



Financing the Humanitarian-Development-Peace Nexus

Briefing prepared by the MPTF Office

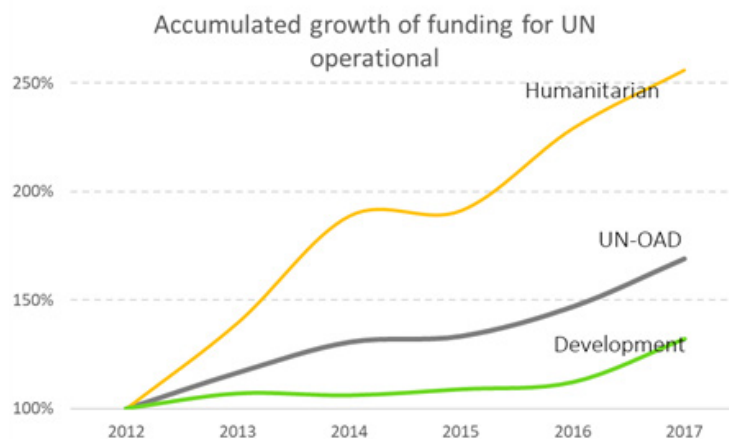
A new generation of pooled funds are helping to bridge the humanitarian-development financing divide. These flexible instruments are demonstrating that well-designed pooled funds can quickly pivot when faced with rapidly changing conditions on the ground. They combine, blend and sequence development, peace and humanitarian funding streams in crisis affected countries. 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 US\$21.9 billion will be needed in humanitarian assistance in 2019¹ – a sharp increase from US\$12.8 billion just five years ago. This increase owes mostly to protracted crises, with 86% of humanitarian financing going to medium- or long-term crises. 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 investing in prevention, mitigation and preparedness for early action, as well as scaling-up of social protection programmes in order to build resilience and reducing vulnerability and risks is the best way to decrease humanitarian needs and ensure that the goal of “no one left behind” is met.

Subsequently in 2017, a United Nations Joint Steering Committee to advance Humanitarian and Development Collaboration chaired by the Deputy Secretary-General was established. The Joint Steering Committee focuses on three areas, of which one looks at achieving coherent



and appropriate financing from all sources for collective outcomes. Through workshops in Dakar, Copenhagen, Istanbul, Entebbe and New York, key barriers and enablers for effective humanitarian-development collaboration were identified. Among those highlighted were the challenges that humanitarian and development partners request funding separately and also that donors provide funding in a fragmented manner in protracted crisis.

UN DESA data depicted in the graph above show that between 2012 and 2017 the development component of the UN Official Development Assistance (ODA) had an accumulated growth of 32%, while humanitarian ODA increased by 156%².

MULTI-PARTNER TRUST FUND OFFICE

An analysis of expenditures by the UN in the 12 crisis affected countries with the highest UN expenditure shows that across all countries - with the exception of Afghanistan – development-oriented funding represents a very limited portion of the overall UN funding envelope. The graph below on 2017 UN expenditures reveals that building resilience and supporting recovery are not the primary focus of UN interventions in these countries³. 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.

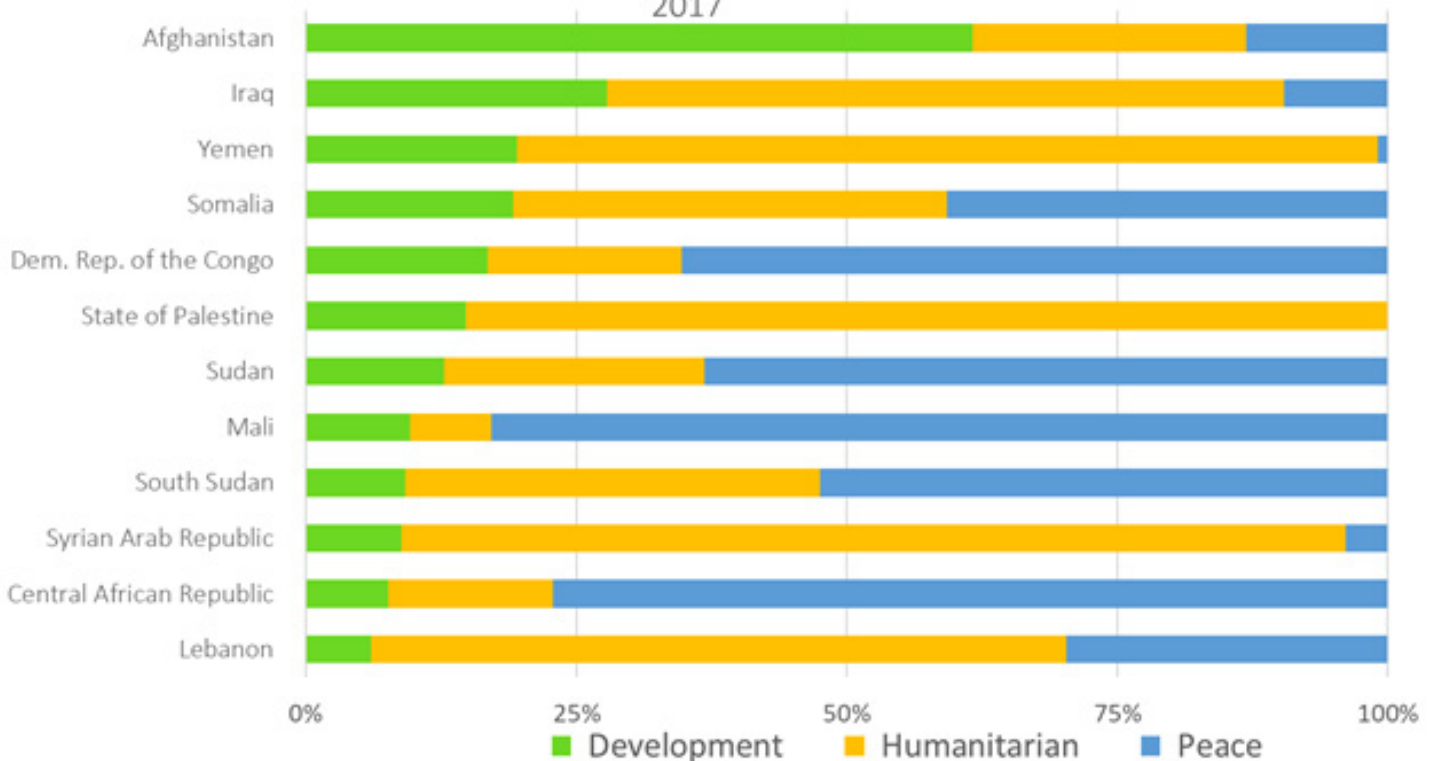
Rather than bridging these silos, financing sources and instruments frequently contribute to further dividing the streams of external assistance. The strict separation between humanitarian, development and peace funding by donors, and the high level of earmarking towards specific projects deter collaboration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

to changing circumstances on the ground.

The UN Secretary General has asked fund contributors to increase the portion of humanitarian appeal funding to the UN Country-Based Pooled Funds to 15%, and member states have agreed to double the levels of resources channeled through development related inter-agency pooled funds by 2023, as part of the Development Funding Compact. This makes the design of pooled funding instruments which strengthen linkages between humanitarian, development and peace programmes now of utmost importance.

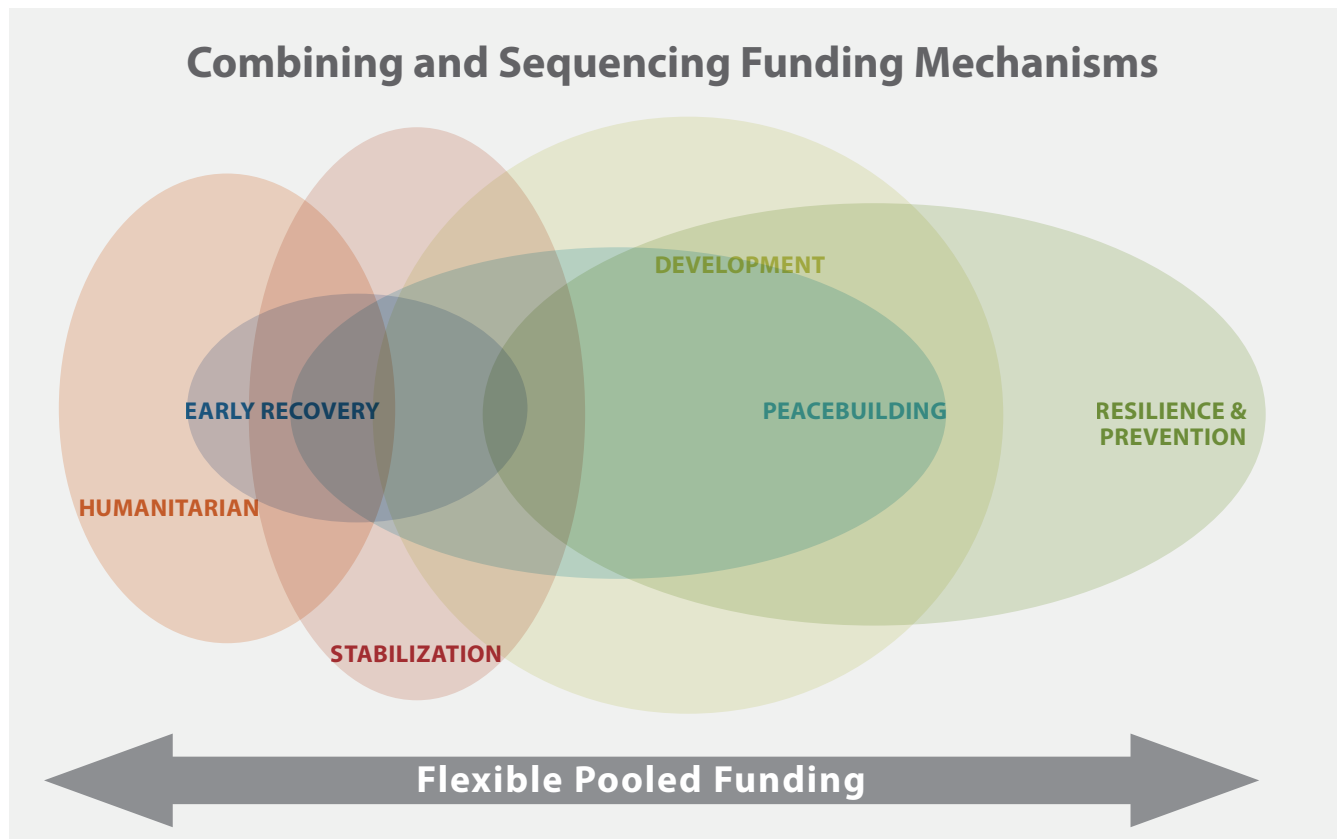
From a divider, funding can be turned into an enabler. Financing modalities that support collective outcomes can incentivise collaboration. Together with partners, the Multi-Partner Trust Fund SOffice (MPTFO) has been working on a new generation of pooled funds that facilitate the blending, sequencing 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 capitalise on opportunities. Some promising examples are showcased in the pages that follow.

UN Humanitarian, Development and Peace Expenditures as proportion of total, 2017



MULTI-PARTNER TRUST FUND OFFICE

The UN center of expertise on pooled financing mechanisms for the Sustainable Development Goals
 United Nations Development Programme, Bureau for Management Services, 304 East 45th Street, 11th Floor, New York, NY 10017, USA
 Tel: +1 212 906 6355, Fax: +1 212 906 6990, Email: executivecoordinator.mptfo@undp.org, URL: mptf.undp.org



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.

MULTI-PARTNER TRUST FUND OFFICE

EXPERIENCE AND EXAMPLES

The examples below demonstrate that there are a range of approaches for designing fund instruments to advance humanitarian, development and peace collaboration. These approaches can be applied to existing funds or implemented through the design of new mechanisms.

RECONCILIATION, STABILIZATION AND RESILIENCE IN SOUTH SUDAN

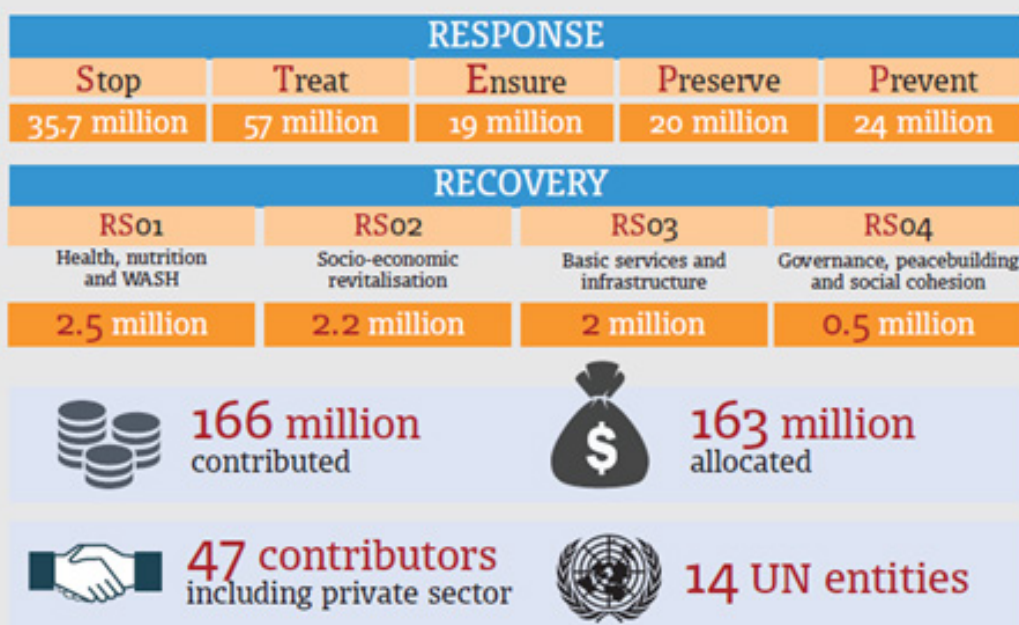
The South Sudan Multi-Partner Trust Fund for Reconciliation, Stabilization, Resilience (RSRTF), established in 2018, is closely aligned with the New Way of Working, supporting the realisation of collective outcomes that reduce risk, vulnerability and overall levels of humanitarian needs over time. The Fund has adopted an area-based programming approach, targeting distinct geographic locations where opportunities exist to deliver transformational change and move beyond cycles of conflict and violence. In each area, in close consultation with the local authorities and the local community, development, humanitarian and peace actors (the peacekeeping mission UNMISS, UN agencies, NGOs) adopt a joint strategy. In support of the locally adopted area-specific strategy, the South Sudan RSRTF breaks the humanitarian, peace and development silos by funding programmes that implemented together create synergies and offer a

holistic response to complex challenges. The governance structure of the Fund reflects this approach at both local and national level by ensuring the participation of all stakeholders, including representatives of entities focusing primarily on peace or humanitarian aspects.

THE EBOLA RESPONSE MPTF

The UN Secretary-General's Ebola Response MPTF, was funded by a blend of humanitarian and development financing, and provides another good example of a pivot funding instrument. It was 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). It 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.

Figure 4: The Ebola response MPTF



MULTI-PARTNER TRUST FUND OFFICE

The UN center of expertise on pooled financing mechanisms for the Sustainable Development Goals
 United Nations Development Programme, Bureau for Management Services, 304 East 45th Street, 11th Floor, New York, NY 10017, USA
 Tel: +1 212 906 6355, Fax: +1 212 906 6990, Email: executivecoordinator.mptfo@undp.org, URL: mptf.undp.org

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. It has its own Terms of Reference and governance body responsible for programming and operational oversight. With proposals developed in consultation with humanitarian cluster members, it has increased coordination among UN agencies, as well as implementing organisations. 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 mobilisation 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.

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. A second phase of the Fund has been approved since December 2018, including 4 strategic action lines: i. Stabilization; ii. Reincorporation; iii. Victims and Transitional Justice; and iv. Communications. 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, was phased 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.

WAY FORWARD

Building on the expertise and knowledge on pooled funds, the UN Multi-Partner Trust Fund Office is leading a new workstream with UNDP, OCHA and other UN partners on the best design for future country-level flexible funding architecture and instruments that more effectively and efficiently support the HDP nexus. The overall purpose is to capitalise on the existing comparative advantages of pooled instruments and translate the overall global discourse on the HDP nexus and the New Way of Working approach to concrete outcomes. With new design parameters for nexus-oriented country level pooled funding mechanisms, there will be better alignment of financing instruments across the nexus, stronger leveraging of synergies and more impactful and efficiently achieved results for all.

FOOTNOTES

- ¹ UN OCHA. Global Humanitarian Overview, 2019.
- ² Report of the Secretary General (A/74/73-E/2019/4)
- ³ Report of the Secretary General (A/74/73-E/2019/4)

MULTI-PARTNER TRUST FUND OFFICE

The UN center of expertise on pooled financing mechanisms for the Sustainable Development Goals
United Nations Development Programme, Bureau for Management Services, 304 East 45th Street, 11th Floor, New York, NY 10017, USA
Tel: +1 212 906 6355, Fax: +1 212 906 6990, Email: executivecoordinator.mptfo@undp.org, URL: mptf.undp.org