The objective of this note, developed by IASC Results Group 5 on Humanitarian Financing, is to present the currently available information on nexus financing from the humanitarian perspective. The aim is to stimulate a dialogue with actors across the nexus, particularly development partners, in the spirit of working collaboratively with them to take this agenda forward, including through the work of fora such as the GHD, INCAF and the OECD. This note was developed based primarily on research conducted in recent years under the umbrella of or in coordination with the IASC Results Group 5.

- **Quality funding can enable the transition from immediate humanitarian response to longer-term development.** Multi-year funding in particular has been identified as a tool to help bring together actors across the humanitarian-development-peace (HDP) nexus to work towards longer-term transformative change, where it is used to support adaptive multiyear programming aiming at a coordinated phase out to recovery and development programming. Unearmarked or flexible multi-year funding that can be shifted between budget lines and years allows implementers to adapt programmes based on learning or changing need, and meet immediate needs while addressing underlying vulnerability and risk. Predictable longer term humanitarian funding enables early and rapid response, while allowing for a longer-term planning horizon in humanitarian response, with a focus on resilience, prevention, preparedness, strengthening local capacities, and facilitating a transition to development programming where possible.

- **It is crucial to ensure that systems are in place to track, monitor and report on investments to support nexus ambitions.** However, at policy level there is a lack of common understanding of what it means to fund ‘across the nexus’ and no commonly agreed definition or scope of nexus programming/approaches, making it impossible to identify or track the volume of funding going to nexus approaches, and therefore to determine whether it is commensurate with need. Even where collective outcomes have been agreed the funding required has not always been determined. Sub-national funding data is often not captured in the systems to track ODA: availability of sub-national data on developmental ODA to crisis-affected regions is limited while the sub-national humanitarian funding data could also be made more accessible and comprehensive. No entity is responsible for tracking nexus-specific funding, although the Resident Coordinator’s Office would seem to be the logical place. For dual mandated organisations, it is important to explore how to better utilize all available resources – core resources, thematic funding (development and humanitarian) and earmarked funding - to ensure greatest impact.

- **Humanitarian funding is currently inadequate to meet all existing urgent needs and should remain focused on supporting life-saving activities.** To support nexus ambitions to reduce risk, vulnerability and humanitarian need and tackle the root causes of crisis, funding from different sources must be aligned with coherent country-level plans including agreed collective outcomes. It implies a shift from funding to financing that brings together different funding flows, building on the comparative advantage of each to enhance impact.

- **When it comes to donor approaches to the nexus, a high degree of fungibility combined with delegated authority seems to be more important than creating specific funds or mechanisms to work at the nexus.** For example, the UK does not separate its country allocations into humanitarian and

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1 Note that some members of RG4 and RG5 are also adherents to the DAC Recommendation on the Humanitarian-Development-Peace Nexus and participate in the informal DAC-UN dialogue.
development budgets, giving country directors the flexibility to determine the best way to allocate funding in a given context and move funds around in response to contextual changes. This has enabled country teams to respond to the risks, longer-term causes and consequences of crises.

- **Financing strategies are an important yet overlooked/neglected tool.** The OECD-DAC recommendation on the Humanitarian-Development-Peace Nexus calls for “evidence-based” financing strategies with layering and sequencing of the most appropriate financing flows, but these have not yet been widely adopted at country level and more work is needed on what these should look like and the relationship with collective outcomes. Integrated National Financing Frameworks (INFFs) are new processes for financing the Sustainable Development Goals that could potentially offer an entry point for collaboration with development actors in protracted crisis contexts. Capacity must be built in the UN system to support these processes, building humanitarian and peace actors’ understanding on broader financing approaches and instruments.

- **Shared analysis is fundamental for agreeing priorities to be financed.** A nexus approach implies greater sharing of humanitarian expertise in assessment and crisis dynamics to inform the analysis and planning of development and peace actors, highlighting the need for stronger links between Humanitarian Needs Overviews (HNOs) and Common Country Assessments (CCA). Where they have taken place, the Recovery and Peacebuilding Assessments (RPBA) led by the European Union, World Bank and UN have been regarded as effective processes for joint analysis and include costing exercises, analysis of funding availability and gaps, but these are few and far between.

- **The responsibility for leadership and coordination on nexus financing at country level is not always clear and varies by country context.** For effective coordination of financing, leadership roles and responsibilities need to be clearly defined (between governments, the UN system and bilateral and multilateral financing actors), with the agenda jointly led by development and humanitarian actors in support of government. This is currently not the case in some contexts. There are potential challenges for the UN’s role in this regard, where it’s level of influence in leading on prioritisation and planning processes at country level may depend on the proportion of ODA which flows through the multilateral system and NGOs in that country. 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 UN-led nexus coordination efforts.

- **Sustained investment, learning, adaptation and increased funding is needed to scale up successful ‘nexus’ programmes that meet immediate needs while working to reduce vulnerabilities over the longer term, and build resilience and social cohesion.** Many successful sector, thematic and area-based programmes exist, building synergies in the areas of durable solutions to protracted displacement, disaster risk reduction and climate change adaptation, national social protection and safety net systems, and livelihoods and economic recovery to name a few. Financial support to scale these up is required, and some good practices have been supported through pooled funding mechanisms and multi-donor support for joint programmes drawing from both development and humanitarian budgets.

- **Forecast-based financing for anticipatory action protects development gains through early action, but this remains small-scale and needs investment to scale up.** Pilots are underway in a number of countries, including Bangladesh and Somalia, currently led by humanitarian implementers with humanitarian funding. On the development side, there are existing risk financing and contingent mechanisms active in crisis contexts; however, many times these are slow to disburse and often poorly targeted for various reasons.

- **The significant scale-up of social protection programmes in light of the covid-19 pandemic and the role that some humanitarian actors are playing in implementing these points to opportunities to better link cash programming and social safety nets in a nexus approach, but also raises questions**
and challenges. In some countries humanitarian actors have taken on social protection service delivery where states lack the capacity. These links offer an opportunity to plan humanitarian cash transfers which build on and strengthen national institutions and systems where possible, but to operationalise a nexus approach development and humanitarian actors will need to work more systematically and coherently towards a transition to government-led service delivery.

- **Country-level stakeholders have expressed interest in multi-donor funds, such as pooled funds, as a means to encourage greater collaboration across the HDP nexus**, yet there seems to be little appetite from donors in investing further in these. For greater efficiency, better use should be made of existing multi-donor funds, rather than creating new ones. Both humanitarian and development budgets should be used to fund projects that fall between traditional humanitarian or development approaches, rather than expecting that humanitarian pooled funds will ‘stretch’ to it.

- **Local and national actors often work across the nexus but remain chronically underfunded and hampered by a lack of mechanisms to support longer term capacity strengthening**. Limited flexible and quality funding is passed on/cascaded to local and national NGOs. Given the key role of local and national actors in emergency response but also in laying the foundations for longer term transition and development approaches, scaled-up mechanisms are needed to provide effective longer term financial and institutional support.

- **International Financing Institutions (IFIs) have scaled up their financing in crisis-affected countries**, which raises questions for humanitarians on how to engage effectively with these actors and gain greater fluency in their financing instruments. In some cases, IFI contingency financing has been disbursed through UN humanitarian and development actors with a presence on the ground, indicating a greater role for IFIs remaining engaged in crises alongside and in direct partnership with humanitarian actors. But in general, there is a limited understanding on both the humanitarian and IFI side of how the other operates, which is a challenge to better coherence and joint working. From the humanitarian perspective, closer collaboration with IFIs is challenged by their perceived risk aversion, lack of presence on the ground, and requirement to work through government which is not always compatible with humanitarian principles, particularly in conflict situations.

### Key takeaways

In order to meet the Sustainable Development Goals in crisis contexts, urgent attention must be paid to reaching those most left behind, which includes people caught up in protracted crisis. Both the development and the humanitarian community have an interest in effective funding across the nexus.

- How can greater understanding be fostered between humanitarian and development donors and implementers at country level on shared funding priorities through stronger joint analysis of the root causes of crisis?
- Joined-up programming is needed to address the root causes and structural drivers of crisis. How can funding better support programming that has been designed based on joint analysis and tackles underlying vulnerabilities while meeting immediate needs?
- Financing across the nexus requires leadership and buy-in from both development and humanitarian actors at country level. Where governments are not in a position to lead, how can incentives be generated for both humanitarian and development partners to participate in country-level leadership? How can collective outcome processes have greater influence on existing planning frameworks and funding decisions? How can the roles and responsibilities of governments, the UN system and bilateral and multilateral financing actors be more clearly defined and greater mutual understanding promoted?
- Evidence shows that to deliver transformative outcomes in countries affected by crisis over the short, medium and long term, partners need predictable, multi-year financing with flexibility to learn, adapt and scale-up what works. How can donors provide enough quality funding with enough flexibility to succeed over realistic timeframes?
While there is no commonly agreed definition of ‘nexus financing’, the OECD DAC Recommendation on the Humanitarian-Development-Peace Nexus and recent research on the nexus (FAO, NRC and UNDP, 2019) refer to elements like: predictable, flexible, multi-year financing; financing mechanisms that bring together humanitarian, development and peace stakeholders; financing that is aligned with agreed collective outcomes; the shift from funding to financing that brings together the full range of financial flows required to meet nexus ambitions.

This paper focuses on humanitarian-development collaboration to reflect the findings of the research on which it is based. While in recent years increasing attention has been brought to bear on the triple nexus of humanitarian-development-peace collaboration, there remains an evidence gap on the ways in which peace actors, particularly security or political actors, can collaborate with both humanitarian and development actors in protracted crisis settings. Nevertheless, ‘peace’ as an approach – notably ‘little p’ actions - is often integrated across humanitarian and development action, as outlined in the IASC Issue paper ‘Exploring peace within the Humanitarian-Development-Peace Nexus (HDPN)’.


As previous research has highlighted (FAO, NRC and UNDP, 2019) there are “two fundamentally different schools of thought on the scope and ambitions of nexus approaches”. A narrower double-nexus interpretation typically focuses 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. A broader interpretation includes a focus on peacebuilding and considers how interventions can be layered and sequenced in order to achieve coherence, rather than transitioning from one set of actors and programmes to another. Depending on the school of thought, the extent to which nexus approaches attempt to address root causes of conflict varies considerably.


The OECD DAC Creditor Reporting System (CRS) tracks all Official Development Assistance (ODA) flows, and categorises them according to their development, humanitarian, peacebuilding or other purpose codes. However, the data is uploaded retrospectively not in real time. The system does also not enable stakeholders to identify whether funding flows are aligned to agreed collective outcomes or supporting actions that bring together humanitarian, development and peace stakeholders, as opposed to supporting separate, siloed humanitarian, development and peace action in the same area.


FAO, NRC and UNDP, 2019.

FAO, NRC and UNDP, 2019; Development Initiatives, 2021.

Governments hold ultimate responsibility for the safety and wellbeing of people living within their borders, and in many development contexts government takes the lead on coordinating international assistance. However, in protracted crisis contexts, government capacity may be limited and approaches fragmented, or government may be party to a conflict or supressing insurgent groups. In such situations, the question of nexus leadership becomes more important.

FAO, NRC and UNDP, 2019.

Some stakeholders disagree on the labelling of some programmes as ‘nexus’, arguing that this is not a specific separate type of programme. Country-level research indicates that programmes focused on recovery, resilience and social cohesion fall between humanitarian and development coordination and financing systems, and as a result sometimes struggle to attract funding.

FAO, NRC and UNDP, 2019.

Examples from recent research by Development Initiatives include the SAFE Plus project funded through a Multi-Partner Trust Fund which implements an integrated response to fuel and livelihoods needs for refugee and host communities, while reversing environmental degradation in Cox’s Bazar, Bangladesh; the Building resilient communities in Somalia (BRCiS), a humanitarian consortium supporting Somali communities in the southern and central regions to develop their capacity to resist and absorb minor shocks; or the Inclusive Economic and Social Recovery Project for Lake Chad (RESILAC) NGO consortium which implements an innovative project combining emergency response, rehabilitation and recovery in areas affected by recurrent climatic shocks and the Boko Haram insurgency.


An example of this is the Start Network’s work on anticipation and risk financing ([https://startnetwork.org/anticipation-and-risk-financing](https://startnetwork.org/anticipation-and-risk-financing)) and ARC Replica ([https://startnetwork.org/arc-replica](https://startnetwork.org/arc-replica)).


FAO, NRC and UNDP, 2019.