To implement its mandate, OCHA relies heavily on voluntary contributions, mostly from Governments. Only a small percentage of OCHA’s programme budget is funded from the UN Regular Budget. CERF and the CBPFs are funded entirely by voluntary contributions.
PROGRAMME BUDGET

In 2021, 94 per cent of OCHA’s programme activities were funded by voluntary contributions. The remaining 6 per cent came from the UN Regular Budget, which is paid from UN Member States’ assessed contributions.

OCHA’s extrabudgetary (XB) programme budget was $263.8 million at the start of 2021. Thanks to disciplined spending, the budget increased by less than 1 per cent during 2021, closing the year at $265.6 million. Most of the budget increase was in the field to meet rising increased coordination requirements mainly in Africa, including CAR, Chad and South Sudan. At the year’s end, the field operations budget represented 75 per cent of total XB requirements, up from 74 per cent at the end of 2020.

FIELD PROPORTION OF OCHA’S PROGRAMME BUDGET TREND

![Chart showing field proportion of OCHA's programme budget trend]

EXTRABUDGETARY BUDGET: FIELD VS. HQ BUDGET (US$)

<table>
<thead>
<tr>
<th>Year</th>
<th>Field Activities</th>
<th>HQ Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$198.9M</td>
<td>$66.8M</td>
<td>$265.7M</td>
</tr>
</tbody>
</table>

PROGRAMME AND POOLED FUNDS

Donor income for the three strands of OCHA’s activities (programme, CERF and the CBPFs) reached a record $2.06 billion in 2021, up from $1.77 billion in 2020 and slightly above the previous record income of $2.04 billion in 2019. While income for CERF and OCHA’s programme increased compared to 2020, the biggest increase was in the $1.1 billion in funding to the CBPFs, compared to $863 million in 2020.

More information on the pooled funds can be found in the Humanitarian Funding chapter of this report, and in the funds’ respective annual reports, available on unocha.org.

In 2021, income for OCHA’s XB programme budget reached $286 million in flexible contributions that could be carried over to start funding 2022 activities. This exceeded OCHA’s XB programme requirements by $20.4 million. Given the overall financial context, with the pandemic affecting donors’ economies, this generous level of support demonstrated continued confidence in OCHA’s capacity to implement its mandate and maintain operational performance.

In addition to funds for the programme budget, $19.5 million was received for OCHA-managed activities implemented in partnership with other entities, such as the Centre for Humanitarian Data in The Hague, the Protection and Gender Standby Capacity Project rosters, CBi, and national UNDAC mission accounts held with OCHA. As these are pass-through contributions and not included in OCHA’s XB programme budget, income for these activities is counted separately.

To cover its administrative costs, OCHA charges programme support costs of 7 per cent on its XB programme activities, 3 per cent for other pass-through grants, and 2 per cent on CERF and the CBPFs.
**EARMARKING TRENDS – TOTAL (US$)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARMARKED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$144.5M</td>
</tr>
<tr>
<td>UNEARMARKED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$141.5M</td>
</tr>
</tbody>
</table>

**TIMELINESS OF DISBURSEMENT**

- **1st QUARTER**
  - 25%
- **2nd QUARTER**
  - 50%
- **3rd QUARTER**
  - 75%
- **4th QUARTER**
  - 100%

**TOP DONORS – UNEARMARKED CONTRIBUTIONS (US$)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>$34.5M</td>
</tr>
<tr>
<td>Sweden</td>
<td>$22.3M</td>
</tr>
<tr>
<td>Denmark</td>
<td>$11.2M</td>
</tr>
<tr>
<td>Norway</td>
<td>$10.5M</td>
</tr>
<tr>
<td>Netherlands</td>
<td>$8.1M</td>
</tr>
<tr>
<td>Qatar</td>
<td>$8.0M</td>
</tr>
<tr>
<td>Australia</td>
<td>$7.1M</td>
</tr>
<tr>
<td>Belgium</td>
<td>$7.1M</td>
</tr>
<tr>
<td>Germany</td>
<td>$5.9M</td>
</tr>
<tr>
<td>Ireland</td>
<td>$3.8M</td>
</tr>
<tr>
<td>France</td>
<td>$3.7M</td>
</tr>
<tr>
<td>New Zealand</td>
<td>$2.9M</td>
</tr>
<tr>
<td>United States</td>
<td>$2.5M</td>
</tr>
<tr>
<td>Finland</td>
<td>$2.0M</td>
</tr>
<tr>
<td>Switzerland</td>
<td>$2.2M</td>
</tr>
<tr>
<td>Switzerland</td>
<td>$2.2M</td>
</tr>
</tbody>
</table>

**FINAL DISTRIBUTION OF UNEARMARKED FUNDING (US$)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$159.7M</td>
</tr>
<tr>
<td>HEADQUARTERS</td>
<td>$49.1M</td>
</tr>
<tr>
<td>COUNTRY OFFICES</td>
<td>$71.0M</td>
</tr>
<tr>
<td>REGIONAL OFFICES</td>
<td>$11.2M</td>
</tr>
<tr>
<td>FLEXIBLE IMPLEMENTATION (CARRIED THROUGH 2022)</td>
<td>$28.5M</td>
</tr>
</tbody>
</table>

Note: The difference of $15.2 M, between unearmarked donor contributions received in 2021 ($144.5 M) and unearmarked cash that was utilized ($159.7M) is due to: 1) donor unpaid contributions by the end of 2021; 2) cash received in 2021 for pending unpaid 2020 pledges; 3) carry-over from 2020.
OCHA measures the quality of its income in terms of predictability, flexibility, timeliness and diversity. Positive trends were shown against all these criteria in 2021.

**Predictability**

OCHA benefited from a predictable and stable income of $112.9 million to its XB programme budget from multi-year agreements with 18 donors. Fifty-nine per cent of this income is fully unearmarked.

The CBPFs benefited from multi-year agreements with eight donors for a total predictable income of $267 million in 2021. CERF had multi-year agreements with 16 donors totaling $439.1 million. OCHA’s strong and long-standing relationships with members of the OCHA Donor Support Group (ODSG) also ensure consistent income year-on-year.

**Flexibility**

In 2021, donors gave a record $144.5 million as fully unearmarked contributions, representing 50.5 per cent of total programme income. This is higher than the $138.4 million received in 2020 in fully unearmarked funds. Donors also gave an additional $43.6 million as softly earmarked contributions (for a geographic region or regional crisis), almost twice as much as in 2020 for this type of income.

**Timeliness**

Timely payments are an important element for effective cash management to cover XB activities. In 2021, more payments were received in the first and third quarters (32 per cent each) than in 2020. Sixty per cent of contributions were received during the first half of 2021, roughly the same level as in 2020. Only 9 per cent of contributions were received in the last quarter versus 19 per cent in 2020. OCHA thus benefited from a stable cash-and-liquidity situation throughout the year.

**Diversity**

In 2021, OCHA received contributions for its programme, CERF and the CBPFs from 69 Member States and the European Commission. Fifty-six Member States contributed to CERF, 35 Member States and the European Commission contributed to the CBPFs, and 38 Member States and the European Commission contributed to the programme budget. OCHA also received contributions from private sector entities, regional authorities and individuals.

OCHA has consistency in its overall number of donors, but it continues to rely on a small group of donors for most of its funding. The top three donors to OCHA’s programme contributed 43 per cent of all income, and the top 10 donors contributed 77 per cent of all income. In line with its 2018-2021 Corporate Resource Mobilization Strategy, OCHA has continued to seek to broaden the donor base for its programme and pooled funds, targeting high- and middle-income countries through direct outreach, as well as generally strengthening public communication and demonstrating results and added value.

**OCHA Donor Support Group**

Created by Member States in 1998 as a “group of friends,” originally with seven members, the ODSG included 30 members by the end of 2021, with no new members joining during the year. The group is a sounding board on a range of issues related to policy, programme and finance. The membership criteria include a commitment to provide continued financial support to OCHA and willingness to provide political support to implement General Assembly resolution 46/182. In 2021, ODSG members continued to provide nearly all of OCHA’s income.
**Programme expenditure**

OCHA’s implementation rate in 2021 was 98 per cent under the XB programme budget, continuing the trend from previous years for OCHA to operate at nearly full capacity.

**Operating cash balance**

OCHA ended the year with a sound programme closing balance of $222 million, including $147 million earned from accumulated interest income over the years that is kept as an operating cash balance (up from $144.3 million for the previous year).

OCHA needs an operating cash balance of at least $114 million at the beginning of each year in order to advance about $63 million to field offices and headquarters in anticipation of cash received from donors during the year. OCHA also needs to advance $51 million to UNDP to cover national staff and UNV salaries’ liability for the entire year.

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**Direct expenditure by programme activities (US$)**

- Field-based humanitarian coordination: $77.7M (16.2%)
- Direct HQ support for field coordination: $42.5M (20.2%)
- Communication and information management: $14.7M (5.6%)
- Humanitarian financing support: $11M (2.7%)
- Executive direction and management: $3.4M (1.6%)
- Programme common cost: $2.8M (1.4%)
- One-time costs: $2M (0.8%)
- Dormant accounts and others: $0.8M (0.3%)
- Policy and normative development: $0.7M (0.3%)

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**Direct expenditure by administrative activities (US$)**

- Administrative activities: $58.3M (20.2%)
- Field-based humanitarian coordination: $11M (31.9%)
- Communication and information management: $3.4M (9.8%)

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**Closing balance breakdown (US$)**

- **Total**: $222.2M
  - **Operational cash**: $147.1M (66%)
  - **Unearmarked funds**: $36.4M (16%)
  - **Earmarked funds**: $19.71M (9%)
  - **Other (non-programmable)**: $18.98M (9%)

*Including unpaid pledge $8.25M
**Including unpaid pledge $3.04M*
Flexible funding received in 2021

Flexible income consists of unearmarked and softly earmarked contributions, which give OCHA full or partial flexibility to use funds based on operational requirements. Funds are considered unearmarked when they are for OCHA’s overall activities, with no limitation for use in any specific office or project. Donors typically restrict softly earmarked contributions for use in a geographic region or regional crisis. Flexible funding allows OCHA to plan more strategically across its operations and to scale up its presence during a disaster, or to deploy staff in anticipation of a disaster and without having to wait for donors to provide the resources.

OCHA has historically received a substantial portion of its income as unearmarked. In 2021, it received a record $144.5 million in unearmarked funding, above the $138.4 million received in 2020, and $43.6 million in softly earmarked funding, nearly double the amount received in 2020 ($23.7 million). Thirty donors contributed unearmarked funding (including four non-ODSG donors) and 14 donors contributed softly earmarked funding. The largest donors of unearmarked funding in 2021 were the United Kingdom and Sweden, together representing 29 per cent of the total. Denmark and Norway contributed more than $10 million in unearmarked funding.

Thanks to its flexible nature, unearmarked funding can be tapped into several times during a budget cycle, thus achieving a “multiplier effect.” For example, if unearmarked funding is allocated to kick-start a response to a sudden-onset disaster, any unused portion can be moved to address funding gaps in other operations once other funding is received for the sudden-onset disaster.

Unearmarked and softly earmarked contributions play a unique role in OCHA’s cashflow management, and they greatly reduce transaction costs related to dealing with any overlapping and/or cumulative restrictions on the use of funds. OCHA’s administrative efficiency is thus enhanced.

Use of flexible funding

Of the $144.5 million in unearmarked income received in 2021, $31.3 million was used during the year. The balance consisted of late income received in December 2021 with flexible implementation dates that was carried over and used in early 2022. Flexible funding was used to cover the full range of OCHA’s coordination tools and services worldwide. It helped to kick-start responses to new emergencies (including the pandemic response); scale up operations in deteriorating crises; fill temporary funding gaps to avoid interruptions in critical operations in protracted, lower-profile crises; and ensure the delivery of essential field support from global programmes. Flexible funding can serve more than one of these purposes, as it can be moved from one activity to another throughout the year to where it is needed most.

When all income, including earmarked income, was received at the end of 2021, 63 per cent of unearmarked funding remained directly allocated to field operations and only 37 per cent to global headquarters programmes. All regional and country offices depended on unearmarked funding allocations to fully cover their operational requirements in 2021, even high-profile and traditionally well-funded crises, such as Syria and Yemen. OCHA’s largest field operations, DRC and South Sudan, also relied on unearmarked funding to fully cover operational needs. In other words, it would be impossible for OCHA to operate seamlessly without unearmarked funding.

OCHA Sudan, with a cost plan of $9.1 million in 2021, is one of OCHA’s largest country operations and a good example of the importance of unearmarked funding. With five donors providing earmarked funding
amounting to $6.3 million, OCHA Sudan had 70 per cent of its requirements covered from earmarked contributions. However, less than $1 million in earmarked income had been paid in the first quarter, which was insufficient to cover costs. Unearmarked funding was critical to cover this gap until earmarked contributions were paid in the second quarter, and it ensured OCHA could provide uninterrupted services.

Unearmarked funding is also critical to ensure the continuation of OCHA’s operations in prolonged — and often neglected — crises, including many countries in Africa where conflict, insecurity and the impact of climate change affect several million people. OCHA country offices in Africa used $42.5 million in unearmarked funds — a third of the unearmarked funds used in 2021. Country offices in the Middle East used another $16.5 million — 12.5 per cent of total unearmarked income.

OCHA’s five regional offices needed $11.5 million in unearmarked funding (8.7 per cent of total allocated funding) for their activities in 2021, including surge support. Regional offices deployed surge staff to support emergency response in many countries, including those with an OCHA office, relying on unearmarked funding.

In 2021, programmes centrally managed at headquarters received over a third of all unearmarked funding. This enabled essential programmes including standby response tools; IM services, including the scale-up of remote surge support to the field; HPC expertise; civil-military capability; policy; and advocacy. Their achievements, along with many other global programmes described in this report, were possible only thanks to unearmarked contributions.