



# Trust, Risk and Learn

## Humanitarian Assistance Given by The Netherlands – Funding and Diplomacy 2015-2021

### Executive Summary

Dutch humanitarian policy is founded on the humanitarian imperative and follows a needs-based approach. This means that nothing should override the principle of taking action to prevent or alleviate humanitarian suffering arising from disaster or conflict. It also means that priorities are determined by the humanitarian needs of people affected by crisis.

From 2015 to 2021, the Netherlands spent close to EUR 3 billion on humanitarian assistance, more than 15% of its entire official development assistance expenditure. IOB has evaluated to what extent Dutch policy succeeded in achieving its humanitarian goals in the six-year period 2015 – 2021.

We looked at two means for achieving better outcomes for people in need: funding and diplomacy. We also assessed Dutch performance on three newer policy demands that are growing in importance: *localisation* (interpreted as locally led humanitarian action), *innovation* (understood as innovative activities that provide improved solutions for people in crisis) and the *nexus* (ways of working that strengthen links between humanitarian aid and long-term development).

The research was intended to shed light on three significant aspects of “good humanitarian donorship”: striking a balance between (1) **the trust** invested in experienced humanitarian partners, (2) **the risk** associated with their work and (3) the need **to learn** to share that risk, resources and influence more fairly with local partners, so as to improve the support given to the people who need it.

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The main question guiding the evaluation was

To what extent does Dutch humanitarian policy contribute to achieving humanitarian goals, and how does it do so?

IOB found Dutch humanitarian policy to be generally effective in contributing to achieving humanitarian goals of timely, needs-based and principled humanitarian action in demanding contexts. The Netherlands has as its partners experienced humanitarian organisations – UN, Red Cross, Dutch Relief Alliance (DRA) – that are reasonably effective in delivering timely aid that arrives where it is most urgently needed, provided that humanitarian access is guaranteed by those in power. This support has saved many lives. The largely unearmarked and multi-annual character of Dutch funding was found to be an important enabler of timely, needs-based and principled humanitarian action. It has also helped to shield a large part of the humanitarian budget from ad hoc interests.

The Netherlands and its humanitarian partners have been less effective in contributing to two intermediate goals of humanitarian policy: localisation<sup>1</sup> of humanitarian action and coordinating humanitarian assistance with broader development goals. Localisation and the nexus<sup>2</sup> require tailored solutions and a strong commitment to complement and strengthen the capacities of local actors. IOB found the NGOs (such as those united in the DRA) and the Red Cross (particularly the national societies and International Federation of the Red Cross and Red Crescent (IFRC)) to be better allies in these efforts than the UN. Donors like the Netherlands need to monitor their humanitarian partners more actively on the equality of their partnerships with local organisations. To ensure that the localised response is more relevant and focuses more on the needs of affected populations, the focus on accountability to the affected populations should be strengthened.

On humanitarian diplomacy, IOB found the Netherlands to be effective in influencing humanitarian partners and stakeholders whenever there was a solid narrative<sup>3</sup> and enough capacity to work strategically towards deliberate change. Positive examples are Mental Health and Psychosocial Support (MHPSS), conflict and hunger, and the Grand Bargain agenda on humanitarian reform.<sup>4</sup>

This summary presents the main findings and recommendations of this policy evaluation.

## **1. Dutch humanitarian policy has been generally effective in facilitating a timely needs-based humanitarian response guided by humanitarian principles of neutrality, independence and impartiality.**

In 2021, the Netherlands was the world's tenth humanitarian donor in terms of size of support, and it was one of the five donor countries that together accounted for 69% of all funding Country Based Pooled Funds (CBPFs) received that year.<sup>5</sup> Unearmarked and multi-annual funding increased from an average of 41% of the total Netherlands' humanitarian aid budget in 2015 to 55% in 2021.<sup>6</sup> Sufficient evidence was found that Dutch assumptions about the strengths and weaknesses of its main humanitarian partners hold, and therefore IOB has concluded that the trust the Netherlands invested in a limited number of experienced partners is justified.

Overall, based on available evaluations and fieldwork, IOB found the Netherlands' main humanitarian partners (UN agencies, the Red Cross family and NGOs) to be reasonably effective in delivering timely, needs-based and principled humanitarian action in challenging environments of conflict. Dutch money has contributed to the many lives saved, the enhanced resilience and restored dignity reported in independent evaluations and reports since 2015.

## **2. Current ways of working at the MFA (Ministry of Foreign Affairs) generally enable Dutch humanitarian assistance to reach those who need it the most.**

IOB is positive about the system for centrally managing the humanitarian budget from The Hague. IOB found the MFA has acted in response to the IOB evaluation of 2015 and has strengthened its basis for decision-making and priority setting. Central decision-making is now supported by a set of technical indicators to inform and justify funding allocations. Limiting the number of experienced partners and partnerships to manage was the correct decision, given the MFA's capacity constraints. The practice of the Netherlands to support experienced humanitarian partners with flexible funding in the form of unearmarked multi-year arrangements, core funding and pooled funds has helped to shield a large part of the humanitarian budget from ad hoc interests.

<sup>1</sup> The localisation of humanitarian action generally refers to shifting resources and decision-making to local and national responders in humanitarian action.

<sup>2</sup> The nexus is defined as an approach that favours linking humanitarian activities to development activities, indicating the need for longer-term development to address the root causes and structural drivers of crises. In 2015, the triple nexus approach was introduced, which aims additionally at implementing actions that are conflict-sensitive and work towards averting conflict and achieving peace.

<sup>3</sup> IOB defines narrative as a policy rationale in terms of established policy objectives and pathways towards clearly defined change.

<sup>4</sup> The 2016 World Humanitarian Summit resulted in the "Grand Bargain", an agreement among the 15 biggest donors of humanitarian aid and the 15 biggest implementing organisations to reform their ways of working.

<sup>5</sup> Development initiatives | Global Humanitarian Assistance. Global Humanitarian Assistance Report 2022.

<sup>6</sup> Dutch decision-making on humanitarian assistance: strengths and weaknesses, IOB report, 22 Sep 2021.

### **3. MFA has developed funding relationships and partnerships that generally enable the effective delivery of timely and principled humanitarian aid.**

Regarding multi-annual, flexible and unearmarked funding, the Netherlands sets the example.<sup>7</sup> IOB's fieldwork in Syria, South Sudan and Yemen led to the conclusion that the reliably predictable multi-year unearmarked funding for UN agencies, Red Cross and NGOs has allowed for more efficient and effective aid delivery, thereby responding better to changing needs. This is true for the large Dutch contributions to the UN Central Emergency Response Fund (CERF), the UN CBPFs, the DRA, the Red Cross Disaster Response Fund as well as the core funding to individual UN agencies, the ICRC (International Committee of the Red Cross) and IFRC. IOB observes that since 2015, decision-making on funding has become more robust and transparent because of the implementation of the technical criteria developed by MFA. Application of these criteria safeguards the needs-based character of the budget for new and ongoing crisis situations.

### **4. The partners supported by the Netherlands have not met the humanitarian assistance policy demands to localise, improve links with longer-term development and to innovate.**

Localisation and the nexus require tailored solutions and a strong commitment to complement and strengthen the capacities of local actors. IOB found the NGOs (such as those united in the DRA) and the Red Cross (particularly the national societies and IFRC) to be better allies in these efforts than the UN. UN agencies are not performing well in terms of localisation. Though they engage local partners by allocating them a certain proportion of the budget, the relationship is often top – down. Not enough has been achieved in terms of treating local partners as equals and moving towards strategic longer-term partnerships instead of sub-agreements. Factors constraining their ability to localise are the requirements of different donors on reporting and due diligence, risk management and the perceptions of which partner is best placed to deliver timely and principled assistance. We found no evidence that the unearmarked and multi-year character of donors like the Netherlands had in any way been passed on to local actors.

At the same time, in very intense conflict crises (like those studied in Yemen, South Sudan and Syria) IOB observes a clear trade-off between the tailored solutions needed for localisation and the nexus, and the ability to deliver a timely and principled humanitarian response at scale. For the latter, the capabilities of UN agencies (in terms of scale and leverage) and of the ICRC (in terms of protection and principled aid) are indispensable. In other words, those organisations, who have demonstrated the best ability to deliver a timely and principled humanitarian response at scale, have made less achievements in providing tailored solutions needed for localisation and the nexus.

Regarding innovation, it proved difficult to assess the impact of the many ad hoc initiatives that together have not led to transformative change. The policy objectives relating to this priority and the other two priorities (localisation and the nexus) have not been thought through adequately and there is insufficient capacity for monitoring, evaluation and learning. IOB believes that the Netherlands and other donors and partners should together address these shortcomings.

### **5. The partners supported by the Netherlands (UN, Red Cross, DRA) are struggling to share the risks associated with delivering humanitarian aid, and this is resulting in limited opportunities to support local actors in accordance with their inherent strengths (local knowledge, operational access to communities). IOB found that Dutch partnerships practices do not provide enough incentives for addressing this shortcoming. There has been too little support amongst humanitarian donors to achieve positive change.**

The MFA has largely delegated its ambitions on localisation to its partners but without closely influencing, assisting and monitoring them through informed policy dialogue and accompanying measures. IOB found that one outcome of this is that the increase in Dutch multi-annual, flexible and unearmarked funding (considered to be a key enabler for localisation) has not been passed on by international partners to local actors. Regarding localisation, there has been overreliance on achieving the quantitative target (more funding of local NGOs) and too little emphasis on holding humanitarian partners to account on the equity of their partnerships with local actors.

<sup>7</sup> Multi-annual and flexible funding is characterised by a high degree of predictability through multi-year arrangements, and it is unearmarked. The donor will link this funding to specific humanitarian partners but not to specific projects, programmes, themes or humanitarian crises. The practice of linking allocations to specific CBPFs is known as semi-earmarked funding.



Donors do not work collectively to provide economic incentives for change in how humanitarian aid is provided. Despite global commitments to support localisation, they do not hold humanitarian partners to account for the equity and quality of their partnerships with local actors. IOB sees the most significant obstacles to be lack of trust in local actors, international actors' desire for self-preservation and the power relations between different actors. Ambitions to localise have also been hampered by negative perceptions of local actors' capacity. Many donors have, understandably, little appetite for risk, particularly for fiduciary, legal and reputational risks, and this has led to stricter requirements for compliance and due diligence, which may burden local actors disproportionately. These actors mostly receive little support to cover their overheads and thus cannot always avail of a good quality risk system. Moreover, they do not receive sufficient funds to strengthen their long-term organisational capacity.

The MFA decision in 2021 to include "forward-leaning language" on localisation, risk management and capacity strengthening in the new funding arrangements with two main partners (the Red Cross family and DRA) is commendable. It has not yet been followed up with similar steps to hold the more poorly performing UN partners to account on the equity and quality of their partnerships with local actors. IOB sees this as a challenge that requires donors to coordinate their approach. DG ECHO would be a suitable partner to work on this.

#### **6. Localisation also requires changes within the MFA itself relating to risk management and developing a more integrated and shared strategy on capacity strengthening.**

IOB found the MFA is struggling with the concept of risk sharing because of a widespread low appetite for risk in parliament and society. Although this is understandable, the IOB evaluation brings out that genuine risk sharing would require a more widely supported narrative on the degree of risk that the Netherlands is willing to accept to ensure the delivery of timely, relevant and thereby effective life-saving humanitarian assistance. This narrative would include a paragraph realistically appraising the opportunity for accountability to focus less on limiting the risk that money or materials will not always be used for their intended purposes, and instead to place more emphasis on the results achieved in the eyes of the affected population.

IOB found that capacity strengthening in humanitarian aid often focused on the capacity to fulfil donor requirements rather than on the ability to carry out urgently needed projects and programmes. This undermines the ability of local partners to make full use of their strengths: proximity to the affected people, their understanding of these people and hence their ability to adequately address their needs.

#### **7. IOB's assessment of the effectiveness of Dutch humanitarian diplomacy<sup>8</sup> is mixed.**

The Netherlands was found to be effective in influencing humanitarian partners and stakeholders whenever there was a profound narrative and enough capacity to work strategically towards deliberate change. The determining success factor is considered to be the teamwork between The Hague, Dutch embassies and missions.

Positive examples of humanitarian diplomacy are the Dutch efforts concerning MHPSS, conflict and hunger, and the Grand Bargain. IOB found the role played by the Netherlands was proactive, constructive and at times leading: influencing a shared agenda for change, convening meetings, setting agendas and advancing global policy development. Similar conclusions were reached on Dutch support for multi-annual, flexible and unearmarked funding and a well-coordinated UN-led humanitarian system. The recognition of the role played by the Netherlands was found to be stronger at headquarters and multilateral level but less prominent at field level. Furthermore, IOB's fieldwork confirmed that the Netherlands has at times proved to be a willing and able partner to deliver certain messages at the request of humanitarian organisations in coordination with other donors. These diplomatic efforts were mostly intended to protect humanitarian space and promote humanitarian access.

<sup>8</sup> IOB defines humanitarian diplomacy as achieving better humanitarian outcomes for people in need by influencing the decisions and behaviour of foreign governments, peoples and humanitarian organisations through dialogue and negotiation.

The Netherlands was found to be less effective in influencing humanitarian partners and stakeholders regarding many of the other thematic priorities pursued since 2015. At times it proved difficult to assess the effectiveness of these efforts, as results have not been systematically recorded. IOB found that humanitarian diplomacy actions had to respond to a variety of issues without being guided by a clear framework. A relatively high workload has hampered strategic reflection and prioritisation of activities, especially when identifying issues that can be left to other donors and partners. In practice, prioritisation reflected the high-profile humanitarian crises that had attracted political attention. IOB evaluators observed a demanding context: when humanitarian needs arise, it is politically and morally difficult to do nothing. IOB suggests limiting the number of priorities in humanitarian diplomacy and establishing the level of Dutch engagement on the basis of capacity, credibility and network.

**8. IOB's assessment is mixed about the extent to which the MFA has been effective in influencing partners in relation to localisation, innovation and the nexus through humanitarian diplomacy.**

On the positive side, localisation, innovation and the nexus are very much part of the global agenda for change in which the Netherlands was found to play an active, enabling, convening and constructive role.

On the negative side, IOB found the Dutch narrative on localisation, the nexus and innovation in humanitarian action to be lacking in profoundness. This has limited the MFA's ability to effectively change the behaviour of its humanitarian partners on the ground. The MFA was found to have largely delegated its ambitions on localisation and the nexus to its partners, without closely monitoring, influencing and facilitating them through informed policy dialogue and accompanying measures. Regarding the nexus, IOB also found that even though the Netherlands is seen by partners to be a constructive player, the MFA has no integrated strategy to consistently promote links between the humanitarian and development and peacebuilding policies, prioritisation and budgets.

IOB recommends making incremental changes to the current ways of working. The most strategic recommendations are summarised below.

*Recommendation 1: On unearmarked funding*

Based on the largely positive findings of the evaluation, IOB recommends that the Netherlands continues providing mostly multi-year flexible unearmarked funding to the same categories of recipients. The Netherlands should also continue promoting this approach to others, whilst at the same time claiming a seat at the table commensurate with its funding. This will ensure gaining influence (promoting the Dutch agenda) as well as help acquire much needed information for monitoring, evaluation and learning (MEL). Just as in 2015, IOB recommends ensuring that the trust invested in its partners is accompanied by MFA applying a stronger and more focused strategy on MEL. This will require capacity and a more consistent investment in humanitarian expertise across embassies and the humanitarian department in The Hague. More specifically IOB recommends appointing additional dedicated staff to strengthen strategic collaboration, networking and information exchange with the EU (DG ECHO and DG DEV), as well as adding to the capacity of regional humanitarian coordinators in other regions where high-profile humanitarian crises hit and Dutch humanitarian and political interests are at stake.

*Recommendation 2: On localisation, innovation and the nexus*

Unearmarked funding requires continuously taking care to monitor, evaluate and learn so as to improve the support given to the people who need it. Regarding localisation, IOB suggests promoting capacity strengthening, strengthening the local role of local partners in decision-making and sharing risk in a different way. Humanitarian funding should be used to ensure that local actors gain relevant capacity and receive priority in selection, coupled with capacity building and guidance where needed. As a donor, the Netherlands also needs to consider its own role in power dynamics and to address potential shortcomings in risk management. MFA should assess the opportunity of having accountability focus less on limiting the risk that money or materials are not used exactly as per donor requirement; at the same time, it should put greater emphasis on the results achieved in the eyes of the affected population. The Netherlands must therefore hold the various UN partners more accountable for localisation. To create impact, this can only be done in coordination with other donors. The first line of action could be to advance the localisation agenda with the help of big donors like the EU (DG ECHO).

Regarding innovation, it is important that MFA considers how and where innovation can be given a strategic place in its humanitarian support. The Netherlands should consider scaling back its engagement in and support of its partners' innovation activities and modalities and instead doing more to promote system change and/or to facilitate other priorities such as localisation or the nexus. The Netherlands implicitly trusts the recipients of its unearmarked funding regarding the way they spend the funds and the innovation they introduce as part of their corporate strategies and policies. In parallel, in its negotiations and discussions with fund recipients the Netherlands should promote appreciation of innovation and the desire to innovate.

Regarding the nexus, the Netherlands as a donor faces operational and organisational challenges. To ensure good linkage between the different perspectives of humanitarian assistance and development aid, IOB recommends that the humanitarian department initiate change by being more explicit and proactive in defining "exit routes" and inviting other thematic departments to follow up in a limited number of long-term humanitarian crises that are a burden on the discretionary budget. Flexibility in budgets should be explored and implemented within the broader ministry to facilitate blended financing when transitioning from a purely humanitarian approach to a development approach.

#### *Recommendation 3: On humanitarian diplomacy*

Using diplomacy to promote humanitarian objectives can help achieve more results by prioritising, building a narrative, strengthening guidance to embassies and exchange of experience and information, and strategically addressing human resources. At the same time, there is a need to address the current capacity constraints that this evaluation laid bare. This means investing more consistently in humanitarian expertise across embassies and the humanitarian department in The Hague. IOB specifically recommends ramping up strategic collaboration, networking and information exchange with the EU (DG ECHO and DG DEVCO) on Dutch and Grand Bargain focus areas and consistently using the more elaborate MEL capacity of other donors (see recommendation 1).

#### *Recommendation 4: On becoming the humanitarian donor that people need*

Humanitarian funding is expected to be increasingly insufficient to address the ever-growing humanitarian needs induced by climate change, continued conflict and instability. IOB recommends starting to work on future scenarios in order to position the Netherlands in debates on the urgent and forward-looking question of whether current ways of giving humanitarian aid will remain effective and appropriate in a vastly changing world.

