

INTER-AGENCY REGIONAL ANALYSTS NETWORK

# Evolution of the Donorship Landscape & Emergence of New Aid Actors in Asia:

## Key Trends Analysis to 2020

December 2016



### Key observations

1. While humanitarian needs and international funding for assistance continue to increase globally, the humanitarian financing gap also widens in the outlook.
2. In Asia, the increase in needs is essentially driven by the continent's exposure to natural hazards and high inequality, both being unevenly addressed across the region.
3. Non-Asian aid providers gradually withdraw from Asia, while traditional and emergent Asian stakeholders are slowly taking over (governments, civil society, and private sector).
4. The regionalisation trend will impact aid funding channels as well as the modalities for assistance in Asia by 2020 and beyond.

### Introduction

Since 2004, the global number of individuals targeted for assistance almost tripled to reach 82.5 million in 2015. The corresponding increase in funding needs has been even greater and faster<sup>1</sup>: US\$3 billion requirements for 2004 and nearly US\$20 billion in 2015,<sup>2</sup> mainly driven by increasing displacements, violent conflicts and natural hazard crises<sup>3</sup>. Despite their own growth, international contributions fall short in meeting humanitarian requirements, with an historical gap in 2015. This is the global backdrop against which the institutional landscape of aid providers in Asia<sup>4</sup> is changing.

Asia's vulnerability to disasters is a key driver to the continuous increase in global funding needs. Over the last decade, the vast majority of people affected by disasters lived in countries in the Far East, South, and Central Asia. The latest figures reached as high as 30 million affected people in 2015<sup>5</sup>, over half (55%) of whom were affected by widespread flooding in India. In the face of these needs, traditional donors –be they national agencies or international stakeholders– have engaged in strategic reorientations in resonance with global shifts (e.g. Western and Middle-East aid providers focusing on the

<sup>1</sup> United Nations Office for The Coordination of Humanitarian Affairs 2015, [World Humanitarian Data and Trends 2015](#), UNOCHA

<sup>2</sup> Based on UN-coordinated appeals, currently the main collective measure of humanitarian needs and the estimated cost of responding for most major crises. *Global Humanitarian Assistance Report 2016*

<sup>3</sup> *Global Humanitarian Assistance Report 2016*

<sup>4</sup> Asia is considered here as the region going from the Caspian Sea to the Japanese archipelago.

<sup>5</sup> *Global Humanitarian Assistance Report 2016*

European/Middle-East crisis). In 2015, 67% of funding reported went to countries affected by conflict and only 18% of contributions went to countries affected by or highly prone to disaster caused by natural hazards.<sup>6</sup> In addition, in 2015 97% (US\$21.0 billion) of all international government contributions still came from only twenty government donors, the United States being the greatest contributor of all and accounting for 31.6% (almost US\$6.5 billion)<sup>7</sup>. The concentration of funding coming from a limited number of aid providers, directed at a few major crises (over persistently underfunded emergencies and 'forgotten' protracted crises), and through a handful of key actors, will remain paradigmatic by 2020. However, the advent of emerging Asian donors, evolving requirements from traditional aid providers, increasing risk-averse funding strategies, and the protracted nature of dominant crisis settings overall bring more complexity to the humanitarian financial landscape in the region, and essentially make it more difficult for non-governmental humanitarian actors to navigate.

So as to support strategic decision-making at regional and national levels, this report<sup>8</sup> first considers four heavy trends impacting the donorship landscape in Asia by 2020: 1) Wealthier Asia and the 'growth dividend'; 2) The growing cost of being the most disaster-prone and poorest region worldwide; 3) 'Governmentalization' of institutional aid in Asia; and 4) The rise of non-institutional aid actors in Asia. The analysis then focuses on four key global and regional uncertainties as potential game changers in the outlook, considering a range of political, military, and technological factors.

## Heavy trends in Asia by 2020

Asia at the dawn of 2017 can appear at first as a paragon of stability. In an increasingly interdependent system, the 'rebalance to Asia' dynamic is in parts based on this perceived stability and on the growing weight of Asian juggernauts (China, India, and Indonesia) on international affairs. Four heavy trends (i.e. general tendency of a change over time) represent the four cardinal directions on the map of aid funding for and from Asia: growing public and private wealth, an imperious call to invest in disaster risk reduction, the 'governmentalization' of aid across the continent, and the rise of Asian aid actors.

<sup>6</sup> *Global Humanitarian Assistance Report 2016*

<sup>7</sup> Financial Tracking Service (OCHA) 2016, [Global Humanitarian Contributions in 2015](#), FTS

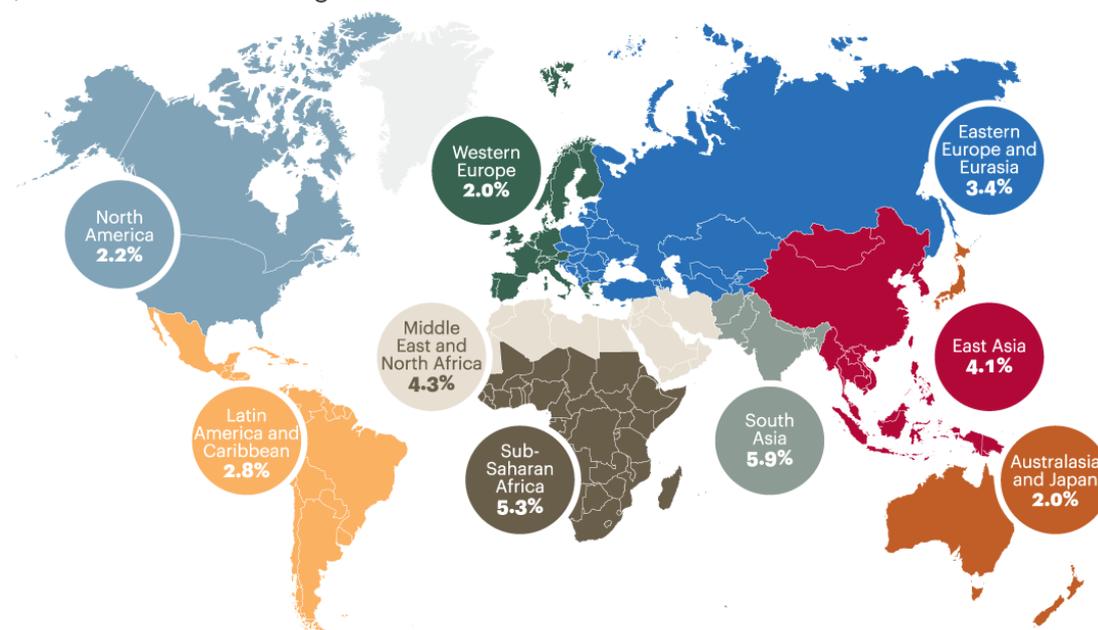
<sup>8</sup> This analysis has been produced through secondary research including desk, media and literature reviews, as well as through in-depth interviews with internal and external experts. The methodology is a multi-staged one which involves designing a system architecture and building an impact x uncertainties matrix.

## 1. Wealthier Asia and the 'growth dividend'

Since 2015, and for the first time in modern history, Asia is richer than Europe and catching up with North America at a fast speed.<sup>9</sup> By 2019 the region's private wealth is expected to reach US\$75 trillion (compared to US\$63 trillion in North America). The reality is that, despite headwinds from a still weak global recovery, slowing global trade, and the short-term impact of China's growth transition, Asia is and will remain the strongest contributor to global economic growth in the outlook.<sup>10</sup>

### Real GDP growth

%, 2016–2020 annual average



Source: [AT Kearney](#) 2016

Growth in the Asia-Pacific economies is expected to decelerate slightly by the end of 2017. Domestic demand (notably consumption) will, however, remain a major driver of activity across most of the region by 2020, and will continue to be propelled by robust labour market conditions, lower commodity prices and disposable income growth.<sup>11</sup>

Asian countries overall become wealthier, with two tangible impacts on the global humanitarian system: a growing, legitimate appetite from Asian leading countries to steer international institutions in greater convergence with Asian-

<sup>9</sup> Boston Consulting Group (BCG) 2015, *Global Wealth 2015: Winning the Growth Game*, retrieved December 2016 – This report considered global private wealth (in stocks, bonds, savings and cash)

<sup>10</sup> IMF 2016, *Regional Economic Outlook, Asia and Pacific*, *Building on Asia's Strengths During Turbulent Times*, April

<sup>11</sup> IMF 2016, *Regional Economic Outlook, Asia and Pacific*, *Building on Asia's Strengths During Turbulent Times*, April

centric interests, and an increasing 'growth dividend' that can be used by Asian countries for assistance activities as part of their mid to long-term strategy. More specifically, private wealth in Asia grew by 29% in 2015, compared to 5.6% in North America and 6.6% in Europe (12% worldwide).<sup>12</sup> While a shrinking number of people detains a greater share of the world's wealth (an accelerating trend), of the two millions new millionaire households created in 2014 alone 62% were from Asia-Pacific, with China accounting for 70% of Asia's growth by 2019<sup>13</sup>. In the ranks of these new millionaires, Chinese scientists are leading the nation's rise as a global power in scientific research. China is now the world's second largest contributor to high-quality scientific research papers<sup>14</sup>, attesting of a successful government's push to put science and technology at forefront of the nation's development (investing a total 1.4 trillion yuan on the sector in 2015, more than the entire GDP of New Zealand<sup>15</sup>). Concurrently, much of Asia's newly created wealth came from entrepreneurs of mid-sized companies.

Once wealth is broken down per household, however, a different picture emerges: whereas European households have US\$220,000 in wealth and America's US\$370,000, China lags far behind with its US\$72,000, and so does Asia-Pacific as a whole with US\$54,000.<sup>16</sup> In addition, while most economic analyses highlight risks related to Chinese growing debt (or notably to its zombie firms<sup>17</sup>), the country also faces a crucial demographic transition after a late revision of its almost-40 year old one-child policy. Not only was the policy actually not needed, but it also poses a serious socio-economic challenge as the Chinese population is growing old before becoming rich.<sup>18</sup>

In this context, international aid expenditures to and from Asia depend on several, intertwined factors: a steady economic growth at regional and national level, the withdrawal from Western 'traditional' aid providers –seeing the region as more capable and willing to address its own needs–, a growing convergence of interests between regional geopolitical ambitions and foreign assistance, and regional priorities mainly related to demography, urbanisation and infrastructure.

## 2. The growing cost of being the most disaster-prone and poorest region worldwide

Asia's vulnerability to disasters is a key driver to the continuous increase in global funding needs. 30 million people were affected by disasters in countries

<sup>12</sup> BCG 2015, [Global Wealth 2015: Winning the Growth Game](#)

<sup>13</sup> See the forthcoming IARAN report on Philanthropy trends in Asia (release beg. 2017)

<sup>14</sup> [Nature Index](#) 2016

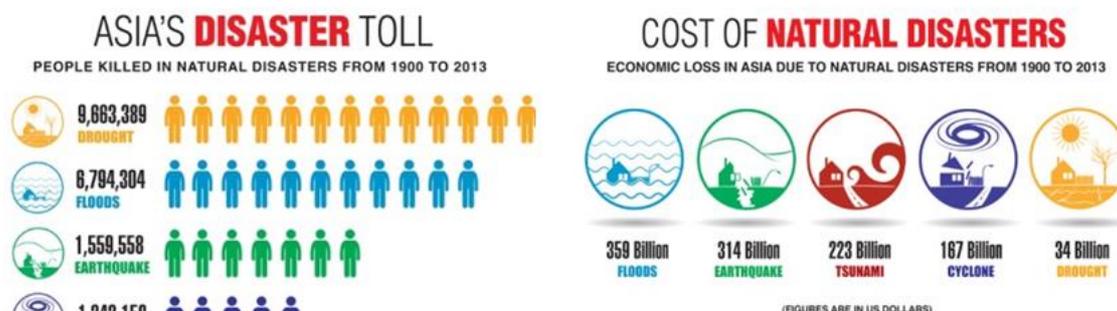
<sup>15</sup> Chen, S 2016, [The rise of China's millionaire research scientists](#), *South China Morning Post*, 27 April 2016

<sup>16</sup> BCG 2015, [Global Wealth 2015: Winning the Growth Game](#)

<sup>17</sup> Thye Woo, W 2016, [Can China Lay its Zombie firms to Rest?](#), East Asia Forum 2016, 22 August 2016

<sup>18</sup> Kaufman, J 2016, [China's New Two Child Policy: Too Little, Too Late](#), Asia Unbound, 1 December 2016

in Far East, South and Central Asia in 2015<sup>19</sup>, over half (55%) of whom by widespread flooding in India. And yet, only 18% of all international contributions went to countries affected by or highly prone to disaster caused by natural hazards.<sup>20</sup>



Source: [Centre for Research on the Epidemiology of Disasters](#)

Asia's extreme vulnerability to disasters cannot be considered outside the social realm in which it takes place. Poverty is both a driver and consequence of disasters (the 'risk-poverty' nexus), and disaster risks related to poverty are permeated with inequality.<sup>21</sup> Despite Asia's remarkable economic progress, socio-economic inequality is likely to continue to increase in the outlook. From 1990 to 2010, the Asia-Pacific region has halved extreme poverty and seen an annual rise in average per capita income of nearly 6%. However, data also shows a worsening gap between rich and poor among and within Asian countries.<sup>22</sup> The border between the two Koreas, marking the separation between one of the poorest and one of the richest Asian nations, illustrates in a paroxysmal manner the huge variability across the region. Within Asian countries, the rise in inequality rates overall translates into higher disaster risk for the poorest and most vulnerable countries, communities, households and businesses across the continent. Impoverished people are indeed more likely to live in hazard-exposed areas and are less able to invest in risk-reducing measures, therefore being caught in a negative cycle which drives them into further poverty.<sup>23</sup>

In 2016, the region remains home to two-thirds of the world's 'extreme' poor living on less than US\$1.90 a day. Lifting more people out of extreme poverty will require more than economic growth, but a political inflexion of the pace

<sup>19</sup> Global Humanitarian Assistance Report 2016

<sup>20</sup> Global Humanitarian Assistance Report 2016

<sup>21</sup> PreventionWeb 2015, "Disaster Risk, Risk Driver", [Poverty and Inequality](#)

<sup>22</sup> Asian Development Bank (ADB) 2013, [Framework of Inclusive Growth Indicators](#), Key Indicators for Asia and the Pacific, Special Supplement, 3<sup>rd</sup> edition

<sup>23</sup> PreventionWeb 2015, "Disaster Risk, Risk Driver", [Poverty and Inequality](#)

and patterns of growth. This entails turning equality of opportunity and social equity into political objectives, and enforcing them into realities. Since a few years, fostering inclusive growth, or ensuring sustainable economic development, has become the new dominant narrative among international aid providers, such as Global Affairs Canada (GAC)<sup>24</sup> or the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). It is more broadly one of the three pillars of the post-2015 agenda, and thus a strategic priority for most donors supporting Asian countries, alongside promoting gender equality, protecting human and environmental rights, and advancing democracy. Building greater resilience to environmental impact, climate change and natural disasters is also a common imperative. The alignment between global institutions and Western donors' strategies in Asia needs to be looked at from the perspective that needs for assistance, and modalities for intervention, are still globally defined with the mind-set, conceptual frameworks and semantics of Western aid actors. In this context, two strategic linkages, relatively weak at present in the current system, could significantly impact international donors' involvement in Asia in the outlook: strongly encompassing disaster risk reduction into the sustainable development approach<sup>25</sup>, and better integrating man-made disasters into the scope of DRR. Indeed, the relationship between vulnerability to disaster and conflicts also needs to be taken into account (the 'natural disasters-conflict-fragility' nexus).

One of the key challenges, however, is the progressive, common withdrawal from Asia as a whole among Western donors. Over the last couple of years, trend shows a sharp increase for humanitarian support to the Middle East<sup>26</sup>, a continuous focus on Sub-Saharan Africa, with a general decline in Asia. This reality can be seized at a glance on the map of the global distribution of Humanitarian Response Plans (HRPs) and Regional Response Plans (RRPs), coordinated by UN OCHA. As a result, funding from these donors is steadily reducing, despite Asia being massively, and regularly, hit by natural disasters. This heavy trend is widely seen as reflecting increasing regional and national disaster management capacity in the region.

<sup>24</sup> For more information on this, see ACFIN *Global Affairs Canada Engagement Strategy 2016-2020*, as well as the engagement strategies prepared by ACFIN Donors Relations Unit for other Western Donors (EU, DFID, USAID, etc.)

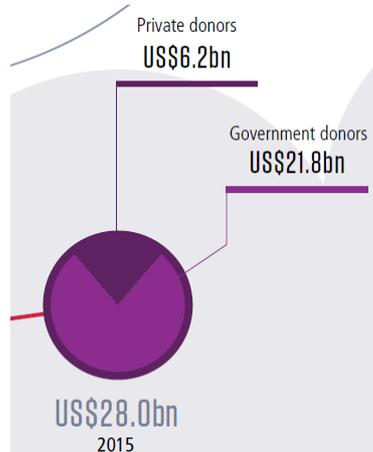
<sup>25</sup> IDRD-CSU 2014, [Issue Brief: Disaster Risk Reduction and Sustainable Development](#)

<sup>26</sup> The 10 recipients of the most international humanitarian assistance in 2015 were Syria, Yemen, South Sudan, Lebanon, Iraq, Jordan, Sudan, Palestine, Somalia and Turkey (GHA 2016). In 2016 Syria, Iraq, Yemen, Lebanon, and South Sudan altogether received close to 40% of all the reported funding



Source: OCHA, Global Humanitarian Overview 2017, [Funding requirements by country](#)

Promoting and implementing inclusive growth will remain at the same time a donor strategic objective and a main political challenge across Asia in the outlook, with high disparity among countries. While needs will continue to increase due to the continent’s sheer exposure to disasters and growing economic inequality, Western donors are reducing their funding in direction of Asia. And despite a growing consensus on the cost effectiveness of disaster risk reduction policies, global funding for DRR still represents the smallest share of humanitarian assistance. As a result, Asia’s aid landscape can be expected to be increasingly framed by two structural tensions: the capacity of Asian countries to demonstrate political will and allocate economic resources to address the post-2015 sustainable development agenda and achieve inclusive green growth; and a shift towards a more Asian-centric approach to international assistance redefining priorities for international action (e.g. focusing on urban planning issues and monitoring more closely INGOs intervention in particular in conflict-sensitive areas).



Source: Global Humanitarian Assistance Report 2016

### 3. ‘Governmentalization’ of institutional aid in Asia

Traditionally, the main bulk of international aid contributions come from government donors. In 2015, it represents close to 80% (77.8% or U\$21.8 billion) of the overall spending, of which 97% were provided by only twenty government donors – the United States being the greatest contributor of all

and accounting for 31.6% (almost US\$6.5 billion)<sup>27</sup>. While the difference between pledges, commitments and actual funding<sup>28</sup> needs to be taken into account, the donorship landscape in Asia by 2020 will remain driven by this key feature, and the humanitarian system as whole will continue to depend on states' generosity.

In this context, governments' aid contributions in Asia can be analysed from three perspectives: a double shift among Western donors (beyond their overall financial withdrawal), an increased regional focus from 'traditional' Asian donors, and the steady emergence of new Asian providers.

The geography of Western aid to Asia is overall stable, and the top priority countries for donors are likely to remain the same by 2020 (Afghanistan, Myanmar, Pakistan, Bangladesh, Nepal, Mongolia, Vietnam, Cambodia, Laos). Two tangible shifts, however, are perceptible at both institutional and strategic level among this group of stakeholders. The first one is the increasing use of contractors from the private sector to run and supervise public grants, thereby creating a new managerial interface between donors and implementers. In that respect, the UK Department for International Development (DfID) sets the direction of what can be expected to be a more generalized practice in the sector in the coming years. With already close to a tenth of DfID's global aid expenditure channelled through private sector partners in 2011-12, this increasing trend<sup>29</sup> is embedded in a wider 'value-for-money' approach<sup>30</sup>, which has become part of the new aid dogma. By delegating some key functions, however, DfID meets a number of criticisms. Essentially, critics express concerns over the impact of adopting a private sector-led lens to look at development issues, and question its effectiveness over a public sector-led one in areas such as poverty alleviation.<sup>31</sup> Without the necessary guidance, operational culture of private actors is indeed seen as predetermining policy orientations to be implemented overseas, from privatised water to privatised education. In addition, the current drive to outsource more of the aid budget to free-market consultant agencies, thereby diverting a share of public funding from their intended recipients, raised interrogations from some watchdog organizations<sup>32</sup>. These concerns are also articulated to the strategic shift observed among most 'traditional' donors, whose aid strategy is increasingly

<sup>27</sup> Financial Tracking Service (OCHA) 2016, [Global Humanitarian Contributions in 2015](#), FTS

<sup>28</sup> FTS definitions: "Pledges are non-binding promises of contribution rarely distributed in totality. Commitments create a contractual obligation for the donor and allow organizations to start spending the money that was promised. Actual funding or contribution is the actual money that was disbursed after commitments were made", 2012

<sup>29</sup> OECD, *Development Co-operation Peer Reviews, United Kingdom*, 2014

<sup>30</sup> For a comprehensive understanding, see the study commissioned by the Swedish International Development Cooperation Agency (Sida): Baker et al. 2013, *How to Define and Measure Value for Money in the Humanitarian Sector*. The debate over providing better value in international development schemes has merged with broader efficiency issues to give birth to the 'Grand Bargain'<sup>30</sup> in Istanbul in 2016.

<sup>31</sup> Tran, M 2013, [DfID's aid spend on contractors comes under scrutiny](#), *The Guardian*, 17 May 2013, retrieved Dec. 2016

<sup>32</sup> See for instance Global Justice Now, [The Privatisation of UK Aid](#), Aid watch, April 2016

driven by national interests<sup>33</sup>. While imputing motives to Western international assistance is by no means a new phenomenon and has long fuelled distrust discourses and policies among recipient countries, its recent exacerbation came concurrently from growing public awareness of the use of humanitarian aid for geostrategic purposes<sup>34</sup> and from increasing government's transparency about the primacy of their trade and security interests over humanitarian considerations. Australia, among the top 10 donors in the OECD world, is very interesting actor from that perspective. Its 'new aid paradigm'<sup>35</sup>, launched in June 2014 with the intention to make the country's international development cooperation "more responsible, affordable and sustainable", demonstrates how the quest for greater efficiency can go along with budget cuts (allotted official development assistance dropped in 2015-2016), institutional reform (the merging of the Australian Agency for International Development with DFAT in 2013), a call upon shared responsibilities (with a direct address from the Foreign Minister Julie Bishop to China<sup>36</sup>), the alignment of the poverty reduction objective with the pursuit of regional economic growth (two-thirds of Australia's development partners in the Indian Ocean Asia-Pacific region have achieved middle-income status), and increasing anti-immigration policies (in violation of most international refugee conventions). There is across Asia an unmistakable growing regional focus, with key donors tying up their responsibility to address needs in a regional perimeter to their ability in achieving measurable results, within the scope of their national interests. The future of a principled humanitarian action is intrinsically linked to this trend.

Japan is another Asian 'traditional' donor, in the sense of its decade-long involvement in financing international assistance<sup>37</sup>. In 2015 89% (US\$1 billion) of Far East Asia countries funding came from the Japanese government alone, and the country is among the few disbursing all their commitments. The Japan International Cooperation Agency's (JICA) strategy is presented as a philosophy of 'Human Security' incorporated throughout the SDGs.<sup>38</sup> In that framework, Japan advocates for a dialogue between diverse civilisations within an international system regulated by universal principles (namely basic human rights, freedom, democracy, the rule of law, and peaceful conflict resolution). To that regard, with its unique history, global outreach, and strongly established bilateral relationships with most countries across Asia, Japan remains one of the

<sup>33</sup> See HM Treasury & DfID 2015, [UK Aid: Tackling global challenges in the national interest](#), November 2015

<sup>34</sup> Such as the fact revealed by *The Intercept* in 2015 that [the Pentagon spied on North Korea via a Christian aid group](#), which was providing basic humanitarian assistance from 2004 to 2013.

<sup>35</sup> [Speech](#) from Foreign Minister Julie Bishop delivered in Canberra in 2014, during which she introduced Australia's new aid policy and performance framework.

<sup>36</sup> "Hundreds of millions of people have been lifted out of poverty through China's economic policies. Today China – once a recipient of aid – has an aid budget around the same size as ours." (Ibid-35)

<sup>37</sup> "Japan's humanitarian assistance dates back to 1953, when the government started funding UN relief work for Palestinian refugees." Watanabe, M 2004, '[Japan's official humanitarian assistance](#)', *Humanitarian Exchange*, HPN 26

<sup>38</sup> JICA [Profile](#) 2016

champions of the humanitarian paradigm as it was defined in the 20<sup>th</sup> Century, supporting NGOs directly as well as indirectly in the region.

**Text box 1: The success story of South Korea becoming an aid provider for Asia**

Since the 1960's South Korea has transitioned from a recipient of development and humanitarian aid to an important aid donor in Asia. Post-war Korean economic growth was followed by an increase of its official development assistance (ODA) budget and humanitarian contributions. The Korea International Cooperation Agency (KOICA) was established in 1991. Korean official development aid strategy is made and overseen by the Ministry of Foreign Affairs while ODA's policy is developed and implemented through KOICA. South Korea became a member of the OECD in 1996 and a DAC member in 2010. Despite being a fairly recent DAC member, and although its economic growth have marked a temporary halt, Korea is the 24<sup>th</sup> DAC provider with US\$1.9 billion provided in 2015 and is aiming for a 0.30% ODA/GNI target by 2030.

Korea tends to consider international assistance has a duty: offering the same chances and opportunities to developing countries that it received in the past, which allowed it experience economic growth and social development. Korea's ODA policy and priorities have been shaped by technical and infrastructural development, which was seen as responsible for its economic success, as well as focused on disaster relief and reconstruction, notably injecting US\$10 million in 2016 to spur the Sendai Framework. Korea has consistently directed the main bulk of its humanitarian funding to UN agencies (95.6% of Korea's aid in 2014 and 87.5% in 2015). In 2015 only 0.2% of total humanitarian contributions from South Korea went to NGOs, and exclusively to organizations that are registered in Korea.

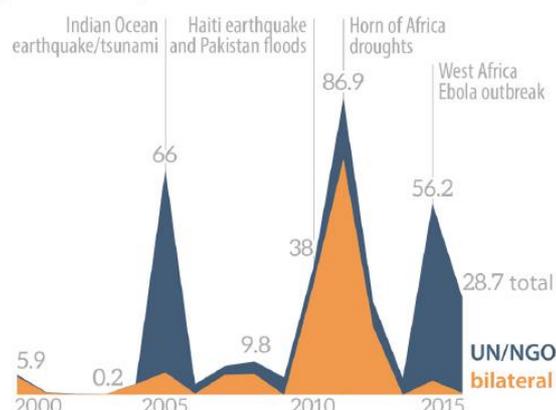
Unlikely to equal the volume of OECD-DAC governments' contribution in the short term, emerging aid donors have significantly increased their financial commitment to the humanitarian sector (from 4% to 12% of governments' contributions between 2006 and 2015). It is estimated that non-DAC contributions could account for at least US\$50 billion in aid or aid-like flows by 2025, with China and India as the main contributors and East Asia as the main recipient<sup>39</sup>. China and India are in the top 20 of the world highest GNI countries<sup>40</sup>, but none of them were in the top 20 of the world most generous countries for humanitarian assistance in 2015. China's average total assistance represents less than 0.1% of the country's GNI, as against 0.3% given annually by the 29 countries constituting the OECD's DAC. Considering the interest now devoted to humanitarian affairs in global politics, and the margin of progression for their respective contribution, a further increase from China and India is likely in the outlook, which could accelerate the shift in power balance between

<sup>39</sup> The Asia Foundation 2014, [The Changing Aid Landscape in East Asia: The Rise of Non-DAC Providers](#)

<sup>40</sup> World Bank 2016, [Gross National Income 2015, Atlas method](#), retrieved September 2016

Western and non-Western funding actors in the region<sup>41</sup>. As a result, funding patterns can also be expected to be further impacted, knowing that non-DAC donors tend to prioritize high-profile crises or be oriented towards regional and chronic issues<sup>42</sup>. Non-DAC donors are also increasingly explicit about using ‘aid’ as part of a larger set of foreign policy instruments (including traditional grant aid, lines of credit, concessional loans, trade, investment, and technical cooperation), emphasizing notions of mutual benefit and respect for sovereignty. This often translates into a considerably less normative approach than traditional donor assistance.

**Volume of Chinese humanitarian aid 2000-2015 (million US\$)**



Data source: [Financial Tracking Service](#)/UNOCHA.

Source: Grieger, G 2016, [China's humanitarian aid policy and practice](#), EPRS, May 2016

By its sheer size and economic footprint, the People's Republic of China sets the direction Asia can be expected to take in the mid to long term. China has escalated its involvement across the region with extensive infrastructure development plans for Pakistan, Bangladesh, Sri Lanka, and Nepal. China's flagship policy of “One Belt, One Road”<sup>43</sup> and bilateral efforts with a number of Asian countries indicate expansive regional ambition. More importantly, this ambition is tangible in the country's investment in alternative financial institutions (Asian Infrastructure Investment Bank, AIIB) and regional agreements (Regional Comprehensive Economic Partnership, RCEP, as opposed to the Trans-Pacific Partnership) which are not led by the United States or the West. China is already the main aid provider for Cambodia, investing about US\$10 billion in the country between 1994 and 2013, mainly on agriculture, mining, infrastructure projects, hydro-power dams and garment production.<sup>44</sup> Its approach to humanitarian assistance, and to cooperation with INGOs in particular, is therefore crucial to the evolution of the donorship landscape in Asia. Emergency assistance is considered as one of the eight different forms of ‘foreign aid’<sup>45</sup>, as guided by the country's long-standing foreign policy principles of sovereign equality and non-interference in the internal affairs of other countries. China's humanitarian

<sup>41</sup> Binder, A & Meier, C 2011, ‘Opportunity knocks: why non-Western donors enter humanitarianism and how to make the best of it’, [International Review of the Red Cross](#), Volume 93, Number 884, retrieved September 2016

<sup>42</sup> Gibbons, P & Heintze, H-J 2015, [The Humanitarian Challenge: 20 Years European Network on Humanitarian Action](#), NOHA, retrieved September 2016

<sup>43</sup> Zhang, J & Jiao, S 2016, [What's driving China's One Belt, One Road initiative?](#), [East Asia Forum](#), 2 September 2016

<sup>44</sup> Var, V 2016, [Cambodia should be cautious when it comes to Chinese aid](#), [East Asia Forum](#), 9 July 2016

<sup>45</sup> As presented in the 2011 [White Paper](#) on China's Foreign Aid

agenda can be characterized by three essential features: a shift from an ideologically-driven assistance to a more pragmatic support to foreign countries, projecting the image of a responsible great power; a focus on disaster response and preparedness, concentrated on one or two major disasters (2000 drought in Pakistan, 2004 Indian Ocean tsunami, 2015 earthquake in Nepal); a will to upgrade domestic capabilities through external exchanges, gaining international recognition<sup>46</sup>.

There is also a debated shift in China's aid delivery pattern, from a state-centric approach towards increasingly involving multilateral channels (UN agencies and NGOs, see graph). A nascent network of Chinese NGOs has started internationalizing its action<sup>47</sup>, mainly composed of government-organised NGOs (GONGOs) and thereby indicative of the Chinese government priorities (in Africa and South Asia). Interestingly, in the remote areas of Shan state, in Myanmar, where counter-insurgency operations regularly displace thousands of people, the only access to population in need could be through Chinese NGOs crossing the border.

While China seems to have developed its domestic relief capacities and be ready to apply the lessons learned from responding to disasters on its soil<sup>48</sup>, the country has also formally endorsed UN mechanisms, such as the Central Emergency Response Fund, to improve global coordination in humanitarian crises. It has, for instance, joined the UN Disaster Assessment and Coordination network and the International Search and Rescue Advisory Group<sup>49</sup>. China's growing involvement in the humanitarian system is also subject to its national interests and needs<sup>50</sup>. A series of actions taken by President Xi Jinping culminated in a new law, passed in April 2016, to impose greater control and limit Western influences on Chinese society. This law restricts the work of foreign organizations and their local partners in the country mainly through police supervision<sup>51</sup>. There is mounting evidence that China is trying to export an alternative societal model to the Western one, and is striving to settle the tension between using the current international system and introducing Chinese-led institutions. What they ultimately decide, and how it manifests, will profoundly reshape the humanitarian sector at global and regional level.

<sup>46</sup> Grieger, G 2016, [China's humanitarian aid policy and practice](#), European Parliamentary Research Service, May 2016

<sup>47</sup> Hsu, J 2016, [The Internationalisation of Chinese NGOs](#), China Policy Institute, September 2016

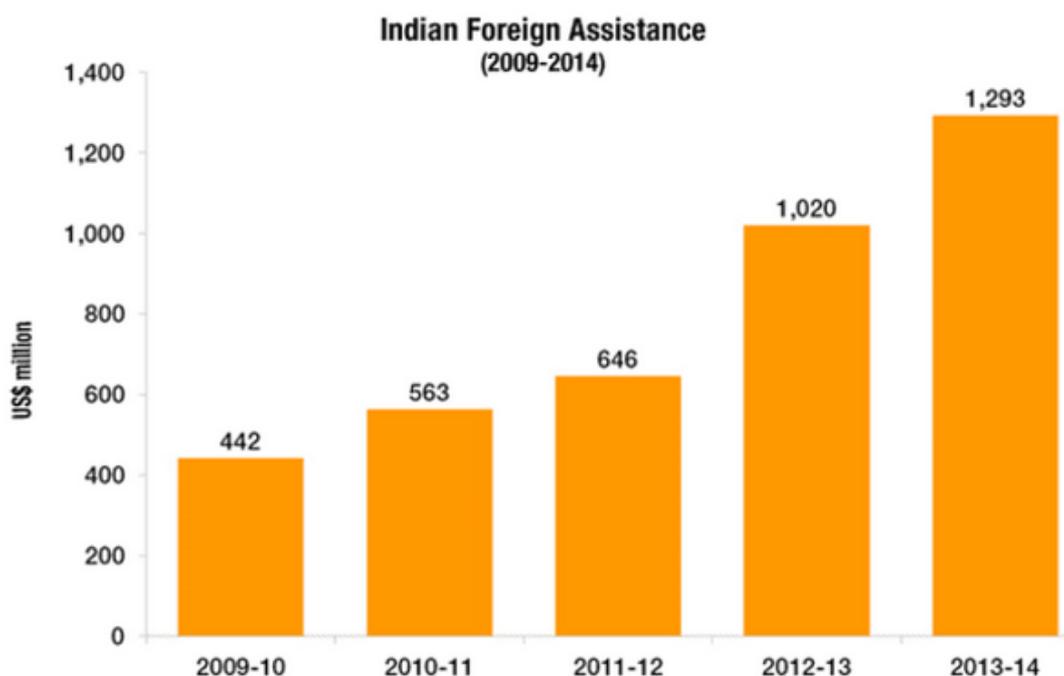
<sup>48</sup> Krebs, H 2015, [What you need to understand about Chinese humanitarian aid](#), ODI, 6 November 2015

<sup>49</sup> Grieger, G 2016, [China's humanitarian aid policy and practice](#), European Parliamentary Research Service, May 2016

<sup>50</sup> Hasmath, R 2016, 'China's NGOs go global', *The Diplomat*, 23 March 2016

<sup>51</sup> Wong, E 2016, [Clampdown in China Restricts 7,000 Foreign Organizations](#), *The New York Times*, 28 April 2016

This analysis would not be complete without also taking a quick glance at India's growing interests in humanitarian affairs, which is driven in parts from a shared sense that Asia should not be dominated by any single power. A long-announced emerging leader on the world stage, India has provided more aid abroad that it has received since 2013. Having also developed a sophisticated disaster management system over the past decade, the country has been one of the first responders to the Nepalese crisis in 2015, flying in the early hours following the earthquake relief workers, medical aid, and heavy earth moving equipment to Kathmandu.



Source: [Devex](#) 2013, Data from the Indian Government (Note: Excludes lines of credit)

The Indian Development Partnership Administration, created in 2012, is still far from equalling USAID –which was presented as its model<sup>52</sup>– in scope and magnitude. However, India's foreign aid programs to Bhutan, Sri Lanka, Myanmar and Afghanistan already attest that New Delhi is proactively engaging in the economic development of its neighbours, along providing substantial emergency assistance in rapid on-set disasters.

In face of continuously increasing needs, governments will remain the main contributors to international funding and first duty-bearers in responding to crises in the outlook. The progressive shift of responsibility between non-Asian to Asian countries, a heavy trend in the region, will therefore continue to significantly impact the donorship landscape. By-products of this trend, the regionalisation of aid in Asia goes along with the building of a regional capacity

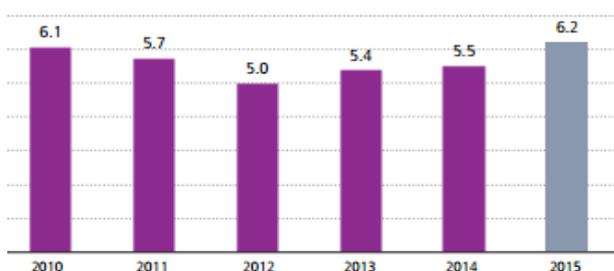
<sup>52</sup> Piccio, L 2013, [India's foreign aid program catches up with its global ambitions](#), Devex, 10 May 2013

for disaster risk reduction, the strategic primacy given to infrastructure development and economic integration, and a growing focus on environmental and societal challenges. Concurrently, while humanitarian aid is now acknowledged as a 'global public good'<sup>53</sup>, its management by international institutions and sometimes competing national governments will be increasingly entangled with stability and security issues (counterterrorism being a particularly tangible example with a significant impact on the ability of humanitarian organizations to deliver principled humanitarian aid).

#### 4. The rise of non-institutional aid actors in Asia

The increasing funding gap for humanitarian aid has placed non-institutional forms of assistance in the spotlight. In 2015 the OECD reported that Official Development Assistance (ODA) totalled US\$134 billion, while remittances represented around US\$400 billion (officially recorded), private capital flows to developing countries were almost US\$890 billion, and philanthropic aid equalled US\$70 billion<sup>54</sup>.

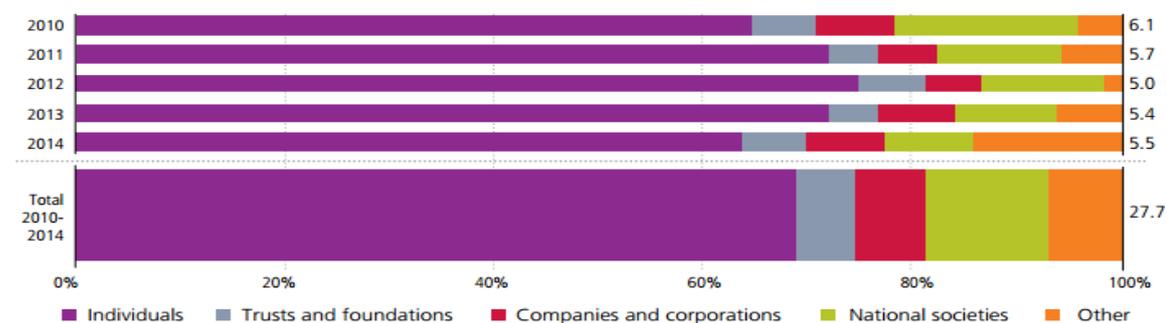
*International humanitarian assistance from private donors (US\$ billion)*



While the total amount remained stable since 2010, private donors have increased their contribution to international humanitarian funding three years in a row, reaching an estimated US\$6.2 billion in 2015 (+13%).

Source: Global Humanitarian Assistance report 2016

Individuals are by far the most important contributors out of all private donors with an average contribution of over 60% out of the total between 2010 and 2014:



Source: Global Humanitarian Assistance report 2016

<sup>53</sup> 'Too important to fail – Addressing the humanitarian financing gap', High-Level Panel on Humanitarian Financing Report to the Secretary-General, January 2016

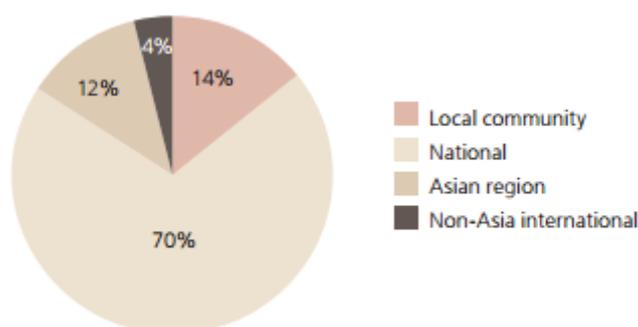
<sup>54</sup> Global Humanitarian Assistance Report 2016

Although private donors are usually prone to donate for natural disaster crises, in 2015 75.5% (about US\$400 million) of their contributions went to the Syrian crisis<sup>55</sup>. The Nepal crisis was the second most important recipient with about 30% of all private contributions.

In Asia, a broad range of actors contributes to the total flows of aid funding:

- Corporation giving (through cash grants, doing skill-based sponsorship, providing technical assistance or material donation, e.g. a phone company providing free phone or internet connection during an emergency response as it was the case for the Nepal earthquake<sup>56</sup>)
- Social enterprises<sup>57</sup> (adopting a business approach to social change: instead of maximizing profits, SEs apply market practices to maximizing impact and strive to optimize finances in support of their social or environmental missions; some of the world's largest and most well-known SEs, like Grameen Bank and BRAC Enterprises, got their start in Asia)
- Companies' foundations such as the Korean Samsung Foundation, PepsiCo Foundation, and Coca-Cola Foundation, as well as TATA Trusts in India
- Other types of private foundations which are not directly linked to corporations (for instance, the Bill and Melinda Gates Foundation, but also the Pratt Foundation in Australia, the Japanese Nippon Foundation, the Surmang Foundation in China, or Give2Asia, an organization acting as a funding channel for diaspora philanthropy to Asian countries which holds a total annual giving of close to US\$30 million<sup>58</sup>)

Geographic focus of family philanthropic giving (% of giving, 2011 projected)



Source: [UBS-INSEAD Study 2011](#)

Asian philanthropy seems to be more often driven by domestic issues rather than by international crises. In 2010<sup>59</sup>

<sup>55</sup> Financial Tracking Service (OCHA) 2016, *Donor profile: Private, funding per emergency 2015*, FTS

<sup>56</sup> *Business Times* 2015, *Nepal earthquake: Phone and web companies race to reconnect country*

<sup>57</sup> Yuen, D 2014, *'A Guide to Social Enterprises in Asia'*, *Asian Philanthropy Forum*, retrieved October 2016

<sup>58</sup> *Top Giving Foundations* - The GrantsManship Center

<sup>59</sup> USB 2011, *USB-INSEAD Study on Family Philanthropy in Asia*, INSEAD, retrieved October 2016

87% of Asian philanthropic contributions went to local communities or to national causes. These contributions were mostly channelled through local and national NGOs, with the top sectors being education (36% of all philanthropic support), health, development and poverty reduction, and disaster relief. Non-domestic philanthropic giving in 2010 was highest in Singapore (33%) and Hong Kong (23%).

In addition, joint initiatives, such as the 'NGO and Private Sector Cooperation for Sustainable Development'<sup>60</sup> network, which is supported by the Asian Development Bank (ADB), aim at developing beneficial partnerships between corporate and non-profit actors (usually referred to as Public Private Partnerships, PPPs). ADB highlighted the importance of building such partnership with the private sector so as to benefit from its inventiveness, results-based approach, and resources<sup>61</sup>. Through its Regional Office for Asia and the Pacific, OCHA monitors partnerships between aid stakeholders and also encourages the participation of private companies willing to get involved in humanitarian assistance<sup>62</sup>. There are various incentives for actors from the private sector to provide for help. Their contributions will vary widely depending on their size and nature, but also on which sector they are involved in. Their impact also differs greatly, and while their contributions are not yet impacting the assistance landscape as significantly as the major institutional providers, their modality of action shows more flexibility for partnership.

Private companies tend to get involved when they see concrete inputs in term of relevance, impact, and added value to them (whether it is the will to create a positive image, a sense of social responsibility, or opportunities for commercial benefits<sup>63</sup>). In partnership with OCHA since 2006, Microsoft developed a pilot website to support and manage the exchange of information in emergencies, based on requirements identified by the Inter-Agency Standing Committee (IASC) Working Group and the Cluster Lead Agencies. It was used in response to the 2010 floods in Pakistan<sup>64</sup>. UNDP also partnered with Microsoft in post-earthquake Nepal to develop a smartphone app that monitors reconstruction efforts in real time and ensures that families in the cash-for-work programme are paid accurately and on time<sup>65</sup>. These innovations represent a huge potential in terms of operational and accountability targets. On a different note, Coca-Cola has created the Coca-Cola Foundation as soon as in 1984. In 2015 it awarded US\$2.3 million to support women's empowerment initiatives, US\$9.3

<sup>60</sup> Asian Development Bank, 2005, [Network to be Launched to Promote NGO-Private Sector Partnerships](#), ADB, retrieved October 2016

<sup>61</sup> Asian Development Bank 2014, *Midterm Review of Strategy 2020: Meeting the challenges of a Transforming Asia and Pacific*

<sup>62</sup> UN OCHA, [Partnerships](#)

<sup>63</sup> Glick, P, C. Huang, C & Mejia, N, RAND Corporation, [The Private Sector and Youth Skills and Employment Programs in Low-and Middle-Income Countries](#), S4YE, retrieved November 2016

<sup>64</sup> IRIN, 2013, [Where aid work and private sector meet](#), IRIN NEWS, retrieved November 2016

<sup>65</sup> UNDP 2016, [Small data and big humanitarian challenges: why innovation matters](#), 24 May 2016

million to support water and environmental initiatives, and notably provided the American Red Cross with a grant of US\$1 million for a 'Nepal Disaster Relief' operation. Through PPPs, the Foundation has also championed water stewardship across Asia with more than 70 community water partnership projects in India, China, Thailand, Malaysia, Indonesia and Australia. Moreover, the company stated it is now water neutral in Indonesia, with the goal of being 100% water neutral in the ASEAN-Asia Pacific region before 2020. Its ambitious water commitment seems to be driven from its experience in India, where Coca-Cola was held responsible for creating water shortages and pollution for communities. However, beyond accusation of serving first communication purposes, the Company's assertions on balancing water use are severely questioned by environmental groups. Its claim of being 'water neutral' can be misleading (replenishing aquifers often hundreds of miles away from the point of extraction, and omitting most of used water resources when calculating the water footprint of its products)<sup>66</sup>. While non-Asian institutional donors progressively withdraw from Asia, non-Asian private actors show no intention to reduce their involvement in countries that represent the biggest markets in the world. Their role in reshaping the donorship landscape can be expected to continue growing in the outlook, alongside the Asian private sector, which is not unfamiliar with development cooperation and has a long history of implementing infrastructure projects. Even in a country as poor as Myanmar, national companies such as KBZ set up their own foundations, and start playing an active role at domestic and regional levels<sup>67</sup>.

Ultimately, remittances are also receiving increasing attention for they represent enormous and, probably even more importantly, relatively steady amounts of financial inflows. Patterns of distribution in crises remain hard to track, but new tools (such as the Canadian Remittances Explorer<sup>68</sup>) and increasing interest from international institutions (the World Bank in particular) tend to provide a sharper picture of recent development and trends. Driven by intensified international movements and technological progress, remittances will remain a crucial resource for many countries by 2020, with a growth rate essentially indexed on global and regional economic slowdown. Out of the top ten recipients for remittances in 2016 (expected), seven are Asian countries: India (US\$65.5 billion), China (US\$65.2 billion), the Philippines (US\$29.1 billion), Pakistan (US\$20.3 billion), Bangladesh (US\$14.9 billion), Vietnam (US\$13.4 billion), and Indonesia (US\$9.3 billion)<sup>69</sup>. The short-term perspective for Asia, however, is not particularly good. Remittances growth in East Asia and the

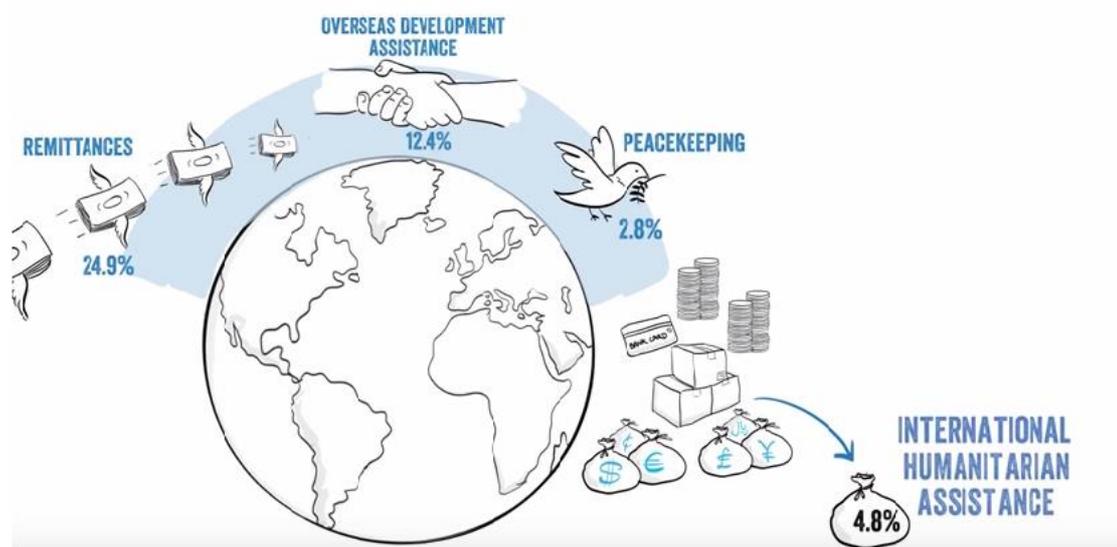
<sup>66</sup> Srivastava, A 2015, [The Privatization of Water in India: How Coca-Cola Destroys the Aquifer](#), Global Research, 31 December 2015

<sup>67</sup> KBZ Brighter Future Myanmar Foundation ([BFM](#)) is an award winning philanthropic foundation founded by KBZ Group in 2008. For instance, the Foundation supported in 2016 the [repatriation of Myanmar detained workers from Malaysia](#).

<sup>68</sup> Canadian International Development Platform, [Remittances Explorer](#)

<sup>69</sup> The World Bank 2016, [Trends in Remittances, 2016: A New Normal of Slow Growth](#), 10 June 2016

Pacific is projected to decrease from 4.1% in 2015 to 2.1% in 2016, with the Philippines likely to see the slowest expansion in a decade.<sup>70</sup> The South Asia region is expected to see a decline of 2.3% in remittances in 2016, due mainly to the impact of declining oil prices and labour market nationalization policies on remittances from the Gulf Cooperation Council (GCC) countries.<sup>71</sup> Remittance growth in the region is likely to remain overall subdued in the outlook. In the context of global deliberations on financing the implementation of Post-2015 development goals, remittances will yet still appear as an important leverage to raise development financing (via reducing remittance costs, lowering recruitment costs for low-skilled migrant workers, and mobilizing diaspora savings and diaspora philanthropic contributions).



Source: [The Humanitarian Financing landscape - Realities and emerging trends for NGOs](#), ICVA Network

### Text box 2: Framing Development Assistance in Myanmar, Daw Aung San Suu Kyi's views

*Opening remarks by the State Counsellor at the meeting of the Development Assistance Coordination Unit (DACU) with the Cooperation Partners Group on 12<sup>th</sup> December 2016:*

"In many other developing countries today, 'development assistance' is now viewed with scepticism, and seen as donor-driven and inefficient. Partners in Development have each done their own thing, leading to piecemeal projects, duplication and waste. But through improved coordination, and through DACU working closely with Partners in Development, I believe we can avoid a similar situation here in Myanmar. [...]"

<sup>70</sup> The World Bank 2016, [Remittances to Developing Countries Expected to Grow at Weak Pace in 2016 and Beyond](#)

<sup>71</sup> The World Bank 2016, [Remittances to Developing Countries Expected to Grow at Weak Pace in 2016 and Beyond](#)

Over the coming months, DACU will be drafting a national policy on development assistance, setting out what kinds of assistance our country would prefer to receive. The policy will also seek to streamline and clarify current procedures relating to development assistance. In drafting the policy, DACU will consult closely with Line Ministries and Partners in Development. The policy will draw on international best practice, but also be based on close consideration of Myanmar's context. We aim to be innovative and creative, and to take account of the many non-traditional donors and major domestic philanthropists that we are fortunate to have in this country. [...]

One of the important issues that the development assistance policy will address is the role of consultants. Many consultants working in Myanmar have minimal country knowledge. Despite this, some- though certainly not all- try to impose pre-conceived ideas and templates onto the Myanmar context. And many government officials, for a variety of reasons, do not feel able to put across their own perspective when engaging with visiting consultants. Consultants must of course have subject-matter expertise, but they also need to have a sensitivity and awareness to the country context, and a readiness to collaborate and transfer knowledge. Costs associated with consultants must be scrutinised carefully, so as to ensure they are reasonable and proportionate.”

Four heavy trends will continue to structure the landscape of aid funding in Asia by 2020. While the region will remain the strongest contributor to global economic growth, becoming increasingly wealthier, Asian aid providers (be they governments, Asian-led institutions, or private stakeholders) are gradually more involved in delivering assistance in rapid-onset disasters and in contributing to sustainable development. The concretisation of this regionalisation trend on humanitarian actors in Asia will become more tangible, impacting funding channels as well as the overall modus operandi of INGOs (areas of intervention, partnerships, accountability, etc.).

## Key uncertainties in Asia by 2020

Within the framework set by the heavy trends described above, four key uncertainties (i.e. areas characterized by a state of lack of knowledge, including doubt about the outcome of specific events) could play a critical role in reshaping the donorship landscape in Asia in the outlook.

### 1. China's regional ambitions and the accelerating militarization of Southeast Asia nations

China's growing influence and regular 'provocations' generate diverse reactions across the continent, impacting old and new alliances in the making. The contentious South China Sea issue, through which flows roughly one-third of global maritime commerce, is particularly illustrative of the tensions at play. Countries like Vietnam, Singapore, Malaysia and Indonesia see Chinese militarization of the sea as a growing threat to the freedom of navigation in regional waters. While China's long-term strategy might indeed be the

dominance of the South China Sea, Southeast Asian nations have also been modernizing altogether their navies, coast guards, missile capacities, and air forces, with Vietnam and Singapore—two of the countries most worried about Chinese power projection—now among the biggest weapons buyers. In this context, 2016 brought crucial political changes. The election of Rodrigo Duterte in the Philippines reshuffled the cards that the ruling of the international court of Justice had just distributed. The Filipino President took a firm stand at distancing himself from the long-established American patronage. Instead, he is building new ties with the Chinese regime (notably through re-establishing bilateral talks on the South China Sea dispute). However, he also announced in Tokyo, in October 2016, that the Philippines might want to conduct military exercises with China's arch-rival, Japan. In between military manoeuvres in the South China Sea from the different parties, the elections in the United States have just added a new layer of complexity. While the Obama administration lifted the embargo on lethal arms sales to Hanoi<sup>72</sup>, the incoming U.S. administration will have to define a new strategic vision for the Asia-Pacific region which remains very unclear to observers by the end of 2016. Lastly, North Korea's nuclear tests, along with recent ballistic missile launches, have been widely criticized as destabilizing to regional and international security.

In this context, the biggest uncertainty remains the pace China's intentions will be unveiled, essentially marking the tempo for these regional dynamics. Military interventions in the region, not to mention war, is unlikely in the outlook, for the main global and regional powers have at present more to lose. However, a rising China can be seen as facing a geopolitical dilemma<sup>73</sup>, whether to consider or not entering into a major conflict. As China's leading aspirations gain momentum, domestic impediments as well as tensions with its neighbours might reach a breaking point sooner than expected. While most of the attention is precisely focused on the South China Sea, Asia seems well on its way to another water war. Asia has less fresh water *per capita* than any other continent, and severe water shortages are expected by 2050.<sup>74</sup> Competition over freshwater resources could emerge as a serious threat to long-term peace and stability in Asia, motivating an increasingly aggressive Chinese strategy (in particular over the Tibetan Plateau and Mekong River). In that perspective, the reminiscent presence of western aid actors is an important pawn on the regional chessboard, and the nature of their interactions with Asian juggernauts (especially China and India) could be a key indicator for what is coming next.

## 2. Taking regional action on regional issues

<sup>72</sup> BBC 2016, [Obama lifts US embargo on lethal arms sales to Vietnam](#), 23 May 2016

<sup>73</sup> Holslag, J 2015, [China's Coming War with Asia](#), Polity

<sup>74</sup> Fant et al., 2016, [Projections of Water Stress Based on an Ensemble of Socioeconomic Growth and Climate Change Scenarios: A Case Study in Asia](#), PLOS

Localised armed conflicts in Asia (in Afghanistan, Pakistan, Myanmar and the Philippines in particular) are highly unlikely to be resolved by 2020, significantly contributing to the global increase in needs. These conflicts might rather demonstrate a growing determination from national governments to prevent foreign interventions (potentially presence) in these settings. However, some regional humanitarian issues could accelerate the establishment and deployment of regional response capabilities. The example of irregular migrations across the Bay of Bengal (in light of the 2015 and 2016 events) might be one of the recognition for the need to take regional action on the matter<sup>75</sup>. Cross-border crises, including environmental challenges (air pollution being another good example of existing nascent cooperation), could possibly strive a shared, regional leadership on humanitarian action. The extent to which regional bodies will embrace humanitarian principles (e.g. the protection of refugees and asylum-seekers according to international laws in the case of irregular migrations) remain, however, another big uncertainty in the system. From that perspective, funding dedicated to that end could be instrumental in the outlook, and more broadly for the future of the humanitarian sector.

### 3. Transferring international resources to local capacities

Despite repeated commitments from the international community towards a better share of global assistance funding, especially with local actors, the pace of this paradigmatic shift remains uncertain due to the systemic inertia of the humanitarian sector. UN agencies will continue to capture most of donors' contributions (52% in 2014<sup>76</sup>) as the first tier recipients and mostly rely on partners for implementation. Considering concurrently the existing endogenous capacities at regional and national level across Asia and the political incentives to limit INGOs' presence and scope of intervention<sup>77</sup>, this can be expected to happen faster in Asia than elsewhere in the world. Organizations that have already established truly functional and mutually satisfying partnerships with local actors (both non-profit and from the private sector), or who will have by 2020, have a better chance to continue operating, and with a bigger impact in the region. Acknowledging that local and national NGOs suffer from limited capacity to reach consequent part of institutional funds,<sup>78</sup> focusing on knowledge transfer and capacity building will take an increasing importance in redistributing humanitarian funding more efficiently, more transparently, and more fairly. In addition, the growing 'coopetition' (rivalry over funding, combined to the imperative to gather forces, as in consortia) is a global trend, an indirect consequence of which being a potential greater focus given to

<sup>75</sup> ASEAN Parliamentarians for Human Rights Press Release, [APHR welcomes Malaysian government's statements on Rakhine State crisis, but urges regional action to protect Rohingya](#), 7 December 2016

<sup>76</sup> Global Humanitarian Assistance, 2016, [Global Humanitarian Assistance Report](#), Development Initiatives

<sup>77</sup> IARAN 2016, *Partnering with civil society actors in Asian countries – A Strategic Imperative*

<sup>78</sup> Between 2009 and 2013 they received 1.6% of all donors' contributions directly going to NGOs, IRIN, [Where is all the money going? The Humanitarian Economy](#), retrieved September 2016

responses to crises bringing more visibility and with easier access to beneficiaries.

#### 4. Innovative ways to collect and access funding

A last uncertainty lies with the diffusion of innovative ways to collect and access funding. On one hand, financial independence can be achieved through self-funding (e.g. BRAC was capable of self-fund almost 88% of its US\$845 million total expenditures in 2014)<sup>79</sup>. In a humanitarian system where external contributions remain the main power supply, it represents an interesting alternative model to institutional funding, where extending time delays between issuing calls and winning contracts and grants is observed. On the other hand, pooled funds have become a new norm, enabling more timely and flexible funding for responding to sudden humanitarian crises, and have made it possible to operate in otherwise underfunded emergency settings. Be it the UN-created Central Emergency Response Fund (CERF) or the NGO-established START Fund, pooled funding is taking a growing importance and the development of country-based pooled funds should be the next step (to 15% by 2018 as part of the Grand Bargain)<sup>80</sup>. Greater flexibility seems to also be a driver for a humanitarian 'anticipatory' approach, and the development of a Forecast-based Financing system with a strong lead from research institutions<sup>81</sup>. Concurrently, the recent burst of fundraising platforms has rejuvenated private philanthropy. And the money is flooding in. On Indiegogo Life, a platform dedicated to personal fundraising, 750 people are said to have started individual appeals for Nepal raising US\$2.5 million in 2015<sup>82</sup>. Another online fundraising platform, Global Giving, which presents itself as the first and largest global crowdfunding community that connects non-profits, donors, and companies in nearly every country around the world, reports to have helped raised US\$243 million since 2002. This is in line with the overall success of crowdfunding globally, and could be driven by an increasing disillusionment with major INGOs, under greater public scrutiny in particular since the response to the earthquake in Haiti. Both pooled funding and online fundraising will, however, remain heavily driven by high-profile emergencies. Addressing the funding gap for protracted or forgotten crises, and finally bridging the humanitarian-development funding divide, will still constitute two structural challenges in the aid landscape by 2020.

<sup>79</sup> BRAC, [Bangladesh Report 2015](#)

<sup>80</sup> UN OCHA, [Country-based pooled funds](#) (CBPFs)

<sup>81</sup> See for instance the [FATHUM](#) project (Forecasts for Anticipatory HUMANitarian action), led by Oxford University

<sup>82</sup> Wall, I 2015, [The changing face of disaster funding](#), *IRIN News*, 17 June 2015

## Conclusion

The evolutions of the donorship landscape in Asia will increasingly reflect the multi-polarity of the world, with new aid providers looking for their own space and voice in the humanitarian sector. The regionalisation of aid will affect the volume, actors, channels and priorities for assistance in the mid to long term, with already tangible effects. Instability and warfare in the Middle East will continue to devour the most of humanitarian funding bandwidth by 2020. Across Asia, building resilience to socio-natural disaster risks and achieving sustainable economic development at country and region levels can be seen as the corner stones of assistance policies in the outlook and beyond. This will favour a government-led response and strengthen 'localized' actors. The region, however, faces economic, political, environmental, and security challenges making the stability in Asia a most likely scenario rather than a working assumption.

Containing Pyongyang's determination to create a viable nuclear force, ensuring maritime security in Southeast Asia, balancing Chinese ambitions over natural resources and institutional influence, managing disproportionate urban, demographic and infrastructure challenges, lifting millions of people from extreme poverty and ending hunger, dealing with growing religious intolerance, enforcing the rule of international laws, all these dimensions require more than ever coordination over competition, transformative leadership over bare complaisance. The growing role played by Asian actors –be they aid providers, think tanks or implementers– in designing and delivering humanitarian assistance carries many opportunities for the aid sector as a whole to reinvent itself and is a matter of both performance and accountability. The institutional inertia in international affairs can be seen as obstacle to this evolution, or as a chance for historic actors to adapt, broadening the resource base for humanitarian action. The call for creativity, risk-taking and collaboration will foster innovative financing (involving green or social impact bonds for instance), increasing the use of services like cash card system, social safety net payments or even the expertise of industries in sector such as water, electricity and telecommunication to provide people in need with basic services. Ultimately, stakeholders will have to find the right balance between growing big and stabilizing a viable perimeter of action in order to strengthen their funds capture capacity, and to address the challenges inherent to absorbing this growth and the need for innovation.

*Asia Report:*

## **Evolution of the Donorship Landscape & Emergence of New Aid Actors in Asia: Key Trends Analysis to 2020**

BY THE INTER-AGENCY REGIONAL ANALYSTS NETWORK

@InteragencyRAN

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