

## American Red Cross

### Haiti Assistance Program FAQ

#### August 2015

#### **Q. How much money did you raise for Haiti? How much have you spent?**

**A.** As of June 30, 2015

- \$487,640,757 in funds designated for Haiti relief has been received by the American Red Cross.
- Over 82% of the funds raised for Haiti - \$400,519,058 - have been spent.
- The remainder - \$87,121,699 - is committed to be spent under existing contracts and project plans.

In other words, 100% of the funds received for Haiti have been spent or are committed to be spent in Haiti.

#### **Q. Specifically, how did you spend the money?**

**A.** The American Red Cross' focus has been on helping the people of Haiti survive, recover and rebuild and that is what the money donated for Haiti earthquake relief has been used to do. Dollars donated for Haiti relief are allocated among seven sectors:

- Emergency Relief:** \$66 million
- Shelter:** \$173 million
- Health:** \$73 million
- Cholera Prevention:** \$25 million
- Water & Sanitation:** \$47 million
- Livelihoods:** \$48 million
- Disaster Preparedness:** \$56 million

See our one-pager for more information: [Donor Dollars at Work in Haiti](#).

See a complete breakdown of the \$173 million invested in shelter: [Behind the Numbers: Red Cross Housing in Haiti](#)

#### **Q. How much went to overhead?**

**A.** 91 cents of every dollar the Red Cross spends is invested in humanitarian services and programs including disaster relief and recovery. Items such as food, shelter, purchasing supplies, training volunteers, and staff costs needed for the relief and recovery operation are included in these costs.

Only 9 percent of the funds raised for Haiti are allocated to Management, General and Fundraising (M,G & F) expenses. Under non-profit accounting rules issued by the Financial Accounting Standards Board (FASB), these costs are defined as expenses not identifiable with a single program or disaster but costs indispensable to conduct our activities or costs incurred to raise funds. They include costs such as information technology systems, fundraising, finance, human resources and communications, to support all program lines including international and the Haiti program.

**Q. Did you use money raised for Haiti for other purposes, like paying off debt?**

**A.** No. Money donated for Haiti earthquake relief is in a restricted account that can only be used for programs and services for Haiti. This includes all the interest earned. Designated funds are never used for operational deficits or payment of debt.

**Q. How much interest did you earn on the nearly \$500 million?**

**A.** 100% of the interest income earned from donations raised for Haiti has been allocated to the Haiti Assistance Program. To date, that amount is approximately \$450,000.

While generally accepted accounting principles (GAAP) allow for interest from a restricted fund to be put into a general operating fund, the American Red Cross went beyond what was required by GAAP and put all interest from the donations raised for Haiti into the Haiti Assistance Program fund.

**Q. Has the American Red Cross reported on its' programs and spending over the last 5 years? Why don't you just open your books?**

**A.** Since the earthquake struck in January 2010 –

- Over the past five a half years, the American Red Cross has published reports, detailing our progress and commitments. The reports are available at [redcross.org/Haiti](http://redcross.org/Haiti):
  - Five Haiti Five Year Update in [English](#), [Creole](#), [French](#), and [Spanish](#)
  - [Haiti Earthquake 4-year Update](#)
  - [Haiti Earthquake 3-year Update](#)
  - [Haiti Earthquake 2-year Update](#)
  - [Haiti Earthquake 1-year Update](#)
- An independent audit firm, KPMG, annually audits Red Cross financial statements and has approved all financial statements in accordance with U.S. generally accepted accounting principles.
- Further, as required by our Congressional Charter, the U.S. Secretary of Defense reviews the report of the independent audit firm. Both KPMG's report on the Red Cross' Consolidated Financial Statements and the Report of the U.S. Army Audit Agency (which has the responsibility of performing the Secretary's review) are available on our website: <http://www.redcross.org/about-us/governance>.
- In addition, a copy of our [IRS Form 990 tax return](#) is available on our website.
- Finally, the American Red Cross meets all 20 of the Better Business Bureau's Standards for Charity Accountability.

**Q. Did you only build 6 new homes?**

**A.** We built 6 new homes for a pilot project outside of Port-au-Prince, but these are not the only homes we built. As the pilot project progressed, we learned a number of lessons that helped us revise our

plans. The solutions we decided on cost less and could be implemented faster, helping more people living in camps get more quickly back into homes than if we had focused on just building new homes. See these blog posts for further explanation: [The Real Story of the 6 Homes in Haiti: Answering Your Questions](#) and [Housing in Haiti: A Second Look](#).

*Did we plan to build more new permanent homes?* Yes, plans for three different communities of new homes funded by the American Red Cross were developed of which two were outside of Port-au-Prince. In all three cases, there were competing claims of land ownership and clear land title couldn't be obtained. We also learned that housing communities outside Port-au-Prince often remained unoccupied because people wanted to move back into the community they lived in before the quake near their jobs, schools and family. Problems encountered by other organizations in building new homes in Haiti -- such as the inability to obtain clear land title, cost overruns, construction delays, and sustainability -- are well documented by organization unrelated to the American Red Cross.

*Did we help 132,000 Haitians return to safe communities?* Yes, in the days following the earthquake, the Red Cross provided emergency shelter in the form of 860,000 tarps to people whose homes were damaged or destroyed. Of course, living underneath a tarp or tent is just a short term solution so the American Red Cross developed plans to provide medium and long term housing. Working with partners such as Habitat for Humanity and Handicap International, the American Red Cross provided homes designed to last five to ten years for approximately 31,000 people. We also focused providing homes to people by repairing and strengthening existing houses and this enabled approximately 25,000 people to move back into their homes and rebuild their lives.

One of the greatest challenges in Haiti was the lack of safe rental housing. Prior to the quake, a large percentage of residents in Port-au-Prince rented their homes. The American Red Cross helped 35,000 homeowners add additional rooms in order to [increase the number of available rental housing](#) in the city. The owners then provided the rooms rent-free for a year to a family living in a camp. Additionally, approximately 25,000 more people received rental subsidies which enabled them to move out of camps and into homes. Finally, because it serves the dual purpose of providing a home and income, we have trained more than 21,000 people on safe home construction, allowing them to repair their own home and have a job skill to help support themselves in the future. These trainings are [intensive courses](#)—some six weeks long—not one-day seminars with sign-up sheets, as has been asserted.

## **Q. Did you really spend \$500 million on 6 houses?**

**A.** No. Of the \$488 million received for Haiti, ARC has committed \$173 million to shelter programming that has so far provided more than 22,000 safer homes to nearly 132,000 people previously living in camps. Shelter programming is still active today and the number of families receiving safer housing continues to increase. The additional \$315 million has been spent or committed to emergency relief during the first 6 months of the operation, health programming including cholera prevention and response, repairing, equipping and construction of hospitals and clinics, livelihoods, water and sanitation, and disaster preparedness. The 6 homes mentioned in media articles were built with \$48,000 that the American Red Cross granted to the Fuller Center for Housing. Below is a chart showing what the American Red Cross has spent on different housing solutions in Haiti. The costs include labor, materials, preparing the land, and other costs. See also [The Real Story of the 6 Homes in Haiti: Answering Your Questions](#).

Shelter Sub-category	Sub-sector Cost <sup>1</sup>	Households <sup>2</sup>	People Reached to Date
Emergency Shelter	\$34,450,794		More than 860,000 people received tarps/tents <sup>3</sup>
Repair/Reinforcement, Retrofit, Relocation, Rental Subsidies & Construction	\$34,319,064	10,843	54,215
Transitional Shelters	\$36,738,000	6170	30,850
Upgrading/Progressive Shelters	\$5,360,646	5026	25,130
Neighborhood renovation/development: Rehabilitating neighborhoods by demolishing homes identified by the Government of Haiti, removing rubble, improving access to water and sanitation and electricity, repairing and retrofitting homes, upgrading and rehabilitating schools, constructing roads, pathways, retention walls, a bridge, and other shared community assets; also providing training to more than 21,000 people ensuring safer home construction.	\$62,351,360		21,794
	<b>\$173,219,864</b>	<b>22,039</b>	<b>131,989</b>

## Q. How quickly did the American Red Cross respond to the cholera outbreak in Haiti?

<sup>1</sup> Includes 9% for Management, General & Fundraising and program costs.

<sup>2</sup> The American Red Cross uses a multiplier of five people to estimate the average size of a typical Haitian household.

<sup>3</sup> This figure is not included in the 132,000 shelter beneficiary count reflected in the Haiti Assistance Program Five-Year Update published in January 2015.

**A.** Within three days of a cholera declaration by the Haitian Ministry of Health, the American Red Cross was responding. We moved trained staff to the epicenter of the outbreak to assist with prevention and treatment operations; teams of Haitian Red Cross volunteers were in the Port-au-Prince camps providing cholera prevention and treatment education, as well as distributing soap, oral rehydration salts and water tablets; flights chartered by the American Red Cross—carrying tens of thousands of pounds of cholera relief supplies (a total of 88,000 pounds of cholera relief supplies on three flights)—arrived in Port-au-Prince on 10/27 and 11/3. These supplies supported cholera outbreak medical services provided by American Red Cross-funded organizations, Project Medishare and Partners In Health. In addition, within ten days of the outbreak the American Red Cross:

- shipped 250,000 oral rehydration packets to Haiti in response to a request from the Ministry of Health;
- donated 5,000 cots to support cholera response efforts;
- supplied sufficient chlorine to enable the Red Cross network to produce nearly 75,000 gallons of clean water;
- recruited new volunteers to expand the existing teams locally to provide cholera prevention education and distribution of relief supplies to additional people; and
- provided a vehicle for Haitian National Red Cross response efforts in St. Marc.

To date, more than 3.5 million people have benefitted from ongoing American Red Cross cholera prevention and response activities. We have spent or committed more than \$25 million on these programs.

Haiti's cholera epidemic struck some 7 percent of the country's population, according to NPR, which noted the United Nations has stated it will take a decade and \$2.2 billion to eradicate cholera in Haiti ([5 Years After Haiti's Earthquake, Where Did The \\$13.5 Billion Go?](#)).

## **Q. How do you count the number of people you have helped?**

**A.** The American Red Cross, like all non-governmental organizations (NGOs) working in disaster response and recovery operations, cares for people affected by the disaster in a variety of ways. We use the term "beneficiary" to refer to individuals who have received varying types and levels of assistance. In the immediate response to any disaster, the American Red Cross focuses on people's most pressing needs, including shelter from the elements, adequate food and clean water, and vital medical attention. A "beneficiary" during this phase would be someone who received a relief item or a service, such as a tarp, food, a vaccine, a cash grant, etc.

As the priorities in Haiti shifted from meeting these immediate needs to helping Haitians become safer, healthier and better prepared for the long-term, the American Red Cross began serving beneficiaries in different ways.

How someone benefits from the work of American Red Cross during this recovery period is, therefore, much more varied. A beneficiary might receive medical care in a cholera treatment center, be trained in safe home construction techniques, or participate in a business skills workshop. We start with a broad goal, such as improving a community's ability to prevent and treat cholera, and break it down into specific and measurable objectives. Using indicators such as the number of people receiving soap, buckets, educational presentations, and oral rehydration packets as part of a cholera awareness and

prevention program, we can monitor progress toward that project's goal by comparing how many people we served to how many people we had initially planned on reaching.

The American Red Cross' approach to counting the number of people reached is that if there is uncertainty about whether a group of people received more than one service, it is better to be conservative in reporting even if it means under-reporting our impact. For example, if 10 people were reached with water and 15 people were reached with upgraded homes and the people were living in the same location, we would only count 15 people reached. This is because it is likely that the 10 people who received water were also home owners. However, if we can be sure that these groups of people are separate, we will add the figures and count 25 people reached.

If a project is funded by the American Red Cross but implemented by a partner organization, the partner is responsible according to our contractual agreements for this reporting. As part of the project approval process with partners, our team works with the partner to create indicators that can best measure progress toward the goal. During regular intervals—typically quarterly—the partner submits an indicator tracking table which reports this information. A “beneficiary” is someone who has been reported by our partner as receiving a good, service, training, or whatever the project's deliverable may be. To ensure that these counts represent only successfully reached individuals, we use several monitoring and evaluation approaches during the project design, implementation and after the project has closed. These include third party or internal evaluations, beneficiary surveys, community meetings, and other methods. For example, when mosquito nets were distributed to help prevent the spread of malaria, teams went door-to-door afterwards to speak directly with residents and observe net usage rates.

**Q. How much have you spent on the repairs, construction, equipping or operation of medical facilities in Haiti?**

**A.** The American Red Cross has spent or committed \$73 million to improve Haitians' access to healthcare and increase the country's medical capacity. Part of this \$73 million has gone to the repair, construction, equipping or operating costs of eight hospitals and clinics.

**Q. How many Haitians are in management positions with the American Red Cross team in Haiti?**

**A.** As of July 2015, 78% of management positions in Haiti are filled by Haitians or Haitian-Americans, 49 out of 63 management positions in the delegation. These are highly skilled leaders in our operation who manage teams, programs and financial resources.

**Q. Did staff turnover affect your ability to do the job?**

**A.** No. In operations of this nature, where the context is challenging, needs are evolving and activities are designed accordingly, turnover is normal. Our turnover rate is consistent with other non-governmental organizations working in Haiti.

**Q. Why do you give money to other agencies?**

**A.** The American Red Cross is both a disaster relief implementer and a funder. Working with other organizations enables us to extend our reach and leverage the capacity of partners with specialties on the ground. By partnering, we avoid duplication of efforts and ensure gaps are covered. Since the earthquake struck in January 2010, we have funded more than 45 partner organizations to help Haitians recover and rebuild. See the [Extending our Reach page](#) for more information about the partners we fund with generous donations from the American public.

## **Q. What organizations have you granted money to?**

**A.** Since the earthquake struck in January 2010, we have funded more than 45 partner organizations listed below to help Haitians recover and rebuild. Some are local, grassroots Haitian organizations, while others are international Non-Government organization or multi-national organizations like the United Nations. See the [Extending our Reach page](#) for more information.

- Agency for Technical Cooperation and Development
- American Refugee Committee
- Canadian Red Cross
- CARE
- Catholic Relief Services
- Centre for International Studies and Cooperation
- Concern Worldwide
- Congregation of the Petites Soeurs St. Therese De l'Enfant Jesus
- Danish Red Cross
- [Fonkoze](#)
- French Red Cross
- Fuller Center for Housing
- German Red Cross
- [Global Communities](#)
- [Global Therapy Group](#)
- [H.O.P.E.](#)
- Habitat for Humanity International
- [Haitian Red Cross](#)
- Handicap International
- Haven
- [HELP](#)
- [International Committee of the Red Cross](#)
- International Federation of Red Cross and Red Crescent Societies
- International Medical Corps
- International Organization for Migration
- International Rescue Committee
- [JP/HRO](#)
- [Maison L'Arc-en Ciel](#)
- [Mercy Corps](#)
- Norwegian Red Cross
- Oxfam Great Britain
- Pan American Development Fund
- Pan American Health Organization
- [Partners in Health](#)
- [Project Medishare for Haiti](#)
- Save the Children
- SOIL
- [Spanish Red Cross](#)
- [St. Boniface](#)
- Swiss Red Cross
- UN-HABITAT
- United Nations Foundation
- UNOPS
- USAID
- Viva Rio
- World Food Programme
- World Wildlife Fund
- Young Women's Christian Association (YWCA)

**Q. How much overhead do your partners charge? Why haven't you shared the details about how much you give to each partner?**

**A.** The organizations we grant money to in Haiti include between 0% and 11.1% in their project budgets to cover what are referred to indirect expenses, or M, G &F. The majority of our partners permit us to disclose financial information to Congress, but not to the media and donors. A few partner contracts do not permit any disclosure, although we asked these partners for approval to disclose information to Congress.

The American Red Cross works to keep partner costs as low as possible and well within industry standards. The American Red Cross requires plans and budgets be submitted by partners prior to awarding funds, and these budgets, in order to be approved, must break out costs to be covered by American Red Cross funds. In some cases, we have negotiated with partners to lower their established indirect cost rates for our agreements. After grant awards are made, American Red Cross requires, per our agreements, careful reviews of financial and narrative reporting, detailing how partners spend our funds.

**Q. Did the American Red Cross have a plan for its recovery efforts in Haiti?**

**A.** Yes. Disaster recovery plans are continually revised and updated to adjust to evolving context and demands. Our recovery planning began in 2010, and has been updated and validated in the months and years since. The ultimate goal of the recovery plan is to ensure households and communities in Haiti become safer and more resilient and includes activities across the 6 sectors of our recovery commitments: health, cholera prevention, livelihoods, water and sanitation, disaster preparedness, and shelter.

**Q. Do you share your plans with community members in the neighborhoods you are working in?**

**A.** Yes. The American Red Cross works alongside community members and sets priorities for long-term programming in collaboration with them. For example, in our LAMIKA community redevelopment project, we set up eight groups of community members (one for each of the eight neighborhoods covered by the LAMIKA project) who identified their neighborhoods' most pressing needs and participated in the program design process. The community groups helped choose priorities for our LAMIKA project and they also helped provide oversight throughout the project. The American Red Cross meets with these community groups and their leaders regularly to gain feedback and reprioritize if necessary.

**Q. Did the American Red Cross receive the majority of funds donated for Haiti earthquake relief?**

**A.** No. The American Red Cross received less than **4 percent** of the total aid committed from around the world for Haiti earthquake relief or a little under \$488 million in donations.



**Q: Should the American Red Cross have a policy to halt donations once enough has been raised to conduct humanitarian response to a disaster and direct donors elsewhere?**

**A.** The American Red Cross has been responding to disasters for over a century and we work as part of the largest humanitarian and disaster relief network globally. In addition, we have a proven track record of running large scale relief and recovery operations internationally, including the 2004 Indian Ocean Tsunami. We are not just a response organization, and know from extensive experience that people affected by a disaster as devastating as this one will need more to help them recover than the life-saving supplies delivered in the immediate aftermath.

The American Red Cross does direct people to supporting other organizations or other aspects of Red Cross work when we have raised enough money to be able to deliver services. An example of this was the One Fund in Boston. We knew that our service delivery costs after the Boston bombing would be low so we asked people to give to the One Fund.

However, for a disaster of the scale of the Haiti Earthquake, the needs were so great that we could not in good conscience halt donations or imagine at the outset what precise amount of donations would be needed. We are confident that those donations were needed and we spent and committed them well.