

A shrinking humanitarian marketplace

Time for better regulation

Damian Lilly
Mark Bowden

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CENTRE FOR
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ACTION

Abbreviations

AAP	Accountability to Affected Populations
BRICS	Brazil, Russia, India, China, and South Africa
CBPF	Country-Based Pooled Fund
CEO	Chief Executive Officer
CERF	Central Emergency Response Fund
DAC	Development Assistance Committee
ECHO	European Civil Protection and Humanitarian Aid Operations
ECOSOC	Economic and Social Council
ECW	Education Cannot Wait
EiE	Education in Emergencies
ELRHA	Enhancing Learning and Research for Humanitarian Assistance
ERC	Emergency Relief Coordinator
EU	European Union
FTS	Financial Tracking Service
GHO	Global Humanitarian Overview
GTS	Ground Truth Solutions
HC	Humanitarian Coordinator
HNRP	Humanitarian Needs and Response Plans
HRR	Humanitarian Response Review
IASC	Inter-Agency Standing Committee
IATI	International Aid Transparency Initiative
ICAI	Independent Commission for Aid Impact
ICRC	International Committee of the Red Cross
INGO	International Non-Governmental Organisation
IOM	International Organization for Migration
IRC	International Rescue Committee
MEFM	Migration Emergency Funding Mechanism
MOPAN	Multilateral Organisation Performance Assessment Network
MoU	Memorandum of Understanding
MSF	Médecins Sans Frontières
NGO	Non-Governmental Organisation
NRC	Norwegian Refugee Council
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
UN	United Nations
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHS	World Humanitarian Summit

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1. Introduction

The humanitarian system has characteristics of an economic marketplace

Humanitarian organisations are in the business of saving lives, not making a profit. Nevertheless, the humanitarian system does display characteristics of an economic marketplace. In the multi-billion-dollar humanitarian sector aid agencies are motivated by the need to maintain (or increase) their income as well as carry out their humanitarian mission. At a time of skyrocketing humanitarian needs, the humanitarian market is currently shrinking as key donors decrease their funding. In 2023, UN-coordinated appeals experienced their largest fall in funding on record. The 2025 Global Humanitarian Overview (GHO) was launched in December 2024 with a price tag of \$47.4 billion and scaled back target to reach 189.5 million with humanitarian assistance – 60 million people fewer than in 2023 (OCHA, 2024). Several large UN agencies and NGOs have faced major budget deficits causing them to cut programmes and lay off staff, with accusations of mismanagement by those affected. This time of adversity should be an opportunity for much needed reform in the humanitarian system, but aid agencies are driven as much by self-preservation as they are by the need to improve the way they provide assistance to crisis-affected populations.

To the extent that the humanitarian system does operate as a marketplace, this paper suggests that it is a dysfunctional one in which the economic incentives are skewed to the detriment of achieving the effective and efficient delivery of humanitarian assistance. Much has been said about how the humanitarian system is broken and in need of reform. Multiple initiatives have been launched to bring about transformative change, but few have had meaningful results. This paper suggests that it is only by addressing the economic incentives that shape the humanitarian system that progress can be made to reform it. The humanitarian marketplace is largely unregulated and, while the notion of regulation might be anathema to many humanitarians, there is a case for better regulatory measures that both harnesses the positive aspects of the internal market forces in the humanitarian system, but at the same time enhance oversight and accountability. At a time when the humanitarian market is shrinking there is the opportunity to shake up the system and make it more fit-for-purpose for meeting the growing needs of affected populations.

To reform the humanitarian system one needs to address the economic incentives that shape it

2. Background: Emergence of the humanitarian marketplace

The global humanitarian sector has been expanding enormously

Up until recently the global humanitarian sector has been expanding enormously in response to the spread of armed conflict combined with new humanitarian challenges such as the menace of climate change and public health emergencies, most notably the recent COVID 19 pandemic. It has not just been the size, but also the scope of humanitarian action that has expanded to address an increasing number of challenges. At the same time, crises have become more protracted with the majority now lasting more than five years, if not longer.¹ The financial requirements of aid agencies to meet these rising humanitarian needs has, as a result, mushroomed. The UN-led consolidated global appeal was approximately

\$1 billion back in 1990 but had risen to \$57.3 billion by 2023 (Development Initiatives, 2024). While the increased demand for humanitarian assistance may explain this expansion, some have been more sceptical as to the reasons behind the growth. Carbonnier, for instance, has noted that some of the most rapid growth of the humanitarian sector in the 1900s and 2000s occurred at a time when the number of conflicts around the world was actually falling (Carbonnier, 2015). He has suggested that it has been the politicisation of humanitarian aid, which has become an increasingly important foreign policy tool for many western donors, that better explains the expansion. The broadening of the scope of humanitarian action also makes comparisons with the past challenging when agencies are involved in activities today that they were not in the past.

Projectisation of humanitarian services has led to a corporatisation of the sector

Whether it has been demand or supply led, the enormous increase in humanitarian funding has been accompanied by major changes in the humanitarian sector as the business model of aid agencies has evolved. The projectisation of the humanitarian services paid for by donors has led to an increased corporatisation of the sector, with many practices, such as results-based budgeting, strategic planning and risk management, adopted from the private sector (Bowden and Penrose, 2022). There has also been a drive to improve professional standards with the publication of the first SPHERE handbook in 1998 leading to a plethora of other initiatives that agencies have increasingly signed up to. While there has been a reticence amongst humanitarians to talk about the humanitarian sector in economic terms, as they consider it an affront to their humanitarian ethos, aid agencies with multi million and sometimes multi-billion-dollar budgets have increasingly acted like large corporations. They have also looked to strengthen their partnerships with private companies that provide both logistical and other commercial services to them but also philanthropic support as part of their corporate social responsibility (Hoxtell et al., 2015).

For these reasons, the humanitarian sector has increasingly been viewed as a marketplace in which agencies compete for financial resources provided by the major donors (Krause, 2014, Carbonnier, 2015, Collinson, 2016). In one sense the humanitarian marketplace involves matching the needs (demand) of affected population with the assistance (supply) provided to them by aid agencies. However, beneficiaries of humanitarian aid are not customers in so far as they do not purchase different forms of assistance, but rather they are recipients of specific humanitarian services. The customers are, in fact, donors who are the principal actors that pay for the humanitarian aid supplied by a variety of different humanitarian organisations. As Krause has explained the product or commodity that is the unit of exchange in the humanitarian marketplace is the 'humanitarian project' (Krause, 2014). The humanitarian marketplace is made up of a myriad of different actors (see box below) that fund and contract the provision of humanitarian assistance through different intermediaries and implementers.

The humanitarian marketplace is made up of a myriad of different actors

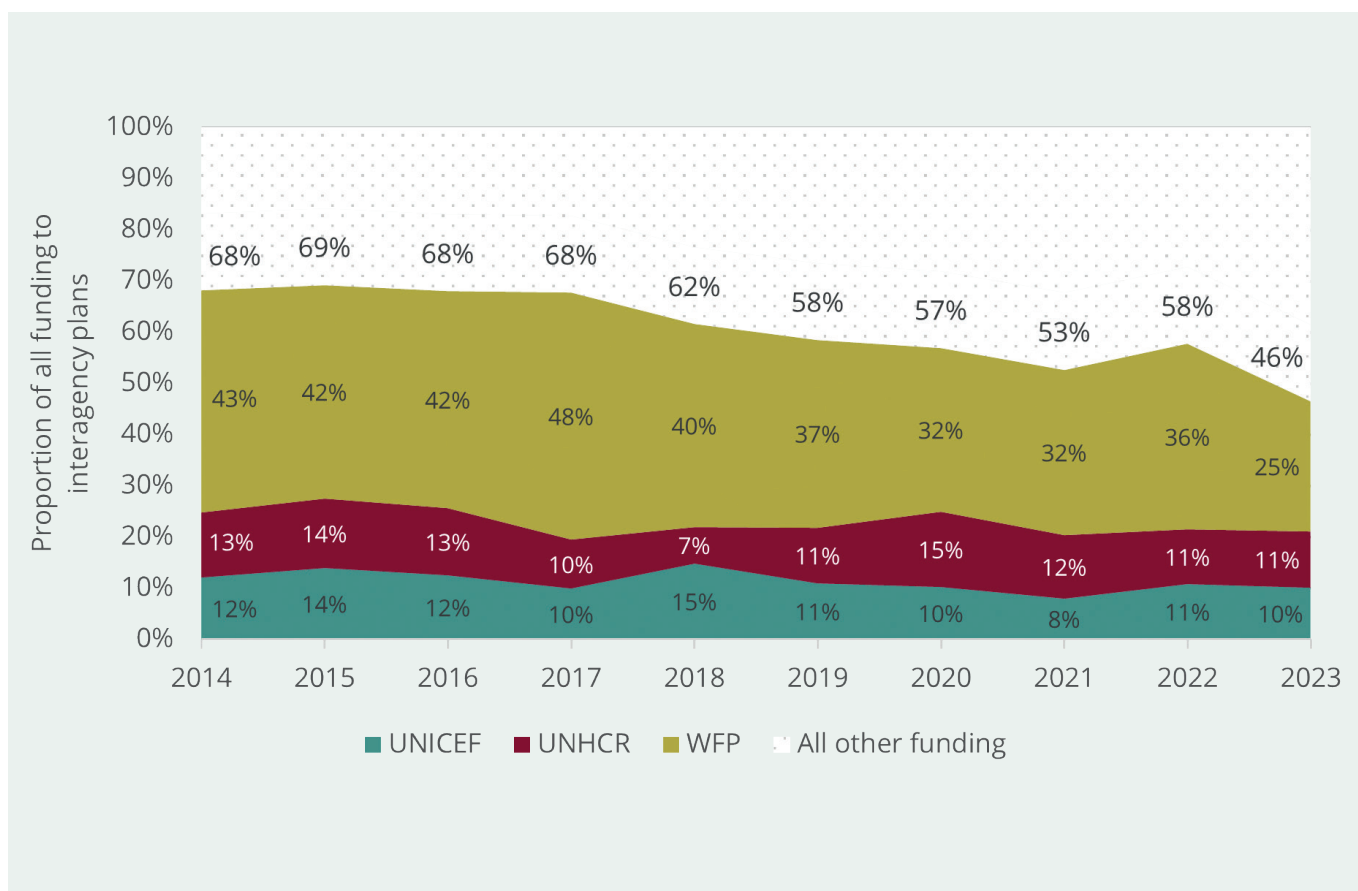


Figure 1: Proportion of funding to interagency plans going to the top UN agencies; Source: UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS); Note: Data extracted 17 December 2024. Author: Mike Pearson

The main actors in the humanitarian marketplace

Institutional donors

The OECD Development Assistance Committee (DAC) members fund the majority of humanitarian assistance. The United States, European Union (EU) institutions and Germany together provided 63 % of humanitarian assistance in 2023, with the 10 largest donors accounting for more than 85 % of total funding (Development Initiatives, 2024). As Collinson notes, because the bulk of funding is provided by a small group of donors they can be seen as a 'oligopsony' (defined as a market in which only a small number of buyers exists). It has been hoped that humanitarian funding would become more diversified, but the share of funding from non-traditional donors, such as the BRICS and Gulf countries, has been declining (Pearson, 2024). Although the OECD DAC members control most of the humanitarian marketplace there is limited coordination amongst them. Apart from the OECD DAC, Good Humanitarian Donorship, and within EU institutions, large donors approach to humanitarian funding is shaped as much by their foreign policy interests as it is about ensuring an effective humanitarian system (Südhoff, 2024).

Humanitarian agencies (UN and international NGOs)

The main receivers of institutional donors' humanitarian funding and the providers of humanitarian services are UN agencies and international NGOs (INGOs). In 2021, there were 5,000 humanitarian agencies according to Humanitarian Outcomes, 10 % higher than a decade before (Obrecht et al., 2022). However, a small club of large organisations make up the lion's share of the market. Between 2012 and 2021, 60 % of humanitarian funding went to UN agencies with 47 % alone going to just three organisations – UNHCR, WFP and UNICEF (see figure 1). 20 % went to INGOs with the largest organisations such as Save the Children, World Vision, Médecins sans Frontières (MSF), CARE, IRC, and NRC, accounting for most of these funds (Obrecht et al., 2022). The remaining part of the humanitarian market is taken up by the Red Cross Movement. While each humanitarian organisation is guided by its mandate and mission, they are also heavily influenced by the need to generate income and maintain market share. In a recent survey of INGO leaders 'money' and 'donors' were the factors mostly commonly referred as influencing the humanitarian system in the years to come (Baiden et al., 2022). Some NGO leaders' salaries, particularly in the US, are comparable to the private sector. The Chief Executive Officer (CEO) of IRC, David Miliband, has received severe criticism for his \$1.25 million annual salary, especially when the organisation is making budget cuts.² While UN agencies and INGOs are themselves providers of humanitarian goods and services directly to affected populations, they are also donors to other implementing partners who are the ones that provide the assistance to beneficiaries. There is limited transparency of the financial flows between these different intermediaries in the supply chain of humanitarian assistance to affected populations.

National and local NGOs

National and local NGOs in crisis countries are an important part of the humanitarian system and act as implementing partners for UN agencies and INGOs. In the same way as multi-national corporations rely on local suppliers for cheap labour and specific commodities, UN agencies and INGOs work with these local organisations to deliver their services. However, they receive directly only a small proportion of humanitarian funding. It is unknown how much funding they receive indirectly from UN agencies and INGOs given that this information is not routinely reported system-wide. As sub-contractors of other agencies, national and local NGOs are unable to exert much influence over the marketplace.

Crisis-affected populations: aid recipients

The crisis-affected populations that are the recipients of humanitarian assistance are the *sine qua non* of the humanitarian system but probably the actor with the least amount of influence over the marketplace. They are unable to exercise consumer power given that they do not pay for humanitarian services. There are private sector markets, such as social media, in which those using specific services do not pay for them. Unlike these cases, though, recipients of humanitarian aid have limited choice over which services they receive and from whom, which instead is mainly determined by the suppliers of humanitarian services in the form of UN agencies and INGOs. Even compared to the users of public goods and social services from government providers they have limited influence over the way in which assistance is provided to them. Instead, it is crisis-affected populations' suffering that is commodified in the humanitarian projects sold by UN agencies and INGOs to institutional donors. They become the commodity or the product which presents many ethical questions.

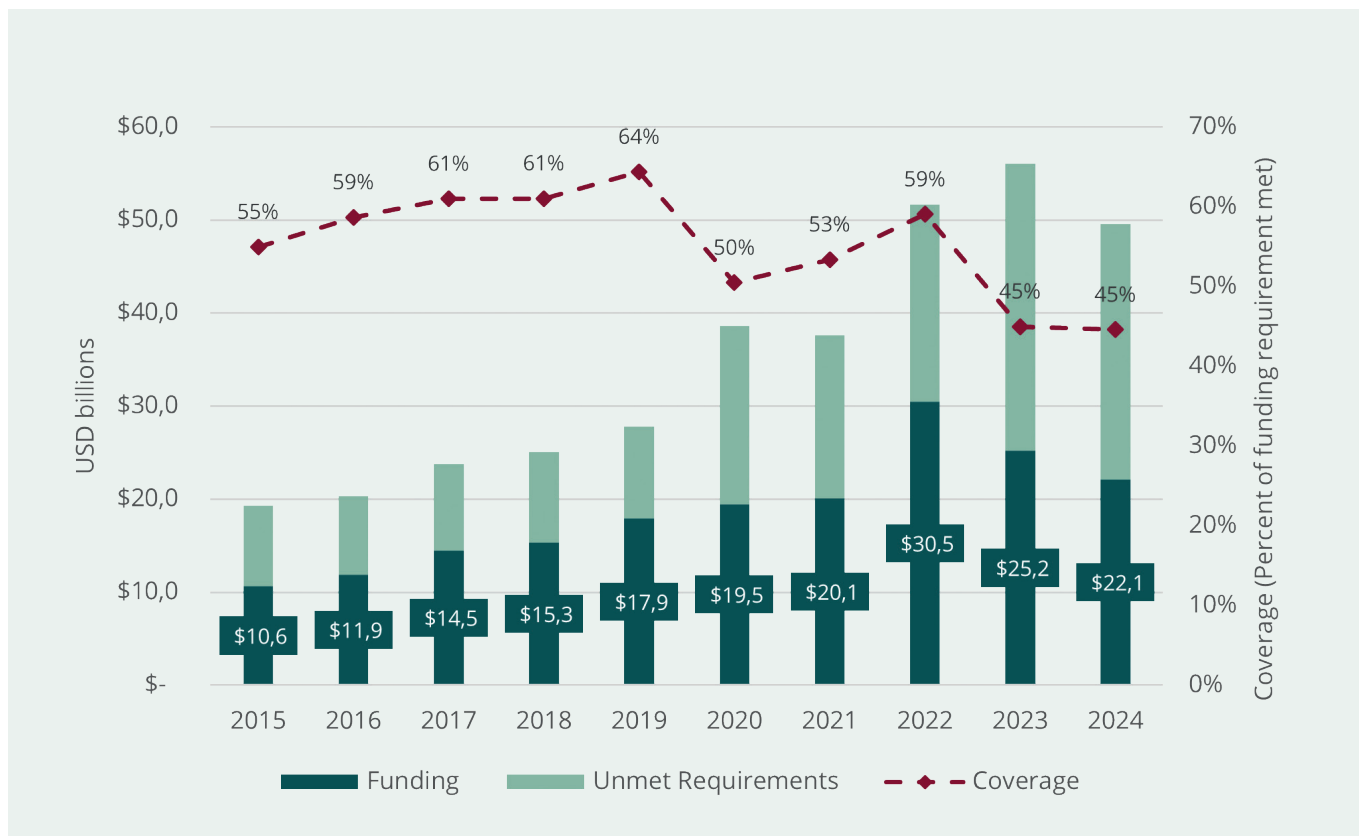


Figure 2: Funding required and received for UN-led humanitarian appeals: 2015 to 2024; Source: UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS); Note: Data is in current prices. Data extracted 17 December 2024. Author: Mike Pearson

In 2016, the High-Level Panel on Humanitarian Financing highlighted the increasing gap between assessed needs and available funding, and decried the inefficiencies of the humanitarian system, calling for an overhaul in the way aid was provided. The panel's recommendations led to the adoption of the Grand Bargain at the World Humanitarian Summit (WHS) in 2016 with signatories making a series of commitments to improve the effectiveness and efficiency of humanitarian action. The annual reports of the Grand Bargain, however, lament the slow progress made to implement the commitments despite their enduring importance for reforming the humanitarian system (Metcalf-Hough et al., 2023). Despite the important economic factors that shape the humanitarian system, though, rarely is how it is organised discussed in quite such explicit terms.

In 2023 the UN-led global humanitarian appeal received just 45% of requirements

funding fell substantially in 2023 with UN-coordinated appeals receiving \$25.2 million (see figure 2); a fall of 17% from the previous year (the largest on record). This occurred at a time when the number of people in need

of assistance grew to a record 333 million people with new major crises in Ukraine, Gaza, Sudan, and Myanmar adding to the protracted crises elsewhere. The UN-led global humanitarian appeal, the GHO, received just 45% of requirements in 2023 when the year before it received 59%. The situation is likely to get worse for 2024 with the overall humanitarian funding projected to fall again this year (Development Initiatives, 2024).

Humanitarian organisations have not been prepared for the downturn

Humanitarian organisations had become used to year-on-year increases in funding and have not been prepared for the downturn. Several large agencies, including ICRC, UNHCR and WFP, have faced severe financial difficulties in the last couple of years being forced to scale back operations. Some large NGOs such as IRC, Save the Children and NRC have faced similar challenges with public accusations from staff of mismanagement.³ With such major changes to humanitarian finances a realignment and restructuring of the market could be expected, as would be seen in the private sector. If anything, though, aid agencies have doubled down on preserving their market position and business model with the overall humanitarian system more reluctant to change than ever. A serious challenge is the way in which the humanitarian marketplace is structured and operates.

3. The humanitarian marketplace as an impediment to reforms

Looking at the humanitarian system through an economic lens as a marketplace, helps explain why it is so bad at reforming

The humanitarian system is seriously resistant to change. There is a familiar play-book of each new big crisis prompting self-reflection on the mistakes made and the need for reform, which then spawns new policy initiatives to change the way humanitarian assistance is provided, but only for these efforts to peter out when it comes around to actually changing practice. The way that the

humanitarian system functions can be explained in a several different ways including by the different institutional power structures or networks of relationships involved (Collinson, 2016). Looking at it through an economic lens as a marketplace, though, helps explain why the humanitarian system is so bad at reforming. This section provides a critique of some of the current key policy reforms in the humanitarian system and why, from an economic marketplace perspective, there has been such limited progress.

According to the humanitarian principle of impartiality humanitarian assistance should be provided to where there are greatest needs and not influenced by any other considerations. There have been significant efforts made to improve needs assessment for humanitarian programmes so they are targeted to where they are needed most. The reality, though, is far different and there is an enormous discrepancy in how much attention and, as a result, funding some crises (and communities within them) receive as compared to others. Several organisations such as NRC and CARE publish annual reports drawing attention to neglected crises, while ECHO publishes a forgotten crisis assessment with a commitment that 15 % of its funding will be allocated to those countries on the list.⁴ The geopolitical and foreign policy interests of major donors account for why some crises are prioritised over others. However, the way the humanitarian marketplace is structured also feeds into this skewed picture of where humanitarian assistance is targeted, with little respect for humanitarian principles. This is because the humanitarian sector is 'supply driven' with aid agencies sucked into providing assistance in areas where it is easiest to implement programmes, rather than where it necessarily might be needed most. There is also a tendency for providing analysis of the number of people in need in humanitarian appeals as much by what agencies are able to provide as what the real 'demand' there might be for humanitarian assistance. The role of assessments in the humanitarian system distorts the representation of how many people are actually in need of assistance and in turn the financial requirements in the marketplace.

3.1 Targeting humanitarian assistance towards the greatest needs

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...but the humanitarian sector is 'supply driven'

It is true that humanitarian access is unachievable in many crises with agencies denied the opportunity to reach the most affected populations because of the actions of recalcitrant governments and armed groups. However, when this is not the case, agencies are more likely to aim their programmes at the most easily accessible populations and where donors are prepared to provide funding rather than hard-to-reach areas. Because of the projected nature of humanitarian action aid agencies are forced to follow the money, desperate to demonstrate results to mobilize additional resources and caught in a vicious circle whereby income generation trumps respect for humanitarian principles. Few agencies have unearmarked institutional funds that they can readily use in the event of the outbreak of a new crisis to kick start operations or make the deliberate choice to strengthen their response in neglected crises. For example, the Migration Emergency Funding Mechanism (MEFM) of IOM that is designed precisely for these purposes had a balance of just \$2.2 million in 2021 whereas the overall budget for the organisation in the same year was \$2.1 billion. IOM's budget structure means that it is heavily dependent on project funding which accounted for more than 98 % of its income in 2022 (MOPAN, 2023). While the challenges IOM faces are acute, they are not unique and most aid agencies are heavily dependent on earmarked project funding, which is at odds with the need to provide humanitarian assistance in an impartial way. It is only organizations such as MSF who are funded predominantly by private donations that have more operational flexibility and are not driven by the market forces of the humanitarian marketplace.

Agencies are more likely to aim their programmes at the most easily accessible populations

3.2 Humanitarian coordination: competition or collusion?

Coordination, planning and funding mechanisms are key components of the humanitarian marketplace

With the myriad actors involved and the operational challenges this presents, improving coordination has been at the heart of improving the effectiveness of humanitarian action for a long time.⁵ The coordination, and associated planning and funding mechanisms are the key components of the humanitarian marketplace. The cluster system that provides sectoral coordination is accompanied by a consolidated humanitarian appeal process to mobilise resources collectively in what is now called the GHO. The GHO is made up of country-level Humanitarian

Needs and Response Plans (HNRP) which in turn consolidate the individual humanitarian projects of agencies according to sectors. HNRPs are a clear manifestation of the humanitarian marketplace as it is the basis upon which donors purchase the humanitarian projects they wish to fund. Agencies compete for a share in the cluster plans that make up the HNRPs in the hope of the resources this might bring (Currion, 2018). In many contexts Country-based Pooled Funds (CBPFs) consolidate donor funding into a system for allocating limited resources to fund HNRP projects based on the recommendation of the clusters and following the approval of the Humanitarian Coordinator (HC).

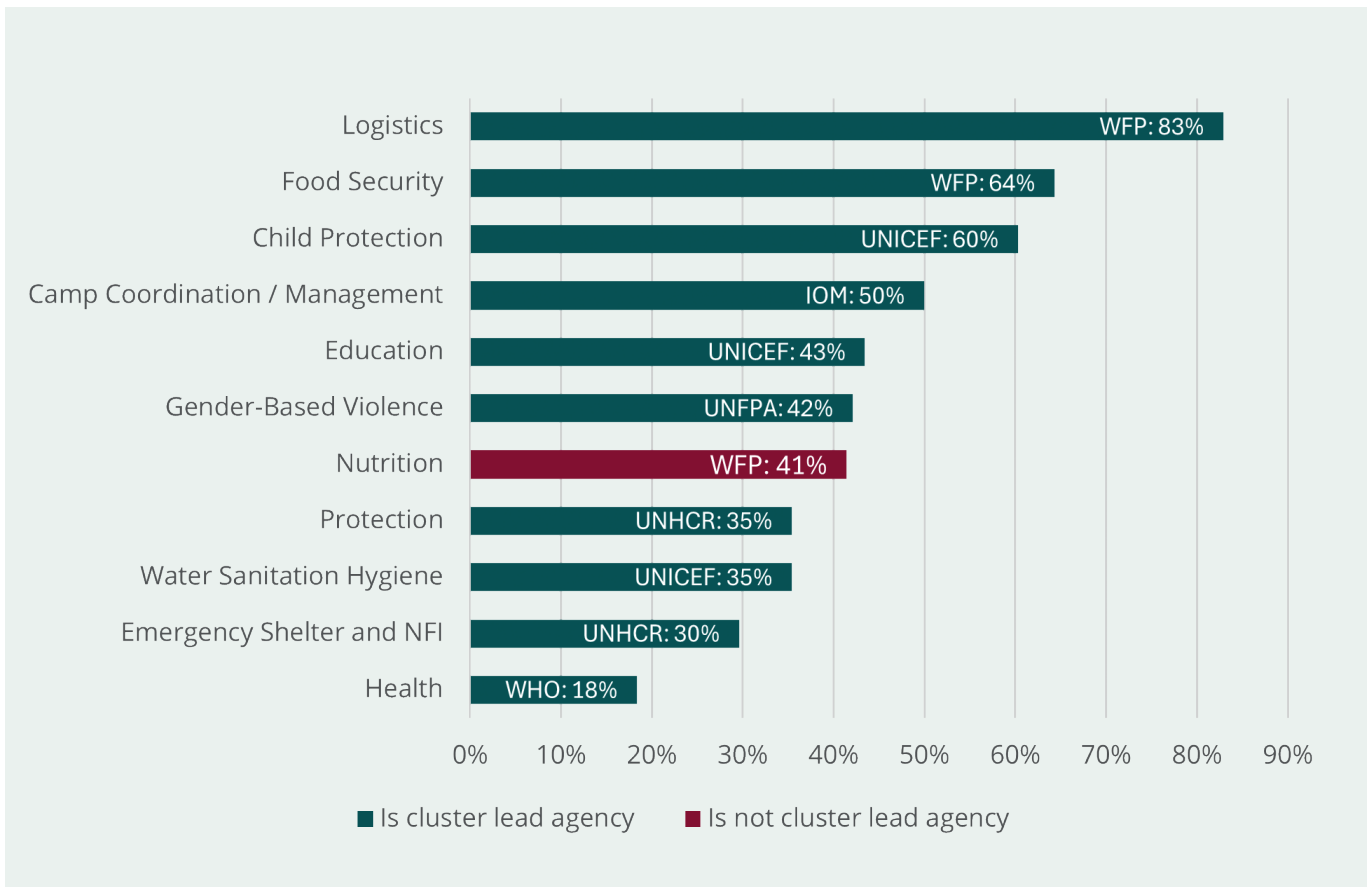


Figure 3: Proportion of cluster funding going to the top recipient agencies; Source: UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS); Note: Data extracted 15 December 2024. Funding to UN-led humanitarian appeals; Author: Mike Pearson

The combination of these coordination structures (clusters), plans (HNRPs) and funding mechanisms (CBPFs) create a quasi-market in which humanitarian organisations compete amongst each other to secure donor funding. There are 'rules of the game' through the established policies and procedures with the resulting competition theoretically leading to a more effective allocation of scarce humanitarian funds which are allocated to the

projects that are assessed as being able to achieve the greatest results for crisis affected populations. There is also the increasing use of consortia whereby agencies team up to jointly implement projects thereby pooling their collective expertise and achieving

In this quasi-market humanitarian organisations compete for funding

economies of scale. Evaluations of the cluster system (Steets et al., 2010), the humanitarian programme cycle and CBPFs (Featherstone et al., 2019) have overall been positive about the impact of these innovations. While they do not represent the entirety of how the humanitarian system operates, they do provide an example of how the sectors can operate as an internal market with competition leading to better outcomes.

The market is dominated by a small number of large agencies

The problem is that there is not enough of this kind of competition in the humanitarian sector and even when these conditions do exist there are impediments

to the proper functioning of the internal market. In particular, the market is dominated by a small number of large agencies which often enjoy a monopoly position for their mandated areas (refugees, food, children, etc) or act as an oligopoly or cartel to control the flow of resources to certain kinds of activities. These market arrangements stifle competition and produce inefficiencies. For example, cluster lead agencies are meant to play an impartial role in the allocation of financial resources, but they often use their privileged position to prioritise fundings for their own agencies rather than allowing resources to go to cluster member organisations (see figure 3). The net result of the coordination, planning and funding structures in the humanitarian system is that they are driven as much by the priorities of the major aid agencies as they are by the needs of affected populations (Saez, 2020). Many people decry the deficiencies of cluster system with proposals made for alternative coordination mechanisms such as area-based coordination (Konyndyk et al., 2022). Such reforms have not gained traction, though, because cluster lead agencies stand to lose their privileged position in the marketplace and therefore have resisted change.

With dwindling global humanitarian funding, a market realignment could be expected whereby the most cost-efficient agencies prevail and costs are driven down. The COVID-19 pandemic impacted aid agencies significantly with some predictions at the time suggesting that 45 % of UK development NGOs could have been forced to close (SIDCN, 2020). While the worst-case scenario did not transpire it was the smaller organisations that were most under threat. The uncompetitive way the market is structured and operates meant that the large UN agencies and INGOs that act more like an oligopoly were able to maintain their privileged access to donor funds. When funding

is scarce the dominant motivation that these organisations pursue is self-preservation to maintain income and market share, rather than being forced to seek out cost efficiencies to remain competitive. Recent research from Humanitarian Funding Forecast has shown that the proportion of funding that UN agencies pass on to their implementing partners has actually been decreasing in recent years (Pearson, 2022). Despite the constant lack of humanitarian funding there are remarkably few mergers of agencies with similar mandates and activities interested in pursuing economies of scale and cost savings in order to be more competitive. In 2013, the UK health NGO Merlin ceased operations and joined Save the Children although the term merger was conspicuously absent from the transition that took place.⁶ In 2006, the French NGO, Humanity and Inclusion, merged with Atlas Logistique, which provided the organisation with expertise in the logistics for emergency relief operations – not the most obvious. However, there are few examples of humanitarian organisations teaming up in this way.

The proportion of funding that UN agencies pass on to their implementing partners has actually been decreasing

Many INGOs operate as federations of national members and have spent recent years re-organising their structures to become more multi-national and shift operational decision-making to the global south while strengthening their presences in donor capitals to maintain access to funding. Despite these organisational changes, though, there has been limited realignment of INGOs, especially in a drive to increase effectiveness and efficiencies. UN agencies, funds and programmes, on the other hand, are mandated by member states and, if anything, they tend to proliferate rather than consolidate even when there is often significant overlap in the activities in which they are engaged and a clear rationale for some kind of consolidation. While UN entities may develop framework agreements and MoUs between each other, they use their position with member states to maintain the status quo in terms of their share of the market and access to funding. In this way they operate as an oligopoly implicitly colluding to maintain an uncompetitive and inefficient market arrangement because it is in their economic interest to do so.

3.3 Innovation or risk aversion

Innovation is the driving force in any competitive economic market...

Innovation is the driving force in any competitive economic market. There has been increased interest in the role of innovation in the humanitarian sector with the establishment of innovation units or labs within individual organisations and funds established to foster new approaches to humanitarian action. However, the innovation function remains weak within the humanitarian system and there have been few ‘game-changing’ ways in which humanitarian assistance is provided (Curion, 2019). Perhaps the most significant in the last decades has been the increasing use of cash assistance, which has replaced in-kind forms of assistance. In 2023, cash and vouchers accounted for an estimated 23% of total humanitarian assistance compared to 16% in 2017 (Development Initiatives, 2024). While the growing use of cash has been a deliberate attempt to provide aid recipients with greater choice over the assistance they receive, it has also been driven by the need to reduce the transactional costs of humanitarian aid and be more cost efficient. Most aid agencies now provide cash assistance and have increasing need to do so to remain relevant in the humanitarian marketplace.

Apart from cash assistance and perhaps some new medical treatments and designs of shelters, though, it is hard to pinpoint other innovations that have led to a paradigm shift in the way humanitarian assistance is provided. The digitisation of humanitarian assistance has certainly brought about some changes, especially in the way agencies collect, analyse and manage data as well as communicate with beneficiaries. But, there have been both challenges and opportunities of these technologies (Düchting, 2023). The capacity to assess and analyse crisis-affected populations’ needs has certainly been strengthened, but aid agencies have also had to contend with concerns about data privacy, with several scandals already having been reported. For example, in 2021, UNHCR was criticised for having shared the personal data of Rohingya refugees with the Bangladesh Government without their consent.

Beyond these limited examples of innovations in the humanitarian system, the way in which humanitarian assistance is provided today is not radically different from how it was in the past. Because of the dysfunctionality of the marketplace and lack of competition, it is rare for individual agencies to distinguish what they do and gain market advantage from specific innovations. For Curion, it is the absence of a true market and profit mechanism in the humanitarian industry that explains why innovation is not more of a driving force that leads to sustainable change (Curion, 2019). The projectisation of the human-

...but not in the humanitarian industry

itarian sector and the earmarking of funding means that aid agencies have few resources to dedicate to research and development for new approaches. According to the ELRHA, the humanitarian system spent just 0.2% of the humanitarian assistance budget on research and innovation between 2017 and 2021 (Issa and Camburn, 2022).

The lack of innovation in the humanitarian system can be contrasted with the increasing attention to risk management and compliance frameworks which attracts far greater financial resources than innovation. In the survey of NGO leaders mentioned earlier risk management and compliance were reported as being prioritised over change and innovation (Baiden et al., 2022). As the humanitarian sector has grown over the last two decades so too have the different kinds of fiduciary, security, reputational and other risks that aid agencies must now contend with. Scandals linked to the diversion of aid, fraud and sexual exploitation and abuse have become common place and enough to lead to the suspension of funding from donors and a serious impact on those organisations in the spotlight. In 2018, Oxfam became embroiled in a scandal after reports came to light of its staff being involved in sexual exploitation and abuse in the aftermath of the 2010 Haiti earthquake. The scandal caused the UK Government to suspend its funding to the organisation and it subsequently had to cut millions of dollars’ worth of programmes, which led to a significant reorganisation of the agency.

The introduction of risk management policies and procedures in the humanitarian sector is a welcome way in which agencies have had to better manage the challenges of their industry. In bygone times the worthiness of humanitarian organisations meant that concerns about misconduct were not so seriously scrutinised. Multinational companies operating in fragile and conflict countries face the same kinds of risks which can have a serious impact on their profitability and aid agencies have adopted many of the same practices. Compared to limited investments in innovation aid agencies are spending millions of dollars on risk management and compliance frameworks. The problem with risk management in the humanitarian sector is that, because of the way the humanitarian marketplace is structured, the incentive for larger agencies is to pass on the risk to implementing agencies without necessarily providing them the necessary resources to manage them. While donors are concerned about the potential misuse of taxpayers

Risk management and compliance are being prioritised over change and innovation

Aid agencies are spending millions of dollars on risk management and compliance frameworks

money, they are all too willing to pass on risk management to large UN agencies and INGOs who must establish compliance frameworks for the projects they implement. It is the small agencies at the end of humanitarian supply chain, particularly local and national NGOs, that face the greatest risks, but often without the systems in place to manage them.⁷ It is no surprise that national staff from these organisations experience the greatest security risks and account for most security incidents (Humanitarian Outcomes, 2024).

Given the skewed risk profiles of different types of humanitarian organisations, there has been increased attention to ‘risk-sharing’ in the humanitarian system. The Grand Bargain established a workstream on the topic and developed a risk-sharing framework in 2023 which recognises the collective nature of humanitarian

action and the need for a principled approach for sharing the preventative measures and responsibility for managing risk in humanitarian contexts (Risk Sharing Platform, 2023). It provides a toolkit of actions that agencies can take to share and better manage risks together. Although well-intentioned, the use of such a risk-sharing framework is completely voluntary and relies on the good intentions of agencies to adopt such approaches. The market incentive is still, however, to pass on risk to other organisations. Without enforcement mechanisms to ensure implementation of such frameworks agencies are more likely to go it alone rather than share the burden of risk management. This is a clear example of market failure and the need for more robust regulation.

The market incentive is to pass on risk to other organisations

3.4 Efficiency and value for money

The Grand Bargain was established to improve effectiveness and efficiency in the humanitarian sector. While there has been a lot of attention in the humanitarian system to improve the quality and results of assistance provided (i.e. effectiveness), whether scarce humanitarian resources are used in the most optimal way (i.e.

Cost efficiency is not something that is discussed extensively in the humanitarian sector

efficiency) has received far less attention. Humanitarian organisations are in the business of saving lives and it is difficult to judge whether one kind of intervention might be more efficient at achieving this goal than another. As a result, cost

efficiency is not something that is discussed extensively in the humanitarian sector and there is no common way of measuring value for money (Lilly, 2024). It is not as if these concepts are reserved to the private sector. National health systems must justify how they use taxpayers’ money to deliver the best health outcomes for patients and the public at large albeit with mixed results. However, the humanitarian system appears impervious to a serious discussion of the topic and adopting meaningful measures to address them.

In recent years some humanitarian organisations have decentralised their global support functions from headquarters to less costly locations and have outsourced some administrative tasks to external providers to be more cost efficient. For some donors, agencies must submit humanitarian project proposals that outline the costs per beneficiary but usually only in a cursory way. A consortium of international NGOs is now using the web-based software, Dioptra, for staff to estimate the cost-efficiency of their programmes compared to system-wide benchmarks.⁸ However, these types of tools are not commonplace in the humanitarian sector, with cost-efficiency usually relegated to logistical supply questions

rather than programmatic trade-offs. The Humanitarian Programme Cycle (HPC) process that generates HNRPs includes detailed costing methodologies to generate accurate financial requirements of these inter-agency humanitarian plans. However, there is no explicit requirement within the HPC to conduct detailed cost-benefit analysis to ensure that cost efficiencies are being made and there is a justification of the budgets.

Efficiency is normally a criterion of humanitarian evaluations, but it is more likely to be assessed by the subjective views of stakeholders as it is detailed cost benefit analysis (Obrecht et al., 2022). Value for money is an indicator in MOPAN which is a network of member states that conducts organisational assessments of UN agencies. However, there is a dearth of evidence to measure performance for this indicator, which remains somewhat subjective. The Independent Commission for Aid Impact (ICAI) scrutinises UK aid spending so that it is spent effectively and delivers value for UK taxpayers. Other donors have the same concerns, but there is no system-wide methodology for how value for money should be assessed in the humanitarian sector.

There is no system-wide methodology for how value for money should be assessed

Because of the limited amount of financial transparency in the humanitarian sector it is difficult to assess whether funds are being used in the most cost-efficient way. The International Aid Transparency Initiative (IATI) is a global initiative to improve the transparency of development and humanitarian resources and their results for addressing poverty and crises. The IATI Standard is a voluntary initiative, and reporting remains weak which undermines its added value for analysis and decision-making (Metcalf-Hough et al., 2023). The organisation *Publish What You Fund* produces an annual aid transparency index

which has reported incremental improvements (PWYF, 2024). However, the humanitarian market involves the movement of money between so many different intermediaries that it is hard to know how much is actually spent on assistance to the final recipients of aid.

It is not unusual for donor funds to be placed first in a pooled fund before making it to UN agencies which typically take an overhead cost of seven percent before passing the money to an INGO that takes a similar cut before sub-contracting a local or national NGO to actually providing the assistance (Carbonnier, 2015). For example, the *Education Cannot Wait* fund was established to prioritise funding to education in emergencies (EiE)

and, while it has helped mobilise more funding for EiE, it is essentially a marketing tool. It is hosted by UNICEF which in turn is the largest recipient of ECW funding with significant transactions costs even before its funding is programmed to recipient countries. With so many transactional costs involved how humanitarian funding is channelled it is no surprise that organisations such as Give Directly are now marketing themselves as being able to give assistance more directly to crisis-affected populations. For most agencies in the humanitarian marketplace, though, we simply don't know whether they are providing 'value for money' as there is no common system for measuring this (Lilly, 2024).

3.5 No economic incentive to localise aid

Since the WHS in 2016 the localisation of aid has become a key reform priority of the humanitarian system. The IASC has promulgated several policy guidance documents on the subject (IASC, 2021). Many agencies have adopted their own localisation policies and strategies and purport to be changing their operating models. The mantra of making aid "as local as possible and international as necessary" is meant to be shifting the power dynamics in favour of local and national actors so they can play a more prominent role in the humanitarian response. Grand Bargain signatories committed to ensuring that 25 % of humanitarian funding would be provided 'as directly as possible' (i.e. through up to one intermediary to local and national actors) to these organisations.⁹ However, direct funding to local and national actors as a proportion

of overall humanitarian assistance has barely increased since the Grand Bargain was agreed rising from 3.7 % in 2017 to 4.5 % in 2023 – see figure 4 below. The travel restrictions and limits on mobility caused by the COVID-19 was meant to have been a watershed moment for the localisations of aid, with aid agencies having no choice but to work more through local actors. However, the pandemic proved a false dawn for making progress on the issue with the status quo prevailing (Barbelet et al., 2021).

Direct funding to local and national actors has barely increased since the Grand Bargain was agreed

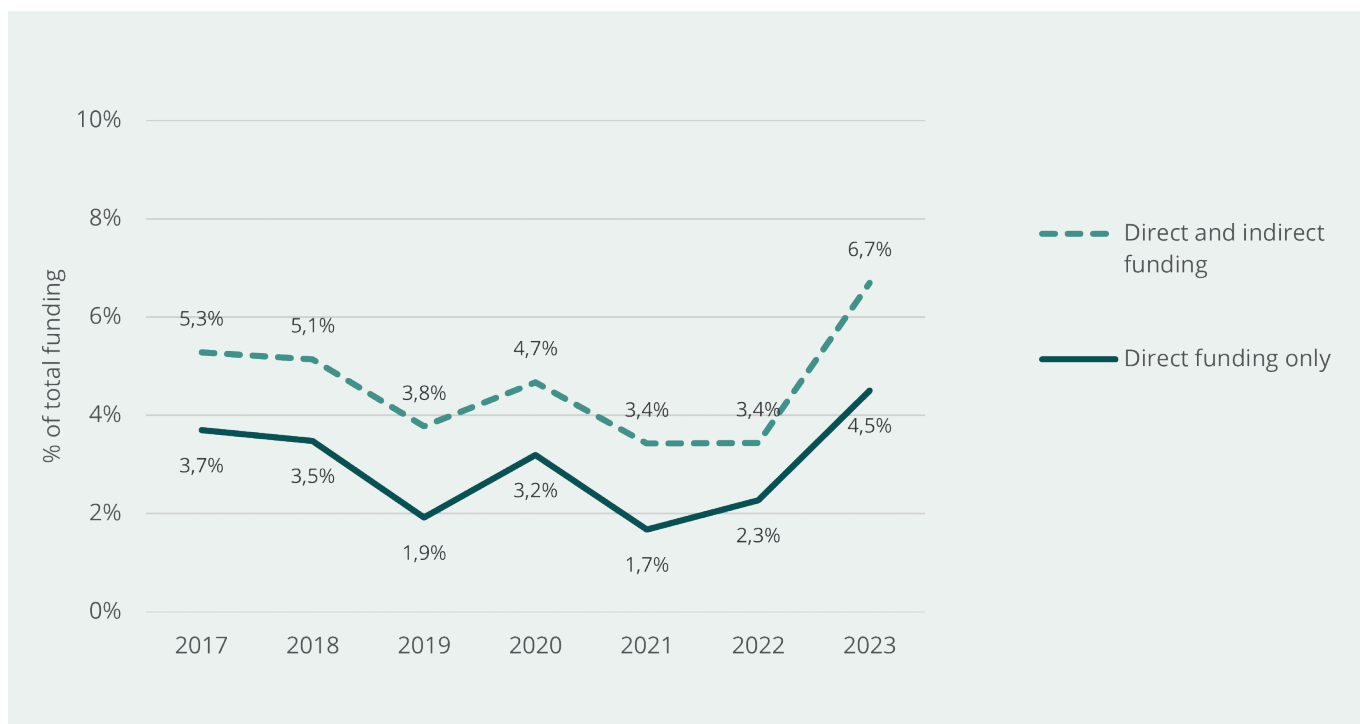


Figure 4: Funding to local and national actors; Source: Development Initiatives based on UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service (FTS) data and country-based pooled funds (CBPFs) data hub; Note: Data reflects that to interagency reporting platforms such as FTS; Author: Dan Walton, Una McCarter, Niklas Rieger

The principal motivation for localising aid is that it is deemed to be ethically and morally the right thing to do to enhance local leadership and bring the response closer to the people it serves. No one disputes this. However, despite the various commitments made, there has been limited progress made on the issue.¹⁰ This is not necessarily due to a lack of attention to the issue, but rather the limited economic incentive for the different actors involved to radically change the power structures in the humanitarian system.

Local actors could deliver humanitarian programmes 32% more cost efficiently than international agencies

Humanitarian assistance could be provided more cost efficiently through local actors who have privileged access to crisis affected populations and far reduced labour and other operational costs. A recent study estimated that local actors could deliver humanitarian programmes 32% more cost efficiently than international agencies, representing potential annual savings of up to \$4.3 billion (Cabot Venton, 2022).

However, the key actors involved have limited economic incentive to allow more resources to be channelled to local and national NGOs. Donors cite the lack of capacity of local actors and the potential risk of diversion for not increasing their funding directly to local actors. The reality, though, is that they do not have the administrative capacity to manage so many small grant agreements with local actors even if they were minded to. It, therefore, falls to UN agencies and INGOs to pass on more funding to local actors. From a market perspective, though, there is limited incentive for them to do so because, at the end of the day, they are competing over the same limited resources (Bennett, 2016, Currión, 2018). Most CBPFs allocate more than 25% of their funding to local actors, demonstrating the clear potential for them to receive more resources. However, we simply don't know how much funding is provided indirectly to local actors as implementing partners of UN agencies and international NGOs as, despite their Grand Bargain commitments, they do not routinely publish this

financial information. Local actors decry being treated as 'sub contractors' by international agencies with limited support to their institutional development. Consequently, there have been efforts by the IASC to provide them with an equitable and fair amount of overhead costs (IASC, 2022). However, again there is limited incentive for the agencies providing them funding to allow for these costs as it eats into their own income. More than half of Grand Bargain signatories do not have publicly available policies on the issue, and those that are available vary in quality and implementation (Development Initiatives, 2024).

The key actors involved have limited economic incentive to allow more resources to be channelled to local and national NGOs

Analysing the economic incentives of the different actors involved provides the best explanation of why there has been such limited progress on the localisation of aid, a principal component of which requires providing them with more access to humanitarian funding. Organisations such as Fair Funding Solutions have been advocating for INGOs to become 'facilitators' of more financial resources to local actors rather than the 'gatekeepers' and 'power-brokers' that they currently are now.¹¹ This will only happen, though, when it becomes a comparative advantage for UN agencies and INGOs to provide greater resources to local and national NGOs as such an approach would, in turn, enable them to access more funding from donors. There have been shifts in the dynamics of the humanitarian marketplace before when, for example, cluster lead agencies invested in their sectoral leadership responsibilities or when more traditionally development agencies pivoted towards providing humanitarian aid. We have not yet seen, though, a similar shift for international agencies to work more closely and through local and national NGOs despite the commitments made. It will require a change to the economic incentive structure in the humanitarian marketplace for such change to happen; the goodwill of those involved cannot be relied upon.

3.6 Lack of accountability and participation of affected population

Making humanitarian action more accountable has been a long-standing priority in the humanitarian sector

Making humanitarian action more accountable to the people that aid agencies serve has been a long-standing priority in the humanitarian sector. There has been talk of an 'accountability revolution' with humanitarian organisations changing their business model to put affected populations at the centre of humanitarian action. The IASC has adopted an Accountability to Affected Populations (AAP) framework that agencies are meant to use (IASC, 2023). Most recently, the previous Emergency Relief Coordinator, Martin Grif-

fiths, launched a Flagship Initiative to ensure a more people-centred approach to humanitarian action.¹² However, AAP tends to be equated with complaint and feedback mechanisms. In the same way as customer service in the private sector, aid recipients are meant to be able to seek remedial action if they are not satisfied with the assistance they are provided with. The criticism of complaint and feedback mechanisms in the humanitarian sector, though, is that they tend not to lead to changes in the way aid is provided and pay lip service to the real concerns of beneficiaries. Perception surveys of aid recipients conducted by Ground Truth Solutions (GTS) generally conclude that beneficiaries are not satisfied with the assistance that they receive, which does

not meet their needs (GTS, 2022). People suffer acute suffering in crises and the humanitarian response in most contexts is severely underfunded, so it is perhaps not so surprising that the expectations of aid recipients are not met.

Aid recipients report having no influence on how aid is provided to them

Of greater concern is that, according to GTS surveys, aid recipients report having no influence on how aid is provided to them, including being adequately informed and able to participate in the design and delivery of humanitarian assistance. They want transparency in how humanitarian funds are spent, but rarely receive this. As explained earlier, their suffering is rather commodified as aid agencies market the misery and suffering they face in order to mobilise more resources. While the world unfortunately needs to be shocked into helping crisis-affected populations the communications used by agencies to highlight their plight is also driven by their attempt to grow their income which raises ethical concerns about whether it is done in a dignified way. The branding of individual agencies contribution to the humanitarian effort, with their agency logos plastered over every kind of assistance and project provided, is completely out of control. In a welcome move, NRC's Secretary General, Jan Egeland, recently announced a series of steps his organisation would take to reduce the amount of branding.¹³ Few other agencies, though, are taking the issue so seriously.

From an economic perspective aid recipients have no agency in the humanitarian marketplace. If they are unsatisfied with the assistance being provided to them by one organisation, they are unable to switch to another. There is no consumer choice in the humanitarian sector. While aid recipients may voice concern about the terms under which assistance is provided to them, they have limited leverage to change things. The way the humanitarian marketplace is structured, with excessive power located in a small group of funders and suppliers, means that humanitarian assistance is defined as much by what agencies can offer as it is by what people actually need (Bennett, 2018). While aid agencies have subscribed to a people-centred approach to humanitarian action and adopted various policies, frameworks and strategies on AAP, there has been limited progress on the issue. There would need to be quite a fundamental shift in power structures and aid agencies relinquishing control that they currently do not have the incentive to cede. Before leaving office the former ERC, Mark Lowcock, called for the appointment of an independent commission to make aid agencies accountable to aid recipients by listening to their concerns and allowing them to grade the quality of agencies' work.¹⁴ It is only by providing aid recipients a more fundamental role in deciding what kinds of assistance they are provided and actually participating in its delivery that more progress on AAP is likely to be made.

There is no consumer choice in the humanitarian sector

4. A case for better regulation of the humanitarian sector

Regulation is not a term usually associated with the humanitarian sector

As outlined in the previous sections the humanitarian marketplace is dysfunctional with market failures stifling competition and efficiencies and skewing economic incentives which act as a barrier to progressing much needed reforms – ultimately to the detriment of the people that aid agencies are meant to serve. In economic markets, regulation is the tool used to remedy market failures, modify economic behaviours, and protect stakeholders. It comes in the form of legislation but also policy frame-

works and governance structures, as well as voluntary codes and measures. Regulation is not a term usually associated with the humanitarian sector. Many humanitarians take umbrage at the suggestion that what is needed is better regulation of the humanitarian system, which rather should be guided by humanitarian principles and the overriding mission to alleviate human suffering. However, this section describes the key elements of the current regulatory framework for humanitarian action and explains why it comes up short for ensuring the proper functioning of the humanitarian system and why better regulation is needed.

4.1 Gaps in the current regulatory framework of humanitarian aid

There are few legal requirements for how aid agencies should operate from a programmatic, operational and technical point of view

In the broadest sense, international humanitarian law regulates relief operations in situations of armed conflict while the less codified international disaster response law does the same in situations of natural disasters (Fischer, 2007). These legal frameworks, though, set out the obligations of state parties to accept international humanitarian assistance and the conditions under which it should be provided, rather than how aid agencies need to conduct themselves or act as part of an overall system. There are, in fact, few legal requirements for how aid agencies should operate from a programmatic, operational and technical point of view. UN agencies are governed by UN laws, including those pertaining to the mandates of different entities, as well as resolutions of the General Assembly and UN other bodies. For example, UN General Assembly Resolution 46/182 of 1991 and subsequent resolutions on the coordination of humanitarian assistance set out the broad framework and guiding principle under which such assistance should be provided but without detailed provisions. At the national level, INGOs are covered by charity laws in their constituent countries but these are mainly confined to how they can receive and use public and private monies.¹⁵ These laws, though, provide a minimal regulatory framework of humanitarian organisations.

The governance structures of aid agencies, such as executive bodies and boards of trustee, also provide a regulatory function but mainly aimed at oversight and accountability rather than how humanitarian assistance is actually delivered. Audits make sure humanitarian funds are used as intended while donor governments must report to their parliaments for how taxpayers' money is spent. Humanitarian evaluations review the strategic, programmatic and operational work of agencies. However, the evaluation function of many agencies is only nominally independent and there are limited accountability mechanisms to make sure that recommendations from them are actually implemented.

Self-regulation has boosted the professionalisation of the humanitarian sector and helped drive change...

Aid agencies have increasingly adopted self-regulation measures to address the operational challenges they have faced and help provide better standard setting and greater accountability. Starting with the 1994 Code of Conduct of the International Red Cross and Red Crescent Movement and Non-governmental Organisations in Disaster Relief there has subsequently been a plethora of voluntary initiatives that agencies may decide to sign up to demon-

strate their commitment to address specific common challenges. The SPHERE standards, the Charter of Change, and the Grand Bargain are just some of the many forms for self-regulation in the humanitarian sector. Self-regulation has boosted the professionalisation of the humanitarian sector and helped drive change in some key areas by raising standards, and in so doing improving the quality and effectiveness of the assistance provided to crisis-affected populations. Given their voluntary nature, though, there are no enforcement mechanisms to ensure that agencies abide by their stated commitments and so they have had limited impact. As noted in the previous section, progress has been slow on a range of policy commitments in the humanitarian system and self-regulation is a blunt tool to bring about change. Despite system-wide commitments made through the IASC and other fora, there is limited scope for making such measures binding. The policies and guidelines promulgated by the IASC are in reality optional rather than mandatory.

...but there are no enforcement mechanisms

As the main buyers of humanitarian services donors have the most influence over the regulation of the aid agencies that they fund. Rather than using national legislation, though, most donor governments use policy frameworks and their funding relationships to shape how the humanitarian assistance is provided. For example, the UK Government uses a Payment by Results framework with the agencies it funds to bring about reforms, improve standards and ensure compliance. Other donors have adopted similar results-based approaches to funding humanitarian assistance, although the impact of these measures has been mixed (Dijkstra, 2023). Despite wielding the greatest power in the humanitarian system there are few instances of donors demanding system-wide reforms take place. As with the Grand Bargain, they are as much likely to be an equal partner in coordination forums related to humanitarian aid as they are leaders of the process. While donors coordinate their respective policy positions and funding approaches through the OECD DAC and Good Donorship Initiative, there is limited leadership provided. The research organisation, DARA, used to conduct an annual survey of donor performance, but this came to an end and there are few ways that the actions of donors are scrutinised (Bowden and Penrose, 2022).

4.2 The need for a new approach to regulating humanitarian aid

The lack of proper regulation is seriously holding back the reform of the humanitarian sector

The upshot of the different regulatory mechanisms and functions described above is that humanitarian action is only minimally regulated and not in a way that genuinely improves effectiveness and efficiency as well as ensuring proper oversight and accountability. The lack of proper regulation is seriously holding back the reform of the humanitarian sector. Most people acknowledge that it is only by addressing the underlying power structures and fundamentally changing the architecture of the humanitarian system that reform will be possible (Collinson, 2016, Bennett, 2018, Saez, 2021). However, there is limited appetite and incentive for the main actors to bring about the needed change and, therefore, the system is stuck at an impasse and unable to change, much to the frustration of those people involved. While certainly not a panacea, better regulation within the humanitarian sector presents a potential lever to bring about the needed changes.

There needs to be a fresh look, though, at regulation in the humanitarian sector. The main problem is that most regulatory measures are either weak or self-referential and, therefore, allow aid agencies to act broadly as they please. While the term itself leaves many humanitarians uneasy it is needed to boost competition, by levelling the playing field for how agencies access funds and correct some of the challenges faced by agencies to strengthen oversight and accountability. Further regulation does not necessarily need to be introduced in a draconian way that would stifle the operational independence of aid agencies and run contrary to their humanitarian principles. It could rather be aimed at changing the different economic incentives in the humanitarian system to create a genuine internal market that is competitive, based on the same rules for everyone and to make mandatory policy priorities that aid agencies have already agreed to but are dragging their feet in actually implementing for one reason or another. For example, providing financial transparency about how much funding is going to local and national NGOs and making this be a minimum 25 % could be a mandatory requirement of receiving donor government funding for UN agencies and INGOs.

The central proposition made here is that there needs to be an independent regulatory body for humanitarian aid that sits outside the current system of actors and sets out the regulatory framework in which aid agencies must operate, if they want to access public funds. Such regulatory bodies exist for different private industries and when private companies deliver services for government departments. In the UK the ICAI scrutinises UK aid spending so that it is spent effectively and delivers value for UK taxpayers. However, it does not set the terms under which aid agencies will receive UK government

donor funding. There is the Charities Commission but what is envisaged here is an independent regulatory body for humanitarian aid which sets out the internal market rules more robustly for accessing funding and then outlines system-wide standards on a range of issues including those discussed in the previous section that aid agencies must demonstrate they are abiding by. It would also have to have sanctioning powers such that if regulatory measures are not met, this would affect aid agencies' ability to access public funds.

There needs to be an independent regulatory body for humanitarian aid that sits outside the current system of actors

There is, of course, the concern that regulation proves costly and adds additional bureaucracy to what is already an inefficient humanitarian system. However, by breaking up the monopolistic and oligopolistic way that aid agencies operate and increasing competition, there would be a reduction of costs with potentially significant benefits. The regulatory costs of providing oversight for agencies to abide by standards on issues such as localisation, AAP, etc. also needs to be compared to the current mechanisms, such as ineffective governance structures in the IASC and self-regulation measures, which are themselves costly, and moreover ineffective to bring about change in the humanitarian system as noted earlier. One of the key standards that such a regulatory body could oversee would be on value for money itself. Another challenge is that aid agencies are multinational organisations. While it would make sense to have regulatory bodies in countries of the main donors, these should be complemented by an international mechanism through, for example, the UN. Proposals have already been made for an independent panel to commission audits of UN humanitarian operations and report to ECOSOC (Barber and Bowden, 2023).

5. Conclusion and recommendations

The humanitarian system is a complex network of different actors and structures which have grown enormously in recent years. From an economic perspective, the system acts as a marketplace in which humanitarian projects are bought by donors and supplied by different aid agencies and intermediaries. The internal market within the humanitarian system is controlled, though, by a small number of agencies with limited competition, while regulatory measures are weak to provide genuine oversight and accountability. These market failures help explain why the humanitarian system is so dysfunctional, but they also provide the clues for how it can be reformed to provide better outcomes for crisis-affected populations. This paper has tried to shed light on why it is so important to analyse the humanitarian system through an economic lens to understand better why it is not working and what needs fixing. It has suggested that it is only by changing the economic incentives and providing needed controls that genuine reform to the humanitarian system can take place. Better regulation is the tool to bring about this change. While this might cause some unease amongst humanitarians such measures need not undermine the humanitarian endeavour but rather they can help the system deliver better outcomes for crisis-affected population which remains the overriding goal. With this approach in mind the following kinds of measures could be considered.

- Donor countries should establish independent regulatory bodies for humanitarian aid that provide the rules for a competitive internal market for accessing funding and system-wide standards that receiving aid agencies must abide by in their operations, with sanctioning powers for non-compliance.
- Improve financial transparency with a mandatory requirement for aid agencies to report what percentage of their income/funding goes to different intermediaries, especially local actors, and final delivery of assistance to aid recipients.
- Provide a level playing field for securing donor funding that dismantles the privileged position of some agencies and increases competition while ensuring that there is a clearer distinction between those that are assessing needs, developing projects, and monitoring activities.
- Develop a system-wide measure for 'value for money' and require aid agencies to implement systems to report on this, which should be included in humanitarian audits and evaluations.
- Increase institutional unearmarked funding to aid agencies so that they have more operational flexibility and can invest more in research and development, with a target percentage for what should be spent on innovation.
- Set up a separate system-wide fund (in the same way as CERF) whose purpose is to fund innovation in the humanitarian sector in the same way that venture capital is used in the private sector.
- Make risk-sharing a mandatory requirement of receiving donor funding so that investments are made in local actors to better manage the risks they face in their operations.
- Promote the more dignified and ethical use of branding in the humanitarian sector based on system-wide standards.
- Introduce a cost efficiency component to the Humanitarian Programme Cycle so that HNRPs include cost-benefit analysis and justification that humanitarian funds will be used in the most cost-efficient way.
- Increase the use of CBPFs as a means for ensuring a functioning internal market for humanitarian projects linked to HNRPs.
- Organise an annual pledging conference as a follow-up to the launch of the GHO for donors to present their yearly funding for different crises to ensure that neglected crises are addressed, and reduce the practice of pledging conference for individual crises.

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Endnotes

- 1 In 2014, only 29 % of funding required for interagency appeals was for protracted crises, but in 2024 this had reached 91 %. See Development Initiatives, 'Falling short? Humanitarian funding and reform', October 2024
- 2 Irwin Loy, 'IRC cuts staff amid budget shortfall', The New Humanitarian, 7 August 2024, available at <https://www.thenewhumanitarian.org/news/2024/08/07/irc-cuts-staff-amid-budget-shortfall>
- 3 Will Worley, 'International aid agencies pay the price for boom and bust', The New Humanitarian, 29 August 2024, available at <https://www.thenewhumanitarian.org/analysis/2024/08/29/international-aid-agencies-pay-price-boom-and-bust>
- 4 For more information see ECHO's Forgotten Crises Assessment on its website available at https://civil-protection-humanitarian-aid.ec.europa.eu/what/humanitarian-aid/needs-assessment/forgotten-crises_en
- 5 In 1991, the UN General Assembly adopted resolution 46/182 establishing the position of Emergency Relief Coordinator (ERC) along with the newly created UN Office for the Coordination of Humanitarian Affairs (OCHA). The 2005 Humanitarian Response Review (HRR) led to the cluster-system which provided much needed predictable leadership at the sectoral level.
- 6 See 'Merlin, Save the Children and the business of not merging', Guardian, 17 July 2013, available at <https://www.theguardian.com/global-development-professionals-network/2013/jul/17/save-the-children-merlin-merger>
- 7 See for example, Darina Pellowska and Johanna Fipp, 'Localisation in Practice II: Implementing Risk Sharing in humanitarian action Findings from Bangladesh', CHA, December 2023
- 8 For more information see Dioptra website at <https://www.dioptatool.org/>
- 9 In 2021, USAID committed to making sure that 25 % of its humanitarian assistance would be channelled to local actors by 2025.
- 10 Frustrated by the last progress Caritas Europa and Centre for Humanitarian Action (CHA) developed a localisation index, see 'Unfulfilled Promises: Addressing the gap between commitments and practice in locally led humanitarian action', 2023
- 11 Tim Boyes-Watson, 'Towards a Theory of Transformation of the INGO Operating Model', 27 July 2023, available at <https://fairfunding.solutions/2023/07/27/towards-a-theory-of-transformation-of-the-ingo-operating-model/>
- 12 For more details about the Flagship Initiative see OCHA's website at <https://www.unocha.org/flagship-initiative>
- 13 Irwin Loy, Q&A: Why it's time to stop the aid logo 'arms race', the New Humanitarian, 17 August 2023, available at <https://www.thenewhumanitarian.org/interview/2023/08/17/qa-why-its-time-stop-aid-logo-arms-race>
- 14 See Guardian available at <https://www.theguardian.com/global-development/2021/apr/21/humanitarian-hfailing-crisis-un-aid-relief>
- 15 Most humanitarian organisations are multi-national and, therefore, must comply with laws in several countries.

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About the authors:

Damian Lilly is an independent consultant who has worked with the UN and NGOs for more than 20 years and writes on a range of humanitarian topics, currently based in Mozambique.

Mark Bowden is a retired senior UN official with extensive experience in the coordination of humanitarian operations having served as the UN humanitarian coordinator in Somalia and Afghanistan. Before working with the UN, he worked in the NGO sector and served on the board of a number of NGO coordination bodies.

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CHA - Centre for Humanitarian Action e.V.

Märkisches Ufer 34
10179 Berlin
info@chaberlin.org

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