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Funding in Humanitarianism and Its Changing Face: A Case of the Kenya Red Cross Society

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Abstract:

There has never been enough humanitarian funding. Needs have always gone unmet, and the international community has long sought ways to fix this problem. Inadequate information, poor infrastructure and lack of sufficient human and financial resources are hampering the implementation of early warning systems in Africa (Omulo, 1998). This is prompted by the sense that inadequate resources are being over-stretched to cover a wider scope of needs, in a greater number of crises. Sustainability must now become a fundamental feature of humanitarian action. This will result in generation of adequate resources to carry out operations; ability to pay own core costs sustainably thereby making Kenya Red Cross Society a more attractive proposition to donors; realization of growth in the society; funding of programs that are of priority to Kenya Red Cross and additional resources for re-investment. As indicated, sustainability and growth of Kenya Red Cross Society is dependent on its ability to finance its core costs from its own income generating initiatives. The society thus has to internalize the economic engine which involves resource mobilization, funding diversification, grant management, investing in income generating activities thus reducing dependency on donor funding, realizing income from subsidiaries (E-plus and Red Court), lobbying for funding from the government and the general public, decentralizing the resource base and developing a resource mobilization unit. The overall objective of the study is to examine the impact of humanitarian funds by the Kenya Red Cross Society on reconstruction and development programs. This study focused on Systemization of innovative 'crisis modifier' approaches, and other sustainable financing approaches, to blend and switch between humanitarian and development funding as needed in protracted settings. This study is based on resource mobilization and investment in income generating activities. There is an intense competition for scarce humanitarian funds as the Kenyan humanitarian crises industry comprises many players all competing for limited resources. Resource availability on the other hand dictates the level and intensity of disaster mitigation and coupled with donors' preferences, KCRS as a major player has to continuously demonstrate its capabilities and intensify efforts that ensure sustainable funding.

Keywords: Sustainability, income generating activities, resource mobilization, humanitarian crises, re-investment

1. Introduction

1.1. The Changing Scale and Scope of Humanitarian Needs

The latest World Bank estimates show 1.4 billion people living below US\$1.25 per day. Some 800 million people do not get enough to eat. More than a quarter of all children under five in developing countries are clinically malnourished. Each year, the number of children under five that die is close to 10 million. Despite long-term progress in tackling absolute poverty and making progress towards the Millennium Development Goal of reducing poverty by half by 2015, the numbers of people in need of humanitarian relief seem likely to rise. The World Bank estimates that an additional 90 million people may fall below the poverty line as a result of the global financial crisis (OECD, 2009).

The humanitarian imperative is rooted in the right to life and the requirement under international law without favors to protect and preserve human life and dignity. The humanitarian case load will increase and become more complex. In addition to the short-term impact of the financial crisis, there is increasing and unprecedented problems caused by climate change, the pressure on natural resources and sudden shocks, such as pandemics. The challenges faced by the world today are more complex; more interrelated, more intractable than ever before. Confronting these global challenges requires collaborative thinking, creative solutions and most importantly systematic approach to implementation. There is emphasis on national capacity building as the key scaffolding of risk management and disaster response, implying new roles for response for aid donors and private sector partners. Estimates of the total funding for humanitarian assistance vary widely from US 5 to 6 billion dollars to US 18 billion dollars. Official figures show humanitarian aid at 10% of total aid, a share that has remained constant since early 1990's despite growing aid volumes overall (ODA, 2009).

While natural and conflict related disasters indisputably affect every continent, they do so unevenly. Over the course of the last century of estimated 25 million people whose deaths can be related to hazard-related disasters, 95

percent were living in the developing world. In the coming ten years, more than 129 million people are likely to be directly affected by humanitarian crises in Central and South Asia as well as East and Southern Africa.

Humanitarian assistance is designed to save lives, alleviate suffering and maintain and protect human dignity before, during and after man-made crises and natural disasters. This is potentially a very broad remit – there is a general recognition that ‘saving lives, alleviating suffering and maintaining and protecting dignity’ require complex, multi-dimensional approaches and that the ‘before, during and after’ require long-term engagement. It is known that the people who are worst affected by humanitarian crises are also the poorest, most marginalized and most vulnerable. In 1990, 20% of people in extreme poverty lived in fragile states. Latest estimates suggest that the proportion is now around 50%. In 2012, 35% of humanitarian assistance went to countries with government expenditures of less than US\$500 per capita – less than a third of the developing country average. Humanitarian assistance is often required for long timeframes. The majority of international humanitarian assistance – 66% in 2012 – goes to long-term recipient countries. This reflects the fact that humanitarian crises are often protracted or recurrent and that, for populations who are marginalized and vulnerable in countries with poor governance, humanitarian assistance is one of the few resources available. And so, the humanitarian community is pulled into an ever-widening agenda where chronic poverty, vulnerability, insecurity, recurrent shocks and political and environmental factors intersect (ODA,2009).

Marginalized and vulnerable countries with poor governance, humanitarian assistance is one of the few resources available. And so the humanitarian community is pulled into an ever widening agenda where chronic poverty, vulnerability, insecurity, recurrent shocks and political and environmental factors intersect. Development actors have realized that policies to lift large numbers of people out of poverty will not necessarily work for the chronically poor, most vulnerable or those ‘left behind’. However, their modalities and institutions – and the political will to invest in them – have not kept up (HFP,2007).

As a result, in places where domestic government resources are lacking, when it comes to the most marginalized and most vulnerable people much of the heavy lifting has been done by the international humanitarian community. Relying on humanitarian action will not be enough, however – it is neither designed nor resourced for this. There is a cost to this expanded interpretation of the humanitarian imperative, which cannot be met by humanitarian budgets alone. Nor is the provision of short-term and unpredictable assistance to meet acute humanitarian needs necessarily a good investment in terms of longer-term efficiency and effectiveness.

There has been a long history of attempts to fill the gap specifically between relief and development funds, including with ‘recovery funds’ and specific initiatives in a number of contexts. However, what is needed is a more fundamentally holistic approach which uses all available tools and resources (HFP,2007).

If humanitarian actors are to succeed with the post-2015 agenda and uphold the important principle of ‘leaving no-one behind’, then others must step up to the challenge. They need to find a way to break down financial and institutional silos and work towards plans that make all resources count for crisis-affected people. This includes not only humanitarian funding and development assistance but also government revenues, remittances and peacekeeping. It refers to public, private, domestic and international resource flows. There is mutual self-interest for different resourcing communities to work more effectively together, not to mention the benefits for people affected by crises.

1.2. The Changing Character of Aid Flow

Britain’s overseas development administration says the proportion of its aid budget spent on relief has increased from 2 percent in the early 1980’s to 11 percent in 1991-1992. Similar figures for UNICEF are from 7% in 1987 to 23% in 1993 (UNICEF). European Union’s spending on external humanitarian relief increased more than five times between 1990-1993, that is from 114.3 million to 605 million ECU’s (European Commission, 1994). General figures are more difficult to come by (Borton, 1993). A probable underestimate is that around 4 billion U.S dollars or about 7% of total overseas development assistance (ODA) is spent on relief expenditure. One also has to bear in mind the escalating cost of UN peacekeeping. This is 3.2 billion a year and rising (Elliot, 1994). Following the stagnation of development assistance, there is a concern that increased expenditure on relief is at the expense of development. In many parts of Africa, for example, development budgets have collapsed and humanitarian assistance is the only substantial aid being received. Importantly, the substitution of relief expenditure represents both a quantitative and qualitative decline in the character of aid. Although global relief expenditure is rising, there is marked underfunding of individual programs growing competition between emergencies (Keen, 1992). Furthermore, despite the comprehensive physical institutional and social destruction that can result from a protracted political crisis, food aid remains the main response.

When humanitarian actors stay on after the conflict has ended, they perform activities and apply methods for which they do often not have the relevant competence and that are not entirely suited to serve development purposes. Development actors in turn, used to longer-term planning, tend to underestimate the urgency with which economic and social development must take place in order for the country not to relapse into conflict. When these two communities think holistically about each other and work to complement each other’s comparative advantages, prospects for peace and recovery are brighter. Both the humanitarian and the development sector have come a long way to bring together their respective activities; they are changing their modus operandi to take into account each others’ comparative advantage. Donor governments must recognize this too and somewhat relax their strict separation of humanitarian and development budget lines. However, in reality humanitarian decision-making is routinely made under time pressure and, due to the circumstances, is all too often based on rather unreliable data. The decision-tree that leads from the problem analysis to actual delivery of humanitarian services gets regularly sidetracked and decisions are made on rather scant evidence, particularly regarding wider issues of the social and economic context (HFP,2007).

This new humanitarian business model must take into account the broader context within which it operates, especially the social and economic dynamics at work: humanitarian actors must better understand social and economic drivers of the conflict and design their operations accordingly.

1.3. Statement of the Problem

Kenya, like many other countries in Africa and elsewhere in the world has experienced an increase in the frequency of disasters over the past two decades. In many cases these have resulted in an increase in the number of people affected and property damaged leading to rising economic losses. Globally, the level of hunger remains alarmingly high with 795 million people still facing hunger roughly one in four children affected by stunting and eight per cent of children affected by wasting. A Kenyan is three times more likely to go hungry compared with a Tunisian. Kenya's hunger level is 22 and Tunisia's is 6. The 2016 Global Hunger Index (GHI) shows that the level of hunger in developing countries as a group has fallen by a third. (Otieno,2016) "Massive disruptions to food systems caused by climate-related disasters and the destruction and displacement of armed conflict take a severe toll, but so too do the poverty and hunger of every day persisting as a way of life generation, beyond the world's interest or attention," said Dr Till Wahnbaeck, Chief Executive Officer of the aid organization Welthungerhilfe. In September this year, the National Drought Management Authority (NDMA) issued drought alerts for 11 counties and an alarm for one. According to the authority's early warning bulletins, Narok, Kajiado, Taita-Taveta, Kilifi,Kwale,TanaRiver, Kitui,Makueni,Marsabit and Garissa counties are experiencing a decline in food and livestock production as well as water supply. WestPokot,TharakaNithi,Samburu,Wajir, Mandera and Isiolo are among the worst hit. (Otieno,2016)

Even before the current drought, West Pokot had the highest rate of malnutrition-stunting and wasting-in the country. Nearly half of children under five years of age in the county are stunted and more than a third are underweight (Kenya Demographic and Health Survey,2016). The national stunting average rate is 26 per cent and underweight average rate is 11 per cent. School feeding programs have been disrupted by the ravaging drought.

"A child collapsed during the assembly recently because he had not eaten for days"

(Emanuel Kasiwai, Deputy Headteacher, Tambalal primary school,2016)

Due to such acute food insecurity crises, reliance on emergency aid and food assistance in Kenya has increased over the last decade. The country was among the top eight countries receiving WFP food assistance in 2008 and among the top five major recipients of WFP multilateral food aid that year (Famine Early Warning Systems Network,2013)

Humanitarian aid represents a commitment to support vulnerable host populations that have experienced a sudden emergency requiring ongoing assistance to maintain or improve their quality of life. Over the past 15 years the number of humanitarian agencies, private organizations, governments and corporations, individuals and other stakeholders have grown enormously. This group of diverse donors have differing mandates, values, goals, strategies, actors and activities but most function under one universal humanitarian principle to protect the vulnerable by decreasing morbidity and mortality, alleviate suffering and enhance well being human dignity and quality.

Since appreciable donor finances total billions of dollars annually, these critiques present serious survival and sustainability issues to agencies that depend on donor funding in order to save and improve the lives of the vulnerable. It is for this compelling reason that it is important to deconstruct the roles of linkages between emergency, relief and development aid and identify problems that impact, effectiveness and possibility of self reliance for sustainability. Emergency and relief represent a response to a serious and unexpected natural or manmade emergency that demands an immediate reaction to reduce suffering and loss of life in the short term. It is a fast paced, reactive, short term, focused on meeting immediate basic needs and preventing morbidity and mortality yet sometimes there is lack of flexible humanitarian financing that can respond immediately and be sustained as needed. A causal relationship exists between the crisis, requirements for survival, treatment and outcome. It is this relationship that through the media largely defines aid to the public and in turn translates into generous contributions from governments and the private, public and corporate sectors (HFP,2007).

There has never been enough humanitarian funding. Needs have always gone unmet, and the international community has long sought ways to fix this problem. Inadequate information, poor infrastructure and lack of sufficient human and financial resources are hampering the implementation of early warning systems in Africa(Omulo,1998).This is prompted by the sense that humanitarian assistance is at a critical juncture: inadequate resources are being over-stretched to cover a wider scope of needs, in a greater number of crises.

The Kenya Red Cross Society 2011-2015 strategy has been developed to ensure the society's emergency response management and services to communities continue unabated and a sustainable. As indicated, sustainability and growth of Kenya Red Cross Society is dependent on its ability to finance its core costs from its own income generating initiatives. The society thus has to internalize the economic engine which involves resource mobilization, funding diversification, grant management, investing in income generating activities thus reducing dependency on donor funding, realizing income from subsidiaries(E-plus and Red Court),lobbying for funding from the government and the general public, decentralizing the resource base and developing a resource mobilization unit. This would ensure that project funding maximizes value delivery to the most vulnerable communities in Kenya and to the society's development partners (KRCS,2010)

2. Objectives of the Study

The overall objective of the study is to examine the impact of humanitarian funds by the Kenya Red Cross Society on reconstruction and development programs. . This study focuses on Systemization of innovative 'crisis modifier'

approaches, and other sustainable financing approaches, to blend and switch between humanitarian and development funding as needed in protracted settings

3. Significance of the Study

Sustainability must now become a fundamental feature of humanitarian action. Humanitarians must strive to protect livelihoods as well as feed hungry people. This marks a shift in terms of approach and approximates a development long-term approach. Undoubtedly, such an approach is more labor intensive, less visible and less susceptible for (humanitarian) donor attention. Yet, it is an essential prerequisite for sustainability. This will result in generation of adequate resources to carry out operations; ability to pay own core costs sustainably thereby making Kenya Red Cross Society a more attractive proposition to donors; realization of growth in the society (programs, infrastructure, human resource operations); funding of programs that are of priority to Kenya Red Cross and additional resources for re-investment.

4. Key Findings

The Kenya Red Cross Society is a humanitarian relief organization created through an Act of parliament, Cap 256 of the Laws of Kenya of 21st December 1965. Previously, the society existed as a Branch of the British Red Cross (1939-1965). As a voluntary organization, KCRS operates through a network of eight regions and 62 Branches throughout Kenya. The society is owned by ordinary Kenyans with membership currently standing at 150,000. The team of approximately 70,000 volunteers based at the Headquarters and Branch levels consists of selfless, passionate and highly motivated individuals who are driven by a common desire to alleviate human suffering without discrimination or favor. They take pride in their commitment to provide efficient, reliable and trusted services anytime, anyplace and day to day success measured by the number of lives improved (KRCS, 2010).

One of Kenya Red Cross key pillars is sustainability. Kenya Red Cross is the only Red Cross in the entire world that has gone into business, owning a hotel (Boma Hotel), a school (Boma International Hospitality College) and now a TV station (Switch TV), all of which are geared at achieving their sustainability goal while boost their emergency kitty. The Kenya Red Cross Society has in the last five years made tremendous progress in resource mobilization at the Headquarters, Regions and Branches following the establishment of a number of Integrated Group Activities (IGAs), membership recruitment, youth projects and commercial ventures. KCRS has built a formidable resource mobilization base with income being ploughed back to humanitarian work. These achievements are a proof that even though plans rarely work out perfectly in the world of humanitarian aid, it is possible to achieve set targets where there is proper planning and follow-up and key learning unveiled in due process are noted and mastered (KRCS, 2010).

Prior to 1990, the society received some funding from the Government of Kenya to run its core activities. However in the late 1990 due to reasons beyond the society's control, all direct funding from GOK was discontinued. This left the society to rely solely on external donor funding and donations from local corporates and well-wishers. Overtime donor funding especially from international community has been diminishing not just for Red Cross but all organizations in NGO sector. This impacted on operations forcing many to cut programs in some cases cease their operations. 2019 has particularly been a tough year with some of the highest staff layoffs experienced in the NGO sector (KRCS, 2019)

The leadership of KRCS in 2010 made a decision to seek alternative sources of revenue so as to reduce dependence on donor funding. The first of these business entities was the emergency Plus Ambulance Company (E-plus) established in 2010. E-plus has since grown to be largest private ambulance service provider in Kenya and the region and providing state of the art evacuation and prehospital care. The company has been a major responder during major disasters both natural and human-induced including the Westgate, Garissa university and Dusit D2 attacks. The company continues to support the society's humanitarian work. E-plus has remained profitable and has become a model for other societies seeking to establish ambulance services across the continent and beyond (KRCS, 2019)

In 2007, the society ventured into the hospitality industry and built the Boma Inn Nairobi, a three-star hotel. This was followed by the 5-star Boma Hotel Nairobi and another 3-star Boma Inn Eldoret opened in January and September respectively. The three hotels are run by the Red Court, a company set up by the society to manage its hospitality business. The Boma International Hospitality College opened in 2015 has become one of the leading hospitality college in Kenya with students from 13 nationalities across Africa. BHIC is profitable and offers world class education providing both Kenyan and Swiss diplomas (KRCS, 2019)

Switch TV launched on 8th October 2018 is fully owned by Red Cross and has Kenyan and African youth, aged 18-35 years as the primary target market. Their vision is to be the most influential platform for educating and empowering the youth to solve humanitarian challenges in Kenya, Africa and the whole world. Kenya has an almost acute shortage of high quality content that is intellectually stimulating to the youth an observation that has led Switch TV to purpose to have 70% of its programming be local content. They continuously engage in new alternative sources of income to support their humanitarian efforts. The revenue from Switch TV will boost their emergency kitty and other cross-sector development programmes (Obimbo, 2008).

The organizational strategic assessment of the Kenya Red Cross Society identified current and future factors that may make it easier for them to deliver value and make a difference to its beneficiaries and stakeholders. The following also known as enablers were identified: Resource mobilization and investment in income generating activities, effective partnerships, legal framework, focus on mitigation, use of technology, adapting to urbanization, brand image, effective communication, KRCS Network, governance structure, infrastructure, good leadership, attracting and retaining competent staff, innovation and ability to adapt to changes, innovation and ability to adapt to changes.

This study is based on resource mobilization and investment in income generating activities. There is an intense competition for scarce humanitarian funds as the Kenyan humanitarian crises industry comprises many players all competing for limited resources. Resource availability on the other hand dictates the level and intensity of disaster mitigation and coupled with donors' preferences, KCRS as a major player has to continuously demonstrate its capabilities and intensify efforts that ensure sustainable funding.

5. Conclusion

It is important to shift from thinking about international humanitarian assistance as the primary source of funding and considering it instead as a supplementary injection of funds in support of other resources. We know from individual case studies that domestic governments can spend substantial sums on humanitarian preparedness and response and are often the first responders.

6. Recommendations

-More research is needed to understand the scope and scale of domestic resources in different contexts and the potential for unlocking additional domestic spending to meet humanitarian needs.

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