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African Union Humanitarian and Pledging Conference

Revitalising Humanitarian Financing in Africa

Background document

Overview of humanitarian financing in Africa

The African Union is making progress towards the goals articulated in Agenda 2063. Member states political will and economic vision has been influencing the continent's development agenda; however, resourcing remains a key challenge. Financial resources allocated to address humanitarian concerns are decreasing while the humanitarian needs are rapidly growing due to increasing climate disasters, conflicts and Covid-19 which has compounded the existing needs and contributed to economic slowdown in African countries. The current humanitarian crises in Africa-in the Southern Region, Horn of Africa, the Sahel and Central African regions continue to threaten the development agenda. To eradicate poverty and bring about rapid socio-economic development, there is need for Africa to expedite implementation of existing financial reforms and work towards increasing budget for humanitarian challenges including adding humanitarian financing in the national development plans and budgets.

The adoption of the Kigali Decision (Assembly/AU/Dec.605 (XXVII)) in July 2016, has provided a new impetus for self-sustainability of AU programs and operations. There has been an improved trend in Member States appetite to provide financial support to the AU as per the AU Reforms Agenda. The Kigali reforms seek to enhance Africa's autonomy in financing and promote equitable burden-sharing of AU budget amongst member states. Greater commitment is required to ensure that these reforms are implemented.

Financing humanitarian action in Africa requires to be reformed and/or strengthened, to achieve predictability, reliability and timely and quick humanitarian action. At continental level, there are two main funding sources. The AUC main budget for humanitarian issues is drawn from the 2% of Member State contribution. This budget remains largely inadequate. The executive Council Decision EX.CL/591 (XVII) recommended that Member states gradually increase their contribution to the Refugees and IDPs Fund from

two to four percent of the Operational Budget of the Commission, with effect from January 2011¹. The Decision to expand this fund to 4% remains to be implemented. Given the increasing needs, the 4% contribution to humanitarian action needs to be reviewed and assessed for its effectiveness as a funding mechanism for humanitarian action. Further, in line with the Humanitarian Policy framework, Member states are called upon to allocate resources in their national budgets of 1.5% of GDP towards humanitarian action, in line with their commitments under the Sendai Framework.

The second funding stream is the AU Special Emergency Assistance Fund (SEAF). The mandate of the AU Special Emergency Assistance Fund for Drought and Famine in Africa was originally established to support Member States affected by drought of this fund was extended to cover public health emergencies and other calamities by Decision Ext/EX.CL/Dec.1 (XVI), adopted by the Sixteenth Extraordinary Session of the Executive Council, of 8 September 2014, held in Addis Ababa, Ethiopia. Resources in the SEAF fund, which is domiciled at the African Development Bank (AfDB) are now reducing due to increased humanitarian demands. Funding for humanitarian action is heavily reliant on donors and partners. The African Union continues to support Member States afflicted by humanitarian crises from its budget, but this support remains minimal due to resource constraints. This fund also needs to be expanded and strengthened. It is essential that the African Union and the wider international community respond quickly and decisively to save lives and protect access to essential services in Africa, as well as build resilience of populations affected by famine and disasters by replenishing humanitarian Funds.

Broadly and within the proposed financing reforms of the Union, Africa's financing architecture for humanitarian issues needs to be reformed or strengthened through the proposed financial intermediation and resource channelling vehicles. The aspiration of the AU is to setup a humanitarian fund within this architecture. An expanded fund shall be a main pillar for achieving humanitarian effectiveness in Africa. Recent proposals and typology of sources of financing first Ten-Year Plan of agenda 2063 to at least 75%-90% are timely.

Humanitarian financing should be channelled in a way that generate lasting impacts along the nexus humanitarian-development-peace. In its design, it should tackle widespread emergency needs but also aim to address the needs by harnessing opportunities and solutions from prevention, to response, to climate-smart, sustainable development strategies at community, national, regional and continental levels in line with Agenda 2063 - The Africa We Want.

¹ Decision on the implementation of the plan of action for the outcomes of the special summit on refugees, returnees and internally displaced persons in Africa. EX.CL/591(XVII)

Overview of Humanitarian and Financial needs in Africa

Humanitarian needs in Africa are driven by climate related disasters that have become more recurrent and political conflicts. These have reversed the development progress in various sectors including health, education, food security and livelihoods.

In Africa, regions with most humanitarian needs include North Africa and West and Central due to protracted crises that show no signs of abating. In the Horn of Africa climate-related disasters due to failed consecutive rain seasons have left over 2 million people in need of lifesaving humanitarian assistance. In southern Africa, tropical storms in Madagascar and Mozambique have also led to unprecedented humanitarian needs. In Madagascar, acute food-insecurity of crisis-level has affected over 1.3 million people, including also 484,000 in Emergency IPC Phase 4².

Increasing climate related disasters demand that Africa increases its financing on climate adaptation. Globally, 15 countries are classified as most vulnerable and least ready to adapt to the climate change. Out of these, 12 are from Africa. These countries received less than 6 per cent of global adaptation finance in 2019³. This indicates the ominous funding gaps in climate adaptation.

The 2021 State of Food Insecurity (SOFI) report further highlights that 282 million people are undernourished in Africa, an increase of 49 million from 2019⁴. Sub-Sahara Africa is mostly affected with 24.1% of the population being undernourished, while the North Africa sub-Region has 7.1% undernourished. Malnutrition remains a challenge as Africa has some of the highest cases of malnutrition globally, accounting for more than nine out of ten of all children with stunting, more than nine out of ten children with wasting, and more than seven out of ten children who are overweight worldwide⁵.

While progress is being made to increase Covid-19 vaccination in Africa, more resources are needed to build back economies and development plans that are affected by the pandemic. These include the education sector, employment sector and the health sector. Marginalised people were disproportionately affected, and investments need to be directed towards them.

Approximately USD 115 billion people need Humanitarian assistance in Africa, out of these, 75 billion are targeted for assistance. This include over 5 million refugees in Eastern and Western Africa. Cumulatively over USD 14bn is needed to address the existing needs in Africa.

² Critical level of food insecurity, households either have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality; or can mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation

³ OCHA, Humanitarian Needs overview, 2022

⁴ SOFI 2021. Transforming food systems for food security, improved nutrition and affordable healthy diets for all

⁵ Global State of Food and Nutrition security Report, 2021

Table 1: Refugee Response plans (Source: OCHA, 2022 Global Humanitarian Needs overview)⁶

Refugee Response Plans	People in need	Targeted	Requirements in USD (HRP Figures)
Democratic Republic of Congo-RRP	2.4m	1.4m	531.7m
South Sudan (RRP)	2.6m	2.6m	805.1m
Total Needs for Refugee response plans	5m	4m	1.4bn

Table 1: Overview of regional humanitarian needs (Source: OCHA, Humanitarian Needs overview)

Regional Needs	People in need	Targeted	Requirements in USD (HRP Figures)
Southern and Eastern Africa	47.6m	38.4m	6,535,500,000
West and Central Africa	61.5m	32.7m	6,022,800,000
Northern Africa	0.8036m	0.2108m	75,300,000
Total Needs (HRPs)	109.91m	71.3108m	12,633,600,000

Resource Mobilisation Strategies

1) Internal African Financing

The Common African Position on Humanitarian Effectiveness highlights key strategies on humanitarian financing. A paradigm shift is needed. Member State are the Pillar and take full responsibility for humanitarian action, thus there is need to improve accountability and to better control the allocation of resources to ensure efficiency. Internal resource mobilisation is central to effective African humanitarian architecture. This would leverage Africa's leadership in dealing with humanitarian issues and setting Africa's own agenda including by implementing its commitments under the Humanitarian frameworks⁷.

The implementation of the decision of 4% Member States assessed contribution in accordance with Executive Council Decision EX.CL/591 (XVII), need to be strengthened. This will increase Member states contribution to humanitarian challenges and it also serves as a more sustainable funding mechanism that will allow timely humanitarian financing.

⁶ The figures provided are changing as needs and situations evolve.

⁷ AU, Common African Position on Humanitarian Effectiveness

Member States need to integrate humanitarian issues in national, regional, and continental development plans with the necessary budget allocations. In this regard, there is a need to shift the focus from measures for strengthening strategies for management of IDPs and refugees and place such emphasis and focus on finding durable and sustainable solutions.

At regional and national levels, financing humanitarian issues will require measures that integrate humanitarian issues in national and regional plans and budgets. As a broad benchmark, Member States are called upon to invest in measures for DRR in line with commitments under the Sendai Framework, of 0.5% GDP to DRR. In A/RES/70/1 adopting the SDGs, states emphasized implementation, recognizing the need for a revitalized Global Partnership for Development and committing to "...work in a spirit of global solidarity, in particular solidarity with the poorest and with people in vulnerable situations..."⁸ Global solidarity is needed, as is the "enabling institutional environment" for financing for development articulated in the Addis Ababa Action Agenda (AAAA).

2) Resource Diversification

Africa should explore ways of raising its own resources to fund humanitarian actions, including leveraging Africa International Financial institutions (IFIs), private sector, African philanthropism and remittances from the diaspora, as well as public and semi-public institutions. In this regard, the AU calls for on the AU and RECs to speed up the implementation of recommendations of the Obasanjo High-level Panel on Alternative Sources of Funding the African Union

a) African Philanthropism and Diaspora Remittances

African philanthropism, the informal and private sectors as well as diaspora remittances play a key role in humanitarian action. Technological advances have also made resource mobilization and financial transfers much easier and more accessible, but these need to be reviewed with the emphasis on quality and cost

We recognise that the Diaspora constitute one of the important resources of the continent but remains largely untapped. Diaspora can play an important role not only for its financial contribution, but also in the light of its potential in mobilizing social expertise. While acknowledging this important role of the Diaspora remittances in humanitarian action and development, we call on the international community to remove barriers and support safe and legal mechanisms of remittance flows.

b) Strategic Partnership with traditional Donors and IFIs

While Member States bear the primary responsibility for the protection of populations in need of humanitarian assistance, the international community has a key responsibility to share the burden of humanitarian aid. The AU has recognized the critical role of strategic partnerships in resource mobilisation and burden sharing. The Africa Union has been

⁸Para 39

working with various donors and partners and different developments have been noted over the years.

Several countries have stepped up their humanitarian funding in recent years, however, there is a substantial need to expand the list of donors and enhance the contributions of existing donors to respond to the shared global effort that is urgently needed. The AU recognises there is need to strengthen existing partnership with more emphasis on multiyear funding for long projects and flexible and predictable financing in order to provide durable solutions.

c) Private sector Partnerships

The AU calls for robust engagement of the private sector and the informal sector, including measures to strengthen long-term, non-traditional financing mechanisms. With increased humanitarian needs, Africa will need to identify other non-traditional financing mechanisms beyond the 'traditional' mechanisms to complement the finite humanitarian resources. The private sector is a key partner for Africa's development agenda. Private sector engagement with humanitarian action could potentially lead to innovative solutions, efficiencies, and new forms of financing. A few lessons can be learned from the Africa-CDC private sector engagement in Covid-19 response. Lessons can also be borrowed from the Ebola response, for instance the Ebola Private Sector Mobilisation Group (EPSMG), a coalition of more than 48 companies with major assets and operations in West Africa that contributed to Ebola response by providing direct support through donating funding, personnel, equipment, and through building infrastructure, as well as lending expertise in construction, logistics, and distribution services⁹. The group's advocacy efforts also played an important role in the collective call for increased action on the Ebola response

The engagement with private sector will not only bolster existing resources but also lead to greater partnerships in resourcing of humanitarian products and services within Africa. This will increase Intra-Africa Trade and eventually lead to increased capacities of African manufacturers to produce high standard products.

With the establishment of the African Humanitarian Agency (AfHA), its paramount to map out partners and donors, including the non-traditional and private sector and identify areas of partnerships in line with the vision and objectives of the AfHA. The summit is a good opportunity to identify and establish these partnerships and set out clear recommendations on how different stakeholders will be engaged.

Resource Mobilisation Focus areas

1) Prevention strategies

Due to increasing disasters, population displacements, chronic food insecurity and poverty are all on the rise. Gender-based violence have also been on the rise with women being more affected. The Common African Position on Humanitarian Effectiveness and

⁹ Oxfam, [Ebola and the Private Sector Bolstering the response and West African economies](#)

AU Humanitarian Policy Framework emphasizes that humanitarian interventions should focus on prevention noting that prevention is more cost effective than humanitarian responses to emergencies. In addition, it emphasises that humanitarian action should go beyond response and recovery, to include development and building capabilities of the affected states as well as community resilience. In addition, humanitarian action should ensure adequate measures are in place to protect rights of displaced populations.

Funding needs to be directed towards more resilience building and development interventions which aim to strengthen the capacities of communities to deal with emerging shocks as well as lead to social economic inclusion. These include programs focused on climate adaptations, nutrition sensitive social protection and safety nets, health, education, health insurance among others.

2) Increased Financing for disaster risk reduction and Anticipatory action

The AU seeks to raise resources that will be directed towards enabling AU HHS to support member states to prepare, mitigate and reduce the effects of different forms of disasters. These measures include supporting member states with tools and technical support to enhance their ability to predict and where possible prevent disasters and mitigate their impact on vulnerable populations

It is also paramount to increase funding for anticipatory action which have proven to be more cost -effective and protect critical assets in the communities.

1) Build back Better Post Covid-19

Covid-19 has had an impact on different sectors reversing the development gains made in the previous years. Humanitarian investments should focus on scaling up recovery responses in Africa more so among vulnerable populations. These responses include economic empowerment and livelihood opportunities for vulnerable communities; interventions to reduce the levels of food insecurity; and health systems strengthening focusing on services that were disrupted such as Malaria, TB, HIV, immunisations, Maternal and Child health care, and adolescent health.

In addition, the AUC and Africa CDC Africa should make a clarion call for funding towards the national vaccination campaigns to ensure equitable vaccination to all, including people living in fragile and marginalised areas.

Covid-19 has also demonstrated that social safety nets programmes play a key role in protecting livelihoods. Part of recovery programs should include well financed social safety programmes that also include refugees hosting and returnee areas in Africa which are economically underserved. The Protocol to the African Charter on Human and Peoples' Rights on the Rights of Citizens to Social Protection and Social Security provides an important opportunity to strengthen commitments among member states to expand and strengthen social safety net programs

2) Humanitarian Agency

During its Summit held on 30 January 2016, the Assembly of the African Union adopted a Common Africa Position on Humanitarian Effectiveness (CAP), encapsulating Africa's new humanitarian architecture through Decision **Assembly/AU/Dec.604 (XXVI)**. In the Decision, the Assembly also adopted two main tools to strengthen the implementation of the new architecture, namely, African Humanitarian Policy Framework and an African Humanitarian Agency and further requested the Commission to embark on the process for its operationalisation, anchored on the principles of Pan-Africanism and African shared values.

The AfHA will ensure timely and effective humanitarian action in Africa and will be an institutional pillar in dealing with forced displacement on the continent, giving effect to the objective of the centrality of the African States in humanitarian action on the continent¹⁰. The 2022 Malabo summit is a progressive step towards its operationalisation. Following which resources will be required to set up the agency.

Table 1: Budget for the Operationalisation of the AfHA agency (Source: Report on study on the modalities for the operationalization of the African humanitarian agency)

year	Annual Personnel Posts - Annual Cost (USD)	AfHA Budget Cost	Annual Administrative, Operational and Program Costs (USD)	Estimated Total cost per Year
Year 1	947,950		3,451,965	4,399,916
Year 2	1,508,288		8,207,647	9,715,935
Year 3	3,553,247		6,756,612	10,309,859
Year 4	3,628,423		6,857,671	10,486,094
Year 5	3,703,688		6,927,470	10,631,159
Total for cost for 5 Years	13,341,596		32,201,367	45,542,962

3) Financing socio-economic inclusion of refugees, IDPs returnees and host communities to enable solutions.

The “*care and maintenance*” model where refugees are confined to camps for years while awaiting return has largely proven unproductive to refugees and their hosts. Regional Economic Communities (RECs) have ensured a solutions-based approach to displacement. However greater investments in refugee self-reliance and integration are needed in order to economically empower refugees to be agents of economic growth rather than marginalized communities.

¹⁰ Common African Position on Humanitarian Effectiveness

4) Establishing Africa Coalitions for community resilience as action-oriented partnership platforms

Designed as agile, multi-stakeholder platforms along the nexus approach, Africa Coalitions for Community Resilience would bring together action and result-oriented public and private partners, financial institutions, humanitarian and development agencies as well as innovative financing at local, national, regional and continental levels with the aim to generate resources and investments in advancing priorities AU members have set in addressing humanitarian and development gaps but also building on opportunities and solutions towards sustainable development. Following the AU-Africa CDC model for health security and resilience, similar coalitions could be established along common targets on climate resilience in line with Africa's Climate Change and Resilient Development Strategy (2022-2027) and the AU Green Recovery Action Plan (2021-2027).

Recommendations

1. Establish an AU humanitarian fund for effective, reliable and timely response to crises and strengthen the implementation of the decision of 4% Member States assessed contribution.
2. Step up advocacy efforts and leverage engagement with emerging donors to build up an effective, efficient, people-centred response to humanitarian needs, based on coordinated needs assessments. Advocate for increased level of funding predictability from the Pan-African and international communities, which allows for more efficient action and
3. Strengthen partnerships with the private sector and financial institutions with the aim of seeking longer term funding for protracted crises through a nexus approach.
4. Establish and operationalise accountability mechanisms to track use of resources, and efficiency of programs or projects with clear demonstration of results.
5. Strengthen localization of response and direct more funding to local and national actors. Local financing mechanisms need to be identified to support humanitarian response, including through collaboration with strengthened auxiliary national entities.
6. Provision of adequate, flexible, predictable and consistent humanitarian financing to enable host countries and communities to respond to the immediate humanitarian needs. Greater financial support is needed for voluntary repatriation and reintegration of returnees through the provision of adequate packages that include legal, financial, material and logistical assistance to refugees and returnees.

7. Africa coalitions for resilience are explored as multi-stakeholder partnership platforms and catalysts for resourcing and investment on the humanitarian-development-peace nexus at local, national, regional and continental levels.
8. Encourage international donors to respect their commitments under the Grand Bargain to ensure that at least 25% of humanitarian funding goes to local and national responders, which includes member states as well as national and refugee-led humanitarian organizations, who play a critical role in humanitarian responses.
9. Mobilize and provide additional financial resources to Africa for climate adaptation and DRR address both the urgent adaptation and mitigation needs of Africa. humanitarian action, and financing mechanisms including forecast based action. These approaches work by automatically allocating funds when a specific forecast threshold or trigger is reached.
10. There is need to invest in the health systems including in innovative alerts, surveillance and real time monitoring on the continuity of essential health services especially in conflict and fragile settings. This should also include increasing investment and prioritizing services that were disrupted and performing poorly since the pandemic began and re-prioritise other diseases that have affected Africa's economy and development in recent years, this includes HIV, Malaria, and TB.
11. Establish regional AU surge capacity and stockpiles to respond to crises.