



EUROPEAN HUMANITARIAN FORUM 2023

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European Humanitarian Forum (EHF) 2023

Regional Warm-up Sessions – Middle East & Eastern Neighborhood

Soaring humanitarian needs and limited resources: engaging non-traditional donors and new sources of financing

I. Background

On 18th January 2023, the Middle East and Eastern Neighborhood regional warm-up session took place in the EU premises in Amman. More than 120 participants from 50 institutions, representing local and international civil society organizations, UN agencies, government's representatives from the international community and the Red Cross/Crescent Movement' delegates had the opportunity to brainstorm on innovative financing to support humanitarian needs. Representatives from Egypt, Turkey, Lebanon, Jordan, Yemen, Iraq, Palestine, Syria and regional officers from Europe and MENA regional offices attended and debated along two main questions:

- a) how can **additional sources of funding**, beyond traditional humanitarian donors, be mobilized, especially in protracted humanitarian crisis?
- b) to what extent can **innovative financing instruments** from the private sector and international financial institutions be the drivers to frame new strategic partnerships with mutual interests?

II. Key conclusions

Do humanitarians have the full expertise to engage and find common grounds with bankers, insurers, financial advisers? In other terms, if a financial support to the humanitarian budget should be perceived as an investment on human capital and societies, are we all speaking the same language? The aim being not to attract philanthropists or charity donations only, how can we **formulate win-win scenarios** for profit and non-profit actors, for private and public institutions, in full-respect of the humanitarian principles? These questions are essential in order to further engage on the following opportunities:

- **Joint think-tanks** in which humanitarian know-how could inform private sector investments serving people in humanitarian need is an option that has been explored during the consultation. There are already a few innovative initiatives in the Middle East, in which international humanitarian NGOs are partnering with banks and governments to advise them on the social impact on infrastructure investments serving host communities and refugees.
- **Partnering with private sector companies** to connect job offers with unemployed vulnerable individuals is an innovative approach to promoting economic inclusion and creating pathways to sustainable livelihoods. By linking job market demand with the supply of specialized low-skill labor, this approach can

help to address both the social and economic challenges facing communities affected by humanitarian crises. While partnering with private sector companies can be an effective way to address the economic challenges facing vulnerable populations, it is important to ensure that such partnerships are structured in a way that aligns with humanitarian principles and values. This includes ensuring that vulnerable individuals are not exploited or subjected to unfair labor practices, and that the partnership is structured in a way that prioritizes the needs and interests of the affected communities.

- **Humanitarian impact bonds** are a potential way forward in a protracted crises setting such as the Middle East and Northern Africa. Such complex financial instruments could allow private investors to support humanitarian initiatives by providing immediate liquidities towards structural, longer-term projects while engaging traditional institutional donors on a pay by result approach, after a first development phase. While the proof of concept still needs to be showcased from the very few pilot projects being implemented worldwide, such approaches could have a potential to share the risks and accountability burden between the different actors involved in a humanitarian response.
- **Risk financing insurance** is an innovative financing tool that could support humanitarian organizations in managing and transferring the financial risks associated with delivering aid, by providing coverage for losses that may occur during a humanitarian crisis, such as damage to property, loss of goods, or interruption of services. There are a few different types of risk financing insurance that can be used in humanitarian settings:
 - Parametric insurance, which provides payouts based on pre-defined triggers such as a specific level of rainfall or earthquake magnitude.
 - Index-based insurance, which is linked to an index such as food prices or economic activity and pays out when the index falls below a certain level.

By providing a financial safety net, risk financing insurance can help humanitarian organizations to better manage their financial risks and ensure that they are able to continue providing essential aid during crises. This can be especially important in contexts where the risks of delivering aid are high, such as conflict zones or areas prone to natural disasters.

In conclusion, while innovative financing mechanisms offer exciting opportunities to expand the humanitarian budget, it is important to ensure that they are structured in a way that supports localization and strengthens the capacity of local organizations. By doing so, we can build a more inclusive, effective, and sustainable humanitarian response system that truly reflects the needs and priorities of affected communities.