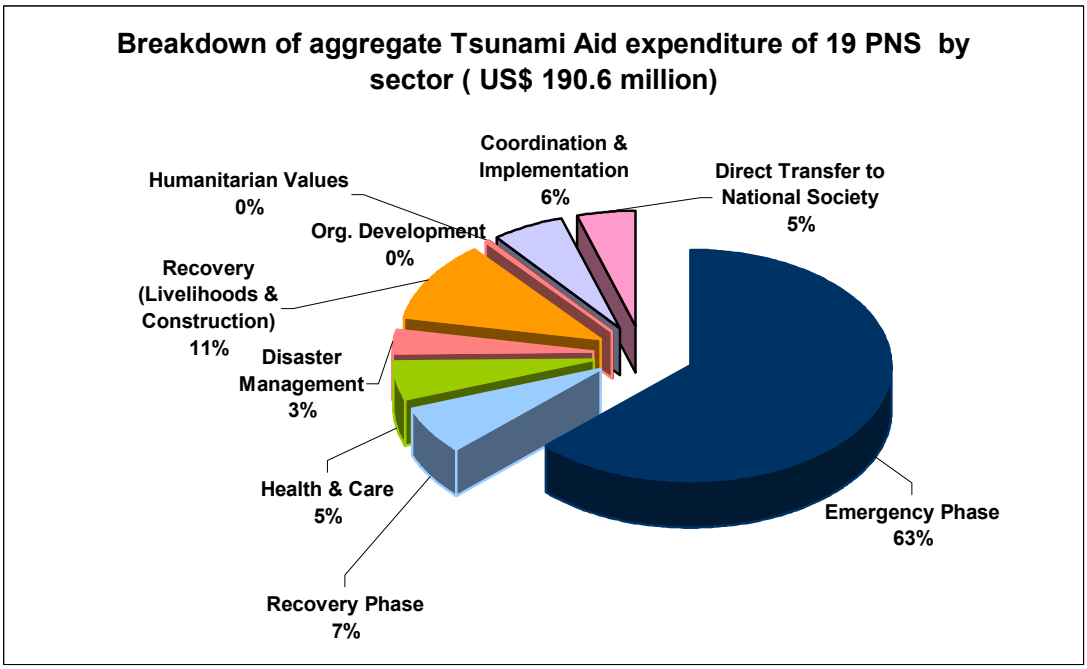
As regards to the US$ 190.6 million spent on bilateral programs, the geographical allocation is as follows:



[VS5]

From the graphic it appears that most of the expenditures were not made in Sri Lanka and Indonesia. The figures however provide an incorrect view of allocations because non-disaggregated data provided by PNS has been defined as "other".

In terms of sectors of activity where money was disbursed, the overall breakdown of the 19 PNS aggregate figures is the following:



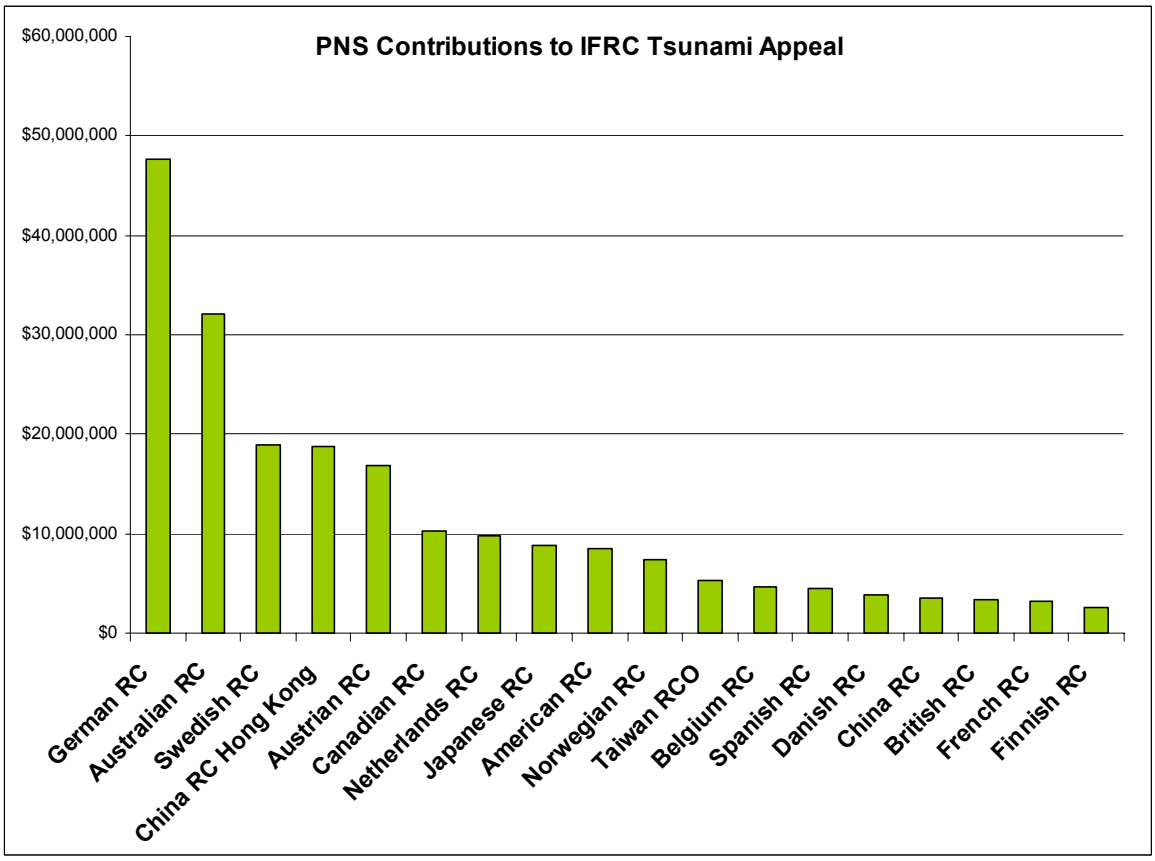
[VS6]

Logically almost two-thirds of the expenses went into the emergency response phase, but a substantial 18% was devoted to recovery activities (general plus livelihoods and construction). It should be noted that less visible sectors of activity, such as humanitarian values and organizational development, have received no funding. It should also be noted that these categories are not the same as the ones originally mentioned on page 5 which were used for planning purposes. There is an ongoing discussion within the Movement regarding the categories for disbursements.

Direct transfers to National Societies represent US$ 9.5 million and are funds channelled directly from the PNS to the affected NS without transiting through the Federation (and therefore without the 6.5% overhead charged by the Federation). This is also not a very common practice but given the large amount of funding collected and the little relative weight of direct transfers (less than 5%) this has had no incidence on operations.

PNS expenses (contributions) to the Federation appeal[3]

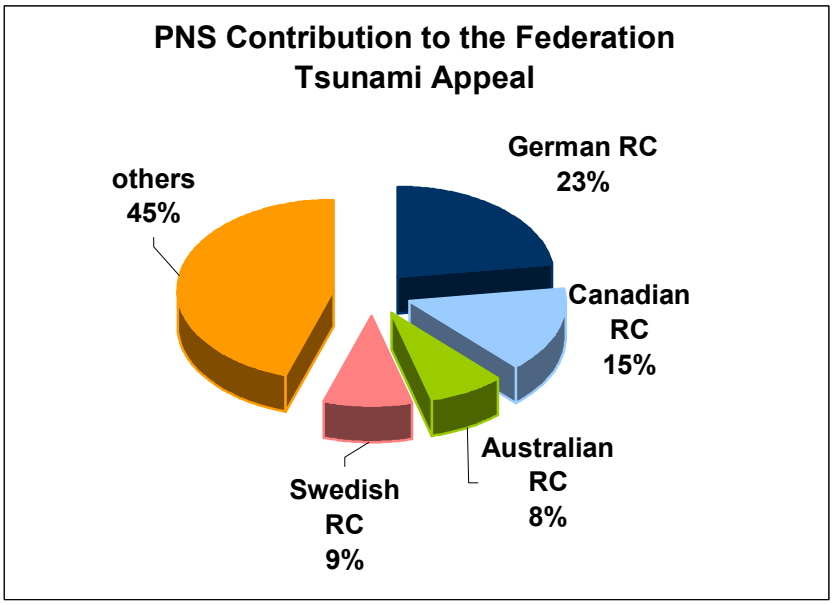
Nineteen PNS have contributed US$ 210 million to the Federation appeal, while overall the Federation has received contributions from 100 NS under the Tsunami appeal. From the 19 PNS a ranking of major NS contributions can be obtained as follows:



[VS7]

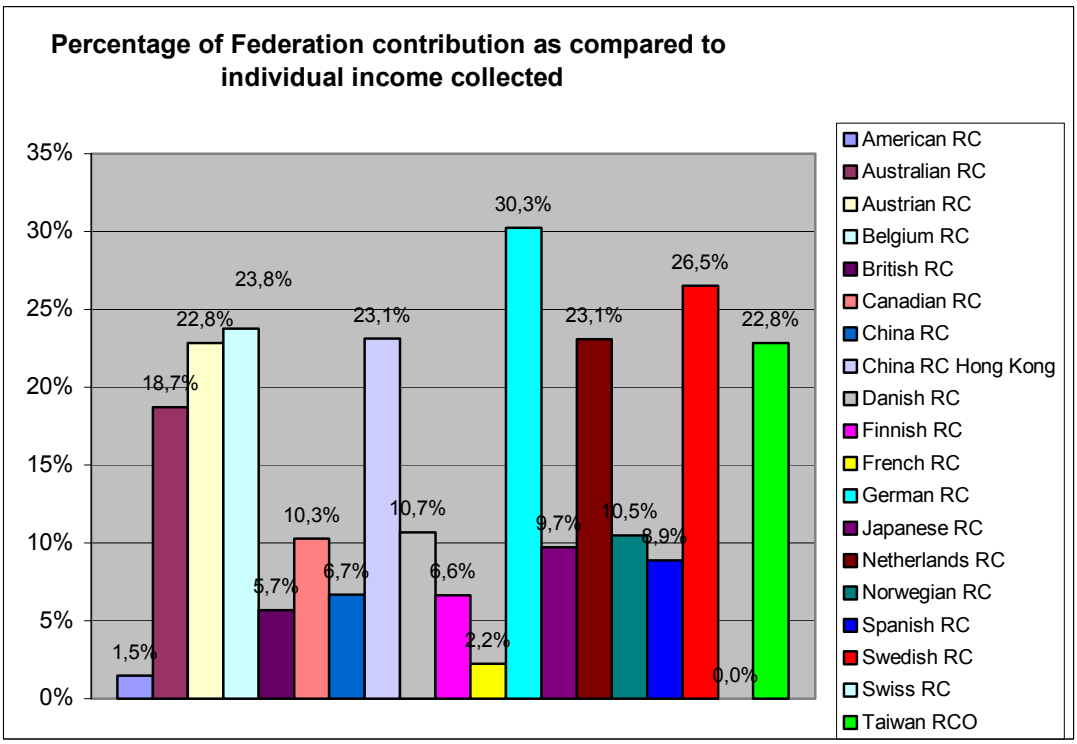
But 5 PNS account for 55% of the Federation's appeal contributions, with the remaining 14 PNS representing the remaining 45%:

[3] Federation comment : "To analyze the PNS contributions to the IFRC Tsunami Appeal the consultant used the consolidated PNS information and not the actual data as per Federation books. It is important to stress that the information given by the PNSs has not been validated and reconciled against the Federation accounts as there was quite a lot of pressure to finalise the consolidated information.
Federation should work on reconciling the data from the two sources and go back to the various donors and agree with the figures before publishing them.
Actually this might also explain the worry ICRC had on the data - as ICRC has claimed differences between the their account data and the information on the consolidated sheet."

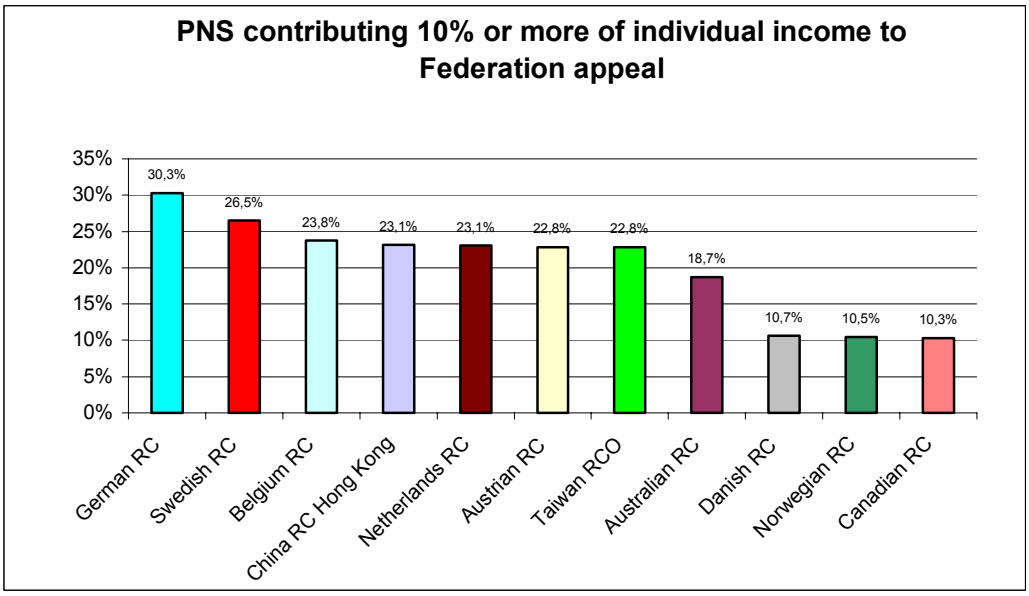


[VS8]

If appeal contribution figures however are compared to each of the PNS' individual income collected, the ranking changes significantly:



Eleven PNS have contributed over 10% of their income to the Federation appeal:

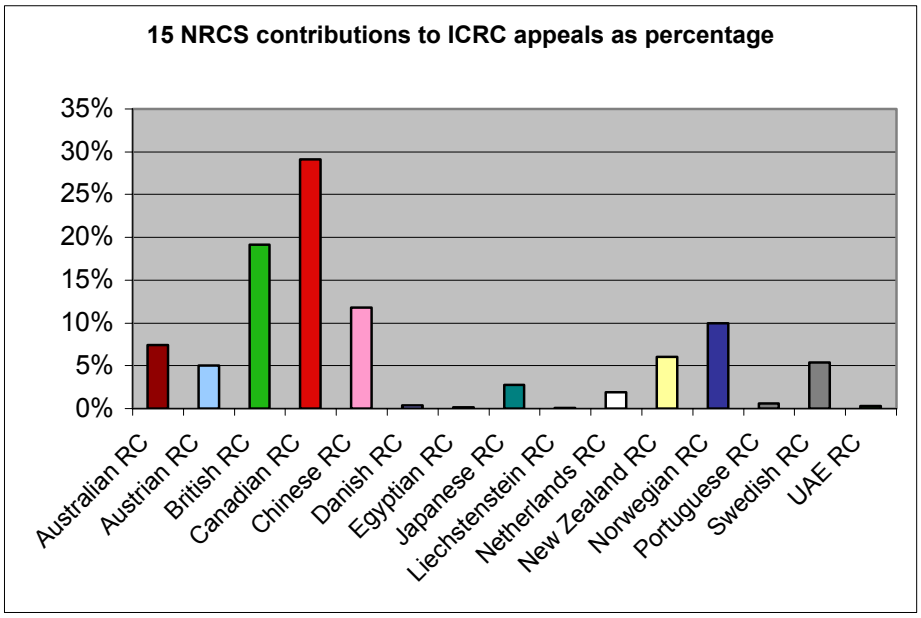


While there has generally been a generous response to the Federation appeal from the PNS, two exceptions must be mentioned. The American Red Cross, who has collected US$ 576 million, representing 27% of all PNS income, has only contributed 1,5 % to the Federation appeal, while the Swiss Red Cross has contributed nothing.

PNS expenses (contributions) to the ICRC

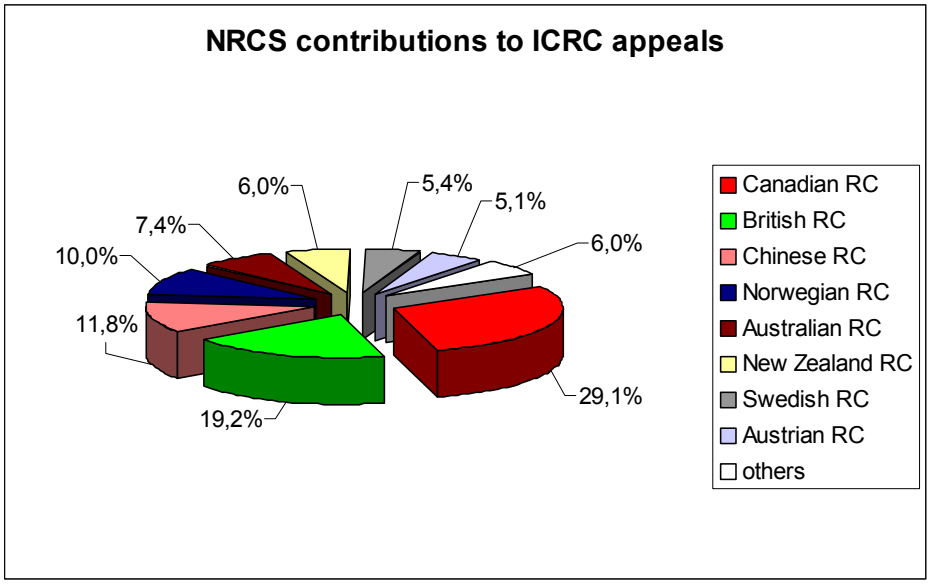
ICRC funding of the appeal by NS as of 31 October 2005.

[VS9]



Eight National societies of 15 contributors have given more than 5% of the ICRC appeals . Together they account for 94% of the funding given by the NS under the ICRC appeals:

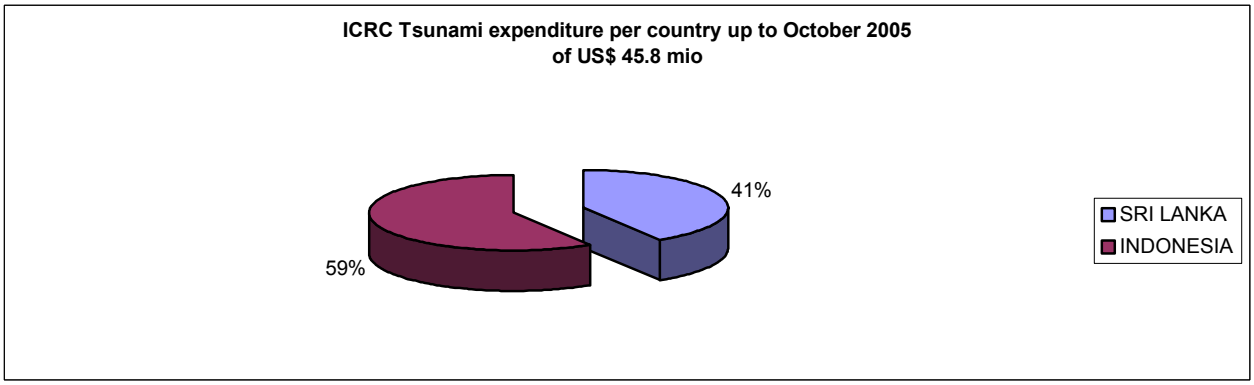
[VS10]



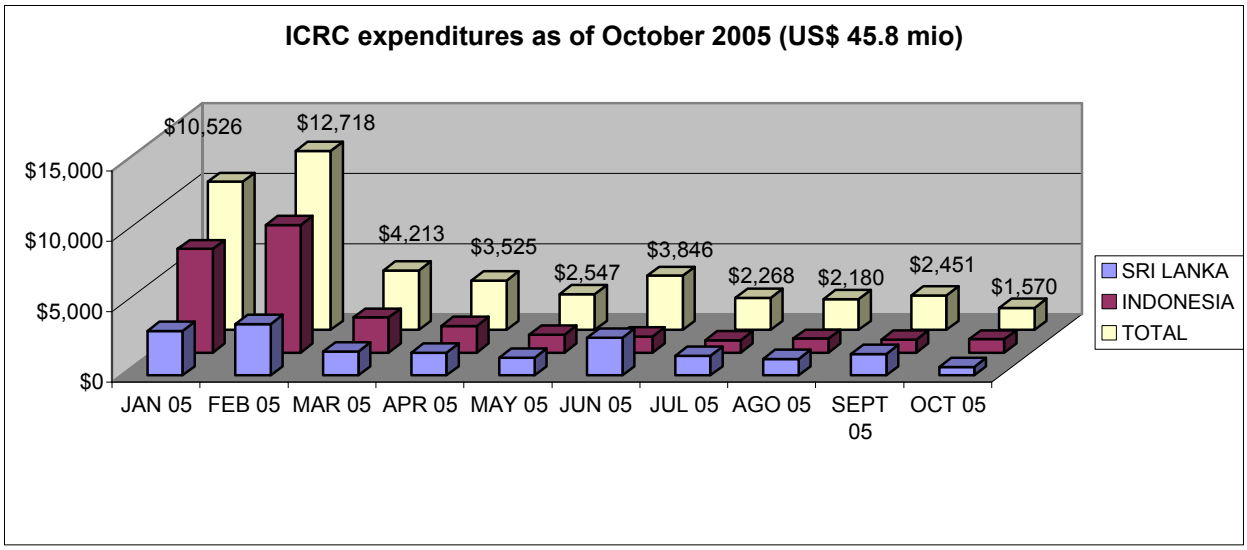
Expenses incurred by the International Committee of the Red Cross

According to the ICRC at the end of October 2005 the total expenditure for the Tsunami operation covering Sri Lanka and Indonesia amounted to **US$ 45.8 million**, of which US$ 18.8 million for Sri Lanka and US$ 27.0 million for Indonesia. Total expenditures versus appeal budget correspond to 76%.

The breakdown of expenditures by country is as follows:



Details regarding the monthly expenses are as follows.



At of the end of August 2005 the level of ICRC expenditures amounts to **US$ 41.7 million** (US$ 45.8 minus $ 2.5 mio Sept. and $ 1.6 mio Oct.)

Overall expenses of the Red Cross and Red Crescent Movement

The sum of the three different sources of expenditures, Federation, ICRC and the overall expenditures of 19 partner National Societies, reach the amount of US$ 587 million[4], as detailed in the graphic on page 20.

As regards to the overall funds collected by the Movement, the ratio of expenditures versus total funds collected is 27% (US$ 587 million spent versus US$ 2.18 billion collected). This indicates that two thirds of the funds collected have not yet been disbursed.

[4] 19 PNS overall expenditures (including contributions to Federation appeal, ICRC, UN agencies, bilateral projects and others) US$ 587 million.

III. Impact of the Tsunami operation on the Federation, the ICRC, and the National Societies

The unprecedented size of the disaster and the complexity of its response brought some changes into the Movement. A Movement coordination framework for Indonesia and Sri Lanka was established, which is the first time the Movement components agreed formally on such a detailed framework.

In the Federation, a new office was created within the Federation structure and a Special Representative was appointed for two years, reporting directly to the Secretary General. Additional technical staff were also recruited on temporary basis at the Federation HQ in Geneva. The ICRC, given its different mandate, did not need to adapt its structure at HQ[5].

Impact of the funding flows on the Federation and the ICRC

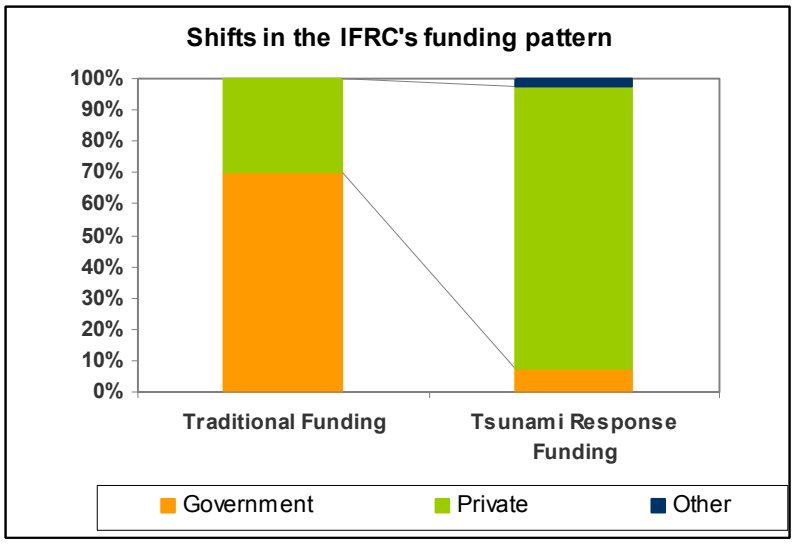
The enormous amount of funds that was made available to the Movement has raised some important issues, which generally affect all actors (and many of the different NGOs) who were involved in the Tsunami Response.

Traditional funding pattern

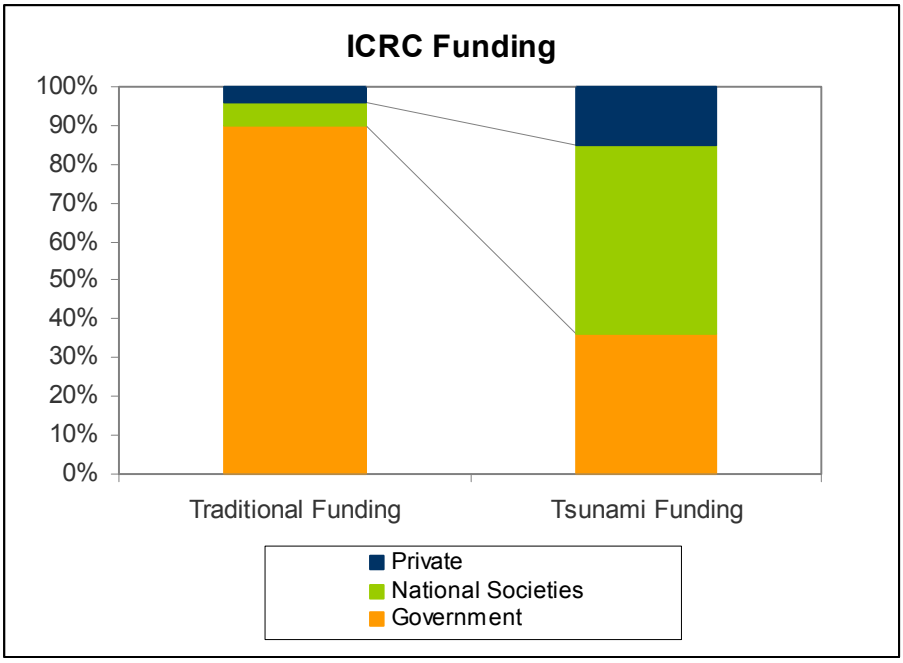
In the specific case of the Federation the range of National Societies which normally contribute to the Federation's emergency appeals go from 30 to a maximum of 40. In the Tsunami operation the number of National Societies that have contributed funds has reached 100, more than half of the entire number of National Societies worldwide. In addition, National Societies traditionally funding recipients have become financial contributors to the Tsunami operation.

The average percentage of government versus private donor funding for all Federation operations is that 70% of the funding comes from government sources, versus 30% from private sources. The Tsunami Response indicates a clear shift, with almost 92% of the appeal covered by private sources, and only 7% from governments and state donors, plus 1% from international organizations.

[5] Contrary to the Federation the ICRC is not undertaking medium to long-term large-scale recovery and reconstruction programs.



In the case of the ICRC, the common funding ratio is 90% from government sources, 3-4% from private sources and 5-6% from National Societies. For the appeals response, the ICRC obtained 49% from National Societies, 36% from government and 15% from private sources.



The shift from traditional funding ratios in the Tsunami Response illustrates that the main overall and specific contributor is the general public, which contributed far above government and state funding.

Timeliness in response to natural disasters

The Federation in its Operations Updates also provides dates of receipt of contributions[6]. This creates an incentive for donor state governments, among others, to contribute to the Federation rapidly. OCHA's FTS does not provide information on the dates on which commitments have been granted. Certain donors have started to view the dates of the commitments towards the Federation as an indicator of their timeliness particularly in response to natural disasters[7]. This is also a result of the Federation's mandate as they are seen as natural disasters specialists and have a good comparative advantage in their well-developed and efficient logistics department, which was decisive in allowing a rapid response on the ground.

Earmarking

The Federation explicitly decided not to accept earmarking for the Tsunami Response, except for earmarking at country level[8] (with originally ten countries of operation covered). While normally earmarking represents 50% of the funding received, in the Tsunami Response less than 10% was earmarked, giving the Federation greater liberty to use the resources as necessary.

The ICRC had only launched an appeal for two countries: Indonesia and Sri Lanka. 81% of pledges were earmarked by country, with 19% of the pledges earmarked for the Tsunami operation.

Interests

The Movement as a whole has only been able to spend 27% of the entirety of funds collected. National Societies, the Federation, and the ICRC have received funds faster than they were able to spend. As a result, interests are being collected on the funding received at all Movement levels: National Societies, Federation and ICRC. Given the large amount of funding collected interests can represent significant additional funds. Interests are normally applied to core funding. This was reviewed and accepted in the Federation's recent General Assembly, and is common practice for the ICRC. The National Societies follow their respective financial policies and procedures regarding interest. In practical terms, this allows the organizations to obtain some additional funding which can be applied to other operations that have not received sufficient financial support from traditional donors. Also, it can play an important role in funding gaps.

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[6] Please find a short example enclosed as Annex.

[7] See Crismart's evaluation of Sida's organizational response to the Tsunami and TEC funding donor state reports which underlines that Sweden was the third bilateral government to provide funding to the IFRC.

[8] Comment from IFRC : From May 2005 earmarking was allowed to program level.

Absorption capacity

The magnitude of the Movement's response to the Tsunami is such that it raises some questions as regards to the local absorption capacity. Despite being involved in large-scale infrastructure and housing programs, the Federation and the National Societies require some time in order to be able to implement them. While the appeals have been based on projections of the identified needs, absorption capacity may limit to a certain extent the foreseen expenditures. The Federation Plan of Action is currently being revised. As a contingency measure and should the Federation not be able to fully utilise the funds, a specific mechanism in the form of "Trust Fund" is being developed to which excess funds may be allocated, if and when necessary.

On-line donations

Another significant difference from other operations has been the exponential increase of volume of on-line donations, which has reached, for the Federation, the unexpected amount of US$ 7.01 million and for the ICRC, US$ 0.76 million, giving an aggregate figure of US$ 7.77 million through on-line donations.

Data validation

The Federation has provided detailed data on National Societies' estimated collected funds but that data cannot be used openly for cross-validation with the information received directly from the different National Societies which have been contacted by other TEC evaluation teams. It should however be noted that in a few cases there may be significant discrepancies between the amounts reported by the Federation and those from the National Societies, while in other cases amounts do match.

Furthermore it was not possible to validate two different sources of data regarding NS contributions to the ICRC appeals : according to the ICRC the total amount of contributions was US$ 30.7 million as of 31 October 2005, whereas information from the Federation PNS reporting format indicated that US$ 37.5 million had been given to the ICRC by the 19 PNS. This is a substantial difference of US$ 6.8 million. The ICRC has indicated that their figures only cover cash contributions, but even so a wide gap remains between the two sources of information (22% of the ICRC reported figure).

The Synthesis study team should be aware that data cross-validation is a necessary exercise.

IV. Conclusion

Given the enormous volume of funding collected by the Movement, the ICRC has already received full coverage of their appeal. The Federation, despite coverage of currently 67%, is confident that the entire appeal amount for the two-year period will be fully resourced.[9] The generosity of the public and the close scrutiny over accounts ensures that the funding flows can be adequately reported on. The flexibility given by having a majority of the funding emanate from private sources has translated into easier funding allocation to operations, in turn increasing efficiency, in a very complex and challenging environment.

New funding response patterns and trends emerge from the Tsunami Response, both in terms of donor support but also in terms of financial and programmatic decisions. It is too early to see if this change in behavior is simply given the specific context of the Tsunami Response or whether it indicates a change in funding pattern of natural disasters.

[9] The Federation further informs that funds received by NS will be transferred to the Federation Appeal (the funds exist in the Movement)

[VS1]This plan and budget includes indicative figures for 2007-2010, US$342,382,000

[VS2]We now have figures to the end of October for this. Please see the document attached to the message.

[VS3]Can also give forecast figures to year end, if needed.

[VS4]This should be redone removing the figures from German RC (only 18 PNS)

[VS5]This should be redone, with new spreadsheet, attached to the message. (German RC figures were not correct and there was now breakdown done by country, this skewed all figures.

[VS6]Use the new figures from spreadsheet attached to the message to redo this chart (removing German RC, only 18 PNS)

[VS7]This chart needs to be changed. The figures from German RC need to be removed. The chart from the financial update attached to the message can be used here.

[VS8]Take out German RC from this chart.

[VS9]Change the UK RC to British RC

[VS10]Change the UK RC to British RC