



Food and Agriculture
Organization of the
United Nations



NORWEGIAN
REFUGEE COUNCIL



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?

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.

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?

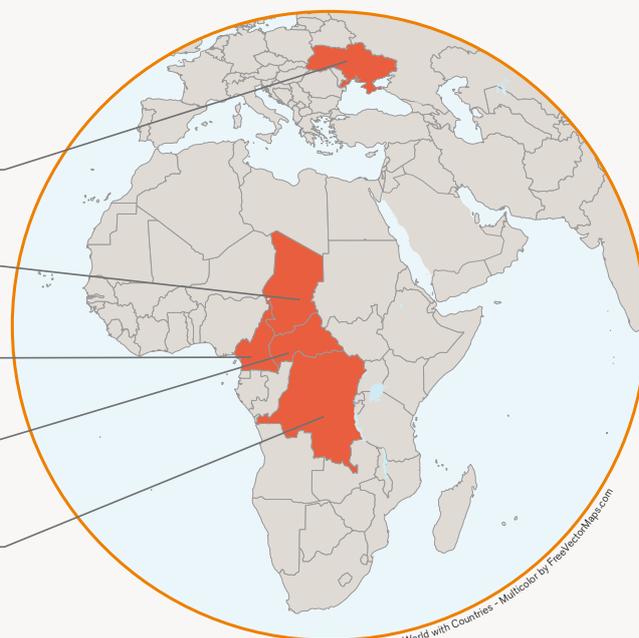
Ukraine

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

CONTACT:

Norwegian Refugee Council

nrcgeneva.policy@nrc.no

Food and Agriculture Organization of the United Nations (FAO)

FAO-LOG@fao.org