Food and Agriculture Organization of the United Nations

NRC NORWEGIAN REFUGEE COUNCIL

UNDP

# FINANCING THE NEXUS

## GAPS AND OPPORTUNITIES FROM A FIELD PERSPECTIVE

- How does funding match collective outcomes and financial requirements in humanitarian and development plans?
- To what extent is predictable, multi-year, flexible financing made available at the programme level?

# ACRONYMS

| | |
|---|---|
| **AFD** | French Development Agency |
| **BMZ** | Germany's Federal Ministry for Economic Cooperation and Development |
| **CAR** | Central African Republic |
| **CERF** | Central Emergency Response Fund |
| **CRRF** | Comprehensive Refugee Response Framework |
| **CVE** | Countering violent extremism |
| **DEVCO** | EU Directorate General for International Cooperation and Development |
| **DFA** | Development Financing Assessments |
| **DFID** | Department for International Development |
| **DG-ECHO** | Directorate General for European Civil Protection and Humanitarian Aid Operations |
| **DIZA** | Development Inclusive dans des Zones d'Acceuil (Inclusive Development in Hosting Zones) |
| **DRC** | Democratic Republic of the Congo |
| **EDF** | European Development Fund |
| **EIB** | European Investment Bank |
| **ENI** | European Neighbourhood Instrument |
| **EU** | European Union |
| **EUTF** | EU Trust Fund for Africa |
| **FAO** | Food and Agriculture Organization |
| **FFD** | Financing for Development |
| **FFO** | German Federal Foreign Office |
| **HC/RC** | Humanitarian/Resident Coordinator |
| **HDPN** | Humanitarian-development-peace nexus |
| **HRP** | Humanitarian Response Plan |
| **IASC** | Inter-Agency Standing Committee |
| **IcSP** | Instrument contributing to Stability and Peace |
| **ICVA** | International Council of Voluntary Agencies |
| **IDA** | International Development Association |
| **IEO** | Independent Evaluation Office |
| **IFI** | International financing institution |
| **IMF** | International Monetary Fund |
| **INCAF** | International Network on Conflict and Fragility |
| **INFFS** | Integrated national financing frameworks |

| | |
|---|---|
| **IOM** | International Organization for Migration |
| **JSC** | Joint Steering Committee to Advance Humanitarian and Development Collaboration |
| **MRI** | Mutual reliance initiative |
| **MTOT** | Ministry of Temporarily Occupied Territories |
| **NGO** | Non-governmental organisation |
| **NMFA** | Norwegian Ministry of Foreign Affairs |
| **Norad** | Norwegian Agency for Development Cooperation |
| **NRC** | Norwegian Refugee Council |
| **NWOW** | New Way of Working |
| **OCHA** | Office for the Coordination of Humanitarian Affairs |
| **ODA** | Official development assistance |
| **OECD DAC** | Organisation for Economic Cooperation and Development – Development Assistance Committee |
| **PBA** | Programme-based approach |
| **PNDP** | National Programme of Participative Development |
| **PPP** | Public-private partnership |
| **RCO** | Resident Coordinator's Office |
| **RCPA** | Plan for Early Recovery and Consolidation of Peace in Central Africa |
| **RPBA** | Recovery and peacebuilding assessment |
| **SDGs** | Sustainable Development Goals |
| **Sida** | Swedish International Development Agency |
| **UNDAF** | United Nations Development Assistance Framework |
| **UNDP** | United Nations Development Programme |
| **WFP** | World Food Programme |

# SUMMARY

This study contributes to the Inter-Agency Standing Committee (IASC) humanitarian financing priorities of improving "aid effectiveness through more effective humanitarian-development funding flows and mechanisms". It has two goals: to document the extent to which predictable, multi-year flexible financing is available at the programme level; and to understand the extent to which funding matches Collective Outcomes or the financial requirements of interoperable humanitarian and development plans.

The findings draw on evidence gathered on five research missions to Cameroon, the Central African Republic (CAR), Chad, the Democratic Republic of the Congo (DRC) and Ukraine between November 2018 and March 2019. The study also includes reference to a complementary study carried out by the Organisation for Economic Co-operation and Development (OECD) in Uganda in 2018.

There is significant political support and goodwill across all levels of the humanitarian, development and peacebuilding constituencies towards the aspiration to work more collaboratively to reduce needs and vulnerability during and after crises. How "the nexus" will work in practice however, remains far from clear. Funding and financing tools, instruments, policies and approaches have not yet had time to adapt to this new policy agenda and findings on the current status of financing across the nexus represent the baseline. This is an opportune moment, therefore, to consider the strategic role financing should play, not just as a source of funding for projects and programmes, but rather as tool to enable and incentivise behaviour and outcomes across the nexus.

## KEY FINDINGS

***The purpose and scope of nexus approaches are not yet clear at the country level.***

In particular, it is unclear whether the focus is on humanitarian and development interventions, which will inevitably be limited in their scale and impact, or whether the expectation is to address far larger and more fundamental challenges. The latter would require engagement with the political economy, rather than just the drivers, of risk and vulnerability.

The role of governments affected by crises in nexus approaches is ambiguous, despite the fact that without their commitment and capacity, and viable political solutions to conflict, any aspiration to end needs will be impossible to fulfil.

The narrower humanitarian-development nexus abstracts problems to a technical level, such as improving nutrition, health and food security outcomes. This in turn means the role of governments can be limited to programming partners or enablers of access. In the wider triple-nexus approach, which includes peacebuilding, governments are typically the central enabler. Without clarity on governments' role in defining and driving nexus priorities, it is problematic for some development and peacebuilding actors to mobilise behind them.

***There are a wide range of practical challenges in trying to pursue nexus approaches at the country level.***

Nexus approaches are not yet grounded in a robust evidence base, and joint analysis of root causes has not taken place to a significant extent. Processes for developing Collective Outcomes have demonstrated limited scope to influence existing planning frameworks and funding decisions. There is also limited appetite at the country level for new layers of process and planning.

Leadership in the development of Collective Outcomes was also noted as problematic, which makes securing participation extremely challenging, particularly among development partners and governments. There are major gaps in coordination and disincentives to coordinate across the nexus. This is particularly true for development partners who have limited incentives to allocate resources to support a collectively agreed plan, which is not clearly endorsed by the partner government. Recovery, resilience and social cohesion fall between coordination systems, and there is no obvious place for financing policy coherence and the risks of doing harm to be debated.

***There are country-level examples of thematic, sectoral and area-based nexus approaches, which offer lessons and the potential to scale-up.***

Actors at the country level frequently said they found nexus discussions at capital level somewhat academic, and that they preferred bottom-up approaches to defining problems and developing practical solutions. Where positive examples of multi-stakeholder collaborations across the nexus were identified, they were often integrated multi-sectoral programmes focussed on a specific set of problems in specific geographic areas. Delivering outcomes at scale across the nexus requires substantial resource investment, potentially over extended periods.

***The case studies show that development funding has increased, bringing new challenges and opportunities.***

Multilateral development banks and the International Monetary Fund are emerging as key stakeholders with substantial resources and influence and the ability to provide direct budget support in some cases. The engagement of

international financing institutions (IFIs) provides significant opportunities for attracting further financing. However, the increase in budget support also presents challenges in terms of transparency, coordination and policy coherence. The extent to which these additional resources are aligned with nexus priorities is not clear.

A number of major development partners have rolled out new financing instruments that provide increased flexibility and responsiveness to programme funds in crisis-affected settings, but some are thematically earmarked and managed from headquarters and so do not encourage country-level prioritisation and coordination.

Multi-donor funds, such as pooled funds, are generally not a prominent feature of the funding landscape and there is limited appetite from donors to invest in them. However, there are ad hoc examples of funding instruments, windows and consortia being used to support nexus objectives. These have provided a centre of gravity for coordinated approaches and, in some cases, leverage on key issues. Most, however, do not operate at the national level. Nor do they necessarily align with or support collectively agreed priorities. Still, they may still offer critical lessons and opportunities for scaling-up. Given the apparently limited appetite for creating new national-level instruments, international actors may need to accept and get used to working with ad hoc, area and issue-based instruments and collaborations.

***Multi-year humanitarian funding has increased but remains insufficient to drive a significant change and is a secondary concern to overall shortages.***

The vast majority of humanitarian funding remains short-term, and what multi-year support is available is insufficient to make a significant difference to programme planning and organisational efficiency. Nor has it substantially changed the operational structure of implementing agencies. Programme design remains annual and result-based rather than transformative and able to demonstrate improved results over extended periods of time.

The availability of multi-year flexible humanitarian funding is a secondary concern to immediate absolute funding shortages, which are driving the aggressive prioritisation towards the most acute needs and life-saving interventions, and frustrating aspirations to adopt longer-term approaches.

***The use of funding to create incentives to support priorities and encourage collaborative action across the nexus is yet to be explored.***

In the case-study countries where Collective Outcomes have been developed - CAR, Chad, DRC and Ukraine - funding and financing considerations were not meaningfully included in the process. None had developed a costed set of prioritised activities, identified sources of financing or recommended new instruments.

***Mobilising funds beyond official development assistance (ODA) is not systematically considered, which means opportunities for policy coherence are missed.***

Despite variations in the feasibility and timeframes for mobilising non-ODA resources in different settings, there are strong arguments for considering the full range of potential financing resources to determine collectively agreed policy priorities, which in turn unlock substantial downstream financing opportunities. Even in situations of ongoing conflict and humanitarian needs in which resources and capacity are constrained, it is possible to agree on a strategic and coherent approach to linking financing to results that goes far beyond resource mobilisation.

The following recommendations address these fundamental conceptual and operational issues at both the global and country level. They also suggest opportunities to improve financing to support nexus aspirations.

## Global level

1. ***Define the scope and purpose of nexus approaches.*** A clear definition of the scope and purpose of nexus approaches is required, including clarification of whether the nexus includes addressing root causes of conflict. The roles and responsibilities of governments, the UN system and bilateral and multilateral financing actors need to be clearly defined, as do the distinct fields of humanitarian, development and peacebuilding operations. Limits to the potential delivery of reductions in needs in the absence of government commitment and in the absence of peace, should be made clear in order to avoid unrealistic expectations.

2. ***Provide country teams with adequate guidance, technical support and resources.*** Guidance is needed on how nexus approaches should fit with existing planning, prioritisation and resource mobilisation processes. Serious consideration should be given to whether top-down approaches or organic context-driven collaborations for specific problems or locations are appropriate.

   If separate planning and prioritisation are required, their purpose and added value should be clearly defined, responsibilities assigned and resources provided. Country teams require specific technical support to develop coherent nexus approaches, particularly in developing financing strategies.

3. ***Address the structural gaps and disincentives to donor coordination.*** Constructive dialogue and practical solutions are needed at the global policy level to address country-level gaps in the current coordination architecture and disincentives to coordinate. The multilateral system and pooled financing mechanisms should be used more effectively to counterbalance competing country-level and development partner priorities.

4. ***Agree to global-level commitments to policy coherence and do-no-harm approaches to accompany the scaling-up of IFI engagement in crisis-affected settings.*** Greater high-level commitment to principled engagement and to "do no harm" is needed to ensure that IFIs' increased investments support nexus approaches. This should be backed up with practical commitments to engage with a wider set of actors to ensure policy coherence and investments in the capacity to analyse and monitor risk.

5. ***Provide enough funding with enough flexibility to succeed over realistic timeframes.*** Donors should expect to support programming for transformative outcomes in countries affected by crises for multiple funding cycles. They should also engage early to secure funding continuity, including making provision to hand over to governments or other funders, and support the scale-up of programmes that show promising results. They should provide enough flexibility for partners to learn, adapt, stop things that don't work and scale up those that do.

## Country level

1. ***Invest in the enabling conditions for a coherent response.*** Shared analysis is a key enabler of collaborative approaches. Investments should be made in establishing a robust and comprehensive evidence base to help ensure that prioritisation is based on a common understanding of needs, risks and vulnerabilities.

   The UN Resident Coordinator's Office is the logical site for investment in information management and coordination across the nexus, and it should play a greater role in monitoring gaps and risks, including the risk of doing harm. It should also do more to advocate for principled

and needs-based approaches. Donors should continue to provide practical technical support for the coordination functions of government actors.

2. ***Develop financing strategies to ensure policy coherence, sequencing and the identification of responsibilities.*** Financing strategies are an important tool in aligning the support required to deliver results. They should be used to map funding and financing against agreed priorities, and to develop a sequenced timeline and division of labour for different types of financing and actors. They should also be used as a tool to promote dialogue across key stakeholders in the domestic, international, public and private sectors to identify spending and policy reform priorities, and targets for investments and influence for international actors.

3. ***Create spaces for dialogue on financing to enable policy coherence and for discussion of risks, gaps and the potential to do harm.*** Building on financing strategies and diagnostic work to identify priority areas for investment and reform, ongoing dialogue is required at the country level to ensure that policies are coherent and major risks, gaps and the potential to do harm are not overlooked. The dialogue should include major development financing actors, such as IFIs engaged in economic and fiscal reforms, and key coordinators with oversight of vulnerability, needs, protection concerns and contextual risks.

4. ***Use funding to incentivise collaborative approaches and bring successful programming to scale.*** When priorities are identified at the country level, financing should be mobilised to support these at scale through pooled funding mechanisms, multi-donor support for programmes and implementing consortia. Opportunities to link the reforms proposed under the new UN Funding Compact, including the commitment to increase contributions to pooled funds, should be identified to improve the UN system's response to programming and its ability to work effectively across the nexus.

5. ***Invest in institutional capabilities to design and deliver better programming.*** Donor capacity to invest is impeded by a limited pipeline of quality fundable programmes. The capacity of staff at the country level to design and deliver transformative programmes appears to be a key impediment, and implementing stakeholders need to make substantial investments in this area.

# 1. INTRODUCTION

"The nexus" has emerged as a major focus of policy debate in the years since the UN Secretary General's 2015 report for the World Humanitarian Summit, which made the case for humanitarian, development and other actors to find new ways of working to overcome long-standing systemic dysfunctions.[1] The report established a new set of commitments to reduce humanitarian need, risk and vulnerability, and envisaged moving beyond project-based official development assistance (ODA) funding approaches to deliver transformative outcomes at scale (UN, 2015a).

Under the new policy agenda, formalised in the Agenda for Humanity and the Commitment to Action, humanitarian and development actors are expected to mobilise behind a shared analysis, problem statement and set of "strategic, clear, quantifiable and measurable" Collective Outcomes. The UN also established the Joint Steering Committee to Advance Humanitarian and Development Collaboration (JSC) to deliver a New Way of Working (NWOW) "over multiple years, based on the comparative advantage of a diverse range of actors towards collective outcomes".[2]

The tone and content of the Secretary General's report and subsequent policy frameworks reflect a growing policy consensus, which recognises the need to place addressing the root causes of vulnerability and risk at the centre of decision makers' priorities.[3] This is most notably articulated in the bold commitments of the 2030 Agenda for Sustainable Development to "leave no one behind" and "reach the furthest behind first" (UN, 2015b). Its explicit acknowledgement of the structural barriers to sustainable development – including climate change and environmental degradation, peace and security, inequality and exclusion – brings risk and vulnerability to the heart of the development agenda and compels development actors to engage in the most difficult places to reach the most vulnerable people.

The critical enabling role of financing is highlighted in many of these policy frameworks and commitments, not only as a resource but also as a strategic tool to incentivise change and desirable behaviours and to catalyse further investment.[4] The potential for financing to support nexus approaches has, however, only recently been considered beyond the

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1 The Secretary General's report describes these dysfunctions as follows: "At present, in many countries, humanitarian, development, peace and security and other international institutions work side by side on different projects but within the same communities. Too often, each sector brings different goals, time frames, disjointed data and analysis, and resources to those same communities, creating and implementing activities towards different objectives. The resulting divisions, inefficiencies and even contradictions hinder optimum results for the most vulnerable." (UN, 2015).

2 It is notable, however, that the terms of reference for the JSC frame the primary objectives as supporting delivery of the SDGs, not the Agenda for Humanity, and refer to NWOW in a qualified way noting that it will focus "on relevant aspects of the New Way of Working and its contribution to the 2030 Agenda for Sustainable Development." (UN, undated).

3 These include the 2030 Agenda for Sustainable Development (Resolution 70/1); Sendai Framework for Disaster Risk Reduction 2015-2030 (Resolution 69/283); Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Resolution 69/313); Paris Agreement under the United Nations Framework Convention on Climate Change (FCCC/CP/2015/L.9/Rev.1); Report of the High-level Independent Panel on Peace Operations in uniting our strengths for peace: politics, partnership and people (A/70/95); and Challenges of sustaining peace: report of the Advisory Group of Experts on the Review of the Peacebuilding Architecture (A/69/968).

4 The Agenda for Humanity includes a set of financing-related commitments under the core responsibility to "invest in humanity". Humanitarians have mobilised behind the 2016 Grand Bargain, a set of 51 commitments for reforming humanitarian financing. Development financing actors have focussed on the challenge of mobilising the huge resources required to meet the ambition SDG through the Financing for Development (FFD) agenda.

parochial challenges of the separate humanitarian, development and peacebuilding constituencies.

The Grand Bargain's commitments on the nexus, for example, are among the least clearly articulated and their contribution to driving change outside the scope of their humanitarian constituency is limited (ODI, 2018; ODI, 2019). The Financing for Development (FFD) agenda's engagement with the unique circumstances of fragile and crisis-affected settings has been limited, and the difficulties mobilising funding for peacebuilding are addressed in a separate set of UN-focussed reforms under the UN's Peacebuilding and Sustaining Peace agenda (UN, 2019).[5]

The February 2019 Organisation for Economic Cooperation and Development – Development Assistance Committee (OECD DAC) Recommendation on the Humanitarian-Development-Peace Nexus represents the first high-level policy initiative to consider the role and potential of financing to enable collective approaches across constituency groups working in crisis-affected settings. This study is a timely contribution to what has, until recently, been a neglected element of the nexus agenda, and which has the potential to enable and accelerate change.

The study also contributes to the Inter-Agency Standing Committee (IASC) Humanitarian Financing Task Team's priorities of improving "aid effectiveness through more effective humanitarian-development funding flows and mechanisms".[6] A steering group composed of OECD, the World Bank, OCHA, ICVA, FAO, NRC, and UNDP has overseen the implementation of this initiative and contributed with inputs.

The study set out to document the extent to which predictable, multi-year, flexible financing is made available at the country level, and to understand the extent to which funding matches the financial requirements of interoperable humanitarian and development plans and encourages Collective Outcomes. Flexible multi-year financing is widely noted as a critical enabler of nexus approaches. The Agenda for Humanity, for example, encourages actors to commit to "financing collective outcomes rather than individual projects and activities and do so in a manner that is flexible, nimble and predictable over multiple years so that actors can plan and work towards achieving collective outcomes in a sustainable manner and adapt to changing risk levels and needs in a particular context" (UN, 2015). The study It focuses primarily on ODA funding, but also considers other public and private financing to a lesser extent.

It draws on evidence gathered through a series of case studies in Cameroon, the Central African Republic (CAR), Chad, the Democratic Republic of the Congo (DRC) and Ukraine, and a complementary OECD study carried out in Uganda in 2018 (OECD, 2019).[7] Chad, CAR and Ukraine had established Collective Outcomes some time before the field research took place, and DRC had just agreed on them. DRC is also a JSC pilot country on the nexus. Cameroon was considering whether or not to undertake a Collective Outcomes process in 2019. Uganda is the first pilot country for the Comprehensive

5 Funding for peacebuilding suffers many familiar challenges in securing adequate predictable and flexible funding to support longer-term programming. For example a 2018 independent review of UN agency, funds and programme capacity to support the "sustaining peace" agenda found that "they are reliant on funding that is invariably short-term, fragmented, unpredictable and earmarked, restricting how they prioritise and invest resources to meet long-term, strategic objectives such as sustaining peace." (ODI, 2018). The UN secretary general's 2018 report on Peacebuilding and Sustaining Peace also notes "issues of fragmentation and competition among funding instruments". (UN, 2018).

6 IASC was restructured in early 2019 and the various task teams have been replaced by five result groups focusing on humanitarian response, meeting the needs of affected population and preventing abuse, collective advocacy and humanitarian space, humanitarian-development collaboration and humanitarian financing.

7 Uganda had originally been proposed for the IASC study, but to avoid duplication with the planned OECD initiative, the advisory group elected to draw instead on the OECD's findings.

8 Case study research findings in CAR noted that during the humanitarian country team/UN country team (HCT/

Refugee Response Framework (CRRF) and had established a 2018 to 2020 roadmap for its implementation. Cameroon, CAR and Ukraine had also completed EU, World Bank and UN recovery and peacebuilding assessments.

The country case studies provide the core evidence behind the key findings and recommendations. Complementary documentary research and analysis of major public and private financing flows, which could in principle contribute to addressing humanitarian, recovery, development and peacebuilding challenges, was also conducted to support the country-level analysis. These elements were supplemented by a series of global-policy level interviews, a review of global policy-level literature and a feedback session convened by the EU in Geneva attended by 22 donors.

Given that the findings draw primarily on five very distinct country case studies, they cannot be said to apply to all settings. The particularity of contexts and approaches is emphasised throughout the document. The authors also acknowledge that many other instructive examples exist that were not included in this study, which should be considered a contribution to an emerging body of literature and field of policy study on the nexus (IOM, 2019; NYU, 2019, forthcoming).

# 2. KEY FINDINGS

This study was conducted at a relatively early stage of practical application of nexus aspirations, and many fundamental conceptual and practical challenges are yet to be worked out. Thinking on the scope of the nexus at global-policy level has leapfrogged the guidance under which country-level actors are working, most notably to include peacebuilding. This expanded scope has yet to be formalised in policy and practice across institutions or at the country level. As such, funding for peacebuilding was not a prominent feature of discussion in most of the case study countries, with the exception of DRC.

The findings also address a range of issues well beyond financing flows and instruments. They touch on many fundamental aspects of political economy, interests and incentives, institutional cultures, structures and capacities, and policy and programming paradigms. The first two sections focus on conceptual and implementation challenges for actors at the country level and identify emerging good practices. The remaining sections focus on the funding and financing situation.

## 2.1 SCOPE OF THE NEXUS

There was widespread support among those consulted in each of the case studies for the concept of working collaboratively toward shared priorities in principle. In reality, however, there are divergences of opinion on the scope and purpose of nexus approaches. There are also differences in very practical terms. There may, for example, be several distinct geographic and contextual nexus scenarios in a single country.

***There are two fundamentally different schools of thought on the scope and ambitions of nexus approaches.***

The first focusses typically on problems and actions within the scope of humanitarian and development programming solutions, and emphasises the need for adequate coordination and transition of actions and caseloads from humanitarian actors.[8] This narrower double-nexus interpretation is consistent with the language of the Agenda for Humanity and NWOW, which describe it as desirable in "contexts where short-term humanitarian action and medium- to long-term development programming are required simultaneously in areas of vulnerability" (OCHA, 2018).

The second school of thought covers a wider range of problems and actions, and explicitly includes peacebuilding. Rather than viewing interventions as transitioning from one set of actors and programmes to another, it considers how they can be layered and sequenced in order to achieve coherence. The triple-nexus concept is consistent with the OECD DAC recommendation, which offers the following definition:

***"Nexus refers to the interlinkages between humanitarian, development and peace actions. Nexus approach refers to the aim of strengthening collaboration, coherence and***

UNCT) meeting to define the collective outcomes, the humanitarian/resident coordinator (RC/HC) clearly stated that they should be used to focus the work of development stakeholders on the causes of humanitarian needs, in order to reduce the humanitarian caseload and funding requirements. (CAR Case study – Culbert, 2019a)

***complementarity. The approach seeks to capitalize on the comparative advantages of each pillar – to the extent of their relevance in the specific context – in order to reduce overall vulnerability and the number of unmet needs, strengthen risk management capacities and address root causes of conflict."***

Addressing the root causes of conflict considerably widens the scope of nexus approaches. Depending on the scale and status of the conflict, doing so might imply involvement in political dialogue, peace processes and support for state functions.

Across these two schools of thought on the nexus there are fundamental differences in the range of root causes addressed and the constituencies of actors engaged. Collective Outcomes in CAR, Chad and Ukraine, for example, do not include significant emphasis on longer-term structural economic and governance reform, peacebuilding and stabilisation or climate and environmental risk, despite their obvious role in determining vulnerability and risk. Instead they focus on a range of technical issues, including reducing mortality rates, improving nutrition and supporting the provision of basic services (see figure 2). This narrower focus also reflects the constituency of the actors who took part in these UN-led processes, most of whom were from the humanitarian and development fields, and often from within the UN and NGO communities. Bilateral and multilateral donors and host governments were represented to a lesser extent.[9]

With the exception of DRC, the wider triple-nexus concept had not been applied in the case study countries. The recovery and peacebuilding assessments (RPBAs) undertaken in Cameroon, CAR and Ukraine do, however, adopt a comparable scope of problem analysis and provide a useful point of comparison.

RPBAs aim to produce "a standardized and internationally sanctioned approach to identify the underlying causes and impacts of conflict and crisis, and to help governments develop a strategy for how to prioritize recovery and peacebuilding activities over time" (World Bank, 2019a). In principle, they include greater emphasis on simultaneous engagement across a range of programmatic, structural and policy levels. In practice, governments and a wider range of development and peacebuilding stakeholders are involved in analysis, prioritisation and planning processes. RPBAs are also explicit in their commitment to support governments in carrying out their responsibilities as primary duty bearer, particularly with respect to ensuring security, providing basic services and regulating markets.[10]

The RPBAs in Cameroon, CAR and Ukraine feature stabilisation, governance and economic reforms prominently in their priorities (see figure 1).

***Where and how the nexus applies varies considerably according to context.***

Nexus approaches were only applicable in certain geographic areas of some of the case study countries, and key elements were missing in others. Large parts of CAR, for example, are not under government control, leaving development actors with no counterpart to work with and many

9 In Ukraine: "Securing participation in the working groups was extremely challenging, particularly among development donors and the government. Some participated throughout, others remarked that they felt the process was extremely time-consuming and of no value to them. One donor noted that since the government had not formally signed off on the Collective Outcomes, they felt unable to support them, and stepped back from the process." (Ukraine Case study – Poole, 2019a)

10 The EU, UN and World Bank have jointly committed to support governments through the RPBA process to assess and prioritise their recovery and peacebuilding needs. Their joint declaration is explicit in its identification of the need to support national governments. We "seek to mobilize our institutions and resources to harmonise and coordinate post-crisis response frameworks to enhance country resilience to crises, by answering recovery needs of vulnerable populations and strengthening the capacity of national institutions for effective prevention, response and recovery". (EU, UN, World Bank, undated).

*Figure 1: Comparison of RCBA priorities and Collective Outcomes across the case study countries*

| | RPBA priorities | Collective Outcomes |
|---|---|---|
| Chad | N/A | Reduce the number of people in severe food insecurity by 27 per cent from a million to 770,000 people by 2019<br>Reduce the number of people in food insecurity by 32 per cent from 2.8 million to 1.9 million by 2019<br>Reduce the rate of severe acute malnutrition among children aged five and under from 2.6 to 1.8 per cent by 2019<br>Reduce the rate of global acute malnutrition among children aged five and under from 11.9 to 10 per cent by 2019<br>Reduce the obstetric case fatality rate from five to less than one per cent by 2019<br>Provide functioning basic social services - including water, sanitation and education - to 90 per cent of people in need by 2019. |
| CAR | Promote peace, security and reconciliation<br>Renew the social contract between the state and the population<br>Facilitate economic and productive sector recovery | Diminish maternal and infant mortality<br>Promote durable solutions |
| Ukraine | Restore critical infrastructure and social services<br>Promote economic recovery<br>Strengthen social resilience, peacebuilding and community security | Affected people have access to adequate protection and means of livelihood<br>Affected people have improved access to quality and affordable essential services<br>Affected people have consistent access to critical civilian structures |
| Cameroon | RPC 2018-22 overall objective: To decrease the risks of future crisis by addressing both structural causes of vulnerability and redress the impact of the current crises<br>Sustainable solutions for forced displacement are in place<br>Local governance is improved<br>Delivery of basic social services is improved<br>Economic recovery and socioeconomic opportunities and livelihoods are expanded<br>Territorial and human security are improved | N/A |

struggling to adopt a different way of operating.[11] Activities deemed to support the de facto authorities in non-government-controlled areas of Ukraine are proscribed under sanctions imposed by major donors and the government in Kiev. Only humanitarian responses are considered acceptable in this region. This means the full spectrum of nexus activities is applicable only in government-controlled areas affected by the conflict. In practical terms this means those areas not immediately abutting the line of contact.

In Cameroon the government is militarily engaged in response to civil insurgency in the North West and South West regions, and many development actors with long-standing government partnerships are not considered neutral by a range of non-government actors in these areas. Many development programmes have been suspended as a result, and the majority of international actors consider humanitarian interventions to be the only feasible response while the conflict is active. As such, nexus approaches can only be applied in two of the three crises-affected parts of the country - the refugee response in the east and the Lake Chad crisis in Far North region. In DRC, the decision was made to focus nexus planning on areas where humanitarian, development and stabilisation actors were all working, which limits nexus approaches to specific areas of the country.

Within one country, therefore, more than one nexus scenario may exist, requiring tailored analysis, strategy, actor configurations and responses. These different nexus scenarios are nested within national-level development challenges, planning frameworks and priorities. Uganda's CRRF, for example, forms part of an ambitious national development aspiration to reach lower-middle income status by 2020 and upper-middle income status by 2040 (OECD, 2019a). Cameroon's nexus challenges sit within a national growth and employment strategy that aims to transform the country into an emerging market by 2035 (*Cameroon Case study* – Poole, 2019b).

***There are significant divergences in principles and practice that limit convergence around shared objectives.***

In principle, nexus approaches encourage simultaneous engagement across different levels to reach common goals, but in practice there are often disconnects and gaps. The units of engagement for different actors vary considerably. Development actors often engage at the national level on strengthening systems and policy reform, while humanitarians more often engage at individual, community and local-systems level.

Even when targeting actions at the individual level within the same geographic area, there may be significant divergences in approaches. Humanitarian actors might target the most vulnerable individuals to achieve their objectives of saving lives and alleviating suffering. Development actors might target entrepreneurs most likely to start successful businesses and add the most value to the local economy. Peacebuilding actors might target those most likely to pose a threat to stability. Humanitarian, development and stabilisation actors in DRC, for example, all work at significant scale in North Kivu using community-based approaches, but with very little overlap, coordination or connection between their activities.

Temporal gaps also limit coherence. Development programming often requires long lead times, during which the scaling back of humanitarian interventions can lead to gaps in support for vulnerable populations. In the eastern region of Cameroon, humanitarian-funded programmes supporting refugees are already scaling back, and although significant World Bank funds are in the pipeline, programmes have not started.

In some cases, development actors were committed to supporting government-led priorities at odds with needs or vulnerability-based targeting. Some in Chad focused on areas seen as

11 Progress may be made on this following the February 2019 Khartoum peace agreement.

most likely to offer safe returns on investments to decrease poverty, precluding them from unstable areas with humanitarian needs. Some in Cameroon felt unable to operate amid the active conflict in the North West and South West regions without risk of causing harm. Some in Ukraine were unable to engage in non-humanitarian programming in non-government-controlled areas because of sanctions.

***The role of governments affected by crises in nexus approaches is currently ambiguous.***

The narrower double-nexus approach abstracts problems to a programmatic level where the role of government is primarily as a technical partner or enabler of access. In the wider triple-nexus approach, government is the central enabler. For development and peacebuilding stakeholders, working in partnership with government is typically a foundational principle, and their planning and priorities are, in theory, developed jointly and aligned. Without clarity on the role of governments in defining and driving nexus priorities, it is difficult for some development and peacebuilding actors to mobilise behind them.

***The absence of government commitment or capacity, and of viable political solutions to conflict, limits aspirations to end needs.***

International efforts to address structural root causes will only have a modest impact at best without an enabling political environment. For example, despite high-level agreement on collective priorities in CAR's National Plan for Recovery and Peacebuilding, active conflict continues, large numbers of people are still displaced, and the government has only limited territorial control. This puts large sections of the population and the economy beyond its influence (CAR Case study – Culbert, 2019a). In Cameroon, more than a year after the completion of the RPBA, the government has yet to officially sign off on the accountability framework, and consequently to initiate the budget allocations and legal and policy reforms necessary to enable the envisaged outcomes (Cameroon Case study – Poole, 2019b). If governments do not prioritise or are unable to advance nexus objectives, many of their development partners are also unlikely to do so.

Overall, the purpose and scope of nexus approaches is not yet clear enough at the country level. In particular, it is not clear whether the expectation is to work on a set of technical issues within the scope of humanitarian and development programming, such as improving nutrition, health and food security outcomes, which will inevitably be limited in their scale and impact; or whether the expectation is to address far larger and more fundamental challenges that include engagement with the political economy rather than just the technical drivers of risk and vulnerability.

## 2.2 IMPLEMENTATION CHALLENGES AND EMERGING GOOD PRACTICE

In addition to conceptual challenges, a wide range of practical difficulties was observed across the five country case studies, as well as a number of promising collaborations, tools and approaches.

***Nexus approaches are not yet based on a robust evidence base and joint analysis.***

Joint analysis is recognised as the foundation of nexus approaches.[12] Substantial quantities of evidence and analysis are often generated, but this does not currently constitute a comprehensive,

12 Learning from joint humanitarian-development needs and risk analysis is a priority of the Grand Bargain needs assessment workstream for 2019 (Grand Bargain needs assessment workstream, 2018)

effectively curated and reliable evidence base. There are gaps in evidence on risk and vulnerability, and between evidence on humanitarian needs and economic and social indicators.

There are some positive examples of investments in generating a shared evidence-base. The International Organization for Migration (IOM) supports the Ukrainian government's National Monitoring System, an adapted version of IOM's Displacement Tracking Matrix, which enables the government to collect regular statistics on the characteristics of internally displaced households. This is complemented by regular REACH analyses of trends in vulnerabilities and needs.[13] The two systems together provide a widely respected evidence base to inform programme design, prioritisation and targeting.[14]

Designing effective programming and policy approaches requires robust analysis of root causes, system dynamics and actor incentives. Without this, the true scale of risk, including conflict, climate and environmental risk are likely to be under-recognised and under-prioritised. Analysis of root causes beyond technical challenges had not taken place to a significant extent within Collective Outcomes processes in case study countries. Several development partners in Ukraine noted that the risks of environmental damage from the conflict and industrial processes had been overlooked in most context analyses. Similarly, in Uganda, in the context of the CRRF, the risks of disasters and further refugee influxes had not been considered in national planning and budgeting processes, and no financial provision has not been made against these risks (OECD, 2019 forthcoming).

The scope for joint analysis of root causes as part of Collective Outcomes processes was limited because major planning frameworks were already agreed and in place. The processes tended to focus instead on finding areas of convergence within existing frameworks rather than starting from scratch. This was apparent in Ukraine, where three volunteer-led working groups carried out an extensive review of existing evidence, analysis, planning frameworks, national policies and legislation. They reviewed and summarised ongoing and planned initiatives, including budgets and timeframes, and convened meetings to discuss priorities, the wording of Collective Outcomes and possible indicators. The process took several months, but while the working groups diligently mapped and marshalled existing planning framework priorities and evidence, there was little appetite for unpacking the analysis and assumptions contained in planning frameworks that were already a fait accompli (Ukraine Case study – Poole, 2019a).

There are further obstacles to joint analyses of root causes, system dynamics and actor incentives. However, efforts to understand political and economic dynamics, which contribute to inequality, grievances, and institutional disincentives to reform are taking place. Humanitarian actors are said to be "state avoiding". They often limit their engagement with governments to preserve their neutrality and independence, but also out of habit. This then restricts interactions to

13 REACH has undertaken multi-sector needs assessments in conflict-affected areas of Ukraine since 2016 in collaboration with the umanitarian Country Team and Inter-Cluster Coordination Group. REACH carries out household surveys which enable monitoring of changes in specific sectoral humanitarian needs over time. See: http://www.reachresourcecentre.info/countries/ukraine

14 Outside the case study settings, there are instructive examples of the strategic use of evidence and analysis to influence collaborative approaches in support of shared goals. In Ethiopia, RC/HC commissioned analysis mapping sub-national historic needs and vulnerability against the actual distribution of major development programming in water, sanitation and hygiene (WASH), nutrition and agriculture investments. In all cases, there was significant mis-alignment between risk, vulnerability and investments. This objective and visually compelling analysis reportedly proved a key resource for RC/HC in influencing the targeting of investments in dialogue with the government and development partners. In Pakistan, the government, UN, World Bank, donors and NGOs collaborated through the Federally Administered Tribal Areas (FATA) transition taskforce vulnerability assessment to generate a shared evidence base to inform a transition plan from humanitarian to development assistance in 2016 (OCHA, 2019).

access negotiations and collaboration on technical programming issues. They are therefore often unfamiliar with political economy analysis of the institutional and wider context, and have limited access to the related actors, institutions and analysis. Many development actors, on the other hand, have invested in their ability to undertake such analyses (OECD, 2016). The World Bank's 2017 systematic country diagnostic of Cameroon, for example, identified addressing fragility, conflict and climate-related risk as key to its country strategy. Political economy analyses, however, are often considered sensitive and retained for internal use, and the more politically contentious aspects of causes are rarely discussed collectively (IEO of IMF, 2018).

The fact that many contexts are exposed to multiple overlapping risks means that analysis, prioritisation, monitoring and planning for shocks should be a far more prominent feature of collective approaches that aspire to end needs. Cameroon's RPBA provides a positive example of high-level acknowledgement and commitment to prioritising risk-based analysis and response. Its overall objective is to decrease the risk of future crises by addressing structural causes of vulnerability and redressing the impact of current crisis, and it places significant emphasis on the cross-cutting issues of gender, climate change and violent extremism throughout its analysis and prioritisation (GoC et al, 2018).

***There is limited appetite for additional layers of planning and process at country level.***

All of the case study countries have an abundance of planning and prioritisation frameworks, and significant efforts have been made in some cases to harmonise them and make them more complementary. CAR's government, for example, has incorporated the Plan for Early Recovery and Consolidation of Peace in Central Africa (RCPCA) into its development and recovery strategy. Other strategic humanitarian and development planning documents, such as the Humanitarian Response Plan (HRP) and the UN Development Assistance Framework (UNDAF), have been made complementary to RCPCA. In Ukraine, a 2018 World Bank study found that the various planning frameworks in existence "reveals a high degree of consistency among humanitarian as well as recovery and development actors in their strategic planning priorities for eastern Ukraine" (World Bank, 2018).

The added value of an additional layer of activities, priorities and monitoring was questioned by many at the country level. UN respondents in particular argued that the Sustainable Development Goals (SDGs) and new generation UNDAF, which "advances the ambition of more coherent programming approaches that bring together development, humanitarian, human rights and peacebuilding agendas" are the logical and practical tools for the UN system to use in working more effectively across the nexus.[15] Some suggested that a top-down approach was too blunt an instrument to identify practical collaborative solutions to specific problems. Others suggested that rather than creating additional priorities, plans and indicators, the focus should be on fostering and incentivising collaboration and complementarity.

***There are major gaps in coordination and disincentives to coordinate across the nexus.***

Humanitarian coordination is broadly accepted as a public good that is worth the cost. This is in part because much of the burden of coordination is funded – through the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the clusters. There are also financial incentives to participate in coordination. You are more likely to be funded through country-based pooled funds and by certain bilateral donors if your projects are visible in the HRP.

15 https://undg.org/programme/undaf-guidance/whats-new-in-this-guidance/

Development actors, in contrast, face disincentives to coordinate. Coordination on the whole is not funded and significant antipathy was expressed toward the added burden of coordinating, and scepticism was expressed about the return on investment. National authorities tend to lead the coordination of development work, which means that if governance is weak so is coordination. For development partners and agencies, cultivating close bilateral relationships with government is of greater value in negotiating permission to implement and gaining influence for their respective governments than participating in collective processes. Development actors have a range of compelling reasons to limit their participation in coordination and not to allocate resources in support of a collectively agreed plan.[16]

This is a significant barrier to "working collaboratively towards shared objectives across the nexus", particularly considering the relative importance of bilateral donors, who provide 77 per cent of development funding in fragile settings, programming directly or bilaterally with governments, compared with 88 per cent of humanitarian funding channelled via the multilateral system (OECD, 2019b).

Recovery and resilience fall between coordination systems. Humanitarian clusters often end up coordinating some of these activities even if they are not included in HRPs, because they are frequently the best platforms for information sharing and joint planning. Some UNDAFs have included recovery, resilience and social cohesion activities, but in practice a large proportion of such activities take place outside the UN system. In Cameroon, for example, there are a number of area-based resilience consortia funded by the EU and the French Development Agency (AFD). They are not included in cluster coordination or government-led sectoral mechanisms. In Ukraine, there are substantial funds flowing from bilateral donors to private contractors for resilience, community development and social cohesion activities, on which coordinating actors have very little visibility.

Across the various humanitarian and development coordination structures and forums, there is also no obvious place for debate around financing policy coherence and the risk of doing harm.

***Opportunities for coordination are influenced by donors' political and financial commitment and presence in country.***

Among the case study countries, the levels of interest and engagement from bilateral development partners was variable**.** Major development partners including the EU, EU member states and the US, have significant strategic interest in peace and stability in Ukraine and the wider region, and they are actively present and engaged in the country. The presence of bilateral development partners was far more limited in the four African case study countries. Many shared representation from neighbouring countries or their capitals. In Cameroon, a number of key donors have suspended their bilateral aid programmes in recent years. Ownership and alignment are likely to be far more challenging to secure if partners are not present and engaged regularly in the development of shared priorities.

***Competition for resources, profile and protecting mandates run counter to nexus aspirations to work collaboratively and according to comparative advantage.***

Competition for resources among UN agencies, private contractors and NGOs was often noted as the motivation for practices which undermined collaborative approaches. Some went as far as to

16 It is worth noting however, that many development financing actors have their own internally coherent strategies which comprehensively span the HDPN, drawing on global-level technical expertise and financing instruments. But they are not necessarily coherent with one another, or a collectively agreed strategy.

suggest that joint UN programmes were vehicles to better compete for resources and were joint in name only. NGOs' reluctance to share information was also noted as problematic, particularly in settings such as Cameroon and Ukraine where resources are limited. In Cameroon, the highly constrained humanitarian funding environment meant that some NGOs felt there was simply no point in participating in the HRP process since there was no realistic prospect of receiving funding.

***There are promising examples of alternative approaches to coordination.***

RPBAs often assess the existing coordination architecture and propose the creation of dedicated institutional forums to steer and monitor implementation. CAR's RPBA, for example, is supported by a permanent secretariat under the Ministry of Planning that has seconded international staff, holds sectoral coordination meetings and is responsible for monitoring international assistance. The secretariat also tracks development and humanitarian funding and is to establish a database of development expenditure broken down by region and sector (CAR Case study – Culbert, 2019a).[17]

Ukraine's RPBA envisaged an intragovernmental coordination structure that "could also oversee the RPBA financing strategy, including resource mobilization" (World Bank, 2015). This became the Ministry of Temporarily Occupied Territories and Internally Displaced Persons (MTOT) in 2016. Development partners have provided targeted support for MTOT. The World Bank trust fund, for example, provides financial and technical support for its coordination functions, including the development of a data platform that captures information on coverage of activities and funding. The UK has also seconded technical staff to the fund (Ukraine Case study – Poole, 2019a). Uganda's CRRF also includes a steering group and a secretariat charged with providing it with technical coordination and monitoring support.

There are limitations to the functionality of each of these structures and mechanisms, and returns on financial and capacity investments are unlikely to be substantial in the short-term. In practice, MTOT has far fewer staff, resources and influence than other more established ministries (Ukraine Case study – Poole, 2019a). In CAR, the RPBA secretariat rarely convened coordination meetings and its funding tracking tool remains of limited functionality (CAR Case study – Culbert, 2019a). Supporting government capacity is, however, a key priority for many development partners to ensure effective leadership, coordination, buy-in and sustainability.

A promising new approach to coordination is being trialled in DRC. A nexus expert has been deployed in the Humanitarian/Resident Coordinator (HC/RC)'s office and has helped to establish working groups and a roadmap for implementation that includes developing a common understanding of objectives. The expert's responsibilities also include the softer coordination elements of building relationships and buy-in with stakeholders including government, bilateral and multilateral donors, UN agencies and NGOs. The DRC approach is also notable in convening working groups at the regional level and in their intention to have decentralised support structures for information management, analysis and coordination (DRC Case study – Culbert, 2019b).

***There are many positive examples of thematic, sectoral and area-based nexus approaches that offer lessons and the potential for scaling up.***

Many country-level actors said they found nexus discussions in the capital somewhat academic and far removed from operational realities. Joint and integrated approaches were felt to emerge more naturally at programmatic levels or within particular geographic areas. These concrete initiatives can provide the basis for further investment and scale up.

17 These responsibilities are now being shifted back to line ministries.

In DRC, for example, FAO and WFP have developed a joint resilience, peace and stabilisation programme, which includes agriculture, livelihoods, basic service provision and social cohesion activities. The programme started in 2016 and has received US$ 80 million in funding. The programme is now moving toward a second cycle of implementation and scale up, including bringing onboard UNICEF to support basic service provision. Existing donors have committed to support a second round of funding, and a range of new prospective development partners are considering supporting scale-up of the programme.

DRC has also taken a sub-national approach to developing Collective Outcomes. The three provinces selected are currently experimenting with triple-nexus pilot programmes in which pairs of UN agencies have been selected in specific thematic areas to implement the NWOW, collecting lessons learnt and best practices along the way. The first phase of the pilots focuses on establishing the necessary methodologies and mechanisms in priority areas of each province and working with existing initiatives. The second phase is expected to involve the scaling up of activities with support from donors (DRC Case study - Culbert, 2019c).

***Nexus approaches at country-level suffer from a lack of clear leadership, as well as limited participation and buy-in.***

In countries where a higher proportion of ODA flows through the multilateral system and NGOs, a UN-led process is likely to have significant influence. In CAR, for example, 58 per cent of ODA flowed through multilateral actors and NGOs between 2015 and 2017. In countries where a significant proportion of ODA flows directly to government and is executed directly by donors and/or private contractors, there may be little appetite from these actors to participate in a UN-led prioritisation and planning process. In Cameroon, for example, 62 per cent of ODA flowed direct to the public sector between 2015 and 2017 and just 16 per cent to multilateral organisations and NGOs. The UN and its partners have far more limited influence in the country as a result.

Leadership of the Collective Outcomes process was noted as problematic. Actors in Ukraine explicitly questioned the legitimacy of the process, which had no official standing and no ToRs. Securing participation in the working groups was extremely challenging as a result, particularly among development partners and government, and the Collective Outcomes developed were

***Figure 2: Total ODA by first-level recipient channel 2015-2017***

| | Cameroon | Ukraine | DRC | Chad | CAR |
|---|---|---|---|---|---|
| Public sector* | 62% | 50% | 39% | 39% | 29% |
| NGOs and civil society | 7% | 17% | 27% | 11% | 25% |
| Multilateral organisations | 9% | 22% | 24% | 38% | 33% |
| Teaching institutions, research institutes or thinktanks | 6% | 5% | 1% | 0% | 0% |
| Private sector institutions | 1% | 3% | 2% | 0% | 0% |
| Other | 2% | 2% | 2% | 0% | 0% |
| Not reported | 13% | 1% | 5% | 12% | 12% |
| Public-private partnerships (PPPs) | 0% | 0% | 0% | 0% | 0% |

Source: OECD DAC International Development Statistics.

*This category includes both recipient and donor institutions, which may implement programmes directly.

never officially signed off by the UN or the government. RPBAs, in contrast, had far greater participation in analysis and prioritisation beyond the UN system, with major roles for the EU, World Bank and national governments.

**Collective Outcomes processes have not provided sufficient incentives to drive change.**

The breadth of most Collective Outcomes means it is easy to fit existing programming within them.

Collective Outcomes have been established for some time in Chad and Ukraine, but they remain declarations of intent with no joint implementation plans or structures to support and monitor implementation. In Chad, monitoring was left to OCHA and indicators of progress drawn from existing information sources. Given the alignment of outcomes with existing planning frameworks in Chad, most donors and responders feel their operations already fall under within their scope. In Ukraine, working groups made up of humanitarian actors were charged with developing monitoring indicators, but have still not officially agreed them. In both Chad and Ukraine, there was no clear evidence that Collective Outcomes had influenced programming, prioritisation, ways of working or funding behaviour (see box 1).

**BOX 1**

## Challenges rolling out collective outcomes in Chad

Chad drafted a three-year Collective Outcomes plan in 2016, making it one of the earlier implementers. The Collective Outcomes process was driven by the HC/RC, with the inclusion of several government bodies, humanitarian and development agencies, and donors. Humanitarian clusters were also involved in the elaboration workshop.

The Collective Outcomes chosen for Chad are broad and cover the majority of existing areas of international humanitarian and development interventions. The focus of four out of six indicators on food security and nutrition reflects current donor priorities and the existing close alignment of development and humanitarian stakeholders' objectives. Progress toward the outcomes is left to actors already working on the priorities identified. Operational agencies said their priorities and focus had not been influenced by the outcomes.

Responsibility for monitoring implementation was given to the OCHA. Because the Collective Outcomes are integrated in both UNDAF and HRP, no additional specific structures have been created. Results are pulled directly from existing data. There are no separate funding targets, and commitments are not tracked.

Even the minimal task of reporting on the Collective Outcomes is challenging. Some of the existing reporting cycles for indicators do not match the annual reporting periods, nor are they collected on comparable geographic areas. Food security and nutrition also depend heavily on the weather and annual crop yields, potentially obscuring the impact of international assistance in improving medium-term food security. The outcome of increasing access to basic social services was also widely considered so broad as to be impossible to track, particularly given the shortage of national-level data.

Source: Chad case study – Culbert, 2018

## 2.3 FUNDING ACROSS THE NEXUS

This study's central research task was to assess and document the availability of predictable, flexible, multi-year funding to support collectively agreed priorities across the nexus, such as Collective Outcomes. In practice, the availability of funding is extremely difficult to determine. The parameters of the nexus are not clear and the funding required has not been determined even where Collective Outcomes have been agreed. Nor is funding currently tracked. As such, evidence provided at the country level is based on best guesses of the types of funding that support nexus priorities and observations on overall ODA funding trends.

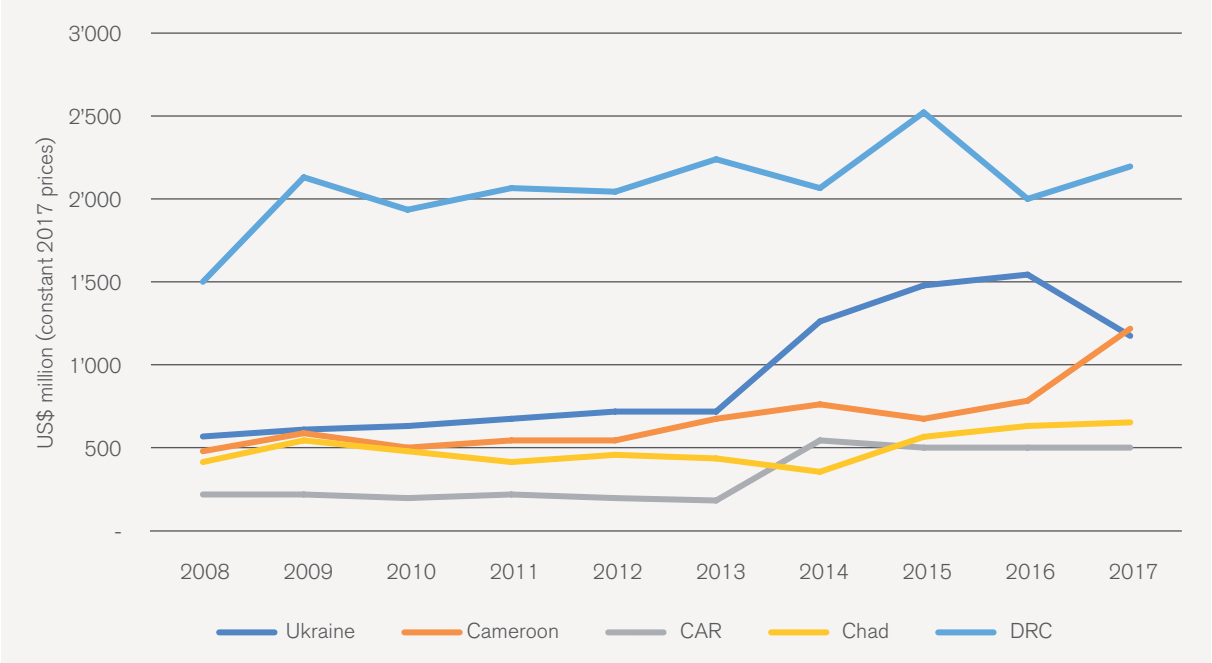
**The overall availability of ODA funding is not the most obvious problem, except for funding for humanitarian response.** In the middle-income case study countries, Cameroon and Ukraine, there was no obvious overall shortage. The challenges reported relate to prioritisation, targeting, coordination, the visibility of funds and questions about whether they are spent in the most effective ways.

In CAR, Chad and DRC, which are low-income countries, many actors did point to a lack of development funding, particularly targeting unstable areas. Others, however highlighted challenges on the demand side that limit the scope for programming and investment, including lack of government capacity, corruption and a shortage of quality fundable programmes.

In all of the case-study countries, there is active debate among development partners and humanitarian actors as to whether development funding has the right emphasis between support for the state and state-building, and support for programming which directly benefits people affected by crises such as basic service provision, social protection and community-based development and resilience.

**Development funding has increased in the case study countries, bringing new challenges and opportunities.** Funding levels have increased significantly in recent years in some of the case-study countries and remained relatively stable in others (see figure 1).

*Figure 1: Total ODA funding excluding debt for case-study countries 2018-2017*




Source: OECD DAC international development statistics, extracted 28 May 2019

Four qualitative changes relevant to the nexus were observed:

### 1 *Nexus coherence within donor institutions.*

Individual donor institutions typically have well-developed internal policies supported by coherent logic that link programming across the humanitarian, recovery, development and peacebuilding domains. Major development partners often described layering their internal funding instruments to achieve a degree of flexibility and coherence across a range of humanitarian, transitional, stabilisation and development priorities.

Some development partners in Ukraine have been able to adapt their existing programme portfolios to meet broader humanitarian, recovery, peacebuilding and development needs as the situation changed after 2014, drawing on a range of instruments (see boxes 2 and 3).

Many donors cited examples of achieving a degree of operational continuity across their separate instruments at the country level by referring partners across instruments to help facilitate transitions from humanitarian to medium-term objectives. Chad's Programme for Inclusive Development in Reception Areas (DIZA) was developed by the EU with design input from ECHO NGO partners to use EU Trust Fund for Africa (EUTF) funds for longer-term programming for displaced and host populations. It is a primary focus of cooperation between the EU's Directorate General for International Cooperation and Development (DEVCO), ECHO and AFD (Chad Case study – Culbert, 2018).

### 2 *Increased engagement of international financial institutions (IFIs), including through budget support.*

Multilateral development banks and the International Monetary Fund (IMF) are emerging as key actors in a number of settings with substantial resources and influence.

Direct budget support – both loans and grants - has increased significantly in some cases, particularly with the engagement of IM*F* and

**BOX 2**

**The EU institutions' funding instruments for programming across the nexus in Ukraine**

Within the policy framework of the EU's Joint Humanitarian Development Framework for Ukraine 2017-2020, the EU:

- Provides funding for short-term humanitarian needs, particularly in non-government controlled areas and along the contact line, through the Directorate General for European Civil Protection and Humanitarian Aid Operations (DG-ECHO)
- Provides stabilisation and early-recovery funding for activities including humanitarian demining, observance of human rights, income generation, social cohesion and strengthening local governance systems through its Instrument contributing to Stability and Peace (IcSP)
- Provides rapid supplementary funds for existing bilateral programmes, including the provision of residential accommodation for displaced people and support for public infrastructure, via the European Neighbourhood Instrument (ENI).
- Supports early recovery by financing investments in social infrastructure and public services via the European Investment Bank.

Source: EU, 2018

## BOX 3

### The German government's funding instruments for programming across the nexus in Ukraine

Germany's Federal Ministry for Economic Cooperation and Development (BMZ) has a long-standing development cooperation programme in Ukraine dating back to 2003, which focused on decentralisation and the promotion of national sustainable development priorities including energy efficiency. After the 2014 crisis, the German government scaled up funding through its existing development programming and drew on additional funding from its Transition Development Assistance instrument.

Germany's transitional funding is designed to bridge the gap between humanitarian and development funding instruments and programmes. It allows a much faster set-up than regular development programming, which may take months, even years to design and agree with government. The activities funded are different in sectoral focus from Germany's existing development investments and are focused on operational response rather than systems change or reform. Agreements are for three to five years. Both development and transition financing are programmed through Germany's implementing agencies, GIZ and KfW, which may implement directly or fund partners.

At the same time, the German Federal Foreign Office (FFO) has scaled up humanitarian programming with a range of UN, NGO and Red Cross partners at a level of around €20 million a year. FFO's humanitarian funding agreements are normally for 18 months to two years.

Source: Research interviews

the increased engagement of the World Bank and regional *institutions* such as the African Development Bank. For example, ODA to Cameroon grew significantly from $0.3 million in 2016 to $392 million in 2017, including $282 million from IMF (Cameroon Case study – Poole, 2019b). Budget support to CAR increased from less than *$500,000* in 2013 to $73 million in 2014, rising to $104 million in 2017 (CAR Case study – Culbert, 2019a). Ukraine agreed a new 14-month refinancing package worth $3.9 billion with the IMF in December 2018 to support a range of fiscal stabilisation measures and reforms (Ukraine Case study – Poole, 2019a).[18] IFIs have *also* significantly scaled up their engagement in Chad since 2014 in response to the country's fiscal crisis, including the provision of direct budget support (see box 4).

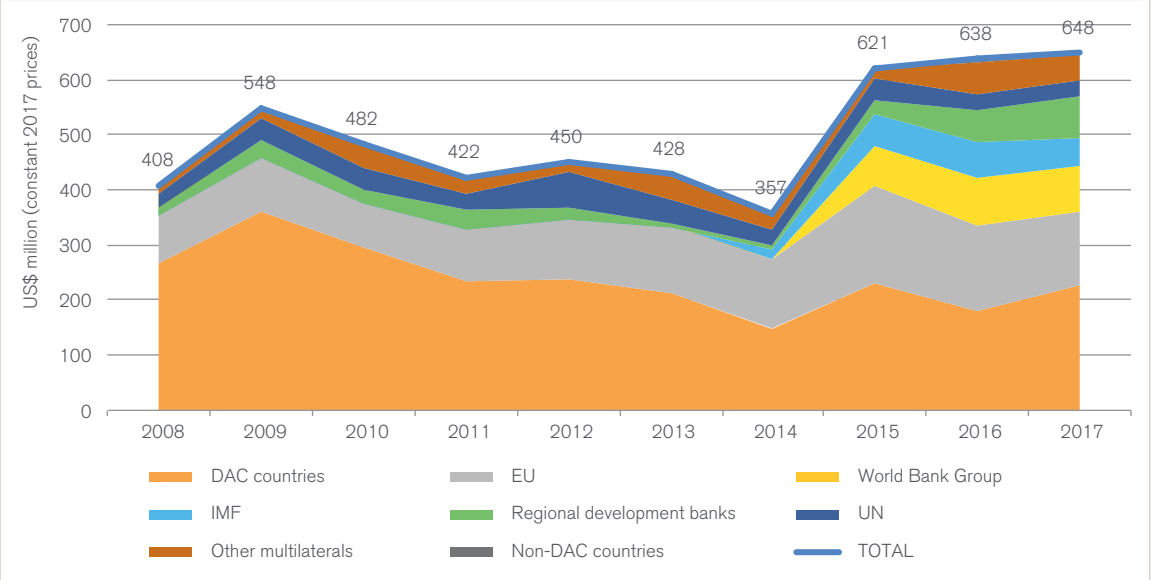
In each of the countries receiving significant budget support, governments are under considerable pressure to meet urgent financing

18 IMF agreed a loan to Ukraine with a value of $17.5 billion over four years in 2015 under its External Fund Facility to avoid debt default and provide liquidity to enable the government to continue to pursue fiscal consolidation and establish macroeconomic stability. IMF suspended the agreement in 2017 after half the funds had been disbursed. A new 14-month stand-by arrangement (SBA) was announced in December 2018 with a value of $3.9 billion and a stated focus on supporting government efforts in "(i) continuing the ongoing fiscal consolidation to keep public debt on a downward path; (ii) further reducing inflation, while maintaining a flexible exchange rate regime; (iii) strengthening the financial sector, promoting asset recovery, and reviving bank lending; and (iv) advancing a focused set of structural reforms, particularly to improve tax administration, privatization and governance". https://www.imf.org/en/News/Articles/2018/12/18/pr18483-ukraine-imf-executive-board-approves-14-month-stand-by-arrangement

## BOX 4

## The growing role of IFIs in Chad

*Total net ODA to Chad 2008 – 2017*




Total net ODA flows to Chad have grown rapidly since 2014 following a period of steady decline. The initial growth in 2015 was driven by OECD DAC member countries, but higher levels of ODA have been maintained primarily through IFIs' increased engagement.

The World Bank has scaled up its engagement with net ODA contributions increasing from less than $1 million in 2014 to $89 million in 2016.[19] It committed to further increase its investments in 2017 with an additional $1.1 billion over three years. The IMF also scaled up its engagement in Chad, providing new lending under its concessional trust funds from 2014, and the African Development Bank increased its net ODA contributions substantially from $2 million in 2014 to $78 million in 2017.

The composition and burden share of donors has shifted substantially as a result. DAC countries and the EU provided 77 per cent of total net ODA in 2014, falling to 56 per cent by 2017. The World Bank, IMF and regional development banks collectively provided seven per cent of total net ODA in 2014, rising to 32 per cent by 2017.

Source: Chad Case study – Culbert, 2018; OECD DAC International Development Statistics

19 Chad made a debt repayment of $475 million to the World Bank in 2015 which, offset against new grants issued by the bank, means its net ODA contributions were $75 million in 2015.

requirements including debt repayments and public sector wage bills, notably for security services. Meanwhile, expenditure on social sectors has been cut in several countries. IFIs in Chad, CAR, Cameroon and Ukraine are therefore playing an important role in providing liquidity at critical moments for governments struggling with internal political crises, fiscal shocks and competing demands on government resources.

IFI engagement provides a number of significant opportunities for attracting further financing and strengthening the enabling environment. The IMF's engagement in particular sends an important signal and assurance to other donors that a government's public finances are subject to international monitoring and guidance, and many donors will consider its presence a precondition for their own engagement (IEO of IMF, 2018). The IMF's confidence-signalling role in turn affords it considerable influence with governments keen to attract new funders. IMF uses its unique influencing position to drive fiscal and economic reforms to secure macroeconomic stabilisation.

The increase in budget support, however, presents challenges in terms of transparency, coordination and policy coherence, and the extent to which the additional resources are aligned with nexus priorities is not yet clear.

### 3 *A new generation of financing instruments, windows and streams.*

A number of major development partners have rolled out new financing instruments that provide increased flexibility and responsiveness to programme funds. These new instruments are linked to high-level policy commitments to increase spending and work differently in fragile settings, or to donor political priorities, and not to the more recent nexus policy paradigm.

These include the International Development Association (IDA)'s Refugee and Host Population sub-window, which is funding a large-scale durable solutions programme for host and refugee communities in eastern Cameroon with the government and in consultation with the UN Refugee Agency (UNHCR); Germany's Transition Financing window, which allowed rapid multi-year recovery programming in eastern Ukraine; AFD's new Minka Peace and Resilience Fund, which has financed several multi-year NGO-led resilience consortia in the Cameroon's Far North and East regions; and EUTF, which is focused on limiting migration and forced displacement and has flexible funding windows for resilience and stabilisation programmes in Cameroon and Chad (see annex 1).

This new generation of development funding in fragile settings has brought important additional injections of funding and novel operational collaborations that for many exemplify the nexus in action. Notable examples include the close collaboration between UNHCR and the World Bank on targeting, programme design and protection principles in Cameroon, and the new funding relationship between AFD, which partners primarily with governments, and NGO consortia in Cameroon under the Minka fund.

Some new instruments, however, have created new coordination problems. Funding decisions for global or regional instruments are not made in country and do not incentivise country-level prioritisation and coordination. Some are also strictly earmarked for specific thematic concerns, notably countering violent extremism (CVE) and migration. Contrary to aid effectiveness commitments to country ownership and aspirations to work toward Collective Outcomes, vertical accountability lines and earmarking drive fragmentation and incoherence in coverage.

Thematic funding instruments are also more likely to prove volatile at the country level because they are influenced by headquarters-level priorities, and programmes are in direct competition with programmes in other countries. Concerns were expressed in Cameroon that EUTF's priorities were likely to shift to higher-profile conflict settings, and that funding for existing programmes would not be renewed.

### 4 *Possible reduced appetite for national-level country-based financing mechanisms and the rise of issue and area-based programmatic collaborations and instruments.*

Early policy consensus on transition financing and development effectiveness in fragile states emphasised the role that multi-donor funds can play in supporting alignment with country priorities and systems, and national ownership and visibility, risk sharing, reducing coordination transaction costs and strengthening influence with partner governments (OECD, 2012). Large multi-donor trust

funds were established to support state-building and stabilisation objectives at major moments of political opportunity in countries such as Afghanistan, Somalia and South Sudan.

Multi-donor funds were not a prominent feature of the funding landscape in the country case studies, and there was limited appetite from donors to invest in their creation. In Ukraine, the conventional steps of a joint RPBA, a funding pledging conference and the establishment of a multi-partner trust fund were followed. Separate World Bank and UN windows were created, and activities were expected to included financing for infrastructure and social services, economic recovery, social resilience, peacebuilding and community security. Government approval proved protracted, however, and no contributions were made to the UN window, which has remained dormant. Contributions to the World Bank window were small and focussed on investing in government-led coordination capacity rather than large-scale recovery and peacebuilding programming. In Cameroon and Chad there are no dedicated financing instruments and no interest from major donors in creating them.

It is difficult to assess from these limited examples whether the lack of interest in new country-level financing instruments represents a wider pattern or trend. It is clear, however, that without sufficient donor interest and financial support, the return on investment and added value of country-level financing instruments is questionable.

Financing instruments and programmatic collaboration that support nexus approaches or priorities in the case-study countries have tended to be ad hoc experiments and adaptations driven from the country level or tailored to specific challenges. They often provide a centre of gravity for coordinated approaches and in some cases important leverage on key issues. They may also offer lessons and opportunities for scale-up. The Bekou Fund is the most active funding instrument of scale addressing early recovery in CAR, including in areas outside direct government control, and has succeeded in engaging the government in oversight and harmonising the approaches of various contributing donors.

The funding secured through the IDA Refugee and Host Communities sub-window for eastern Cameroon is significant and has enabled the World Bank to develop new programming approaches at scale. It has engaged both the government and UN agencies in programme design and implementation, and laid the foundations for a transition from humanitarian interventions to recovery, development and durable solutions for refugees. The volume of funds involved has also provided the World Bank with leverage to secure commitment from the government to put a protection framework in place that would in principle guard against future refoulement (Cameroon Case study – Poole, 2019b). There are many other examples across the case-study countries of smaller scale area, agency and issue-based collaborations, including large-scale joint programming by UN agencies and NGO consortia on thematic issues such as resilience and social cohesion.

Most of these instruments and programmatic collaborations do not currently operate at national scale and do not necessarily align with or support collectively agreed priorities. Given the apparently limited appetite to create new national-level instruments, international actors may have to accept and work with ad hoc area and issue-based instruments and collaborations. Efforts to influence and align existing instruments with new collectively agreed national-level priorities are also likely to be difficult. In CAR, for example, there is a proliferation of country-level instruments with various pooled funds, which many felt were not well coordinated. Efforts to streamline and align them under the RPBA framework have had little impact in practice.

**Multi-year humanitarian funding has increased but is insufficient to drive significant change.** The number of donors that provide multi-year humanitarian funding has increased since the establishment of the Grand Bargain commitments in 2015 (ODI, 2019 ). ECHO now provides 18-month programming in Cameroon and Chad and has global guidelines that allow for two-year programming as of 2019. The UK's Department for International Development (DFID) routinely

provides multi-year humanitarian grants, and Germany, the Netherlands and Canada increasingly provide multi-year humanitarian financing at the country level. Norway and Sweden continue to provide multi-year framework agreements at the organisational level and are experimenting with multi-year programme-based funding at the country level.

One notable example that supports nexus approaches is the programme-based approach (PBA) applied through NRC's two humanitarian framework agreements with Norwegian Ministry of Foreign Affairs (NMFA) and the Swedish International Development Agency (Sida). PBA has given NRC the flexibility to respond and scale up responses to unforeseen crises in new areas of operation in DRC, and to initiate activities that have failed to attract donor support. Its use of PBA to initiate early recovery activities also encouraged donors to allocate additional funds (NRC, 2018).

The vast majority of humanitarian funding at the country level, however, remains short-term. There is far too little multi-year funding to make a significant difference to programming and organisational efficiency.[20] Even where organisations are receiving multi-year funding, in reality programme design often remains annual and results-based rather than transformative and demonstrating improved results over extended time periods. A number of donors expressed disappointment at this failure to deliver an improved programming return on multi-year investments, and in some cases had reverted to annual funding. Some humanitarian donors also flagged concerns about the downsides of multi-year humanitarian funding, including loss of flexibility when circumstances change. There are risks that the modest gains in multi-year humanitarian funding could be at least partially reversed.

Some organisations have alternate coping mechanisms in the form of global-level multi-annual framework agreements - notably with Sida and NMFA - and core funding, which enable them to achieve a degree of funding predictability and cover gaps. Some multi-mandate actors have succeeded in securing development funding, which is more often multi-year and may be substantial in volume, providing predictability at the organisational level. NGOs in Cameroon, for example, lead a number of resilience consortia funded by AFD and EUTF. There are, however, significant variations in funding quality across different types and size of organisation. Some rely heavily on short-term humanitarian funding and in some cases face existential funding crises as a result.

**The availability of multi-year flexible humanitarian funding is a secondary concern to absolute funding shortages.** The latter are driving an aggressive prioritisation of funding toward the most acute needs. The HRPs for Ukraine, Cameroon and CAR are all underfunded and funding is strictly geographically focused and targeted toward life-saving short-term programming.[21] In Cameroon, for example, the UN's Central Emergency Response Fund (CERF) has played a significant role in funding the humanitarian response with allocations every year between 2012 and 2018. CERF funding is by nature short-term, with implementation periods of up to six months for rapid response allocations and nine months for underfunded emergency allocations. These absolute shortages of funding frustrate aspirations humanitarians might have for longer-term programming.

**A principled argument remains for ring-fencing humanitarian funds as part of a coherent response.** In a coherent response across the nexus, meeting the needs of people affected by

20 Organisations interviewed typically received less that 10 per cent of their humanitarian income as multi-year funding.

21 In CAR for example: "As there are never sufficient funds to cover humanitarian needs, there is pressure to limit the type of activities included under the HRP to essential emergency services. This leaves little space for early-recovery activities that might be considered Nexus programming – pushing project formulation under UNDAF frameworks." (CAR Case study – Culbert 2019a)

crises sits alongside a range of other priorities and interests, and there is a risk of humanitarian concerns being minimised. In Ukraine, for example, there is currently no indication of a political solution to the crisis, which means a principled humanitarian response in non-government controlled areas is likely to be necessary for the foreseeable future. There are however also political and practical barriers to longer-term programming in these areas, and disincentives to maintain visibility of the crisis narrative (see box 5). The humanitarian element of the response is already underfunded and on a downward trajectory, and there are a range of temporal, sectoral and geographic gaps. Humanitarian actors have successfully argued for a pooled fund to support impartial needs-based allocations and rational coverage of needs, and to maintain visibility of the crisis response to global funding decision-makers.

## 2.4 FINANCING STRATEGICALLY TO SUPPORT NEXUS OBJECTIVES

The use of funding and financing across the nexus has not been considered to any great extent in the case-study countries. There are significant unexplored opportunities to use financing to incentivise support for priorities and promote collaborative action.

**The role of funding was not considered during the development of Collective Outcomes in the case-study countries.** None had developed a costed set of prioritised activities, identified sources of financing or recommended new instruments, and there is no evidence that the Collective Outcomes process has influenced funding volumes or prioritisation at this stage. This contrasts with RPBAs, which involve costing

### BOX 5

### Fundraising "marketing problems" in middle-income crises

Ukraine and Cameroon face challenges in mobilising resources for humanitarian responses. Both crises are considered a "hard-sell" to donors at the global level, who have to weigh priorities across crises and with limited funds are likely to prioritise low-income and/or highly insecure settings where acute needs are most visible. Cameroon's humanitarian financing requirements typically compete poorly against the connected and higher-profile crises in neighboring Nigeria and CAR.

There are also political dimensions to the challenge. The humanitarian community in Ukraine has adopted a narrative of a "forgotten crisis" in an effort to increase visibility and hopefully funding. In order to retain favourable global credit ratings and attract much-needed foreign investment, the government for its part needs to ensure confidence in its ability to manage the crisis. This may make the forgotten crisis narrative an uncomfortable one for it. The Cameroonian government is similarly reluctant to promote a crisis narrative for the situation in the North West and South West regions.

Donors are also aware that Ukraine is a middle-income country with established social services, and that its current economic and financial difficulties notwithstanding, the government could in principle choose to address more of the needs. Cameroon is also as a middle-income country and could in principle meet many of the current humanitarian funding requirements and address some of the drivers of risk and vulnerability in marginalised regions. In these circumstances, donors do not want to substitute for or disincentivise government responsibilities, or undermine public perception of the state as primary duty-bearer.

Source: Ukraine Case study – Poole, 2019a; Cameroon Case study – Poole 2019b

exercises, analysis of funding availability and gaps, and in some cases the establishment of dedicated coordination and accountability structures and mechanisms and donor conferences.

**It is not clear where priorities and gaps lie, which means funding cannot be targeted effectively.** It is currently very difficult to determine where funding gaps exist, but anecdotally there was a consensus that they are in key areas between humanitarian and longer-term development funding for recovery, resilience and strengthening the capacity of local institutions. Without agreed funding priorities and with limited country-level instruments, there are real challenges in directing funds toward gaps and priorities and in ensuring funding coverage and continuity.

The general pattern in the case-study countries was one of ad hoc pockets of programming with insufficient funds over implementation periods of three to five years, which are too short to deliver real change. This problem is compounded by the fact that these types of activity often fall between humanitarian and development planning and coordination systems, and are in many cases funded by donor instruments and windows where decision-making happens at the regional or headquarters level.

**Delivering outcomes across the nexus requires a commitment to substantial resource investment, potentially over extended periods.** Planning frameworks and projects are often pegged to three to five-year periods, but in reality donors and implementers should expect to remain engaged for several cycles if they are to deliver on aspirations to reduce vulnerability and end needs, and if they are to benefit from the return on investment in experimentation, learning and refinement that takes place within ongoing resilience and system-strengthening programmes. This in turn should inform replication and scale-up.

Resilience programmes supported by the EU and AFD in Cameroon are still in the relatively early stages of development, but partners anticipate that significantly longer implementation periods will be required to enable experimentation, feedback, adaptation and the delivery of lasting change. The programmes are also tightly circumscribed geographically, meaning that without further investment in scaling they will at best deliver islands of improvement.

Shifting from narrower needs and status-based humanitarian responses to community-wide vulnerability-based approaches that seek transformative outcomes requires a different order of resource investment and timeframe. Efforts in Cameroon to shift from status-based assistance for refugees from CAR to vulnerability-based targeting that includes host communities have proved difficult, though resilience and development programming are already lined up to facilitate the transition. The World Bank's support for the refugee hosting regions is also a good example of investing a substantial sum to allow a programme a decent shot at success. Key elements build on existing programmes that have already benefitted from years of design, negotiation and refinement, including the National Programme of Participative Development (PNDP) and the World Bank's performance-based health programme.

**Mobilising funds beyond ODA is not systematically considered, meaning opportunities for policy coherence are missed.** The feasibility of mobilising non-ODA financing is highly variable depending on the income status, structure and functionality of the economy. In Cameroon and Ukraine, both lower-middle income countries, a transition to predominantly government-financed response can be envisaged in the medium-term, in which ODA plays a targeted role and private flows complementary roles. The costing exercise for Cameroon's RPBA, for example, concluded that money was not a major constraint and that, with additional support already anticipated from international actors, the government could meet the estimated financing needs. It is important to acknowledge the reality of political constraints, but influencing government budgetary allocations has significant potential to meet a large proportion of nexus financing requirements in some settings, and should be a collective high-level policy priority. [22, 23]

In low-income settings with low revenues, poorly diversified economies and difficulties in attracting private capital investment - as in CAR, Chad

and DRC - mobilising additional domestic and international financing for work across the nexus, whether public or private, is often not a realistic proposition in the short or medium-term. In CAR, for instance, continued instability and infrastructure damage profoundly affect prospects for economic growth, and the recovery of government revenues to already low pre-crisis levels is seriously curtailed, given that opposition forces control large areas of the country and important revenue-generating industries. In such settings, concessional international financing is often the only flow to demonstrate a counter-cyclical effect in times of crisis, playing a vital role in fiscal stabilisation and meeting the basic needs of vulnerable people.

Despite variations in the feasibility and timeframes for mobilising non-ODA resources, there are strong arguments for considering the full range of potential financing resources. Even in settings with serious governance and economic constraints, targeted investments in policy reforms, capacities and enabling environments can help to lay the foundations for economic growth, improved revenue generation and management in the future.

There are also many immediate legal, policy and capacity bottlenecks that hinder progress against nexus priorities. Operational actors noted a range of examples of their programming encountering challenges that were only possible to resolve through policy decisions, reforms and investments at the national level. One NGO in Ukraine described struggling to achieve uptake for their business start-up loans because they were conditioned on payment of official taxes, which meant that turning a profit was not viable. Other actors in Ukraine explained that many among the affected population were pensioners who were not good candidates for sustainable livelihoods programmes. They require a pension that covers the real cost of living. Tax and pension reforms are beyond the scope of influence of operational NGOs and there is clearly a need for coherence between operational programming, policy reform and investment prioritisation at the national level.

There are indicative examples among the case-study countries of more strategic and comprehensive approaches to mobilising and managing financing to support development priorities. With support from the UN Development Programme (UNDP), Cameroon recently completed a development financing assessment (DFA) which identifies a range of opportunities for further exploration to mobilise financing from public and private sources. These include improved revenue collection and management, the potential to develop diaspora investment bonds and Islamic co-financing for economic development programmes with young entrepreneurs in Far North region.[24]

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22 The Ukrainian and Cameroonian governments' willingness and political space inhighly contested landscapes to alter budget allocation patterns, disrupt patronage systems and invest in reforms that could curtail the economic influence of powerful actors is a very real constraint. Since completing its RPBA, Cameroon has held elections and the crisis in the North West and South West has escalated. A year after its formal adoption, the government is still to sign the RPBA accountability framework or adjusted budget allocations.

23 The first priority recommendation of IOM's recent study on operationalising HDPN is the need to establish national policies and legal frameworks that will address the root causes of crises and underpin sustainable financing solutions: "Governments should work to generate and then seize the political opportunities, for adopting dedicated laws to deal with protracted humanitarian crises in order to allocate the resources necessary to deal with the needs of the affected populations in a sustainable way." (IOM, 2019).

24 DFAs have made similar recommendations in other fragile settings: "Sierra Leone has a large overseas diaspora which remains engaged with the country's development and holds significant financial and human resources that can be leveraged to support national development. Formal remittances totaled nearly US$50 million in 2017. There are opportunities to deepen engagement with the diaspora through mechanisms such as diaspora bonds. Diaspora bonds have been used by a growing number of countries as a mechanism to access longer-term, lower cost financing for strategic development projects. The government can take steps to scope and lay the groundwork for the creation of a diaspora bond programme that provides a new source of financing for investment in the national plan." (UNDP, 2019 forthcoming).

## BOX 6

### DFAs in crisis-affected settings

The Integrated National Financing Frameworks (INFFs) envisaged under the Addis Ababa Action Agenda give governments a key tool to mobilise and manage public and private financing to deliver on their national development plans within a single coherent framework. UNDP developed the DFA tool to support partner countries as a step toward conducting a full INFF.

DFAs build a comprehensive baseline picture of public and private financing, and the policies, institutions and partnerships in place to support financing for sustainable development. They include a process of dialogue and consultation among a wide constituency of actors at the national level about financing for sustainable development, through which they build consensus on steps to be taken to strengthen it.

DFAs take place at governments' request, and initial demand came from more stable settings. More recently, DFAs have taken place in fragile and crisis-affected settings including Liberia, Sierra Leone, the Solomon Islands and Timor-Leste.

Source: UNDP, 2019 (forthcoming); UNDP Asia Pacific Development Effectiveness Facility (undated) and research interviews

The findings of the Cameroon DFA have wide-ranging influence. They will be incorporated into the next iteration of the government's national development plan and are already influencing the design of programmes and policy messages, including on socially and environmentally sensitive private sector investment. DFAs also identify gaps in data, statistics, policies and legislation, and stimulate dialogue on financing between international and national actors in both the public and private sector (see box 6).

A joint mission to CAR including regional and headquarters experts from OECD, UNICEF, OCHA, UN Volunteers and WFP in 2017 researched the possibility of drawing on OECD's tools and approach to develop a financing strategy in support of a proposed Recovery Acceleration Framework (INCAF, 2018; Poole & Scott, 2018). It identified a range of opportunities and recommendations to mobilise international and domestic financing, both public and private, to support stability and recovery. It also identified opportunities to improve the international aid architecture, governance and coordination functions (INCAF, 2018).

A full financing strategy at the country level has not yet been developed, but the example demonstrates that even in institutional settings with significant resource and capacity constraints and ongoing conflict and humanitarian needs, it is possible to identify strategic and coherent approaches that link financing to results that go far beyond resource mobilisation.

# 3. CONCLUSIONS AND RECOMMENDATIONS

There is significant political support and goodwill across all levels of the humanitarian, development and peacebuilding constituencies towards the aspiration to work more collaboratively to reduce needs and vulnerability during and after crises. How the nexus will work in practice, however, remains far from clear. Funding and financing tools, instruments, policies and approaches have not yet had time to adapt to this new policy agenda and findings on the current status of financing across the nexus represent the baseline. This is an opportune moment to consider the strategic role financing should play, not just as a source of funding for projects and programmes, but rather as tool to enable and incentivise behaviour and outcomes across the nexus.

Recommendations focus primarily on the role of financing. In order to reach a clear set of priorities for improving financing, however, many conceptual and operational aspects of nexus approaches must be agreed, including appropriate levels of ambition, leadership, coordination, and accountability measures. The recommendations therefore span conceptual and operational issues and opportunities to improve financing in support of nexus aspirations at both the global and country level.

## GLOBAL LEVEL

### 1. DEFINE THE SCOPE AND PURPOSE OF NEXUS APPROACHES

A clear definition of the scope and purpose of nexus approaches is required. Currently, the double nexus focusses on better linking and sequencing of humanitarian and development programming. The triple nexus, however, has a far broader scope and includes addressing the root causes of risk and vulnerability including conflict and climate-related risk. The triple nexus requires simultaneous action at multiple levels and a far broader constituency of actors.

The roles and responsibilities of governments, the UN system and bilateral and multilateral financing actors also need to be clearly defined in line with the agreed scope of the nexus. In particular, the role of government in leading, financing, and being held accountable for nexus approaches should be clearly stated. The strengthened Resident Coordinator is the logical site of leadership for international actors, but the limits to the influence and capacity of this function should also be acknowledged. In practice the RC/HC may play a pragmatic convening and facilitating role alongside key influential actors on a context by context basis.

The distinct purpose, principles, fields of action and comparative advantages of humanitarian, development and peacebuilding actors should also be clearly asserted. Points of divergence should be duly acknowledged, including different targeting criteria and levels of engagement. Limits to the potential to deliver reductions in needs in the absence of government commitment and in the absence of peace should be made clear to avoid unrealistic expectations.

### 2. PROVIDE COUNTRY TEAMS WITH ADEQUATE GUIDANCE, TECHNICAL SUPPORT AND RESOURCES.

Guidance is needed on how nexus approaches should fit with existing planning, prioritisation and resource mobilisation processes.

Serious consideration should be given to whether top-down approaches or organic context-driven

collaborations for specific problems or locations are appropriate. In this case, support should emphasise fostering and incentivising collaboration and complementarity, and supporting the scale-up of initiatives that demonstrate results.

If separate planning and prioritisation are required, their purpose and added value should be clearly defined, responsibilities assigned, and resources provided. Country teams require specific technical support to develop coherent nexus approaches, particularly in developing financing strategies.

### 3. ADDRESS THE STRUCTURAL GAPS AND DISINCENTIVES TO DONOR COORDINATION

Donor coordination in crisis-affected and fragile settings has long been recognised as problematic and inadequately addressed by successive waves of aid effectiveness reforms, including the New Deal. The fragmentation of instruments and hardening of donor commitments to pursue national policy priorities have increased in recent years, and the use of country-level financing instruments to strengthen coordinated responses does not appear to have counterbalanced these trends.

The DAC recommendation clearly states that "a more coherent and coordinated effort that strengthens complementarity across the "nexus" must involve a central role for OECD-DAC members in their collaboration with the multilateral system" (OECD, 2019). It also provides strong commitments and measures to hold donors accountable against them, including through DAC peer reviews.

With the exception of the DAC recommendation, there is little discussion at the global policy level of practical solutions to ensure a more coordinated donor response across the nexus.

Constructive dialogue and practical solutions are needed at the global policy level to address country-level gaps in the current coordination architecture and disincentives to coordinate. The multilateral system and pooled financing mechanisms should be used more effectively to counterbalance competing country-level and development-partner priorities.

### 4. AGREE GLOBAL-LEVEL COMMITMENTS TO POLICY COHERENCE AND DO-NO-HARM APPROACHES TO ACCOMPANY THE SCALING-UP OF IFI ENGAGEMENT IN CRISIS-AFFECTED SETTINGS

The increased engagement of IFIs, notably the World Bank and IMF, in crisis-affected settings presents many opportunities, not only in terms of increased volumes of financing, but also greater analytical capabilities and influence with governments. This increased engagement should be coherent with and support nexus approaches. Care should also be taken to ensure it does not inadvertently risk doing harm by promoting policies and spending decisions that might drive inequality, reduce social expenditure on the poorest or increase environmental risk.

Greater high-level commitment to principled engagement and to do no harm are required, backed up by practical commitments to engage with a wider set of actors to ensure policy coherence, and investments in the capacity to analyse and monitor risk.

### 5. PROVIDE ENOUGH FUNDING WITH ENOUGH FLEXIBILITY TO SUCCEED OVER REALISTIC TIMEFRAMES

Delivering system-wide change, strengthening capacities, improving resilience and reducing risk and vulnerability in unison is unlikely to be achievable in crisis-affected settings over a three to five-year timeframe.

Donors should expect to support programmes seeking transformative outcomes across multiple funding cycles. They should also engage early to secure funding continuity, including making provision to hand over to governments or other funders, and support the scale-up of programmes that show promising results. They should provide enough flexibility for partners to learn, adapt, stop things that don't work and scale up those that do.

New instruments are being mooted and trialled that have the potential to mobilise private investment, including remittances and Islamic social financing for large-scale programming and financing needs. These experiments should be adapted and prioritised for testing and scaling up in crisis-affected settings.

## COUNTRY LEVEL

### 1. INVEST IN THE ENABLING CONDITIONS OF A COHERENT RESPONSE

Country-level actors who lead prioritisation processes and coordination efforts have limited influence and tools to mobilise resources and stakeholders behind collectively agreed priorities. Investments should be made in reducing some of the barriers to a more coordinated response at a very practical level.

Shared analysis is a key enabler of collaborative approaches. Investing in a robust and comprehensive evidence base, including evidence on vulnerability and risk, will help to ensure that prioritisation is based on a common understanding. Evidence requirements and the most appropriate systems and actors vary by context. They may be a combination of independent actors, those within the multilateral system and governments.

The workload associated with coordination across the nexus is largely unfunded outside the humanitarian community. Investments in gathering information, including on who is doing and funding what and where, and the identification of geographic, sectoral and temporal gaps, would help to improve evidence-based decision making and rational coverage of priorities. Investing in practical day-to-day coordination work would also help to reduce the transaction costs for individual participants. This includes relationship building, communication and information sharing.

Among international actors, RCO is the logical site for investment in information management and coordination across the nexus. It should play a greater role in monitoring gaps and risks, including the risk of doing harm, and do more to advocate for principled and needs-based approaches. Donors should also continue to provide practical support for government actors' coordination functions at the national and sub-national levels.

Mechanisms to identify and advocate for the coverage of gaps between humanitarian and development planning and coordination systems represent an outstanding challenge. There may be opportunities to use existing investments in the cluster system, which is already adapting to medium-term programming, and in technical working groups to flag up gaps and challenges pending agreement on the most appropriate coordination and monitoring mechanisms for nexus approaches.[25]

### 2. DEVELOP FINANCING STRATEGIES TO ENSURE POLICY COHERENCE, SEQUENCING AND THE IDENTIFICATION OF RESPONSIBILITIES

Financing strategies are a important tool in aligning the support required to deliver results. They should be used to map funding and financing against agreed priorities, and to develop a sequenced timeline and division of labour for different types of financing and actors. Embarking on a financing strategy can be a useful means of facilitating dialogue across the domestic, international, public and private sectors to identify spending and policy reform priorities, and targets for investments and influence for international actors. Even in situations of ongoing conflict and humanitarian needs in which institutional resources and capacity are highly constrained, it is possible to agree a strategic and coherent approach to linking financing that goes far beyond resource mobilisation.

25 In Ukraine, the early recovery cluster was folded into the food security and livelihoods cluster in 2018, and the WASH cluster increasingly focusses on infrastructure.

### 3. CREATE SPACES FOR DIALOGUE ON FINANCING TO ENABLE POLICY COHERENCE AND FOR DISCUSSION OF RISKS, GAPS AND THE POTENTIAL TO DO HARM

Building on financing strategies and diagnostic work to identify priority areas for investment and reform, spaces for ongoing dialogue are required at the country level to ensure that policies are coherent and that major risks, gaps and the potential to do harm are not overlooked. The most appropriate configuration of actors will vary according to context, but should include major development financing actors, such as IFIs engaged in economic and fiscal reforms, and key coordinators with oversight of vulnerability, needs, protection concerns and contextual risks.

### 4. USE FUNDING AS A CENTRE OF GRAVITY TO INCENTIVISE COLLABORATIVE APPROACHES AND BRING SUCCESSFUL PROGRAMMING TO SCALE

When priorities are identified at the country level, financing should be mobilised to support these at scale through pooled funding mechanisms and multi-donor support for programmes and implementing consortia. Many successful sector, thematic and area-based programmes are emerging. These require sustained investment, learning, adaptation and increased funding to scale-up.

Opportunities to link reforms proposed under the new UN Funding Compact, including the commitment to increase contributions to pooled funds, should be identified to improve the UN system's ability to work more effectively across the nexus.

Invest in institutional capabilities to design and deliver better programming

Donor capacity to invest is impeded by a limited pipeline of quality fundable programmes. The capacity of staff at the country level to design and deliver transformative programming was often felt to be limited. Donor reluctance to fund poor quality interventions has contributed to a scaling back of predictable and flexible funding opportunities in some cases. Substantial investments in the quality of programme design, effective delivery and learning are required to fulfil aspirations to deliver transformative outcomes.

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# ANNEX 1. GOOD PRACTICES IN FUNDING ACROSS THE NEXUS

Many examples were cited of donors adapting their institutional rules and funding windows to achieve coherent, sequenced and consistent financing.

There are a number of ongoing initiatives to increase coordination between donors, promote transition between humanitarian and development windows and increase multi-year contracts in Chad. They include:

- **ECHO two-year contracts.** ECHO plans to extend its timeframe for contracts to 24 months. It will also be possible to combine funds between two subsequent Humanitarian Implementation Plans in a single contract. This is a global change that could have a significant impact in Chad, which has the largest ECHO portfolio in Central and West Africa.

- **Coordination between humanitarian and development donors (ECHO/DEVCO).** The DIZA programme is a leading example in Chad of humanitarian and development partners working to achieve a smooth transition through nexus modalities. It was designed by the EU with ECHO's assistance, based partially on the work of previous ECHO NGO partners working with displaced people and host populations in the east and south of the country. The DIZA funding channel through EUTF is structured to allow for a shorter inception phase than standard EU/DEVCO channels.

- **Twinning Initiatives (PARCA and DIZA).** The World Bank has designed its support project for refugees and host communities (PARCA) to broadly reflect the DIZA programme. PARCA will be implemented by the Chadian government, but it was initially developed with significant UNHCR input. Activities are similar across the two projects.

- **Mutual Reliance Initiative (MRI).** MRI is a standardised administrative process that allows donors to move funds between their respective agencies. It means that one lead donor is able to take the lead on a project without the need for various layers of contracts. MRI was initially developed by the European Investment Bank (EIB), AFD and the German development bank KfW. The EU has since undertaken a similar process, and GIZ has started to work on joining the network. AFD also plans to use the mechanism to support DIZA, extending the implementation period from three to five years.

A number of major development donors - notably France, the World Bank and the EU - have undertaken a range of measures to adapt their engagement to the changing situation in Cameroon, recognising growing fragility and the need to target crisis-affected areas, and drawing on global-level instruments to leverage additional funding for them.

## BOX 7

## AFD's changing approach to engagement in Cameroon

Cameroon is a major recipient of French aid. France funds activities across almost all sectors with an emphasis on infrastructure. Loans make up roughly half of its bilateral aid. It also supports Cameroon through its debt reduction development contract (C2D), which is designed to reduce recipient countries' external debt by converting completed repayments into the equivalent amount in ODA grants for mutually agreed poverty reduction programmes. C2D funding in Cameroon typically targets the health and education sectors.

France channels the majority of its assistance through the central government on the basis that sustained engagement with government is necessary to address structural issues. It has, however, also made efforts to develop programmes sensitive to fragility. In 2014 it worked with the government to develop a window in PNDP to allow the funding of microprojects and labour-intensive works identified by communities in the Far North. It mobilised an additional €10 million to finance these activities.

At headquarters level, AFD has developed its institutional capacity to engage in fragile settings with new tools and financial instruments. France launched the Minka peace and resilience fund in 2017, financed to the tune of €100 million annually, expected to rise to €200 million in 2019, mobilised through a financial transaction tax and focussed on operations in the Sahel, Middle East, CAR and countries in the Lake Chad region.

Cameroon currently draws funds from the Ga Songo initiative for CAR and the Kouri initiative for countries affected by the Boko Haram crisis. The Ga Songo initiative targets a range of root causes of insecurity in CAR including social and geographic inequalities, corruption, diversion of natural resources and endemic insecurity. It mobilised €40 million for 2017 to 2021. AFD contracts NGO consortia to deliver an integrated cross-border programme led by Action Against Hunger (ACF).

The Kouri initiative focuses on reducing inequality in affected regions, including the provision of public services, strengthening food security and natural resource management, and supporting the socioeconomic integration of youth. In Cameroon, AFD funded an NGO-led consortium to deliver an integrated programme including activities supporting local authorities, civil registration, land access, consultations between farmers and pastoralists and income generation in the Far North, with a value of €12 million for four years starting in 2019.

Accessing Minka and EU funds has crucially given AFD the opportunity to fund non-governmental partners in Cameroon, to contract and programme funds relatively quickly, and to focus on community-level resilience and social cohesion activities.

Sources: Research interviews; https://www.afd.fr/en/minka-peace-and-resilience-fund

## BOX 8

## The World Bank's changing approach to engaging in Cameroon

The World Bank Group's Systematic Country Diagnostic published in 2017 identifies addressing fragility, conflict and climate-related risk as key to its strategy in Cameroon.

Its first focus under its 2017 to 2021 Country Programme Framework (CPF) includes significant emphasis on concrete programming at the local level to "address multiple poverty traps in rural areas with a focus on northern regions". Within these national programmes, the poorest regions and vulnerable groups - including those displaced by violence, girls and youth - are given particular emphasis. Results are focussed on "building resilience in the face of fragility, conflict, and changing climate conditions".

The World Bank Group has refocussed its programming accordingly toward the poorest regions and populations, with a focus on the Far North, and has drawn on supplemental funding to address specific concerns in regions that host refugees.

The World Bank team in Cameroon was the first to apply to the new global-level funding window created under the International Development Association's 18th replenishment (IDA18) for refugees and host populations. It secured a substantial envelope of $130 million in grant funding for a large community development programme in regions that host refugees. The programme will be implemented through PNDP, in which the World Bank has already invested years of development and support.

The programme is in the development stage but represents a significant shift toward inclusive and longer-term solutions for regions that host refugees. It targets on the basis of vulnerability rather than status and works with local authorities to develop participatory prioritisation processes, encouraging them to consider the inclusion of refugees in prioritisation and decision-making.

The IDA18 programme has forged new partnerships and approaches to ensuring principled responses, and UNHCR has been closely involved in its technical and policy development. The disbursement of funds is contingent on the government agreeing a protection framework and providing a letter of commitment to a range of international laws, to be assessed by UNHCR.

The World Bank is continuing its support for social safety nets and labour-intensive public works programmes in Far North, North, Adamawa, North West and East, plus 5,000 urban households in Yaoundé and Douala, with a view to scaling up after 2019.

The second and third CPF priorities focus on more typical national-level development priorities such as "fostering infrastructure and private sector development" and "improving governance", including support for reforms in public expenditure management. In support of the focus on market creation in Cameroon, the International Finance Corporation (IFC) is eligible to apply to IDA18's private sector window for fragile and conflict-affected regions.

Sources: Research interviews; World Bank Group (2017); World Bank (2018)

## BOX 9

### Additional EU funds for Cameroon

EUTF for Africa was launched at the Valetta Summit on Migration in November 2015 with a primary focus on coordinating responses to "the diverse causes of instability, irregular migration and forced displacement".

It currently funds a total of €40.3 million across four projects in Cameroon, of which €20 million is focussed on resilience activities, €17 million on economic and employment opportunities and €3.3 million on improved migration management. Projects include:

€10 million channelled through AFD to expand its pilot programme with PNDP's intensive public works programme in 11 Far North communes from September 2016 to June 2019.

€7 million to GIZ for resilience programming in Adamawa, North and Far North between September 2016 and December 2019. GIZ's programme targets 5,000 "vulnerable youth" with cash-for-work activities, training and start-up livelihood activities through a range of partners, including international and national NGOs.

€20.4 million for resilience programming between July 2017 and July 2020 in Adamawa, North and Far North, made of €7.4 million for the Dutch NGO SNV for its Project for Reinforcement of Resilience for the Populations of Northern regions of Cameroon (PRESEC) and €13 million for ACF for its Programme for Economic Recovery, Social Inclusion and the Fight Against Food and Nutritional Security in Northern Cameroon (RESILIANT).

€3.3 million for IOM to strengthen the government's management and governance of migration, return and reintegration between June 2017 and June 2020.

Source: Research interviews; https://ec.europa.eu/trustfundforafrica/content/about_en ; https://www.giz.de/en/worldwide/66884.html

# ABOUT THE STUDY

## WHERE WE ARE COMING FROM

- Aiming to **increase aid effectiveness** through more effective financing mechanisms
- Evaluating how **strengthened humanitarian-development collaboration** supports fragile contexts and protracted crises
- Determining how humanitarian and development **financing mechanisms are adapted** to country plans and situations on the ground

## OBJECTIVES

- Document the extent to which **predictable, multi-year, flexible financing is made available** at the country level and how such financing supports collective outcomes
- Identify country level **opportunities for improvement**
- Produce a paper **translating crosscutting learning into recommendations** for global policy discussion with decision makers and practitioners

## HOW?

This study pairs desk reviews with field visits, interviewing key stakeholders, in order to map and analyse existing humanitarian and development funding flows and mechanisms in each of the countries. It also draws on interviews at the global level in order to identify opportunities for improvement and translate cross-cutting learning into recommendations for the global policy discussion.

## WHERE?

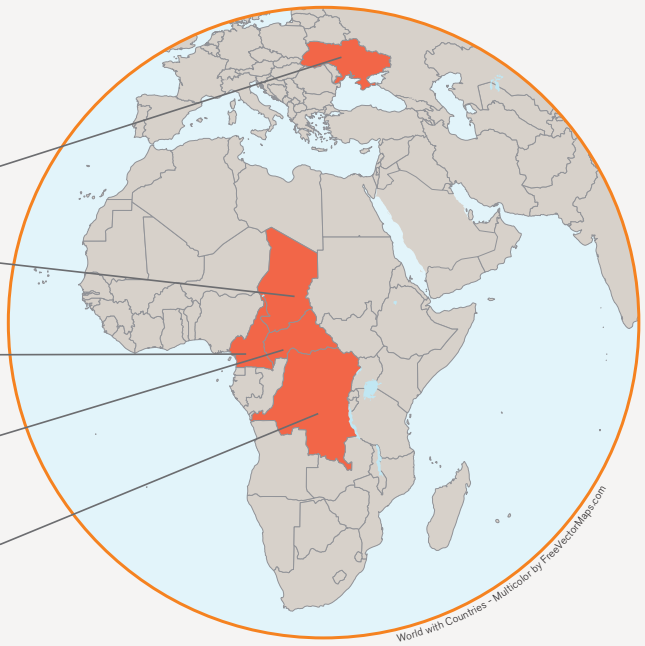
Ukraine

Chad

Cameroon

Central African Republic

Democratic Republic of the Congo



This study, written by Lydia Poole with Vance Culbert, was commissioned by FAO, NRC and UNDP. A steering group composed by OECD, World Bank, OCHA, ICVA and FAO, NRC and UNDP has overseen the implementation of the initiative and contributed with inputs.

The full study, including country specific reports, is available here:

www.nrc.no

www.fao.org

www.undp.org

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