

# CHRONIC CRISIS FINANCING? FIFTY YEARS OF HUMANITARIAN AID AND FUTURE PROSPECTS

GARY MILANTE AND JANNIE LILJA

## I. Introduction

The world is experiencing a record high number of armed conflicts, massive food insecurity and an unprecedented level of forcibly displaced people. The needs generated by these, often compound, crises put the spotlight on the humanitarian response. Humanitarian aid—which is assistance specifically aimed at addressing the symptoms or consequences of crisis—almost always flows into a country in parallel with a larger inflow of development financing, making it relevant to explore the humanitarian share of the total level of aid rather than focusing on humanitarian assistance in isolation. To explain why, one can use the example of how donors may respond to hunger. A response to hunger could either be through direct food distribution (humanitarian), or through support to farming or livelihoods systems (development), or—in the case of an armed group destroying food supply chains or blocking access to food markets—through negotiation and dialogue (peacebuilding). In other words, tracking only the humanitarian response would give an incomplete picture of the different instruments used to support the eradication of hunger.

The aim of this study is, therefore, to explore humanitarian funding trends in the context of total official development assistance (ODA) and to examine how these trends are expected to change in the near future. Based on the findings, the paper poses open questions to policymakers about the trade-offs and considerations needed to underpin their selection of humanitarian, development or peacebuilding financing instruments, especially in chronic crisis settings.

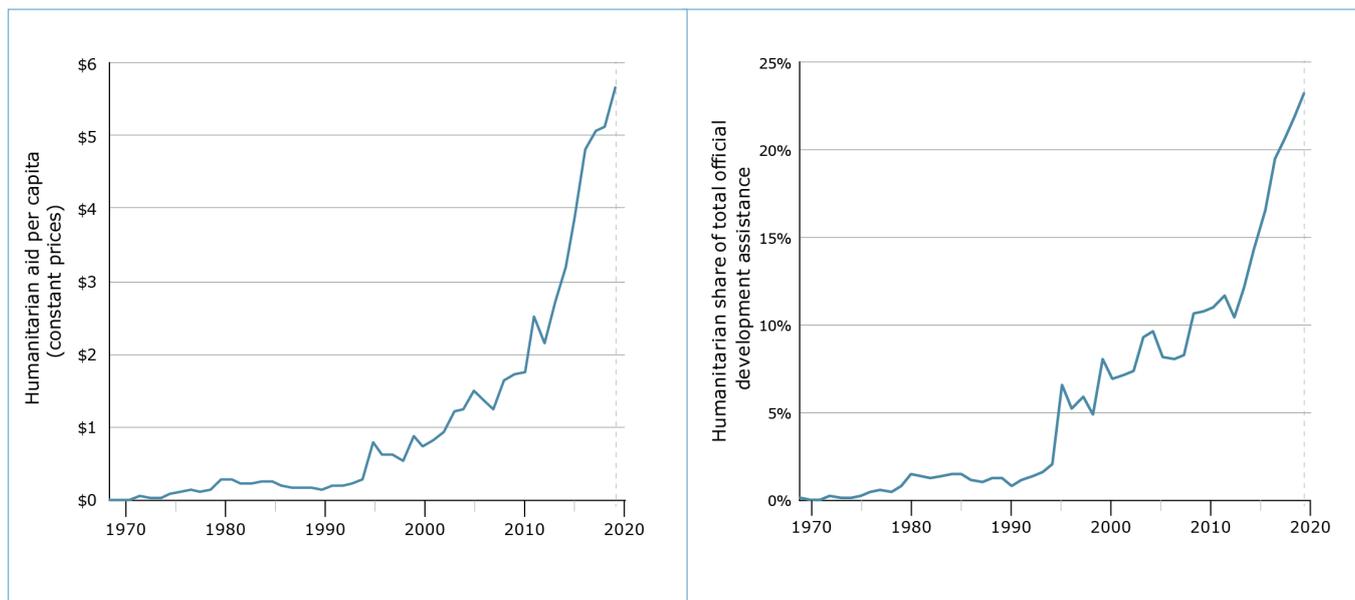
The paper begins by reporting on overall trends in humanitarian financing as part of total country aid over the past 50 years (section II). It then classifies different types of humanitarian financing situations (section III) and explores the prevalence or scarcity of different types of humanitarian financing situations (section IV). In section V the paper examines the features of chronic crises, which are the main destination of humanitarian assistance, and then makes estimates of future trends in humanitarian financing (section VI). The final section concludes with questions to policymakers (section VII).

## SUMMARY

● This study maps trends of humanitarian funding in the context of total aid at the country level between 1969 and 2019 and estimates how these trends will change in the future. Historical trends show that the composition of aid has changed significantly in the last two decades: the humanitarian share of total aid to countries has increased from approximately 5 per cent in the 1990s to 23 per cent in 2019.

Humanitarian aid was originally intended to respond to short-term emergencies, however, most of today's humanitarian financing goes to protracted situations. Today many countries receive high levels of humanitarian assistance for a decade or longer, referred to here as 'chronic' crises.

More than half of total global humanitarian assistance (59 per cent) in the decade 2010–19 went to chronic crises, typically synonymous with conflict-affected, fragile and refugee-hosting settings. These chronic crises have become more prevalent since 1995. Conservative forecasts suggest that 71 per cent of humanitarian assistance over the next decade will continue to go to countries receiving high levels of assistance today. The study concludes with open questions to policymakers regarding the use of the humanitarian financing instrument. In chronic crisis settings, the strategic balance between humanitarian, development and peacebuilding financing and the interplay between these financing streams deserves attention.



**Figures 1 and 2.** Humanitarian aid per capita and as a share of total official development assistance (ODA) for countries that received ODA, 1969–2019

*Notes:* The data uses constant 2019 US dollars. A gross domestic product (GDP) deflator was used to convert current per capita humanitarian assistance to constant per capita humanitarian assistance. Totals are for all aid (humanitarian aid and total ODA) that is country allocable for countries that received net positive ODA in a year.

*Sources:* Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.]; World Bank, World Development Indicators (WDI), [n.d.]; and World Bank, ‘GDP deflator (base year varies by country)’, [n.d.]. See also country allocable aid in annex A.

## II. Humanitarian financing trends in context

Global humanitarian financing, both per capita and as a percentage of total ODA, has been steadily increasing since 1969, with a sharper increase since the 1990s (see figures 1 and 2).<sup>1</sup> In 2017 humanitarian aid surpassed 20 per cent of total aid and annual appeals continue to increase today.<sup>2</sup> This trend is fuelled by increasing humanitarian needs: a record 82 million people are forcibly displaced, 690 million people are chronically hungry, and the Covid-19 pandemic and its knock-on effects on public health, mental health, gender-based violence and violence against children are felt most acutely by those already in vulnerable situations. War is ongoing in Ukraine with potentially devastating humanitarian ripple effects far beyond the country itself. Conflicts are re-emerging in the Central African Republic and Ethiopia, and there is conflict escalation in Mali and Venezuela.<sup>3</sup> In Afghanistan, decades of reliance on international development aid for basic health and education is turning into a major humanitarian emergency after the Taliban takeover.

<sup>1</sup> The paper uses ‘total official development assistance (ODA)’ and ‘total aid’ interchangeably. See data note on country allocable aid in annex A for more details.

<sup>2</sup> United Nations Office for Coordination of Humanitarian Affairs (UNOCHA), *Global Humanitarian Overview 2021* (UNOCHA: Geneva, 1 Dec. 2020).

<sup>3</sup> On consequences of war in Ukraine, see Delgado, C., ‘War in the breadbasket: The ripple effects on food insecurity and conflict risk beyond Ukraine’, SIPRI WritePeace Blog, 1 Apr. 2022. On refugees and internally displaced persons (IDP), see data note on refugees and IDPs in annex A. On hunger, see United Nations, Sustainable Development Goals, ‘Goal 2: Zero hunger’, [n.d.]. On emergent crises, see ‘Ten humanitarian crises and trends to watch in 2021’, *New Humanitarian*, 20 Jan. 2021.



These compounding crises are taking place against the backdrop of climate change, which is accelerating with more extreme effects than anticipated.<sup>4</sup>

In response to the growing needs, global humanitarian assistance has increased in absolute terms, and in 2019 was more than US\$25 billion. Humanitarian assistance per capita has increased more than 15 per cent per year since 1995 and has doubled every decade since 1990, growing much faster than population growth, to \$5.58 per capita in 2019.<sup>5</sup> Despite these sharp increases in humanitarian aid, global humanitarian needs remain unmet.<sup>6</sup> Only about 60 per cent of humanitarian appeals have been financed since 2010.<sup>7</sup>

Furthermore, humanitarian aid has also increased as a share of total aid. Total aid consists of humanitarian aid and development assistance, which have both increased over the last two decades, but humanitarian aid has increased faster. Before 1995, humanitarian aid at the country level made up less than 5 per cent of total ODA. This increased to 23 per cent in 2019.<sup>8</sup> In this context, it must be pointed out that humanitarian and development financing are not interchangeable. Humanitarian aid, grounded in international humanitarian law, is specifically aimed at addressing symptoms or consequences of crisis by, for example, saving lives or alleviating human suffering. Development aid, especially in the least developed countries, is expected to tackle the underlying drivers of poverty, conflict and crisis and aims to be sustainable, with a longer time horizon.

For this study, the variable of interest is the composition of aid, or the share of total aid made up by humanitarian assistance. It is important to look at the changing composition of aid over time in a country as it reflects the needs of a country and donor assessments of those needs. The increase in the absolute level of needs may be attributable to increases in global population, recent upticks in conflict, and related increases in internally displaced persons (IDPs) and refugees.<sup>9</sup> Thus an increase in the share of humanitarian assistance often reflects an increase in humanitarian needs. However, this is not always the case; donors' choice of instrument may also be influenced by absorptive capacity and political considerations of the context where aid is going. Donor countries may also take into consideration their domestic audiences; humanitarian aid—as a swift response with often tangible results—can be easier to defend politically to a domestic audience. Similarly,

<sup>4</sup> Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2021: The Physical Science Basis—Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*, eds V. Masson-Delmotte et al. (Cambridge University Press: Cambridge, Aug. 2021).

<sup>5</sup> See data note on population data in annex A.

<sup>6</sup> UN News, 'UN appeals for \$35 billion to help world's "most vulnerable and fragile" in 2021', 1 Dec. 2020.

<sup>7</sup> United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), Financial Tracking Service, 'Appeals and response plans 2020', 2020. Note that only 50% was financed in 2020 and, by Aug. 2021, only 33% for 2021. United Nations Office for Coordination of Humanitarian Affairs (UNOCHA) (note 2). The Grand Bargain was initiated in 2016 to promote higher levels of fulfilment of humanitarian appeals. However, appeals since 2016 have outstripped humanitarian aid. For more on the Grand Bargain, see Inter-Agency Standing Committee (IASC), 'The Grand Bargain (official website)', [n.d.].

<sup>8</sup> See data note on country allocable aid in annex A.

<sup>9</sup> On increases in the level of conflict in the last decade, see Palik, J., Aas Rustad, S. and Methi, F., 'Conflict trends: A global overview, 1946–2019', Peace Research Institute Oslo (PRIO), PRIO paper, 2020. On refugees and IDPs, see refugees and IDPs in annex A.



a decrease in the share of humanitarian assistance may reflect lower needs, but it could also be due to other reasons. Humanitarian assistance may, for instance, change because of shifting international attention, geostrategic priorities or due to changes in access.

Having outlined the overall global humanitarian financing trends over the past 50 years, the study will now proceed to differentiate between various types of humanitarian financing situations.

### III. Different types of humanitarian financing situations

To better understand humanitarian assistance inflows into countries, there is a need to differentiate between situations where the humanitarian share of the total aid inflow is ‘static’ (remains consistently at a high or low level) or ‘dynamic’ (changes by either increasing or decreasing), or whether humanitarian assistance is delivered as a one-off, appearing as a ‘spike’. Most countries’ aid inflows differ during different time periods over the past 50 years.

This study uses the variable of specific interest—the humanitarian share of total ODA—to classify a situation in a country as either static or dynamic (see annex A). Total ODA is comprised of humanitarian and development assistance, as discussed in the previous section.<sup>10</sup> The share of total ODA that is humanitarian assistance ranges from 0 to 100 per cent for every year in which the country received ODA in the 1969–2019 period. The paper classifies every year for every country receiving ODA—‘country years’—as either ‘low’ or ‘high’. Countries in a low situation are those whose humanitarian assistance in a given year is less than 5 per cent of total ODA. The cut-off at 5 per cent is selected to separate low from high situations and reflects the top quintile of country years in the data (21 per cent of country years have a humanitarian share of assistance greater than 5 per cent). The paper classifies country years as low or high to determine whether the receiving country experiences a static situation—country years remain consistently high or consistently low over time—or a dynamic situation—changing from low to high or vice versa.

The study uses a structural break methodology to identify time periods (a range of continuous years defined by a start year and an end year) characterized by a certain inflow of humanitarian aid. Thus, for each country year time-series, statistically significant breaks in the share of humanitarian assistance are identified. Some countries have no structural breaks, others have up to eight. Some periods are as short as three years, others are as long as 50 years.<sup>11</sup> For example, a structural break analysis for Liberia yields five significant periods for the country (1969–90, 1991–95, 1996–2002, 2003–2007 and 2008–19) due to four structural breaks (1991, 1996, 2003 and 2008).<sup>12</sup> For all the 168 countries considered, the structural break analysis yields 603 unique periods and 7226 country-year observations.

<sup>10</sup> See data note on country allocable aid in annex A.

<sup>11</sup> Not all donors distinguished between humanitarian and development data using the same definitions over the entire period. See data note on retroactive and interpolated data in annex A.

<sup>12</sup> The first Liberian Civil War was in 1989–97 and the second was in 1999–2003.



## Type of humanitarian financing situation

Every country receiving ODA has been coded with a specific type of humanitarian financing situation for a given period. The structural break analysis identifies when country trends shift, using statistical significance over time to ensure objectivity and replicability to determine when a period ends and whether a country was a high or low type.<sup>13</sup> The study identifies breaks and then codes the periods as belonging to a static situation, a dynamic situation or a spike.

### *Static situations*

Static situations can either be classified as ‘low’ or ‘high’. A low situation is one in which a country started a period with a low share of humanitarian aid (below 5 per cent) and ended the period with a low share. A high situation is one in which a country started a period with a high share of humanitarian aid (above 5 per cent) and ended the period with a high share. ‘Chronic high’ periods (the focus of section V) are 10 or more years long.

### *Dynamic situations*

The structural break analysis was also used to identify dynamic situations in which a country moved from having a low share of humanitarian aid to a high share during the period or, vice versa, moved from high to low. Dynamic periods defined by structural breaks were coded using the same logic: ‘increasing’ when a period started below 5 per cent and ended above 5 per cent, or ‘decreasing’ when a period started above 5 per cent and ended below 5 per cent.

### *Spikes*

The analysis also identified spikes—significant increases in humanitarian assistance in a single year. The spike analysis is independent of the breaks. Spikes can occur during a period or at a structural break. Because of the wide variety of cases, two types of spikes are included. The first is ‘spike by percentage’, which occurred when humanitarian assistance doubled as a share of total assistance within a year and was then greater than 5 per cent (332 instances). The other is ‘spike per capita’, which occurred when humanitarian assistance per capita doubled within a year, with doubled humanitarian assistance greater than \$2 per capita (411 instances).

Having developed a typology for classifying different humanitarian financing situations using the structural break methodology, it is possible to map the prevalence of different types of situations.

## IV. Mapping prevalence: The increasing incidence of high humanitarian financing situations

This section maps the prevalence of the different types of humanitarian financing situations, which were laid out in the previous section, for all 168 countries during 1969–2019. 87 per cent of the 7226 country years turn out to be static, either high or low (see table 1). Most cases, 72 per cent, are

<sup>13</sup> See methodology note on structural break analysis in annex A.

**Table 1.** Types of humanitarian financing situation by country year and percentage, 1969–2019

Type of humanitarian financing situation	Number of country years	Percentage
High (static)	1053	15
Low (static)	5215	72
Increasing (dynamic)	463	6.8
Decreasing (dynamic)	495	6.4
<b>Total</b>	<b>7226</b>	<b>100</b>

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

low, receiving little or no humanitarian aid as a percentage of total aid, often for long periods of time. At the other end of the spectrum, 15 per cent of the country years are high, many remaining chronically high for a decade or more. There is little dynamic movement—only 6.8 per cent of country years are categorized as increasing situations and 6.4 per cent are categorized as decreasing situations.

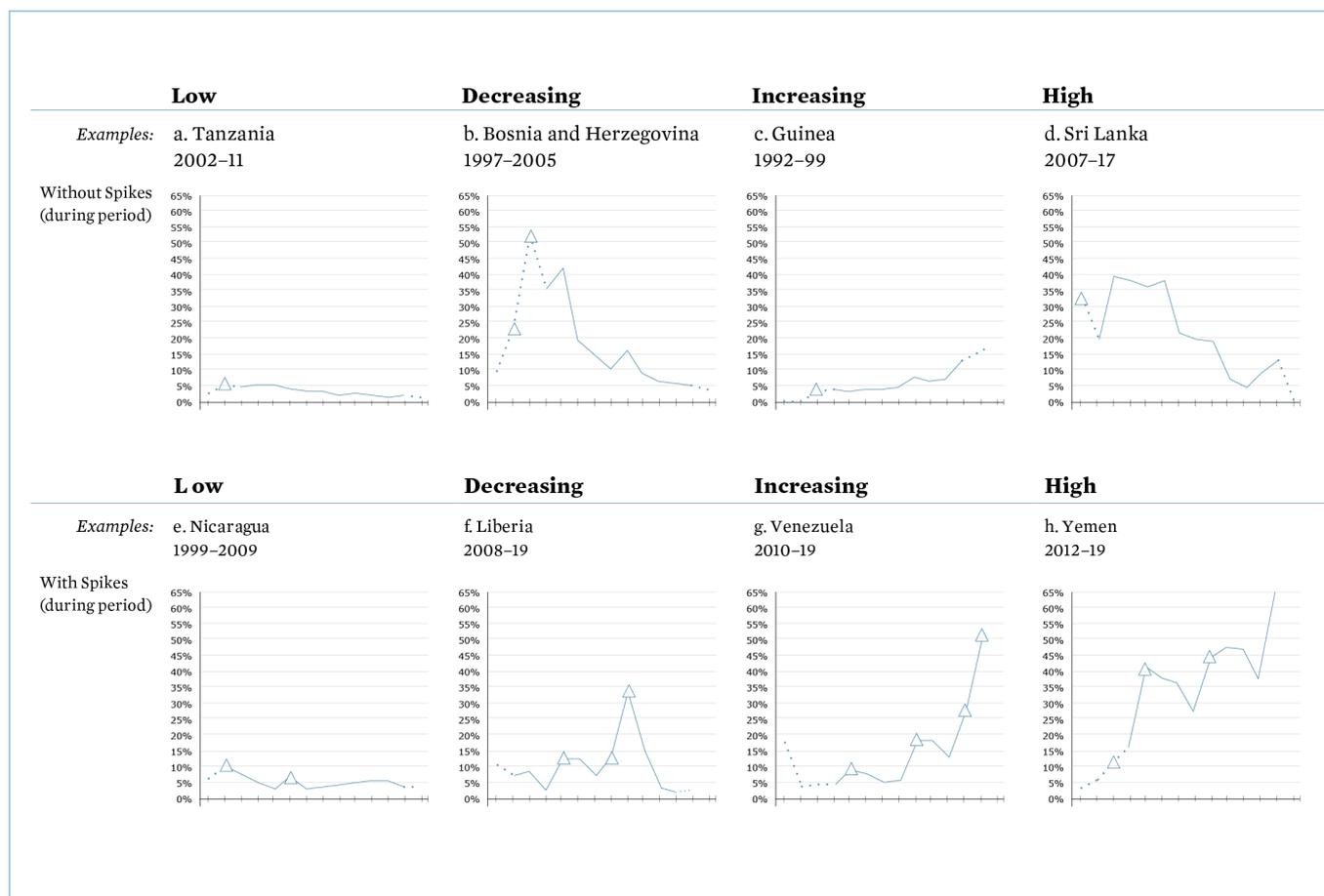
Countries change type infrequently. A country that was a low humanitarian aid recipient in a given year was 55 times more likely to stay low in the next year than it was to change type. Increasing and decreasing periods are shorter than static periods, and fewer than 7 per cent of the periods are dynamic. Furthermore, high cases are protracted and becoming increasingly so. A country that was high in a particular year was 41 times as likely to stay high than to decrease the next year. While high financing situations can be seen throughout the 50-year period, their incidence has been increasing over time and many countries have spent decades as chronic high recipients of humanitarian financing (see section V).

### Country examples of different types of humanitarian situations

The different types of humanitarian financing situations can be illustrated by using country examples. In each panel in figure 3 the percentage of total assistance that is humanitarian assistance in the relevant period for a country is plotted with a solid line on the vertical axis. Surrounding years for the country (representing periods outside of the structural breaks) are shown with dashed lines. Spikes, defined in the previous section, are shown with triangles.

The various panels in figure 3 demonstrate the range of humanitarian financing situations during different periods. Tanzania provides an example of a country with low humanitarian assistance and no spikes during the 2002–11 period.<sup>14</sup> Nicaragua is low with two spikes during the period 1999–2009. Bosnia and Herzegovina is dynamic decreasing, with humanitarian assistance falling from 35 per cent of total assistance in 1997 to 4.9 per cent in 2005. Humanitarian aid to Liberia was also dynamic decreasing, falling from 7.3 per cent (2008) to 2.6 per cent (2019), although it experienced three spikes during this period (most notably associated with the Ebola response in 2014 and 2015). Guinea and Venezuela are examples of dynamic increasing. The share of humanitarian assistance increased between 1992

<sup>14</sup> There was a spike in 2001, immediately preceding the period in the graph.



**Figure 3.** Country examples of different types of humanitarian financing situations

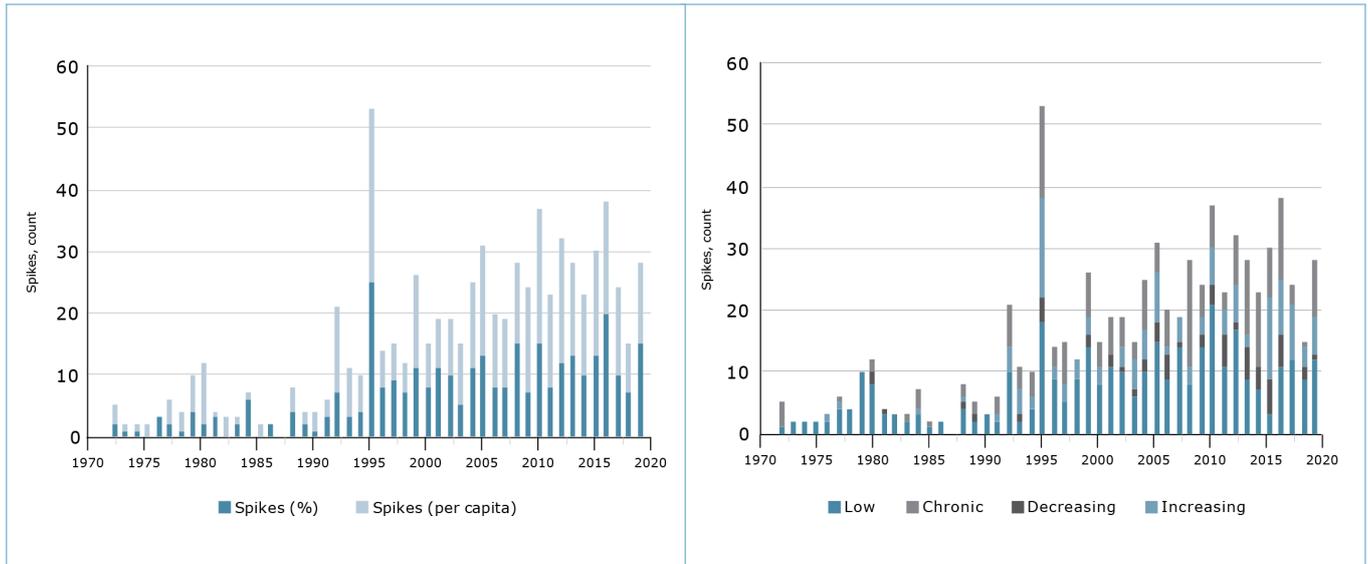
*Notes:* The relevant period for each country is shown with the solid line as identified by structural breaks (see methodology in annex A). Dashed lines indicate surrounding periods (except where the time series ends in 2019). Spikes (per cent and per capita) are shown by triangle markers.

*Source:* Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

and 1999 in Guinea, from 4 per cent to 13 per cent. The increase in Venezuela from 2010 to 2019 is more dramatic, going from 4 per cent to 51 per cent. Venezuela also experienced four spikes during this period. Sri Lanka and Yemen have very high shares of humanitarian assistance over the periods shown in the last panels of figure 3 and are examples of high cases. There is an observed decline in the share of humanitarian assistance, although Sri Lanka remains above the threshold with a change from 20 per cent to 14 per cent, for the period 2007–17. Yemen’s share of humanitarian assistance increases from 41 per cent to 65 per cent accompanied by two spikes, for the period 2012–19.

### Spikes are infrequent

While one might expect humanitarian financing to be short term because of the immediacy of emergencies, only a small percentage (7.8 per cent) of the country years are spikes—significant one year increases in the percentage of humanitarian aid the country receives. These include both types of spikes (spike by percentage and spike per capita) as defined in section III. Spikes



**Figures 4 and 5.** Number of spikes per year by percentage and per capita, and by type of financing situation, 1970–2019

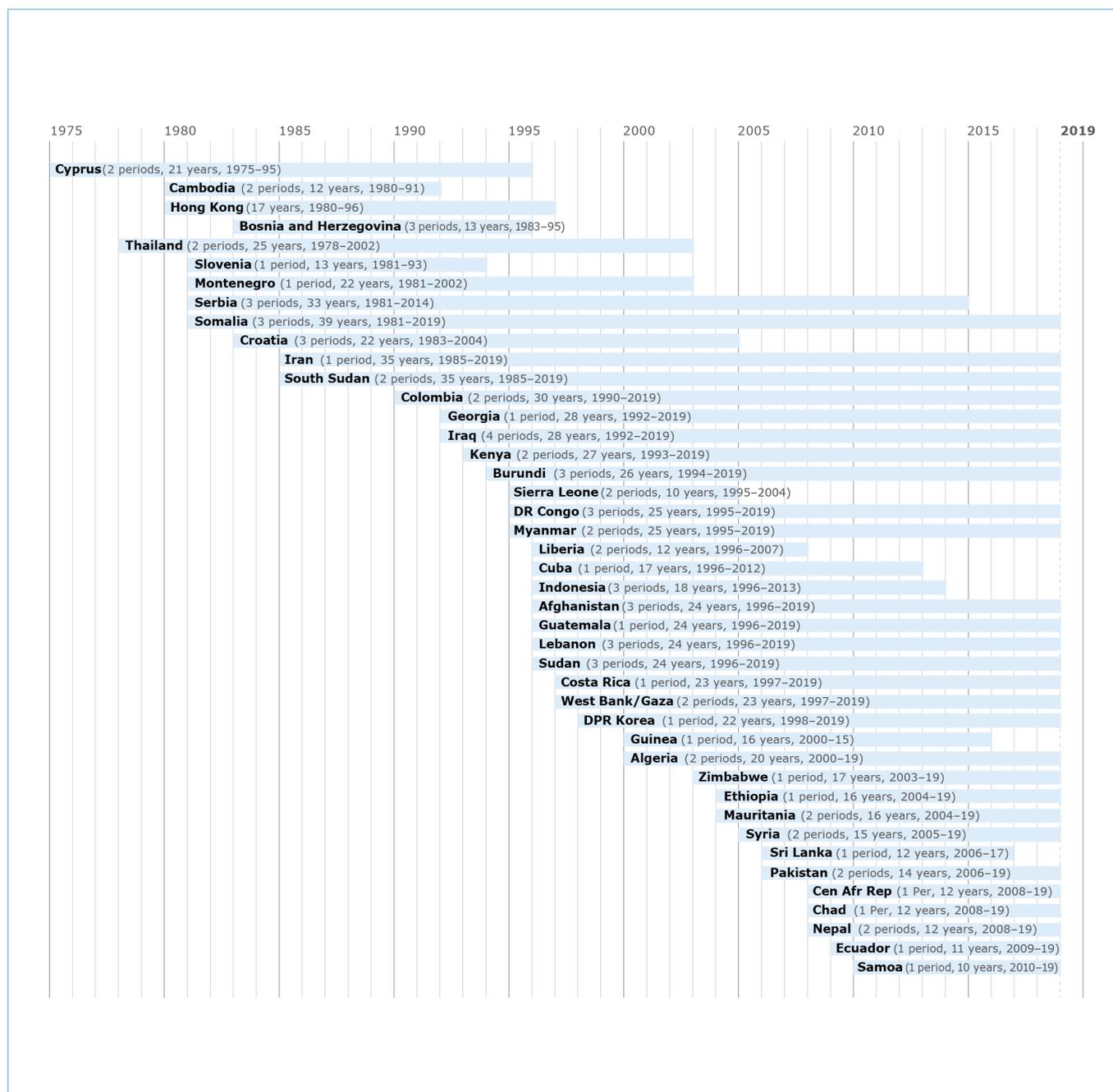
*Note:* Spikes by percentage indicate where the share of humanitarian assistance doubles in a year to exceed 5%. Spikes per capita indicate where the share of humanitarian assistance doubles per capita in a year to exceed \$2 per capita.

*Source:* Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

became more common around 1995 and there are around 20 spikes per year throughout the 2000s. (see figures 4 and 5) Spikes might be interpreted as traditional (textbook) humanitarian emergencies—short-term surge responses to largely unpredictable man-made or natural disasters. In a number of cases, spikes are associated with a structural break—in 37 per cent of the cases, spikes occur in the year of a structural break. In 8 per cent of the cases, spikes precede another spike. Yet, spikes often do not significantly affect the trends—in 55 per cent of the cases, spikes occur during a period (between structural breaks, but not resulting in a structural break). Spikes occur at a similar frequency in all four types of periods described in section III, given their relative incidence. Despite their recent increasing frequency, spikes remain the exception rather than the rule in humanitarian assistance.

### Chronic high cases are becoming more prevalent

A notable finding is that 43 countries have had periods of high humanitarian assistance lasting longer than 10 years, with an increasing incidence in the last two decades (see figure 6). These are considered chronic high cases. While only five countries had chronic high periods in the 1980s ending in the 1990s, 27 countries had chronic periods straddling the turn of the century and 28 countries were chronic in 2019. Eighteen countries were already in an extended chronic high period at the turn of the century and remained chronic high up until 2019. The most notable example is Somalia, which has been chronic high for 39 years, since 1981. Iran received more than 5 per cent of aid in the form of humanitarian assistance since 1985 up until 2019. Similarly, since humanitarian assistance to South Sudan has been disaggregated in the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) reporting,



**Figure 6.** Countries with a chronic high humanitarian share of assistance (lasting longer than 10 years), 1975–2019

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

it has been chronic high since 1985, well before independence in 2011. Some cases that were categorized as chronic high in the early years of the period, like Hong Kong and Thailand, are examples of countries that have hosted refugees for extended periods of time (primarily from Cambodia and Laos in the case of Thailand, and Viet Nam in the case of Hong Kong)—not unlike Bangladesh, Kenya, Jordan, Turkey and Uganda today.



## V. Chronic crises: The main destination of humanitarian assistance

A key trend of the last 50 years is the increasing prevalence of humanitarian assistance to chronic situations featuring high levels of humanitarian aid for 10 years or more. This section zooms in further on these chronic crises.

### Most humanitarian aid goes to chronic high cases

In the decade 2010–19, more than half of humanitarian assistance (59 per cent) went to countries that had chronic high levels of humanitarian assistance—high levels of humanitarian assistance for ten or more years.<sup>15</sup> More than 76 per cent of the total value of humanitarian assistance (\$124 billion) in the same decade went to countries that had high levels of humanitarian assistance (see figure 7).<sup>16</sup> The category receiving the next highest value of humanitarian assistance is spike situations, which received 15 per cent (\$25 billion) of total humanitarian assistance in the period 2010–19. As described above, spikes occurred in high, low, increasing and decreasing situations. Situations where the humanitarian share was dynamic increasing received 4 per cent (slightly over \$6 billion) of humanitarian assistance. Low and dynamic decreasing cases received 3 per cent and 2 per cent, respectively, totalling nearly \$9 billion. While low cases received 3 per cent of the humanitarian assistance, they account for 42 per cent of the country years in this decade (versus 68 per cent since 1969). Figure 8 shows the increasing concentration of humanitarian assistance to high cases over the last five decades, particularly since the 1990s. Excluding spikes, high cases received around one third of humanitarian assistance in each of the first three decades (1969–99), 57 per cent in the 2000s and 76 per cent in the 2010s.

### Chronic high situations occur in fragile, conflict-affected states and refugee-hosting countries

Figure 9 demonstrates the considerable overlap between the 38 countries with a high humanitarian share of total ODA in 2019 and countries on other fragility-conflict listings that year. Specifically, those 38 countries overlap with countries on the Fund for Peace’s ‘Fragile States Index’, the OECD ‘States of Fragility’ contexts in 2020, and the United Nations High Commissioner for Refugees (UNHCR) data for countries hosting more than 100 000 refugees. The International Crisis Group (ICG) Crisis Watch countries to watch in 2019 are marked with an asterisk in the figure.<sup>17</sup>

<sup>15</sup> Afghanistan accounts for 5% of the chronic high humanitarian assistance and Iraq accounts for 7%.

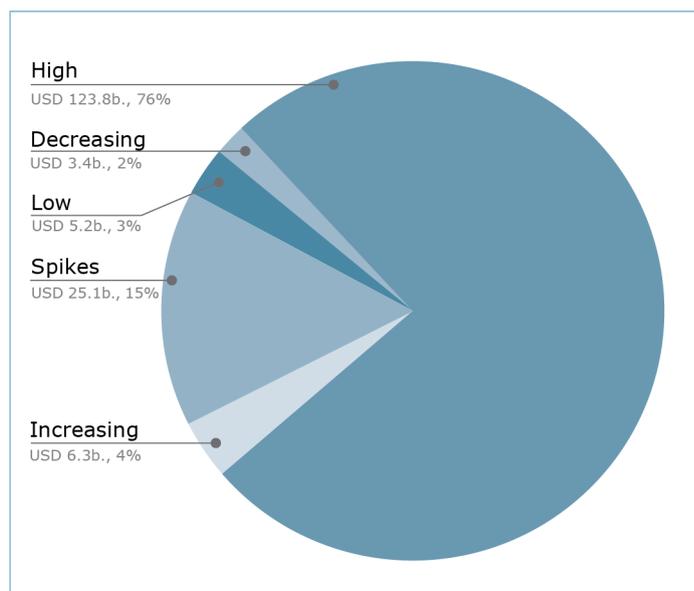
<sup>16</sup> 348 country years out of a total 1368 country years in 2010–19, not including spikes.

<sup>17</sup> Additionally, Angola, Cameroon, Republic of the Congo, Nigeria, Uganda and Venezuela all had periods with an increasing share of humanitarian assistance in 2019 and were in the top 35 on the Fund For Peace Fragile States Index for that year. Fund for Peace, *Fragile States Index 2019* (Fund for Peace: Washington, DC, 2019); Organisation for Economic Co-operation and Development (OECD), ‘States of fragility’, [n.d.]; United Nations High Commissioner for Refugees (UNHCR), ‘Figures at a glance’, 18 June 2021; and International Crisis Group (ICG), ‘Watch list 2019’, 28 Jan. 2019. The other four countries on the ICG’s crisis watchlist in 2019 were Burkina Faso (increasing), Tunisia (low), Ukraine (increasing) and Venezuela (increasing with a spike).



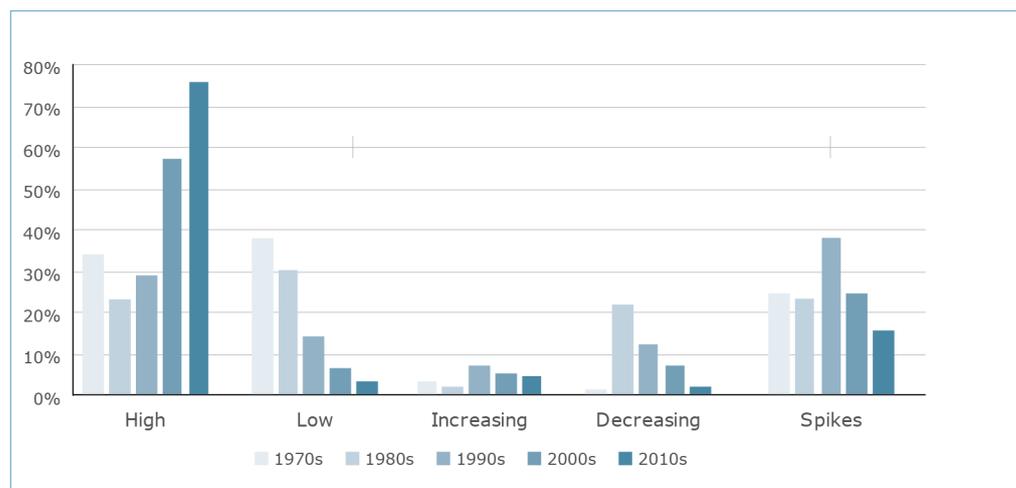
Many of the chronic high situations that are not fragile or conflict-affected per se, are refugee-hosting countries with conflict-affected neighbouring countries. That non-fragile countries, such as Algeria, Colombia, Lebanon, Jordan and Turkey, are high-level recipients of humanitarian aid underscores the second-order impact conflict has through refugees. More than 75 per cent of approximately 20 million refugees worldwide today are in nine countries that in 2019 were chronic high situations (Bangladesh, Colombia, Iran, Jordan, Lebanon, Pakistan, Sudan and Turkey), as shown in figure 9, or increasing (Uganda).<sup>18</sup> Due to the long-term nature of these hosting relationships, humanitarian assistance flows into countries over many years to respond to the humanitarian needs of refugees. Recent innovations in connecting concessional development assistance like the World Bank’s ‘Regional Sub-window for Refugees and Host Communities’ reflect this reality on the ground.<sup>19</sup>

While humanitarian assistance was originally intended for shorter-term emergencies, it has increasingly become concentrated in chronic crises. Most of the 38 countries have had a high humanitarian share of assistance for more than a decade. Only six countries in figure 9 (Costa Rica, Ecuador, Georgia, Nepal, Samoa and Panama) are not on any of the three listings above.



**Figure 7.** Share of volume of humanitarian aid by type, 2010–19

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

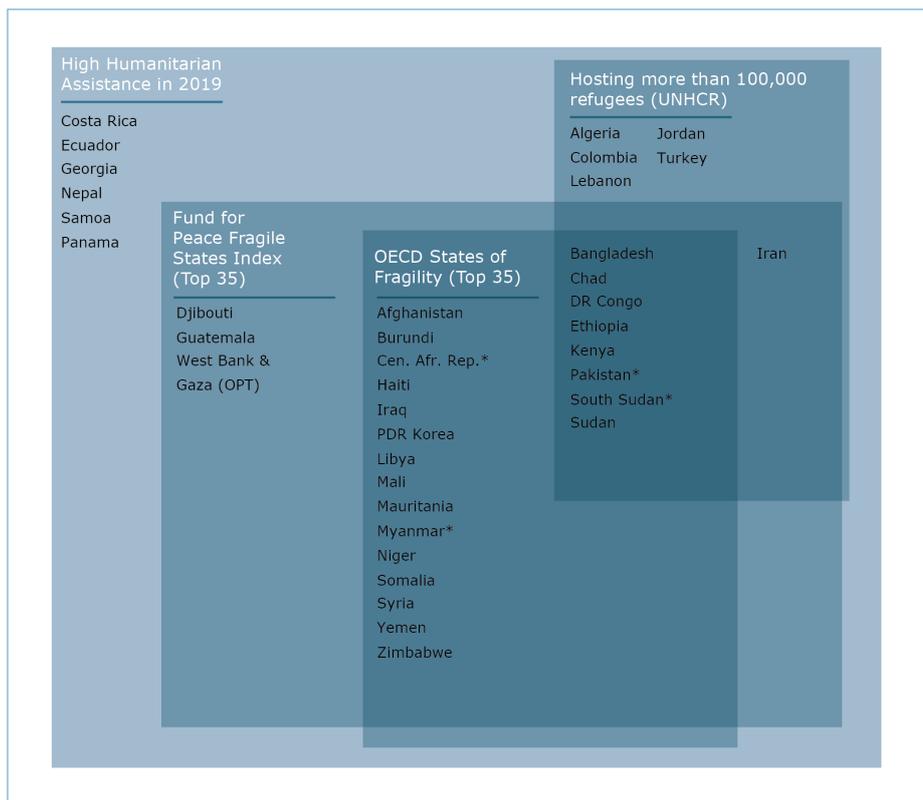


**Figure 8.** Share of volume of humanitarian aid by type and decade, 1969–2019

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

<sup>18</sup> These countries are the highest refugee-hosting countries in the world (as well as Germany), hosting the following numbers of refugees: Turkey 3.7 million, Jordan 2.9 million, Colombia 1.7 million, Pakistan 1.4 million, Lebanon 1.4 million, Uganda 1.4 million, Germany 1.2 million, Sudan 1 million, Iran 1 million, Bangladesh 850 000. United Nations High Commissioner for Refugees (UNHCR) (note 17). See also data note on refugees and IDPs in annex A.

<sup>19</sup> World Bank International Development Association (IDA), ‘IDA18 regional sub-window for refugees and host communities’, [n.d.].



**Figure 9.** Countries with a high humanitarian share of official development assistance (ODA) in 2019 compared to fragility and conflict lists

\* = International Crisis Group (ICG) Crisis Watch countries to watch in 2019.

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

## VI. Future prospects: Chronic crisis financing continued

Having established that chronic crisis humanitarian financing has become more prevalent over time, this study uses simple modelling to estimate the likely prevalence of these situations occurring in the future.

The only assumption made about the future is that it will be similar to the past. Historical incidence data shows that very few countries transition from low to high or high to low; they are highly persistent by type.<sup>20</sup> These probabilities can be multiplied by per capita aid by type to calculate expected aid for any period going forward.<sup>21</sup> There is no prediction involved, no expert assessments of fragility or risk, and no measurement of conflict. Estimates of population growth are conservative. As such, the numbers that follow do not, for

example, reflect increased humanitarian needs due to climate change or conflict events unfolding in the last year.

Figure 10 shows the expected destinations for humanitarian assistance in the period 2021–30 based on the country type observed in 2019. Under the above assumptions, a total of \$284 billion would be disbursed over the next decade. Most countries, including the 68 countries that were low or decreasing in 2019, would receive very little of that assistance (10 per cent, \$29 billion). Most of what those countries would receive is based on their probabilistic likelihood of future spikes or crises.

More than two-thirds of projected humanitarian spending over the next decade is expected to be in countries that are high recipients of humanitarian aid today. The 28 countries that were chronic high in 2019 (including Afghanistan, Democratic Republic of the Congo, Iraq, Somalia and Syria) and the additional ten countries that were high in 2019 (many of which are chronic today, including Haiti, Libya, Mali, Niger and Yemen) are estimated to receive \$202 billion (2019 dollars) in humanitarian assistance over the decade 2021–30 (71 per cent of the total). This group would collectively

<sup>20</sup> See phase diagram modelling methodology note in annex A.

<sup>21</sup> This can be done using per capita assistance controls for size, reducing the risk that small outlier states drive results and incorporating impact into the model based on the size of the country and risk of deteriorating situations.



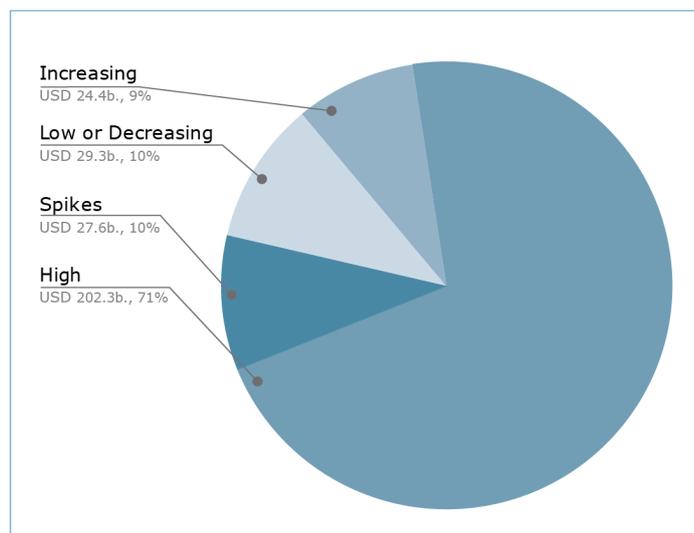
receive about \$20 billion a year. This is largely driven by the relatively high per capita assistance that goes to high cases (\$15.28 per capita, per year).<sup>22</sup>

The remaining chronic situations of the future are likely to be found among the deteriorating humanitarian situations of today. The spikes and increasing situations of 2019 are projected to receive the remaining 19 per cent of the coming decade’s humanitarian assistance. \$52 billion would be spent in the new chronic countries—situations that were not chronic high in 2019 but are descending into extended periods of high humanitarian assistance. Since the model is probabilistic, it cannot predict which specific countries will have spikes and subsequent increases in humanitarian assistance or which will recover and require less humanitarian assistance. The model can be used to estimate total expected humanitarian outlays and group countries according to their total outlay (see figure 11).

Over the next decade, 2021–30, 95 per cent (\$269 billion) of humanitarian assistance is expected

to go to 46 countries. Using the conservative assumptions noted above, the total humanitarian assistance over this decade is projected to be \$284 billion. Using this projection, the estimate is that more than half of that, \$189 billion, would go to just 14 high countries, which would receive more than \$5 billion each. Furthermore, 28 per cent (\$80 billion) would go to 32 countries that would receive between \$1 billion and \$5 billion each; 11 countries are expected to receive \$500 million to \$1 billion in humanitarian assistance over the decade; and the remaining 2 per cent of the humanitarian assistance

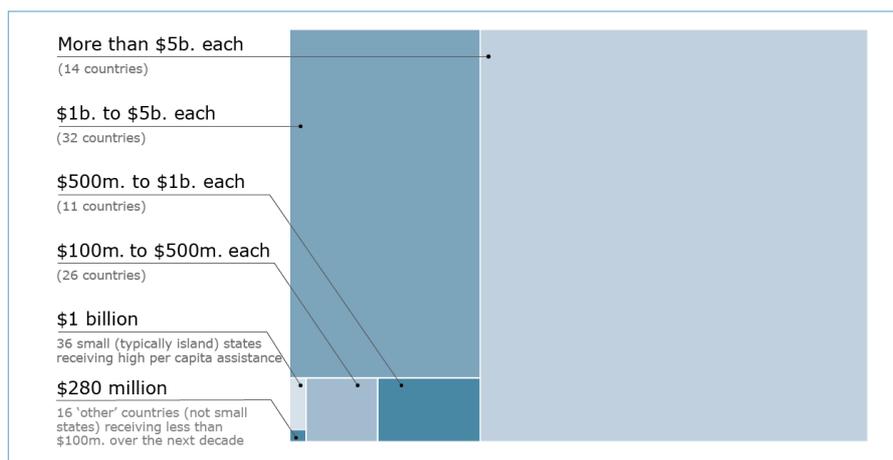
over the next decade is expected to go to 78 countries that would receive very small amounts of assistance. The small amounts would be broken into: \$5 billion to 26 countries receiving between \$100 million and \$500 million; \$1 billion going to 36 small (typically island) states receiving high per capita assistance and \$250 million going to 16 other countries (not small states receiving less than \$100 million over the next decade).



**Figure 10.** Projected percentage of humanitarian aid by type of financing situation, 2021–30

Note: Figures in billion US dollars, 2019

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].



**Figure 11.** Projected total humanitarian assistance by country, 2021–30

Source: Organisation for Economic Co-operation and Development (OECD), ‘Aid (ODA) disbursements to countries and regions [DAC2a]’, [n.d.].

<sup>22</sup> The model differentiates between countries that are high and have experienced a spike and those that are high and have not experienced a spike. High cases that have not experienced a spike represent 49% of cases in the 2010s and received \$5.75 per capita, per year in humanitarian assistance. High cases that have experienced a spike (are post-spike) represent 51% of the cases and received \$24.28 per capita. \$15.28 represents the weighted average for these cases.

## VII. Connecting key findings and policy questions

The three main findings of this study give rise to policy questions about the balance between humanitarian, development and peacebuilding financing, and how these financial flows best interact in protracted situations.

**1. The humanitarian financing share of total aid to countries increased from 5 per cent in the 1990s to 23 per cent in 2019.** Humanitarian assistance has become a considerable share of ODA. ODA trends show two statistically significant changes in 1995 and 2012 in the composition of aid. Humanitarian and development aid have increased in absolute terms over the period, but humanitarian aid has increased more. Humanitarian aid has become the principal modality to deal with major protracted situations such as in Syria, and Afghanistan appears to be heading in a similar direction. The data alone cannot tell whether the use of humanitarian financing is linked only to escalating humanitarian needs.<sup>23</sup> However, the issue goes beyond ensuring adequate humanitarian financing to address humanitarian needs. The finding points to the need for trade-offs between response modalities that can promote effectiveness, impact and coherence over the longer term. In some places, humanitarian actors have been providing basic services like food, health and schooling for several decades. Conditions attached to humanitarian financing necessitate these actors to operate with one- or two-year planning horizons and may prevent them from tackling underlying drivers of fragility, or from supporting the build-up of national or local systems for service delivery. What may be effective for results in the short term may not be a sustainable approach in protracted situations.

**2. There is an increased prevalence of countries receiving a high humanitarian financing share of total aid.** This challenges the notion of humanitarian aid as a short-term response to largely unforeseeable events. Humanitarian financing spikes are the exception rather than the rule. Despite efforts to provide a more efficient emergency response through the Grand Bargain—a 2016 agreement to get more means into the hands of people in need and to improve the effectiveness and efficiency of humanitarian action—the predictable humanitarian situations are accumulating faster than they are being graduated.<sup>24</sup> Today, there is little dynamic movement of countries between categories. A country with a high share of humanitarian aid is 41 times as likely to stay high than to decline in the next year.

**3. More than half (59 per cent) of all humanitarian financing volumes flowed to chronic crises in 2010–19—typically conflict-affected, fragile or refugee-hosting countries.** These chronic crises experience high humanitarian financing inflows for a decade or more. In the 21st century, these chronic crises have become the norm. The countries that today receive high shares of humanitarian financing are expected to remain the principal destination for humanitarian financing in the next decade (71 per cent).

Policy questions arising from these findings are about the appropriate strategic mix of financing for humanitarian, development and peace action in chronic crises. Would more investment in peacebuilding and political dia-

<sup>23</sup> As noted previously, some percentage of reported assistance may be a consequence of low ODA reporting by non-DAC donors.

<sup>24</sup> For more on the Grand Bargain, see Inter-Agency Standing Committee (IASC) (note 7).



logue reduce the number of countries falling into chronic crises? Estimates suggest that only 10 per cent of aid is used for peacebuilding and prevention to tackle underlying drivers of conflict and crises.<sup>25</sup> Or is the issue that humanitarian actors are being overloaded with tasks that challenge their restricted humanitarian mandate? Is humanitarian assistance used as an instrument of convenience in situations deemed to be politically complicated, or because of public pressure in donor countries to focus on short-term results? Are development actors up for the task of engaging in more challenging settings in terms of their bureaucratic adaptability, risk appetite, field presence and local engagement? Or are development agencies being pushed to do humanitarian work?

Another more forward-looking set of questions is about how to achieve increased coherence between humanitarian, development and peace actors in chronic crises. How could more systematized joint assessments and planning, the formulation of collective outcomes, information-sharing, or even common delivery modalities be attained?<sup>26</sup> Could pooled financing mechanisms at the country level improve coherence between humanitarian, development and peace action? How could obstacles for delivering aid through country systems (government or non-government structures) best be overcome to contribute to future resilience? How could peacebuilding and political dialogue be better linked to development and humanitarian work?<sup>27</sup>

Beneficiaries in chronic crises can be expected to receive humanitarian assistance for a significant part of their lives. Therefore, it would make sense to put these end users of aid at the centre. If implementing actors are going to be the main service providers, the issue of how to build sustainability and resilience into the delivery ecosystems becomes critical.<sup>28</sup>

The findings of the study indicate there is a strong case for the international community to rethink current systems, practices and distribution of labour across the humanitarian, development and peacebuilding domains.<sup>29</sup> The formulation of collective outcomes by which concrete priorities are agreed upon, and then jointly achieved by humanitarian, peace and development actors, while respecting the different mandates, would be an important way forward.<sup>30</sup> Ideally, the formulation of collective outcomes would precede the selection of financing instruments.

<sup>25</sup> Desai, H., 'States of fragility and official development assistance', Organisation for Economic Co-operation and Development (OECD) working paper, no. 76, 2020, chapter 3; and Vision of Humanity, 'Measuring peacebuilding cost-effectiveness', [n.d.].

<sup>26</sup> Inter-Agency Standing Committee (IASC), 'UN-IASC light guidance on collective outcomes', 29 June 2020.

<sup>27</sup> Lilja, J. and Milante, G., 'Financing peacebuilding ecosystems', SIPRI WritePeace blog, 22 June 2021.

<sup>28</sup> Inter-Agency Standing Committee (IASC), 'Grand Bargain 2.0 framework and annexes: DE/EN/ES/FR', 27 July 2021; and Hesemann, J., Desai, H. and Rockenfeller, Y., 'Financing for refugee situations 2018–19', Organisation for Economic Co-operation and Development (OECD), 2021.

<sup>29</sup> Organisation for Economic Co-operation and Development (OECD), 'DAC recommendation on the humanitarian–development–peace nexus', OECD Legal Instrument, OECD/LEGAL/5019. The nexus refers to the interlinkages between humanitarian, development and peace actions. The approach refers to the aim of strengthening collaboration, coherence and complementarity. It seeks to capitalize on the comparative advantages of each pillar—to the extent of their relevance in the specific context—in order to reduce overall vulnerability and the number of unmet needs, strengthen risk management capacities and address the root causes of conflict. See Inter-Agency Standing Committee (IASC) (note 28).

<sup>30</sup> Inter-Agency Standing Committee (IASC) (note 26).

## Annex A. Data notes and methodology

### Data notes

#### *Country allocable aid*

Country allocable aid is used for all analyses in this study. All figures in this study are reported in current prices, except for figure 1 which has been adjusted to real terms using a gross domestic product (GDP) deflator from the World Bank's World Development Indicators (WDI). At the time of writing, 2019 was the last year of data available. Country allocable aid is official development assistance (ODA, also referred to in the main text as total aid) to individual country recipients from official donors—including Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) countries and non-DAC countries—and outflows from multilateral organizations. Thus the 'humanitarian share of aid' is calculated as reported humanitarian assistance as a percentage of total reported ODA. The analysis thus excludes aid for regions and aid that is unspecified since it cannot be used in the per capita measurement necessary for the model, which is applied to the recipient country level. As a result, total global aid is higher than country allocable aid as global aid also includes multilateral and non-country (regional or unspecified) aid.<sup>a</sup>

Total ODA includes assistance from DAC donors (bilateral aid) and non-DAC donors (bilateral aid), and outflows from multilateral organizations in the forms of development and humanitarian assistance, but may also include debt relief, technical assistance (in kind) and research conducted on behalf of developing countries. These latter flows are occasional and relatively small. It should be noted, as well, that non-DAC donors' humanitarian assistance accounts for a portion of humanitarian assistance; however, reporting from non-DAC donors is patchy with poor coverage before 2010 and variation in coverage in subsequent years. As a result, some of the recent increase may be a result of better reporting. Any missing values are assumed to be zeroes for both types of aid. Non-DAC donors have only recently started reporting assistance, including humanitarian assistance. Technically, because this is net assistance, some countries receive negative assistance in years when they repay loans greater than aid received, which would result in values less than 0 per cent. These values are truncated to 0 for analytical purposes here and represent only a small number of country-year cases. As a result of the combined issues described above (and the issues around retroactive and interpolated data described below), more recent data is generally more reliable.

#### *GDP Deflator*

A GDP Deflator is used to convert current per capita humanitarian assistance to constant (2019 US dollars) per capita humanitarian assistance, as necessary.<sup>b</sup>

#### *Humanitarian aid*

Humanitarian aid is used for emergency response, reconstruction relief and rehabilitation, and disaster prevention and preparedness and may also include administrative costs and assistance to refugees in donor countries, depending on the donor and reporting procedures.<sup>c</sup>

#### *Population data*

Population data used for calculating per capita aid and per capita humanitarian assistance is from World Bank's WDI.<sup>d</sup>

<sup>a</sup> Organisation for Economic Co-operation and Development (OECD), 'Aid (ODA) disbursements to countries and regions [DAC2a]', [n.d.]. All data accessed Aug. 2021, unless otherwise noted.

<sup>b</sup> World Bank, 'GDP deflator (base year varies by country)', [n.d.].

<sup>c</sup> For further details see Organisation for Economic Co-operation and Development (OECD), 'Humanitarian assistance', [n.d.].

<sup>d</sup> World Bank, World Development Indicators (WDI), [n.d.], accessed Sep. 2021.



### *Refugee and internally displaced persons data*

All data on refugees and displaced persons used for this study is from United Nations High Commissioner for Refugees (UNHCR), 'Figures at a glance'.<sup>e</sup> Note that numbers do not include increases from Afghanistan in August 2021.

### *Retroactive and interpolated data*

Some coding of humanitarian assistance in OECD-DAC data was done retroactively and may only reflect incomplete records. Many countries achieved independence during the period covered in this study. Where possible, aid has been disaggregated for certain cases (Eritrea/Ethiopia, South Sudan/Sudan, Timor-Leste/Indonesia, former Yugoslavia) before independence. Some recipients of aid are territories, tracked separately in the OECD-DAC data, those are included here for completeness (however, the term 'country' is used throughout the analysis for convenience).

## **Methodology notes**

### *Structural break analysis*

A supremum Wald test was used to identify statistically significant breaks in the time series. For this analysis, structural breaks were identified for each country time series (humanitarian share of total aid) with significance levels  $p < .01$ . A number of zero-case periods were identified, where humanitarian assistance was zero while development assistance was positive. In rare circumstances, where ten or more years of zero humanitarian assistance were received interrupted by a year of humanitarian share less than 1 per cent, the 1 per cent was coded as a zero. In cases where many years of zero were followed by a period of increase (or very high levels were preceded or followed by a period of relatively low humanitarian assistance above the cut-off), a less significant supremum Wald test cut-off was used to identify cut-offs ( $p < .2$ ). These are rare (fewer than 1 per cent of country year cases), but important for identifying subtle trends in change in humanitarian assistance that would otherwise be undetectable.

### *Structural breaks in global humanitarian assistance*

Using the structural break approach described, there were structural breaks in humanitarian assistance in 1995 and 2012; these years separated statistically significant trend periods (see figure 3). Controlling for population growth in recipient countries, humanitarian assistance has increased by approximately 5 per cent since 1995. If it continued to increase at that rate with similar trends in distribution, humanitarian assistance would be more than \$100 billion a year by 2028, not adjusting for inflation.

### *Phase diagram modelling*

The study uses a phase diagram consisting of states (different types of humanitarian situations), and which estimates the probability that a country in one state in one year will enter another state in the next year. For this analysis, states are as defined in section III (increasing, decreasing, low, high, each of the above with spikes). Once states have been defined, the approach uses Markov chains to construct a phase diagram to estimate the probability that a country low this year will be low, increasing or experience a spike next year (and so on for every state).

This follows a similar approach for estimating costs of conflict through 2030.<sup>f</sup>

<sup>e</sup> United Nations High Commissioner for Refugees (UNHCR), 'Figures at a glance', 18 June 2021, accessed 29 Aug. 2021.

<sup>f</sup> See Milante, G., Mueller, H. and Muggah, R., 'Estimating future conflict risks and conflict prevention implications by 2030', [n.d.].



## Abbreviations

GDP	Gross domestic product
ICG	International Crisis Group
IDP	Internally displaced person
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
UNHCR	United Nations High Commissioner for Refugees



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**STOCKHOLM INTERNATIONAL  
PEACE RESEARCH INSTITUTE**

Signalistgatan 9  
SE-169 72 Solna, Sweden  
Telephone: +46 8 655 97 00  
Email: sipri@sipri.org  
Internet: www.sipri.org

SIPRI INSIGHTS ON PEACE AND SECURITY NO. 2022/5

# CHRONIC CRISIS FINANCING? FIFTY YEARS OF HUMANITARIAN AID AND FUTURE PROSPECTS

GARY MILANTE AND JANNIE LILJA

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## ABOUT THE AUTHORS

**Dr Gary Milante** (United States) is Programme Director and Focal Point for the Global Registry of Violent Deaths (GRVD) initiative.

**Dr Jannie Lilja** (Sweden) is Director of Studies, Peace and Development, at SIPRI.