

# Financing the Humanitarian-Development-Peace Nexus

With the support of partners, the UN Multi-Partner Trust Fund Office has designed and is operating a new generation of pooled funds that are bridging the humanitarian-development financing divide. These flexible instruments are demonstrating that well-designed pooled funds can quickly pivot when faced with rapidly changing conditions on the ground. They combine, blend and sequence development, peace and humanitarian funding streams. They improve cost-efficiency, transparency and collective outcomes not only by pooling resources and delivery systems, but also by sharing, and thereby reducing, the risks that often arise in highly volatile and unpredictable settings.

## CONTEXT AND CHALLENGE

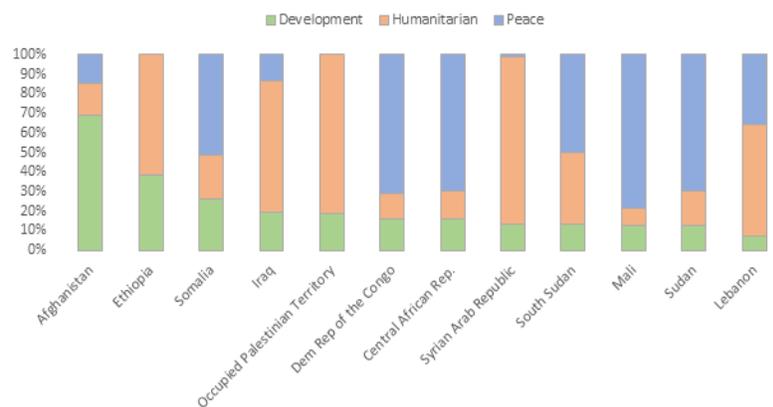
Over the last few years, the volume, cost and length of humanitarian assistance has increased dramatically. The UN has estimated that \$22.1 billion will be needed in humanitarian assistance in 2017 – a sharp increase from \$9 billion just five years ago. This increase owes mostly to protracted crises, with 89% of humanitarian financing going to crises lasting more than three years. Conflict has become a very significant driver of humanitarian needs, as well as a significant constraint on achieving the Sustainable Development Goals (SDGs) in fragile situations.

In 2016, participants to the World Humanitarian Summit stressed the urgency of overcoming long-standing attitudinal, institutional and financial obstacles to strengthening the collaboration between humanitarian and development partners. Humanitarian and development actors share the vision that reducing vulnerability and risks is the best way to decrease humanitarian needs and ensure that the goal of “no one left behind” is met.

However, OECD/DAC data show that between 2012 and 2015, the development component of official development assistance only increased by 5.1%, while humanitarian ODA and in-donor refugee costs increased by 71% and 314%, respectively.

An analysis of expenditures by the UN in the 12 countries in fragile situations with the highest UN expenditure shows that across all countries - with the exception of Afghanistan - development funding represents a very limited portion of overall funding. The graph on 2015 UN expenditures reveals that building resilience and supporting recovery are not the primary focus of UN interventions in these countries. Achieving the longer-term goal of “leaving no one behind” requires transcending the humanitarian-development divide. This means identifying collective outcomes that humanitarian and development actors can join forces to achieve over multiple years. Stakeholders will also have to boost development action in fragile and conflict-affected states.

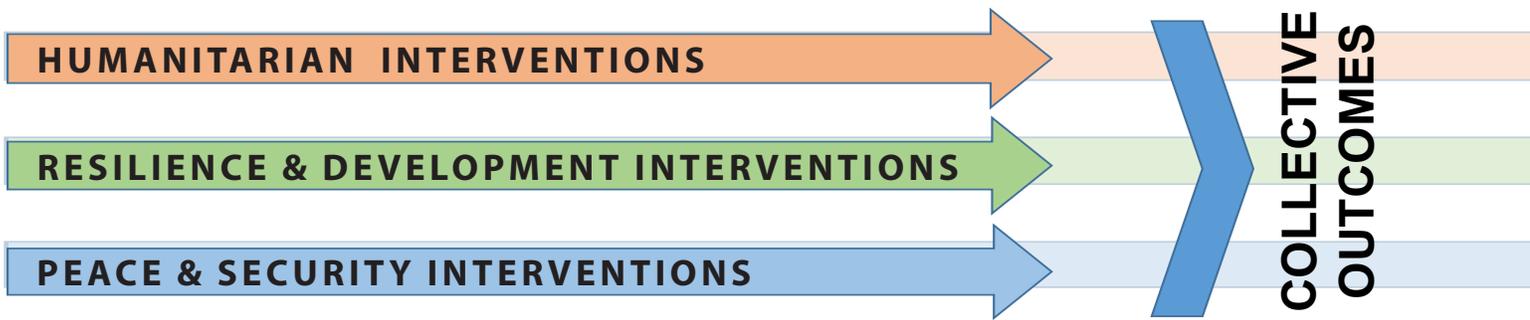
UN Humanitarian, Development and Peace Expenditures, 2015



Unfortunately, rather than bridging these silos, financing instruments frequently contribute to further dividing the streams of external assistance. The strict separation between humanitarian and development funding by donors, and the high level of earmarking towards specific agencies and projects deter collaboration across the sectors and actors. In addition, pure development instruments remain ill-equipped to deal with routine unpredictability, and are often not responsive enough to changing circumstances on the ground.

**From a divider, funding can be turned into an enabler.** Financing modalities that support collective outcomes can incentivize collaboration. Together with partners, the MPTF Office has been working on a new generation of pooled funds that facilitate the blending, sequencing and cross-referring of development and humanitarian funding. With some of these funds recently established, the MPTF Office will continue innovating to better address challenges and capitalize on opportunities. Some promising examples are showcased in the pages that follow.

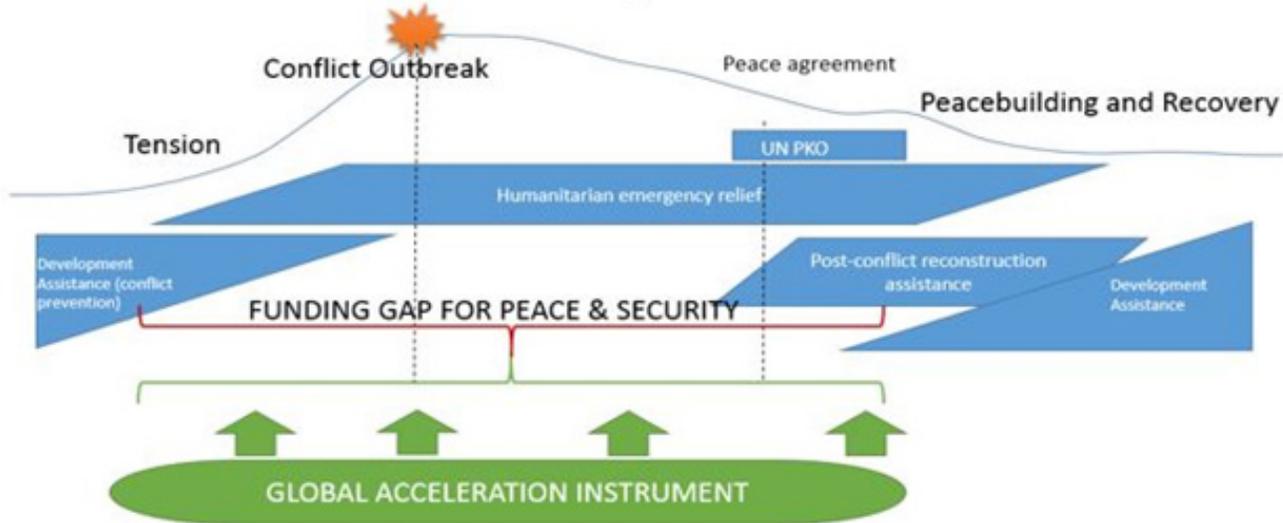
## COUNTRY LEVEL PROGRAMMATIC AND BUDGETARY FRAMEWORKS



### THE GLOBAL ACCELERATION INSTRUMENT

The Global Acceleration Instrument for Women, Peace & Security and Humanitarian Action (GAI) was established in 2016 to stimulate a shift in the financing of women's participation, leadership and empowerment in humanitarian response and peace and security settings. It is a flexible tool that enables: investments in prevention, in response to early warning signals; response to emergencies that ensures the active role of women's organizations in planning and delivery; and development assistance upon successful peace negotiations. The figure below illustrates the critical role the GAI plays by investing across all phases of a crisis – the peace and security, and development continuum.

In addition to breaking down traditional silos, the GAI improves policy coherence and coordination by complementing existing financing instruments and promoting synergies across all actors. Decisions are taken collegially by an inclusive GAI Funding Board, a committee that includes UN Agencies, donors and civil society organizations.

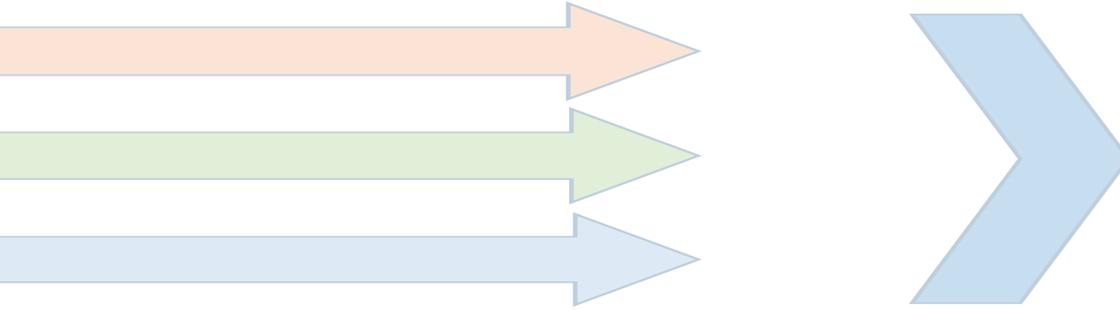


### THE MALAWI ONE FUND

In 2012, the Steering Committee of the Malawi One Fund decided to open a Humanitarian Window to convert this pure development instrument into a pivot fund. The aim was to address both humanitarian and development needs under strong national leadership and ownership. The ancillary benefits have been considerable, with the Window increasing transparency, strengthening coordination and hastening disaster response. The Humanitarian Window supports the government-led emergency response plan and is co-chaired by government. With proposals developed in consultation with humanitarian cluster members, it has increased coordination among UN agencies, as well as Implementing Organizations. The Humanitarian Country Team provides a platform where priority setting and implementation is discussed, further increasing transparency among humanitarian actors. Before the establishment of the Humanitarian Window, resource mobilization invariably commenced after a disaster occurred, delaying the response to affected communities. The existence of the Humanitarian Window during the 2015 floods, for instance, enabled a quick activation of relief efforts, averting further human misery.

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# COLLECTIVE OUTCOMES

## THE EBOLA RESPONSE MPTF

The UN Secretary-General's Ebola Response MPTF, which was funded by a blend of humanitarian and development financing, provides another good example of a pivot funding instrument. It is capable of addressing both immediate humanitarian and peacebuilding needs as well as longer-term development priorities. From the onset, operation of the Fund was informed by the STEPP approach (1. Stop the outbreak; 2. Treat the infected; 3. Ensure essential services; 4. Preserve stability; and 5. Prevent outbreaks in countries currently unaffected), which encompassed emergency response, prevention and recovery. The addition of a Recovery Window in 2015 with four strategic objectives (1. Health, Nutrition, and WASH; 2. Socio-Economic Revitalization; 3. Basic Services and Infrastructure; and 4. Governance, Peacebuilding and Social Cohesion) also bridged the humanitarian-development divide, further operationalizing the nexus approach to finance.

RESPONSE				
STOP	TREAT	ENSURE	PRESERVE	PREVENT
36 million	55 million	15 million	20 million	19 million
RECOVERY				
RS01	RS02	RS03	RS04	
Health, Nutrition and WASH	Socio-Economic Revitalization	Basic Services and Infrastructures	Governance, Peacebuilding and Social Cohesion	
1.55 million	0.75 million	1 million	0.25 million	
 164 million Contributed	 47 donors Including Private Sector			
 149 million Allocated	 11 UN Entities			

## THE UN POST-CONFLICT MPTF FOR COLOMBIA

The UN Post-Conflict MPTF for Colombia represents an important strategic alliance between the Government of Colombia, the UN and the international community, which are working together to advance the post-conflict peace and stabilization agenda in Colombia. The Fund has eight outcomes, including one on "Transformative and constructive management of social conflicts and humanitarian situation in the territories." When the MPTF was established in February 2016, the Office for the Coordination of Humanitarian Affairs (OCHA) Colombia Humanitarian Fund, which was initiated in 2009, started phasing out. OCHA joined the Post-Conflict MPTF, and the two entities have worked closely to develop pilot initiatives that meet humanitarian, transition and development needs. Their interventions have focused on the following areas: Coordination, by using/building on existing coordination mechanisms; Information management, by sharing/synchronizing data bases and developing common information tools; and Interventions/programme, by scaling up and building on projects, replicating successful experiences, and using existing networks and partnerships.

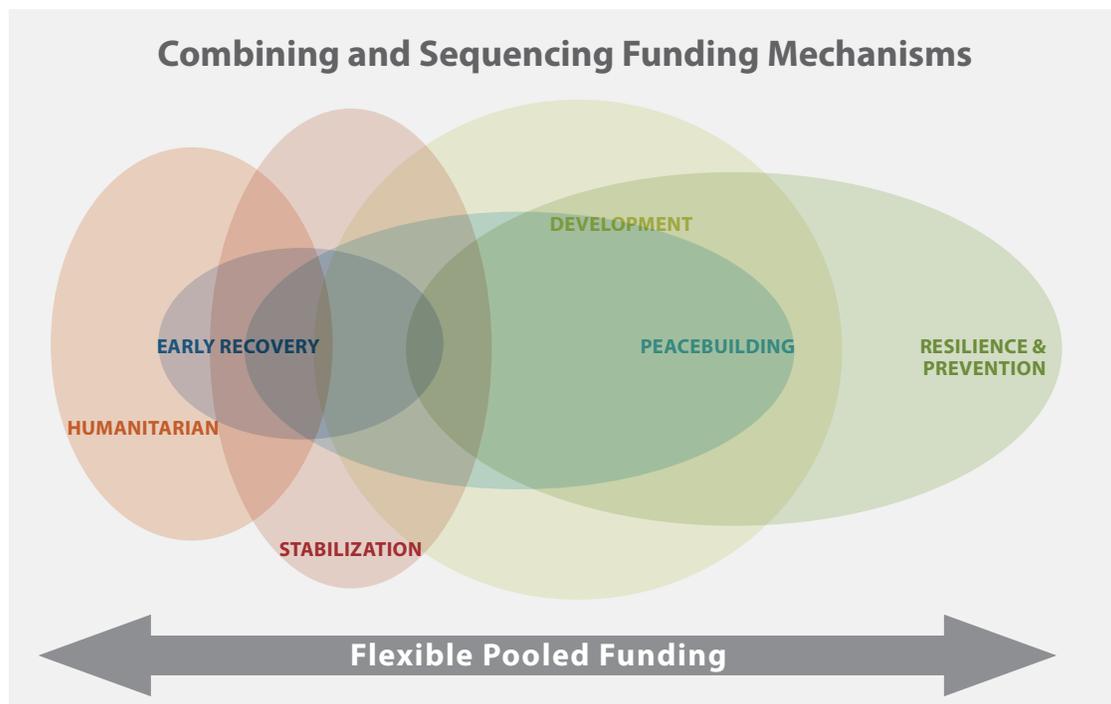
## THE EZINGO FUND IN CENTRAL AFRICAN REPUBLIC

The Ezingo Fund (Central African Republic Multi-Window Trust Fund) is designed to be fully aligned with the funding architecture and aid coordination mechanisms of the Recovery and Peacebuilding Assessment (RPBA) process. Building on recommendations from the World Humanitarian Summit, efforts were made to ensure the maximum level of complementarity between the RPBA and the multi-year humanitarian funding framework. Strong institutional linkages between humanitarian and RPBA coordination were established, with all partners in Central African Republic understanding that ensuring synergies between life-saving humanitarian assistance, early recovery, and longer-term development programs would be key to achieving RPBA objectives. National and UN humanitarian leadership have been integrated in the governing body of the Fund, which considers activities implemented and funded through humanitarian channels when making allocations. by seeking feedback from the humanitarian cluster.

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## THE COMPARATIVE ADVANTAGES OF POOLED FUNDS

### FLEXIBILITY

Pooled funding mechanisms are flexible tools that can easily be remodeled to address specific challenges and enable new ways of working. Solutions to overcome the humanitarian-development-peace nexus challenges have already been successfully piloted through pooled funds at both global and country levels. Innovation can happen at the design phase of the fund, as illustrated by the Ebola Response MPTF or, it can be integrated during the course of implementation, as in the case of the Humanitarian Window of the Malawi One Fund. Pooled Funds are versatile and offer the ability to adapt to quickly changing situations.

### COHERENCE

Well capitalized pooled funds act as centers of gravity to improve effectiveness, reduce duplication and promote alignment among UN agencies and beyond. Their governance mechanisms allow a wide range of partners (notably UN, development partners, national government and civil society) to collectively agree on priorities and strategies. As a result, they create synergies and complementarities with programmes funded from other sources and implemented by other partners.

### COLLECTIVE OUTCOMES

Pooled funds are investment vehicles designed to promote integrated, cross-cutting initiatives over a long period of time. Compared to individual projects from a variety of implementing entities, well designed pooled funds can support comprehensive theories of change. These can articulate the causal linkages and actions required by all humanitarian-development and peace partners to achieve collective outcomes.

### MANAGING RISKS

Pooled funds offer a number of options to better manage risk for individual development partners, particularly in fragile and conflict-affected contexts. The governance arrangement of a pooled fund, which brings the government, UN and development partners regularly together in a steering committee setting, provides a unique platform for developing a shared understanding and coordinated management of risks. This allows for a better balance between contextual risk, programmatic and institutional risks. Shared decision making and oversight in pooled funds spread individual donor exposure to political and reputation risk.

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