



# **How international aid to crises is marred by delays, deficits, and debt**

## **1. Failures in the response to covid-19 is a symptom of a wider problem with how the world pays for disasters**

The covid-19 pandemic has demonstrated the way the world pays to help people caught up in a disaster is not fit for purpose.

- **Centre for Disaster Protection research shows just 2% of funding to address the impact of the pandemic in poorer countries was agreed and ready to go in advance despite experts warning of the likelihood of a global pandemic.**
- **The same study shows that 92% of covid-19 funding was given as loans.<sup>1</sup>**

This data comes as 1 in 33 people on the planet now require humanitarian assistance – 40% more than before the pandemic.<sup>2</sup> Recent reports indicate that in March rates of the disease increased by 529% in Northeast Syria and 379% in Yemen.<sup>3</sup>

Looking beyond the covid-19 response, the [Centre for Disaster Protection](#) and [Development Initiatives](#) analysed the international financial response to a number of other disasters to determine to what extent the problems with the covid-19 response are **indicative of wider system failures**.

What has emerged is a picture of a global crisis financing system that:

- is slow to react - despite being able to predict most disasters - and marred by huge delays in getting aid to the frontline;
- allows the ability to borrow, not needs on the ground, to shape the quality of disaster response - undermining efforts in the poorest countries;
- consistently under-funds crisis response.

Analysis of international aid to **9 disasters**, including cyclones, droughts, and floods, during the 18 months after the initial shock show:

### **Delays**

- **Even after six months of a disaster, most of the funding (59%) had not been committed, meaning that governments and first responders were**

<sup>1</sup> <https://www.disasterprotection.org/latest-news/tracking-covid-19-new-research-reveals-flaws-in-crisis-financing>

<sup>2</sup> <https://gho.unocha.org/>

<sup>3</sup> <https://www.rescue-uk.org/press-release/wealthy-countries-look-toward-return-normalcy-many-impacted-conflict-and-crisis-are>

still largely unclear what money they would have for relief and recovery efforts.

- The largest funder to these crises, the World Bank, had disbursed just 44% of committed funds after 18 months.
- Just 2.3% of the total funding was agreed in advance, despite many of the disasters being known in advance. (In contrast to the vast majority of funding, pre-arranged finance was generally paid out in less than two weeks.

### Debt

- Over half (53%) of total funding committed was in the form of loans. While using debt to pay for disasters is a useful option for some countries, for the poorest countries it can limit the amount of money available for crisis response

### Deficits

- For countries hit by cyclones, just 18% of the funding needed for recovery had been committed by donors 18 months on, despite agreement that the international community would support countries experiencing climate-related crises.
- Two months after the world was alerted to massive droughts in Kenya just 11% of aid had been committed despite the slow-onset nature of this type of emergency.
- Meanwhile for the Lesotho drought, that figure was just 1% after two months.

## **2. Call to Action for G7 leaders**

**We need a new approach to crisis financing that looks forward, not back.**

These figures come ahead of a crucial meeting of G7 Foreign and Development Ministers on 3<sup>rd</sup> May where the topic of how to improve how the world pays for disasters will be examined as part of the government's *'Build Back Better'* agenda.

The Centre for Disaster Protection has convened the [Crisis Lookout Coalition](#), a group of over 50 local-to-global leaders from across the disaster management system, to ask the G7 to agree three solutions that would help transform how the world pays for crises:

1. **Predict crises better** by creating a new 'Crisis Lookout' function to improve engagement with disaster risk information and support the prioritisation of crises globally, regionally, and nationally.
2. **Prepare response better** by agreeing to make pre-arranged finance the primary way to pay for crises by 2030, so that funding gets where it is needed faster, with greater impact.
3. **Protect vulnerable people better** by supporting an initial group of 'pathfinder' countries to ensure that we 'leave no one behind' through better prediction of, and coordinated protection from, crises.



A more detailed indication of how these solutions could be implemented in practice is available [here:](https://www.disasterprotection.org/latest-news/predict-and-protect-g7-solutions-for-a-new-approach-to-crisis-risk-financing)

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### **3. Detailed Findings from 9 Recent Disasters**

#### **Preparedness and planning pays off, but there is not enough of it.**

All governments and response partners have invested in disaster risk management in recent years, and this has shown real dividends. But there remain significant gaps. In Mozambique, for example, the UN Review notes that planning would have benefitted from the use of anticipatory triggers based on early warning indicators, and questions why there were no early action triggers for the Zambezi river basin that is periodically affected by severe flooding (Baker et al, 2020).

#### **Money was scarce and funding gaps common.**

It is not possible to fully assess whether enough funding was provided, as there is currently no agreed way of accurately measuring needs. But the partial information that we have suggests that **funding amounts are significantly less than required**: two months into the crisis, the UN reports that its appeals are funded at 30-40%, meaning that responders have to ration funds and assistance, making hard choices about who gets support and who does not. Our analysis finds that there were still major gaps in funding against humanitarian appeals after six months for five of our nine cases; and while generous pledges were often made at reconstruction conferences, after 18 months only 15% (on average) of the Post-Disaster Needs Assessment (PDNA)<sup>4</sup> had been committed.

#### **The funding that was provided, tended to be late.**

After six months, only 41% of total response funding had been committed, meaning that governments and responders were still largely unclear what funding would be made available for the response. They were still scrambling for funding, often competing with other implementing agencies for funds, and having to make plans in a very uncertain and shifting landscape. The amounts of money being spent per crisis varied, but in most crises was hundreds of millions of dollars. It is clearly not efficient to be spending these major sums with so little pre-planning or clarity around the big picture.

#### **Hardly any money was agreed and ready to go in advance – it had to be found as the crisis unfolded.**

One of the reasons for being late is that very little funding was pre-arranged (i.e., agreed in advance, and guaranteed to arrive if a certain set of circumstances arise). In the datasets, we found evidence of only 2.3% of the total funding being pre-arranged, across four countries: World Bank Catastrophe Deferred Drawdown<sup>5</sup> in Peru, sovereign insurance for Vanuatu and Haiti, and the World

<sup>4</sup> [https://ec.europa.eu/fpi/what-we-do/post-disaster-needs-assessment-pdna\\_en](https://ec.europa.eu/fpi/what-we-do/post-disaster-needs-assessment-pdna_en)

<sup>5</sup> World Bank Catastrophe Deferred Drawdown: A contingent financing line that provides immediate liquidity following a natural disaster, and/or health-related event. Funds become available for disbursement after the drawdown trigger – typically the member country's declaration of a state of emergency – is met.  
<https://pubdocs.worldbank.org/en/563361507314948638/product-note-cat-ddo-ida-english-2018.pdf>



Bank Pandemic Financing Facility<sup>6</sup> for DRC. It is possible that there were some programmes with internal pre-agreed funding – such as that used by UNICEF in the malnutrition surge programming in Kenya – but we were not able to quantify this and it is at a much smaller scale.

**Pre-arranged money was much faster.** This funding was fast - the pre-agreed budget support (Cat DDO and sovereign insurance) paid out in less than two weeks.

**We also found small amounts of humanitarian funding that were very fast.**

Both the UN Central Emergency Response Fund (CERF) and WHO's Contingency Fund for Emergencies have been specifically adapted to provide fast and flexible financing, and it shows. CERF funding was agreed swiftly (for Mozambique, all projects, apart from one, were approved within two days of the initial application) and allowed expenditures to be funded immediately after the crisis began, playing a crucial role in kick-starting the emergency response before other funds arrived. The total amount was \$192m which may be a small part (2.8%) of total funding but represents a crucial part of first phase emergency funding, at 11% of humanitarian funding; such funding is only available to UN agencies.

**The 'CNN effect' governed aid priorities.**

Humanitarian funding for rapid-onset crises, which have a strong 'CNN effect', was often reasonably fast - commitments in the first two months were 94% in Vanuatu, 84% for Nepal, 74% for Indonesia, 64% for Haiti, and 49% for Mozambique. After six months, more than 90% of humanitarian funding for all rapid-onset crises had been committed, apart from Mozambique that was somewhat behind with 81%.

**Funding for drought remains very problematic.**

The accuracy of forecasts is improving, and thus it would be expected that a) substantial funding would be made available to support early action to mitigate the drought's impacts before this led to wide scale human suffering and b) funding would be swiftly delivered when the appeal is made, because funding institutions will have expected the call for assistance. However, neither of these occurred at the right scale.

- In Kenya, some funding was surged and pivoted from longer-term programmes; this represents very positive progress and reflects the focus on resilience and shock-responsive programming by government and others, but it remains extremely small in relation to needs. In Lesotho, some CERF funding arrived after one set of failed rains, but subsequent concerted advocacy from the UN Resident Coordinator and team after the next failure of the rains was to no avail.
- Funding did not arrive swiftly when the governments declared an emergency. After two months, funding committed for Kenya and Lesotho was 11% and 1% respectively, and at six months this was still only 41% and 25% respectively.

**It is development, not humanitarian, actors that provide most of the funding.**

74% was delivered by these donors, with the World Bank as the source of 50% of the funding. In our dataset, no other institution comes close, with the next major funders being the Asian Development Bank, providing 15% and the USA, providing 9% of total funds (35% of humanitarian funding).

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<sup>6</sup> [The Pandemic Emergency Financing Facility \(PEF\)](#) – a financing mechanism housed at the World Bank – is designed to provide an additional source of financing to help the world's poorest countries respond to cross-border, large-scale outbreaks.

### **The World Bank was the biggest donor but also the slowest to mobilise.**

The bank had committed 65% of its contribution after 12 months, compared to 94% for both regional banks and bilateral development donors, and only 44% of committed funding was disbursed at 18 months.

- Some of the slowness of longer-term funding is attributable to reconstruction projects, which would naturally occur later in the crisis timeline, and to government capacity to absorb the funding. However, not all of the World Bank's support is for reconstruction and slow disbursement was present across projects and disasters. Thus, considering that the World Bank is the largest funder and both commitments and disbursements come late in the crisis timeline, and the issue of timeliness has been raised by other analysts, there may be scope to improve.
- The World Bank's CERC<sup>7</sup> mechanism can pivot significant funding (typically tens of millions of dollars) to a crisis; however, it is not clear how quickly this is disbursed. It is likely that more ex-ante planning for CERCs will enable implementation to begin more quickly. CERCs are now being systematically included in the health portfolio with plans to adapt triggers for greater sensitivity to health emergencies. This is very positive and increased planning like this offers real advantages for all CERCs.

### **Just over half (53%) of total funding committed was in the form of loans.**

Poorer countries borrow less: for the three countries with the lowest GDP/cap, loans represented 13% in Mozambique, 35% in DRC, and 48% in Nepal. For poorer countries, their ability to finance response and recovery - and thus the quality and speed of their response and recovery - is determined by and limited to their ability to borrow; this likely needs a rethink. For other countries with more ability to borrow, governments have to trade off the long-term risks of not investing in recovery with the long-term risks associated with taking on more debt.

### **There remains too great a disconnect between humanitarian and development actors and approaches.**

In Kenya, some donors were reluctant to release funds before a government declaration of emergency, and some development actors still see crisis prevention as primarily an area of humanitarian expertise; this contributed to a situation in which preventive action was too little from development actors and too late from humanitarians (Obrecht 2019). In Mozambique, while the value and need for a resilience approach is widely recognized, it is currently under-emphasized and under-funded with a clear divide between the development and humanitarian sectors in the cyclone response (Zurich Flood Resilience Alliance 2020).

### **The lack of funding and delays in funding arriving has an unequivocal human cost.**

There are very clear and direct impacts in the emergency phase, where responders have to reduce the assistance provided to below international standards (for example, cutting food rations) and reduce the number of people who receive assistance, leaving many others in need. Delays in funding longer-term recovery and reconstruction can leave people without

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<sup>7</sup> "The Contingent Emergency Response Component (CERC) ...is expressly designed to mitigate situations of urgent need or capacity constraints and allows for the rapid reallocation of funding in the event of a natural or man-made disaster or crisis that has caused, or is likely to imminently cause, a major adverse economic and/or social impact." World Bank press release: <https://www.worldbank.org/en/news/press-release/2018/05/17/world-bank-to-provide-us3-million-to-support-ebola-respnse-efforts-in-the-democratic-republic-of-the-congo>

support for months and years, leading to widespread unmet needs. Such delays increase suffering and lead to negative coping strategies, often with critical impacts on women and girls, and push people into debt. These short-term impacts can have very long-term consequences.

## How we approached the research

There are lots of factors which influence how much funding is needed in crises, but what is certain is that once crisis needs are clear, certainly when appeals have been issued, then national capacities have been overwhelmed and international funding should be made available swiftly and cheaply to reduce the human and economic costs of the crises.

We analysed international financial flows to nine countries for the 18 months after recent crises – drought, flood, cyclone, earthquake and epidemic. We selected a broad mix of cases, to ensure a that crisis funding can be considered across a range of different natural hazards (rapid- and slow-onset events, such as droughts), groups of donors and income groups. All crisis events occurred during the last 6 years to generate insights that are relevant to the current crisis financing infrastructure.

The focus of analysis was international funding to the crisis response provided by donors and institutions, rather than domestic finance. The methodology builds on that undertaken by the Centre for covid-19 financial tracking (Yang et al, 2021) and includes funding from international financial institutions (WB, IMF, regional banks, sovereign insurance), bilateral funding from OECD donors, and humanitarian funding. We looked for funding committed and disbursed in the 18 months after the crisis began, as well as just prior to this, to try and identify early funding. To supplement information from datasets (which we recognize is not complete), and to strengthen the analysis and conclusions, we also undertook literature searches on the nine crises.

**Table 1: Summary information on the nine case studies**

Crisis event	Country	Year	Number of people affected*	Funding committed \$m	Loan share %	Max funding disbursed** \$m
Drought	Kenya	2017	3,000,000	279	20%	278
Drought	Lesotho	2019	433,000	13.8	0%	13.8
Floods/ landslides	Peru	2017	2,188,505	105	67%	105
Cyclones Idai and Kenneth	Mozambique	2019	1,901,594	906	13%	590
Cyclone Pam	Vanuatu	2015	188,000	153	40%	66.3
Hurricane Matthew	Haiti	2016	2,100,439	475	9%	330



Earthquake / tsunami	Indonesia	2018	209,025	2322	97%	1573
Earthquake	Nepal	2015	5,642,150	1209	48%	879
Ebola	DRC	2018-20	301,779	1376	35%	530

\* These figures are taken from EM-DAT, the international disasters database (<https://www.emdat.be/>) and cross-referenced with humanitarian documents. The exception is for DRC – EM-DAT did not include a figure for the number of people affected, and assessing this is difficult. To include only those infected with Ebola does not provide a good indicator of the risk or impact of a disease, as many more people will have been affected by movement restrictions (impacting on livelihoods) and reduction in health services. We have chosen to use the number of people vaccinated, as this is one (imperfect) measure of people at risk.

\*\* This assumes that all humanitarian funding has been disbursed (a reasonable assumption) and that all bilateral development funding has been disbursed - this will not be the case, but we do not have disbursement data for this, so these figures are an overestimate.

For more information about this research or to discuss the Crisis Lookout campaign please contact Dani McCarthy - [dmcCarthy@disasterprotection.org](mailto:dmcCarthy@disasterprotection.org)