Financing Recovery for Resilience

Enhancing the coverage, capitalization and coherence of pooled financing mechanisms for recovery to strengthen synergies between humanitarian, development and climate finance

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Abstract

The objective of this study is to assess whether the financing practice of recovery efforts is consistent with the international architecture in place to promote the transition from crisis to sustainable development in fragile and conflict-affected states. The recommendations of this study are based on a mapping and comparative analysis of humanitarian, development and climate adaptation pooled financing mechanisms at the global and country levels. Findings from this study reveal that the current financing practice reinforces rather than bridges a silo approach towards recovery efforts. Development pooled financing mechanisms for recovery in fragile and conflict-affected countries are limited in terms of their: i) coverage—they do not exist in the majority of countries or are established too late to promote synergies with humanitarian assistance; ii) capitalization—they are too small and fragmented to act as gravity centres for aid coordination and alignment; and iii) coherence—they cover too many issues, leaving some key areas unaddressed.

The study highlights practical steps to enhance the effectiveness of country-level development pooled financing mechanisms for recovery by: i) coverage—better leveraging the potential of pooled funds to manage risk and enable an early release of development finance in fragile and conflict-affected countries; ii) capitalization—consolidating the large number of small recovery pooled funds into a smaller number of larger pooled funds to create a critical mass of resources that can coordinate recovery interventions across humanitarian, development and climate adaptation assistance; and iii) coherence—promoting a common theory of change across recovery efforts, and incorporating these efforts into a broader resilience framework where appropriate.

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The study benefitted from several rounds of reviews and comments from humanitarian and development agencies. Notably, the MPTF Office would like to acknowledge the valuable contributions and comments received from the Food and Agriculture Organization of the United Nations (FAO), OCHA, Overseas Development Institute (ODI), United Nations Development Operations Coordination Office (DOCO), United Nations Development Programme (UNDP), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Food Programme (WFP), World Health Organization (WHO) and the World Bank. Feedback received from the members of the Pooled Fund Working Group and Deputy Special Representatives of the Secretary-General/Humanitarian Coordinators/Resident Coordinators (DSRSG/HC/RCs) also proved invaluable.

However, the views expressed in this publication are those of the authors and do not necessarily represent those of the reviewers and members of the Pooled Fund Working Group.

MPTF Office Issue Paper Series

This study is part of a series of issue papers published by the MPTF Office on the role of pooled financing mechanisms to enhance development effectiveness and United Nations coordination.

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Displaced girl carries water
in Maniema Province, DRC
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Foreword by Helen Clark

ADMINISTRATOR, UNITED NATIONS DEVELOPMENT PROGRAMME CHAIR, UNITED NATIONS DEVELOPMENT GROUP

In 2014 the UN launched its largest-ever appeal for a single crisis, $6.5 billion, in response to increasing humanitarian needs in Syria and neighbouring countries. This is half the total 2014 global $12.9 billion appeal, which itself is the largest appeal the UN has had to make at the start of a year. As the required financial resources to respond to humanitarian emergencies increase, so does the financing gap of unmet needs. As of early June 2014, only 26 per cent of the humanitarian appeals for Syria and neighboring countries was funded.

The financing gap of unmet needs could grow wider over time. A key reason for the need for continued humanitarian assistance is the 'conflict-trap'. A background study to the 2011 World Development Report of the World Bank looked at 103 countries which had experienced a civil war between 1945 and 2009, and found that only 44 had avoided a subsequent return to conflict. In the absence of adequately funded and effective recovery assistance, new emergencies can become protracted crises which require long-term support.

Further, climate change is likely to exacerbate the humanitarian financing gaps. Without urgent attention, the world is facing the prospects of a rise in global average temperature which is well above two degrees Celsius by the end of the century, relative to pre-industrialized levels. Such an increase would lead to a dramatic increase in extreme, unusual, erratic, and 'unseasonable' weather patterns, making it very difficult for small farmers to decide what to cultivate, and when to sow and harvest. The effects of climate change will also increase competition for natural resources, exacerbating traditional conflict drivers and further weakening fragile governments and institutions.

Humanitarian, development, and climate adaptation finance all contribute towards, and have an important role to play in recovery efforts, and in reducing the risk of relapse into conflict. Creating synergies across these three sources of finance can increase the effectiveness of every dollar invested in recovery. These three sources of assistance, however, currently operate over different spatial and temporal scales, and are compartmentalized. A more integrated and resilience-based approach to recovery, which recognizes that the issues of poverty, crisis, conflict, and environmental degradation are intertwined, and simultaneously and coherently addresses short, medium, and long term needs, is required in order to support fragile and conflict-affected states to find sustainable solutions to crises.

The objective of this study was to assess whether the financing practices of recovery efforts are consistent with the need for synergies across these three sources of assistance. Findings from the study reveal that current financing practices reinforce, rather than bridge, a silo approach towards recovery efforts. The study also highlights opportunities and practical steps to enhance the coverage, capitalization, and coherence of pooled financing mechanisms for recovery to strengthen synergies between humanitarian, development, and climate finance.

This is a critical time for discussing how best to close the resilience financing gap, given the various high level development, humanitarian, and climate frameworks currently being negotiated. I hope that this study will prove of value to policy-makers and development practitioners alike in their efforts to design the new aid architecture for the post-2015 development agenda, and to foster a closer alignment of political, operational, and financing instruments for greater aid efficiency and responsiveness in conflict-affected and fragile countries.

Helen Clark

Bushenyi School in South Kivu rehabilitated by the DRC Pooled Fund
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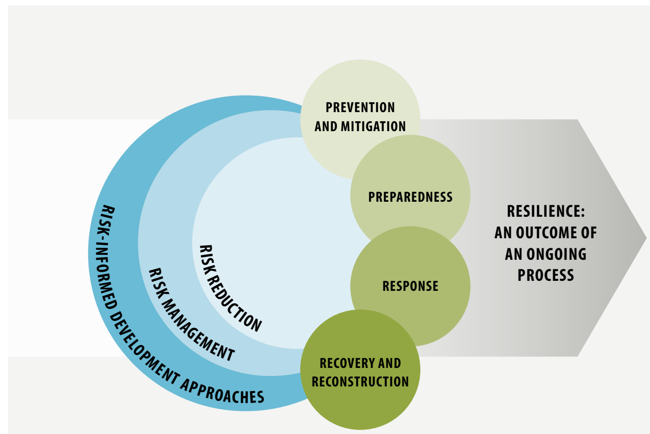
Executive Summary

Humanitarian, development and climate adaptation assistance have different aims and follow different principles. They also operate over different spatial and temporal scales, are aligned with different budget lines and rules, are managed by different actors and have historically evolved separately.[1] However, as the risks associated with violence and conflict, climate change, disasters and global shocks become increasingly complex, interconnected and covariant, "[w]orking in silos no longer makes sense."[2] A more integrated 'resilience-based approach' that "simultaneously and coherently address[es] short, medium and long term needs"[3] is required in order to support fragile and conflict-affected states to find long-term, sustainable solutions to crises.[4]

There are multiple definitions of resilience—some emphasize the ability of a system to resist, absorb and bounce back from the effects of a shock, while others highlight the capacity of a system to anticipate, shape and adapt to change.[5] This study adopts the latter, broader definition of resilience, which best captures the priorities financed by humanitarian, development and climate adaptation assistance and has the potential to bridge efforts across these different communities. The study also endorses a four-pronged conceptualization of resilience,[6] which includes prevention and mitigation, preparedness, response, and recovery and reconstruction. As visualized in Figure 1, collectively these approaches aim to enhance absorptive, adaptive and transformative national capacities.

Based on this conceptual framework, this study is part of a series of recent efforts to better leverage the potential of pooled financing mechanisms to enhance aid effectiveness for resilience. It reviews the financing practice of recovery[7] efforts through pooled financing mechanisms[8] in fragile and conflict-affected countries. It complements findings from the recent Overseas Development Institute (ODI) report on improving financing of preparedness for resilience,[9] as well as the mapping of country-based humanitarian pooled funds[10] commissioned by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), which focuses on the response component of resilience.

Executive Summary Figure 1: Understanding risk and resilience[11]



The existing international architecture to support fragile and conflict-affected countries to transition from crisis towards sustainable development assumes that a mix of well-capitalized multi-partner pooled financing instruments for recovery are deployed at an early stage. It recognizes that pooled financing mechanisms can play a critical role to foster a common theory of change for recovery, align efforts across a wide range of

1 Steets et al. (2011).

2 OECD DAC (2013b).

3 OCHA (2013).

4 Marcus et al. (2012); OECD DAC (2010); OCHA (2013); Regional Humanitarian Coordinator (2013).

5 Folke (2006); OECD DAC (2013b). The United Nations Development Group Executive Committee for Humanitarian Affairs Working Group on Transition (UNDG-ECHA WGT), now called the UN Working Group on Transitions, has noted that UN agency-specific definitions of resilience have many commonalities and complementarities, including recognition of the "need for a multi-sectoral approach and better alignment between humanitarian and development work to address a wide range of hazards" (UNDG-ECHA WGT [2014]). A Resilience Task Team has been formed under the UN Working Group on Transitions to develop a common UN approach to resilience. For specific definitions, see UN position papers: OCHA (2013); UNDP (2013a); UNICEF (2013); FAO (2013); WFP (2013); Inter-Agency Standing Committee (IASC) (2012).

6 This four-pronged conceptualization has been articulated in Kellet and Peters (2013).

7 The term 'recovery' includes both early and longer-term recovery in order to cover the range of fragile and conflict-affected countries, which are in varying stages of the transition process. The term 'early recovery' is defined as "an approach that addresses recovery needs that arise during the humanitarian phase of an emergency, using humanitarian mechanisms that align with development principles. It enables people to use the benefits of humanitarian action to seize development opportunities, builds resilience, and establishes a sustainable process of recovery from crisis." (IASC [July 2013]).

8 The terms 'pooled financing mechanisms', 'pooled funding instruments', 'multi-donor trust funds' and 'multi-partner trust funds' are used interchangeably.

9 Kellet and Peters (2013).

10 Taylor (2014).

11 Source: Kellet and Peters (2013).

actors and foster synergies across humanitarian, development and climate assistance. The objective of this study is to assess whether the current financing practice of recovery efforts is consistent with this theoretical international architecture. The recommendations are based on a mapping and comparative analysis of humanitarian, development and climate adaptation pooled financing mechanisms at the global and country levels.

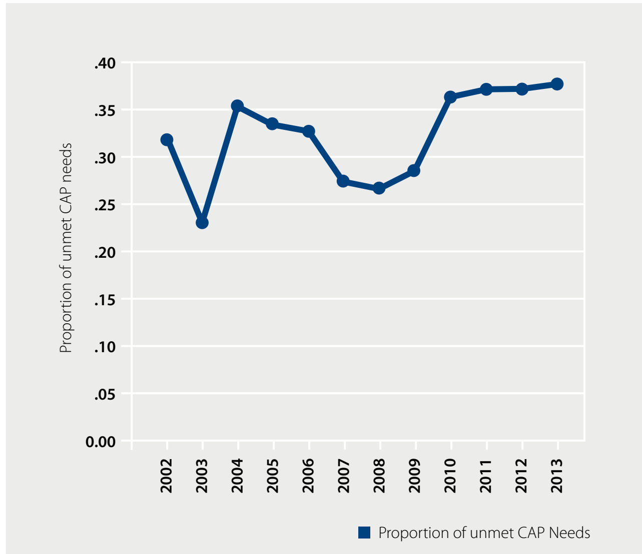
The study is divided into four sections. Section 1 provides an overview of international humanitarian, development and climate adaptation finance. Section 2 outlines the evolution of the international architectural framework to coordinate transition efforts from relief to sustainable development and describes the objectives of the study and methodological approach used to map financial flows. Section 3 presents the results from the mapping exercise. Section 4 highlights opportunities to improve the coverage, capitalization and coherence of country-level development pooled financing mechanisms for recovery to enhance the effectiveness of financing resilience.

An overview of humanitarian, development and climate adaptation finance

In response to the major human sufferings caused by violence, insecurity and natural disasters, official development assistance (ODA) to fragile and conflict-affected states has doubled over the past decade, reaching $53.4 billion, or almost 40 percent of total ODA in 2011.[12] Despite this increase in international assistance, recovery efforts in fragile and conflict-affected states face huge challenges. More than 1.5 billion people continue to live in countries affected by conflict, violence and insecurity,[13] and by 2015 it is estimated that half of the world's population surviving on less than $1.25 a day will be found in fragile states.[14] At the same time, international assistance, including humanitarian aid, is coming under tremendous pressure: ODA and humanitarian assistance from the Organisation for Economic Co-operation and Development (OECD) - Development Assistance Committee (DAC) donors fell by 4 percent and 11 percent respectively in 2012, while the proportion of unmet humanitarian needs was at its widest in over a decade (Figure 2).[15]

A closer look at all humanitarian appeals made in 2013 shows the tendency for new emergencies to divert scarce humanitarian resources from ongoing efforts in more protracted crises. More than $3 billion was channeled towards

Executive Summary Figure 2: Proportion of unmet UN Consolidated Appeal Process (CAP) needs from 2002 to 2013[16]



the two appeals related to the Syrian crisis, representing 35.5 percent of the total funding towards all 25 appeals in 2013.[17]

A key reason for protracted crises and the need for continued humanitarian assistance is the 'conflict-trap'. A growing body of literature and empirical evidence shows that there is a high risk that conflict-affected countries relapse into additional episodes of violence.[18] In the absence of adequately funded and effective recovery efforts, new emergencies are likely to become protracted crises that require long-term humanitarian assistance.[19]

Protracted crises are questioning the capacity of the international community to meet humanitarian needs in the short to medium term. In 2014, the UN made its largest appeal ever at the beginning of a year: $12.9 billion, including $6.5 billion for the crisis caused by the Syrian conflict alone.[20] As of June 2014, only 26 percent of the humanitarian appeals for Syria and neighbouring countries was funded.[21]

Over the long term, recent research shows that there has been a historical decline in world-wide violence, and the future may be less violent than the past.[22] The number of armed conflicts declined from 37 in 2011 to 32 in 2012,[23] and the proportion of the world's countries affected by civil wars is expected to reduce by half, from about 15 percent in 2009 to 7 percent in 2050.[24]

However, this optimistic scenario is not certain. The increasing effects of climate change around the world could counter the expected positive trend. Weather extremes, food and water scarcity, and climate-related public health threats are projected to displace from 150 million to 1 billion people and will disproportionally affect the most vulnerable. Competition over scarce resources is also expected to exacerbate traditional conflict drivers, increasing the risks of violence and conflict.[25] Conversely, paralysis of government in post-crisis situations will limit national capacity to anticipate impacts of climate change, potentially generating a downward spiral.

Irrespective of future conflict and emergency patterns, a more integrated approach for recovery that simultaneously and coherently addresses short-, medium- and long-term needs is required in order to support fragile and conflict-affected states to find long-term, sustainable solutions to crises. Humanitarian, development and climate adaptation assistance all contribute towards and have an important role to play in recovery efforts. Humanitarian finance supports 'early recovery',[26] which is both an approach to the humanitarian response that focuses on re-building capacity, as well as a set of specific actions to help people to move from dependence on humanitarian relief towards development.

The bulk of recovery efforts in fragile states is supported through development assistance. On average, development assistance for recovery made up more than 50 percent of total ODA to fragile states from 2007 to 2011.[27] Development assistance usually builds on the early recovery foundations financed through humanitarian aid and includes spending related to social services, governance, conflict prevention and food security. Overall, similar to humanitarian assistance, ODA to fragile states has continued its uneven but generally downward trend, falling by 2.4 percent in 2011. The downward trend is expected to continue.[28] Climate change adaptation assistance shares significant priorities with resilience-building recovery efforts financed through humanitarian and development assistance, including the prioritization of life and livelihood saving activities; food security and agriculture; water availability, quality and accessibility; and essential infrastructure. Studies suggest that the costs of adaptation to climate change may be in the range of $100 billion to $450 billion.[29]

Creating synergies between these three sources of finance can increase the effectiveness of every dollar invested in recovery efforts. Financing chronic vulnerabilities largely through humanitarian assistance over the long term, without linkages or synergies with other sources of finance, is unlikely to address the root causes of vulnerabilities and reduce the pressure on humanitarian assistance.[30] Similarly, peace and security are pre-conditions for development. The report, Africa's missing billions (2007) estimated that the cost of conflict in Africa between 1990 and 2005 was equivalent to the $284 billion in aid to the continent over the same period. Development itself is a pre-requisite for effective adaptation and effective adaptation in turn is critical to ensure that, in a changing climate, the development of today does not become the mal-adaptation of tomorrow.

Linkages between humanitarian, development and climate adaptation assistance ensures that the international response

12 OECD DAC (2012c); OECD DAC (2014).

13 World Bank (2011b).

14 OECD DAC (2012c).

15 OECD DAC (2013a); Development Initiatives (2013).

16 Authors' calculation based on data as of 31 December 2013, from the Global Humanitarian Assistance (GHA) Report (Development Initiatives [2013]) years 2000 to 2012 and UN OCHA Financial Tracking Service (FTS) data for 2013 accessed on 11 February 2014: http://fts.unocha.org/pageloader.aspx?page=emerg-emergencies&section=CE&year=2013. The 2013 GHA Report uses the UN CAP as a barometer to illustrate the scale of needs and the funding response. According to the GHA Report, while "[t]here is no comprehensive and comparable evidence base on the scale and severity of humanitarian needs… the UN CAP is [the] largest annual appeal for humanitarian financing… It provides a consensus-based costing and prioritization of humanitarian financing requirements across a range of humanitarian crises, from a broad base of participating organisations, including UN agencies and NGOs… [However], [t]he CAP only represents part of total global financing requirements. Only crises considered high priority are included and not all financing requirements in a crisis are targeted in an appeal." The proportion of unmet needs is calculated as: (Total CAP revised requirements – Total amount of funding received for the CAP) / Total CAP revised requirements.

17 Authors' calculation based on FTS data as of 31 December 2013, accessed on 11 February 2014.

18 Collier and Sambanis (2002); Collier et al. (2003); Walter (2010). The Walter study looked at 103 countries that experienced some form of civil war between 1945 and 2009 and found that only 44 avoided a subsequent return to civil war.

19 The 2009 GHA Report classifies humanitarian spending into three groups depending on the number of years a country has received more than 10 percent of ODA in the form of humanitarian aid. Long-term humanitarian assistance has been defined as funding that goes to countries that receive more than 10 percent of their ODA in the form of humanitarian aid for more than eight years between 1995 and 2007. Medium-term and short-term humanitarian assistance have been defined as funding that goes to countries that receive more than 10 percent of their ODA in the form of humanitarian aid for between four to eight years and for three years or less, respectively, between 1995 and 2007.

20 OCHA website: http://www.unocha.org/top-stories/all-stories/global-un-and-partners-launch-record-humanitarian-appeal

21 FTS website: http://fts.unocha.org/pageloader.aspx?page=special-syriancrisis

22 Pinker (2011).

23 Themner and Wallensteen (2013).

24 Hegre et al. (2013).

25 Schuemer-Cross and Taylor (2009).

26 IASC (July 2013).

27 Authors' calculation based on sector ODA by recipient data from the Global Humanitarian Assistance dataset: http://www.globalhumanitarianassistance.org/data-guides/datastore. While humanitarian aid is clearly identified through the sector data (sector code 700), recovery-related spending is more challenging to identify. To estimate recovery-related ODA in fragile states, social infrastructure and services (sector code 100, which includes: education, health, population and reproductive health, water supply and sanitation, government and civil society [including conflict, peace and security], and other social infrastructure and services), and development food aid and food security (sector code 520) were used as proxies. For comparison purposes, the same list of fragile states was used as the list for the mapping exercise (see section 3.1).

28 OECD DAC (2014).

29 Montes (2012); Caravani et al. (2013).

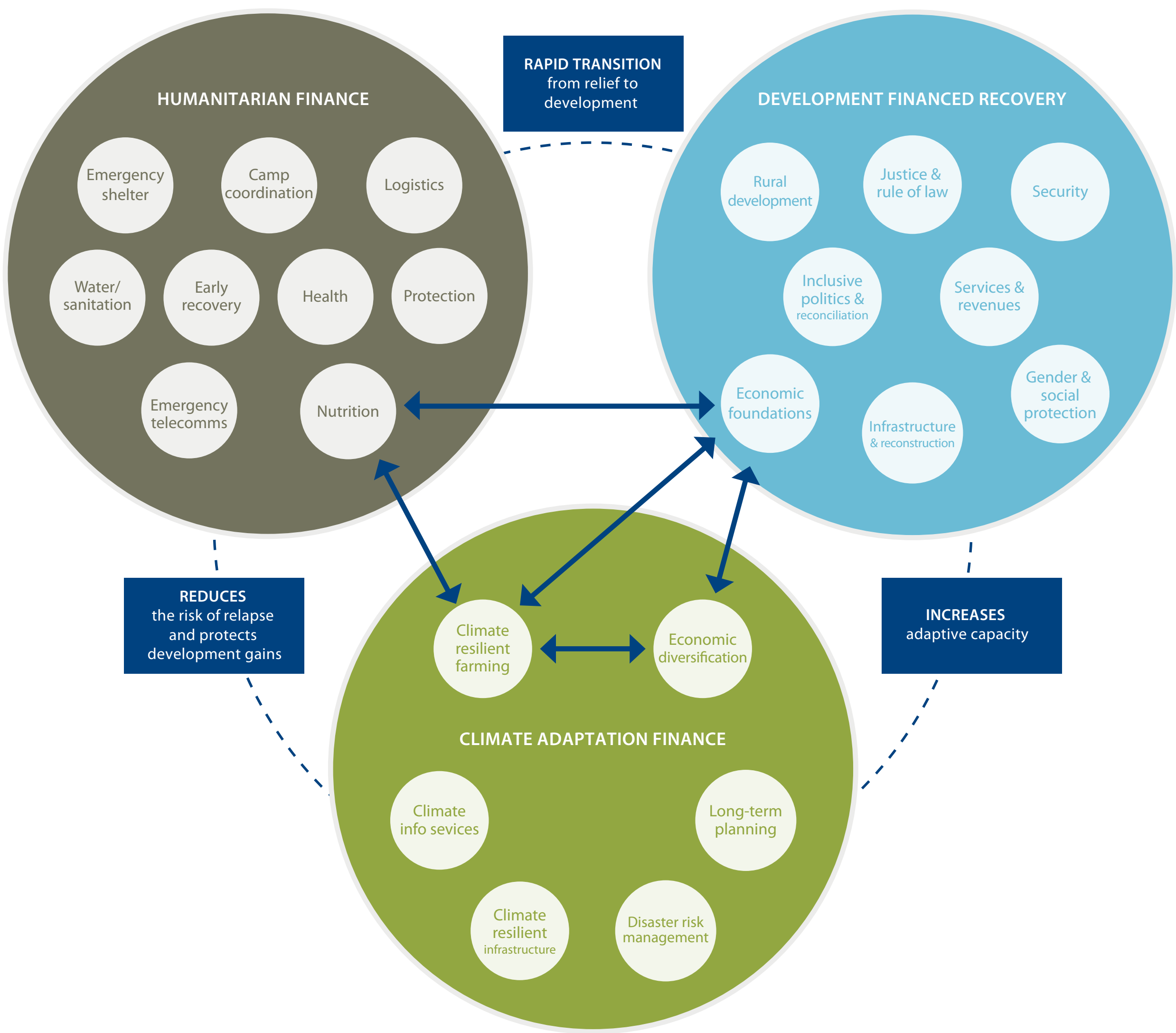
30 Regional Humanitarian Coordinator (December 2013); Independent Commission for Aid Impact (2013). A number of UN papers on resilience have highlighted the importance of addressing the underlying causes of vulnerability in order to build national resilience: OCHA (2013); UN (December 2013); UNDP (2013a); UNICEF (2013); FAO (2013); IASC (2012).

benefits from more and better information for planning and decision-making, a broader range of expertise and perspectives to ensure a comprehensive understanding of the risk landscape, and a wider spectrum of operational capacity. This supports mutual learning and results in interventions that are better designed, more holistic and more effective.[31] It also reduces duplication of efforts and financing gaps.

A number of factors could facilitate synergies across the three sources of finance. Humanitarian, development and climate adaptation finance tend to be concentrated in the same geographic areas. The 2009 Global Humanitarian Assistance (GHA) Report shows that 98 percent of long-term humanitarian assistance responding to protracted crises is spent on countries suffering from chronic poverty, where development assistance plays a significant role.[32] Similarly, countries suffering from chronic poverty are often vulnerable to the impacts of climate change, where the influence of climate adaptation finance is expected to grow.[33]

Overlap between different sources of finance in the same geographic areas creates opportunities for linkages and synergies in line with a more integrated, resilience-based approach. Figure 3 visualizes possible synergies.

Executive Summary Figure 3: Synergies between different sources of finance in support of recovery efforts for resilience



Transitioning from relief to sustainable development—the architectural framework

As part of the 2005 humanitarian reform process, a comprehensive international architecture has been developed to support fragile and conflict-affected countries transition from relief to sustainable development and foster synergies across recovery efforts (Figure 4). In terms of coordination, the common UN Deputy Special Representative to the Secretary-General/Humanitarian and Resident Coordinator (UN DSRSG/HC/RC) is responsible for coordination of peacekeeping and security as well as humanitarian and development efforts. To assist the DSRSG/HC/RC in this role, a number of assessment and planning tools have been designed to promote common analysis and programming.

Country-led pooled financing mechanisms are expected to play a key role in supporting the architectural framework. "Pooled funding enables holistic, strategic engagement in transition environments, and significantly reduces transaction costs for donors and partner country governments alike."[34] Although the majority of recovery funding is through government budgets, often augmented by bilateral financing and international finance institutions (IFIs), country-led pooled financing mechanisms can act as aid gravity centres to improve aid effectiveness and play a critical role to promote a common theory of change and alignment among a wide range of actors.

31 Steets et al. (2011).

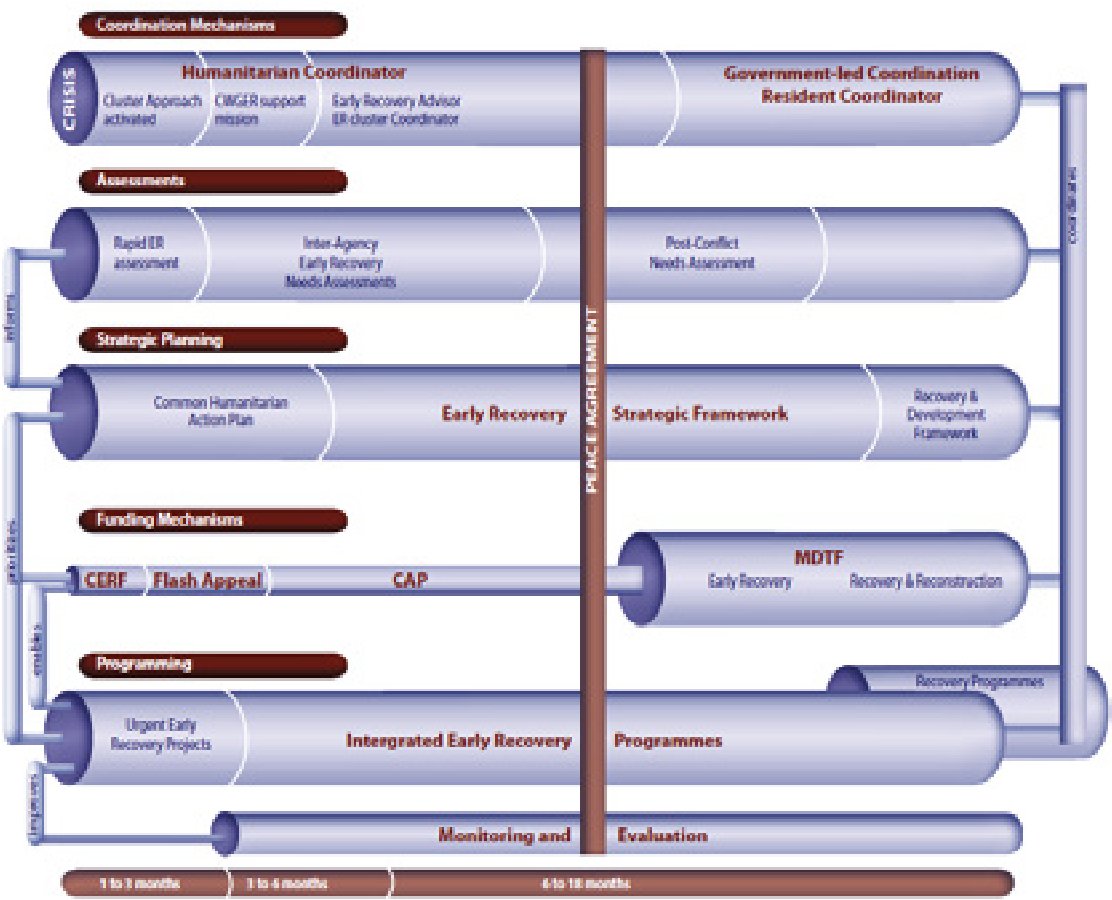
32 The causes of chronic poverty are linked to long-term structural issues, inequality, and socio-economic and political factors.

33 The Center for Global Development, an independent US-based non-profit think tank, has created a Climate Change Vulnerability Index targeted at donors and the international community. This index measures the vulnerability of 233 countries to weather-related disasters, sea level rise and reduced agricultural productivity. It ranks Somalia, Burundi, Myanmar, Central African Republic and Eritrea—all fragile states—as the five countries in most need of aid.

34 OECD DAC (2010).

35 Source: IASC (2008). This source document is currently being revised and the figure is subject to change to reflect the new Humanitarian Programme Cycle.

Executive Summary Figure 4: Strengthening linkages between humanitarian and development efforts[35]



The initial architectural framework envisaged a phased deployment of country-led pooled financing mechanisms for relief, recovery and development, as countries transitioned from crisis towards sustainable, long-term development. However, risks associated with violence, conflict, climate change and global shocks have become increasingly interconnected and covariant. In recognition that transition processes are most often complex and non-linear and that a "phased approach to relief, recovery and development has not been successful in preventing recurrent emergencies…",[36] the financing model to support recovery and long-term development has evolved considerably. Increasingly, a mix of concurrent multi-donor trust funds for recovery and reconstruction is recommended to complement humanitarian financing and support fragile states find long-term, sustainable solutions to crises.[37]

INCREASINGLY, A MIX OF CONCURRENT MULTI-DONOR TRUST FUNDS FOR RECOVERY AND RECONSTRUCTION IS RECOMMENDED TO COMPLEMENT HUMANITARIAN FINANCING AND SUPPORT FRAGILE STATES FIND LONG-TERM, SUSTAINABLE SOLUTIONS TO CRISES

However, a number of practitioners have expressed concerns that the pooled financing instruments for recovery are seldom deployed as envisaged and that the actual financing practice undermines rather than promotes synergies across different sources of finance. Notably, early stages of recovery efforts are often found to be fragmented, inconsistent and underfinanced. The objective of the study is to assess whether the financing practice of recovery efforts is consistent with the architectural framework in place to foster synergies across various sources of finance and to recommend options to address expressed concerns as required.

To review the financing practice of recovery efforts, the study undertook a global mapping and comparative analysis of pooled financing mechanisms in 52 fragile countries across humanitarian, development and climate adaptation finance, together with a mapping of pooled and bilateral funding sources in eight case-study countries.[38]

Accessing, sequencing and combining sources of finance—the practice

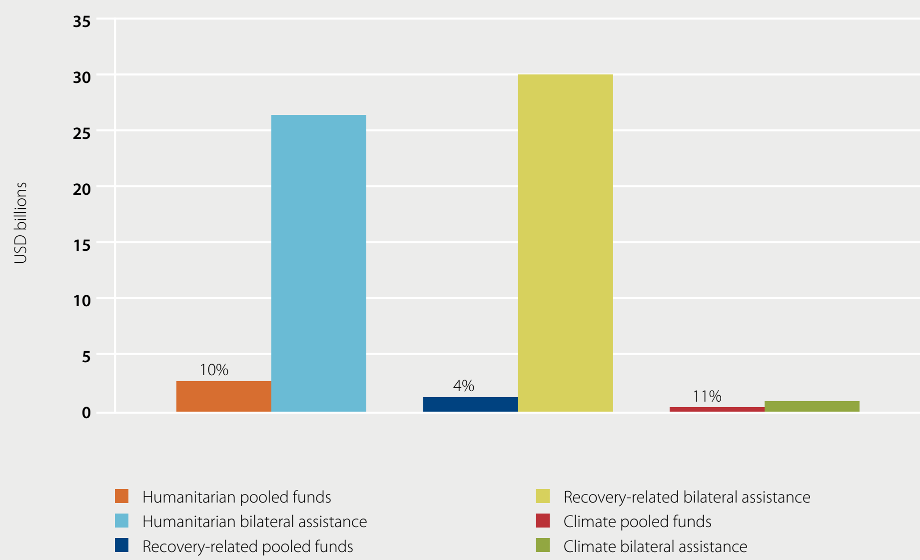
The mapping revealed that humanitarian finance is coordinated through a small number of well-capitalized multi-donor pooled financing mechanisms in complex emergencies and protracted crises. As shown in Figure 5, the ratio of humanitarian pooled funds to bilateral humanitarian assistance is 1:10 and is a much larger proportion of non-food-related humanitarian aid. This ensures that humanitarian pooled funds have the required critical mass of resources to act as gravity centres and enhance aid coordination. Humanitarian pooled funds are based on a global theory of change embodied within the humanitarian Consolidated Appeal Process (CAP) and, from 2014, the Strategic Response Plan (SRP) and the cluster system.[39] This enables a more coherent and effective humanitarian response.

In contrast, development finance for recovery is channeled through multiple and separate multilateral, bilateral and non-governmental initiatives. Findings from the global and case study mapping exercises revealed that pooled financing mechanisms to support recovery are limited in terms of their:

i) Coverage: Often in fragile countries, the larger development-financed country-level pooled funds for recovery that are expected to follow the humanitarian response and be more responsive to strategic and structural challenges do not exist, or they have been established long after the crisis. For example, of the top 20 recipients of humanitarian assistance over the period 2002–2011, UN country-level pass-through recovery-related pooled funds have been established in only eight.[40] This creates a structural underfunding of the early phases of recovery through pooled financing mechanisms and an over-reliance on the early recovery components of humanitarian pooled funds to create synergies between humanitarian and development efforts for recovery.

Although modest in comparison with humanitarian and development finance, climate adaptation finance is present in fragile states and is expected to grow. However, few financial platforms exist to coordinate climate action relevant to improving recovery for resilience with humanitarian and development finance at the country level. Pooled climate adaptation finance

Executive Summary Figure 5: Pooled funds compared to bilateral assistance for humanitarian, development-financed recovery and climate adaptation finance in the eight case-study countries



is essentially channeled through a small number of global funds, which operate through project modalities with limited capacity to support greater aid alignment at the country level.

ii) Capitalization: Development assistance for recovery efforts exceeds humanitarian assistance in the eight case-study countries. However, there are significant differences in the management arrangements between humanitarian and development assistance, which affects the capacity of governments and international partners to coordinate recovery efforts and develop synergies between humanitarian and development finance. Where development pooled financing mechanisms for recovery do exist in fragile countries, they are usually too small and too fragmented to act as gravity centres for greater aid alignment and coordination for recovery, as humanitarian funds do for emergency response. Figure 5 shows that the ratio of development-financed recovery pooled funds to bilateral assistance in the eight case-study countries is 1:25, compared to 1:10 for humanitarian assistance.

iii) Coherence: Recovery funds supported by development assistance also tend to cover a range of issues based on varying theories of change and with no systematic links to the humanitarian strategic framework (the CAP/SRP). Table 1 summarizes the sectoral coverage of 23 recovery funds administered by the Multi-Partner Trust Fund Office (MPTF Office). While the wide scope allows funds to cover a variety of issues, including the Peacebuilding and Statebuilding Goals (PSGs)

36 OCHA (2013).

37 Marcus et al. (2012); OECD DAC (2010); OECD DAC (2012a). The OECD (2012b) defines four sets of criteria to guide the choice of aid instruments during transition: coordination and harmonization, institutional transformation, speed and flexibility, and scope for risk management. OCHA (2013); Regional Humanitarian Coordinator (2013). Steets et al. (2011) notes "most donors' official acceptance of the contiguum model", which replaced the continuum model in the debate around linking relief, rehabilitation and development (LRRD). Commins (2013).

38 The list of countries used for the purposes of this study is based on the 47 fragile states and economies used for quantitative analysis in the OECD DAC Fragile States 2013 Report. In addition, Mali was included due to the establishment of the UN Peacekeeping Mission in 2013. Syria and neighbouring countries (Jordan, Lebanon, Turkey) affected by the ongoing Syrian conflict were also added, bringing the total number to 52 countries. To complement the OCHA commissioned mapping of humanitarian pooled financing mechanisms (Taylor [2014]), the same eight case-study countries were used for this study as for the OCHA study: Democratic Republic of Congo (DRC), Somalia, South Sudan, Sudan, Ethiopia, Haiti, Pakistan and Yemen.

39 The IASC (2006) Guidance Note on Using the Cluster Approach to Strengthen Humanitarian Response defines nine clusters or sectors: nutrition, health, water and sanitation, emergency shelter, camp coordination and management, protection, early recovery, logistic and emergency telecommunications. In practice, the CAP by sector as captured by the OCHA FTS is organized around the following sectors: agriculture, food, health, water and sanitation, shelter and non-food items, coordination and support services, multi-sector assistance for refugees, protection/human rights/rule of law, mine action, economic recovery and infrastructure, safety and security of staff and operations, multi-sector projects and education (see for example FTS [2013]). While there may be slight variations between the Common Humanitarian Funds (CHFs) to account for country-specific needs, all CHFs are aligned with the IASC cluster system.

40 GHA Report (Development Initiatives [2013]) compared with data from the MPTF Office GATEWAY (http://mptf.undp.org).

Executive Summary Table 1: Analysis of sectoral coverage of development-financed recovery funds administered by the MPTF Office[41]

	Key early recovery and peacebuilding areas					
FUND						
	Legitimate politics, reconciliation	**Security**	**Justice / rule of law**	**Economic foundations / livelihoods**	**Social / public services**	**Social projection / gender**
Comoros One UN Fund					X	
DRC Stabilization and Recovery Fund	X	X			X	X
Ethiopia One Fund						X
UNDG Haiti Reconstruction Fund				X	X	
UNDG Iraq Trust Fund	X				X	X
Iraq UNDAF Trust Fund						
Kiribati One Fund						
Kyrgyzstan One Fund				X	X	
Lebanon Recovery Fund				X		
Libya Recovery Trust Fund	X	X	X		X	
Malawi One Fund						X
Mali National Economic and Social Stabilization Fund				X	X	
UN Peace Fund for Nepal	X					
Pakistan One Fund[42]						X
Occupied Palestinian Territory Trust Fund					X	
Rwanda One UN Fund						X
Sierra Leone Mult-Donor Trust Fund	X	X	X	X	X	X
Somalia UN Multi-Partner Trust Fund	X	X	X	X	X	
South Sudan Recovery Fund				X		
Sudan: Darfur Community Peace and Stability Fund	X			X	X	
Sudan: UN Fund for Recovery, Reconstruction and Development in Darfur	X	X				
Syria Transition and Recovery Trust Fund[43]	X	X	X		X	
Yemen National Dialogue and Constitutional Reform Trust Fund	X					

	Medium-term recovery				Development-related		Environment / Climate change	Other
	Governance / decentralization	Reconstruction / infrastructure	Rural development/ economic recovery	Social services (medium term)	Economic growth / poverty alleviation	Policy and structural reforms	Environment/ climate change	
	X				X		X	
								Return and reintegration
				X				
		X						Institutional rebuilding
					X			
	X			X			X	Human capital
	X			X	X		X	Human resources
							X	Risk management
		X	X	X			X	
		X						Public administration, return and reintegration
	X		X		X			HIV, humanitarian window
								Quick impact, return and reintegration
			X	X	X		X	
	X			X			X	HIV
	X		X	X		X		Youth
								Capacity development
	X							Capacity development
	X						X	Civil administration
			X	X				Palestine refugees, mine action, peacekeeping

41 The coverage in the table is based on intentions of the funds as articulated in the funds' terms of reference as at 31 December 2013. It may not reflect the actual allocations made. See example from the DRC under section 3.3 for further details in this regard. There are also overlaps and variations between how funds have defined their sectoral coverage.

42 Analysed for the One Programme I since the One Programme II has not yet been capitalized.

43 While not yet operational, the fund identifies the areas indicated in the table. However, these areas are subject to change depending on the needs on the ground.

and rural development, without adequate capitalization it is very likely that some critical issues are left unaddressed. Funding gaps are particularly acute for addressing priorities related to legitimate politics, critical security issues, and justice as encompassed within the first three PSGs. Studies and evaluations have highlighted that although international assistance for recovery tends to focus heavily on activities related to economic recovery and delivery of basic services, preventing recurring conflicts in some situations requires greater attention to "build stronger political institutions and more credible governments so that negotiated settlements can be reached and implemented."[44] The range of activities also means that funding is spread too thin, minimizing fund-level impact.

Enhancing the coverage, capitalization and coherence of pooled financing mechanisms for recovery to strengthen synergies between humanitarian, development and climate adaptation assistance

The study also highlights opportunities to better link humanitarian, development and climate adaptation finance and increase aid effectiveness by enhancing the coverage, capitalization and coherence of country-led development pooled financing mechanisms for recovery.

Darfur Community Peace and Stability Fund
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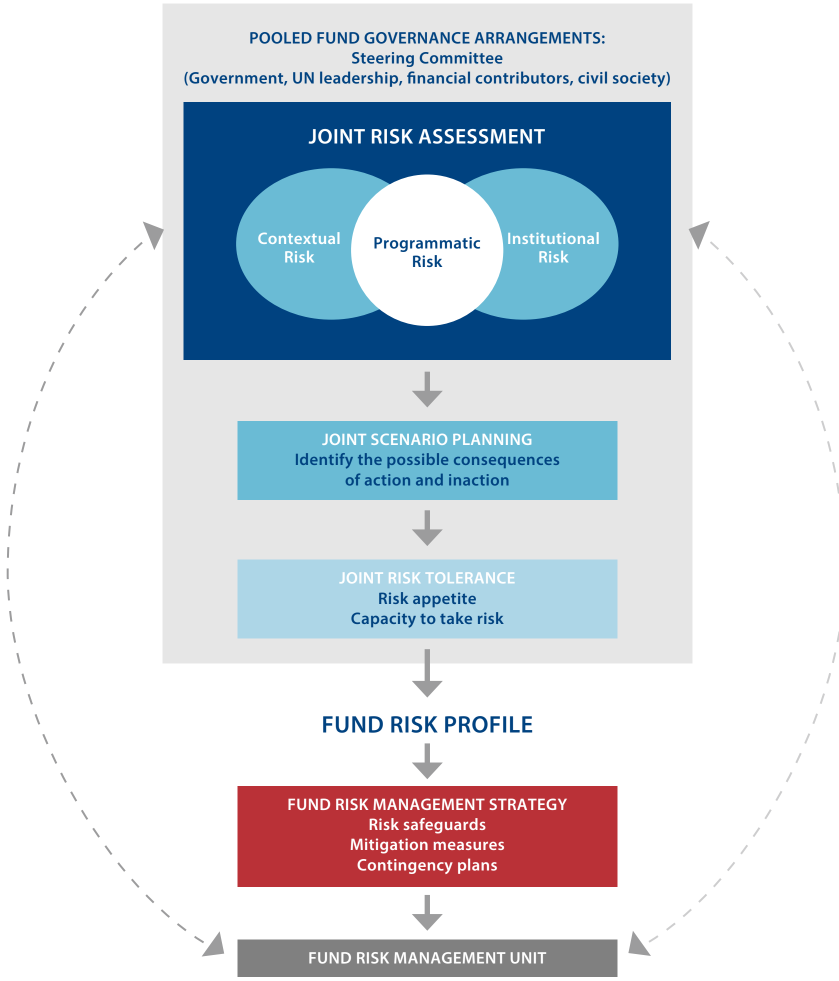
i) Enhance the coverage of pooled financing mechanisms for recovery by better leveraging the risk management potential of pooled funds

A key reason for the slow release of development finance for recovery is the high level of risk in fragile and conflict-affected states, notably programmatic and institutional risk.[45] Although they are seldom fully leveraged, pooled financing mechanisms offer a number of options to better manage risks in fragile and conflict-affected countries. Pooled financing mechanisms, which bring together government and development partners, provide a unique platform for development of a shared understanding and coordinated management of risks. Pooled funds can spearhead joint risk assessments of contextual, programmatic and institutional risks. Such assessments can inform the formulation of fund risk management strategies, which set out a fund's risk profile including its risk tolerance, as well as common risk safeguards, mitigation measures and contingency plans (Figure 6).[46]

Fund risk management strategies can lower risks for individual development partners by fostering a collective approach to risk and better balancing contextual risk (particularly the risk of no action) with programmatic and institutional risks. Shared decision-making and oversight in pooled funds spread individual donor exposure to political and reputational risk.[47] The governance structure of a pooled fund also provides an opportunity for development of a dynamic risk compact, which links risks to capacity development and the achievement of specific milestones by government. Fully leveraging the risk management potential of pooled funds will support an earlier release of development finance, which will in turn facilitate earlier linkages between various sources of finance.

In line with the Paris Declaration on Aid Effectiveness and the New Deal,[48] and in accordance with effectiveness criteria for pooled funds in fragile and conflict-affected states, recovery funds should promote national ownership, alignment, harmonization and mutual accountability.[49] In the case of an ongoing and protracted crisis where an elected government may not yet be in place, establishing a recovery fund financed by development assistance might still be advisable to prevent further deterioration of the socio-economic fabric in areas not directly affected by the violence. This fund could initially mirror the structure of humanitarian funds with a phased approach towards increasing government involvement over time. However, national ownership should be sought as soon as possible

Executive Summary Figure 6: Leveraging pooled financing mechanisms to improve risk management



to support legitimate politics and reconciliation, security, and the revitalization of justice and rule of law institutions.

ii) Optimize the capitalization of pooled financing mechanisms for recovery by consolidating the large number of small funds into a smaller number of larger funds

A consolidation of the large number of small recovery funds and individual programmes supported by development assistance into a smaller number of larger pooled funds will create a critical mass of resources that can act as gravity centres, and improve coordination and alignment of resilience-building recovery activities supported by different sources of finance. Well-capitalized pooled funds can act as strategic and unifying tools by creating positive externalities, economies of scale, and greater incentives for governments, donors and development partners to 'opt-in', rather than 'opt-out'.

44 Walter (2010); Gairdner and Lado (2012).

45 Marcus et al. (2012). While development partners may have different risk categories, the Copenhagen Circles (Figure 6) defined by the OECD DAC (2011) is an internationally recognized method to categorise risk.

46 Jacquand and Ranii (2014).

47 OECD DAC (2010); OECD DAC (2011); OECD DAC (2012b);Jacquand and Ranii (2014).

48 The New Deal for Engagement in Fragile States (the 'New Deal') was adopted in Busan in 2011 by members of the International Dialogue on Peacebuilding and Statebuilding, composed of the g7+ group of fragile and conflict-affected countries, development partners, and international organizations. It presents a vision and principles to change the way development results are delivered to countries affected by conflict and fragility. The new FOCUS (Fragility assessments, One vision, One plan, Compact, Use PSGs to monitor progress, Support political dialogue and leadership) and TRUST (Transparency, Risk-sharing, Use & strengthening of country systems, Strengthen capacities, Timely & predicable aid) partnership principles introduced by the New Deal are grounded in the achievement of the PSGs through a country-led process, supported by aid that is provided more efficiently, coherently, and increasingly through country systems.

49 Coppin (2012).

As an example of such efforts, in 2013 the Somali Government in partnership with the international community has brought together several different recovery funding instruments under the common Somalia Development and Reconstruction Facility (SDRF) (Figure 7). The SDRF is a key element of the joint vision to create a critical mass of resources that can be channeled more strategically, coherently and effectively.

Pooled funds could also provide a mechanism to develop, collect and channel resources from innovative financing instruments, particularly related to efficient management of windfall gains from a commodity boom and a proportion of revenue from extractive industries.

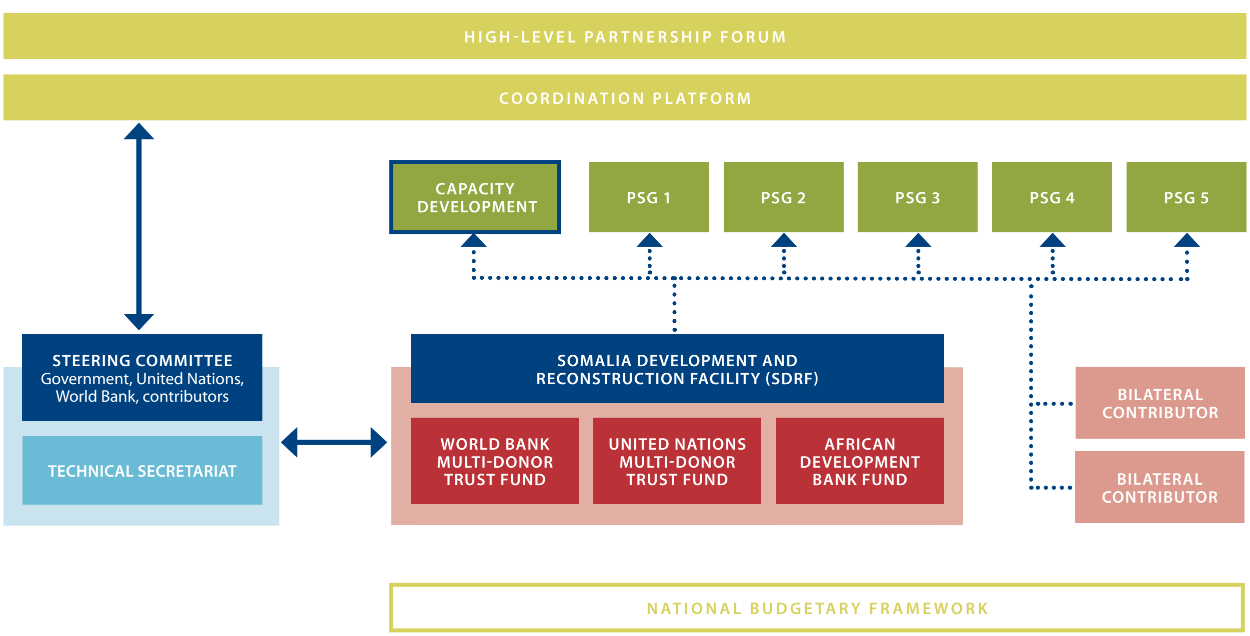
iii) Improve the coherence of recovery efforts through a common theory of change

Finally, money is no substitute for substance and leadership. It is critical to ensure that the consolidation of development-financed recovery efforts at the country level is supported by a coherent and robust theory of change, informed by a shared view of the risk landscape.[50] A common theory of change would support an optimum resource allocation across the five PSGs and allow different actors to work towards these common goals by incorporating required elements into individual programmes, even if such programmes operate over different spatial and temporal scales. Consolidated development pooled funds for recovery can facilitate the formulation of a common theory of change and create incentives to align recovery efforts. It would also improve the coherence of separate recovery initiatives financed by humanitarian, development and climate adaptation assistance.

Articulation of a strong theory of change for recovery is also critical to ensure that the linkages and interdependencies between recovery and the other components of resilience are carefully considered and addressed in individual recovery initiatives. In line with the increasing recognition that transition processes are most often complex and non-linear, incorporation of recovery efforts into a broader resilience strategy can also help access, combine and sequence a mix of sources of finance to help fragile states find long-term, sustainable solutions to crises. Figure 8 shows this accessing, sequencing and combining of pooled financing mechanisms in support of Mali's Green Economy and Climate Resilient Strategy.

A practical step for international and national partners to take the agenda forward would be to operationalize this set of financing approaches in two or three countries affected

Executive Summary Figure 7: Coordination through the Somalia Development and Reconstruction Facility



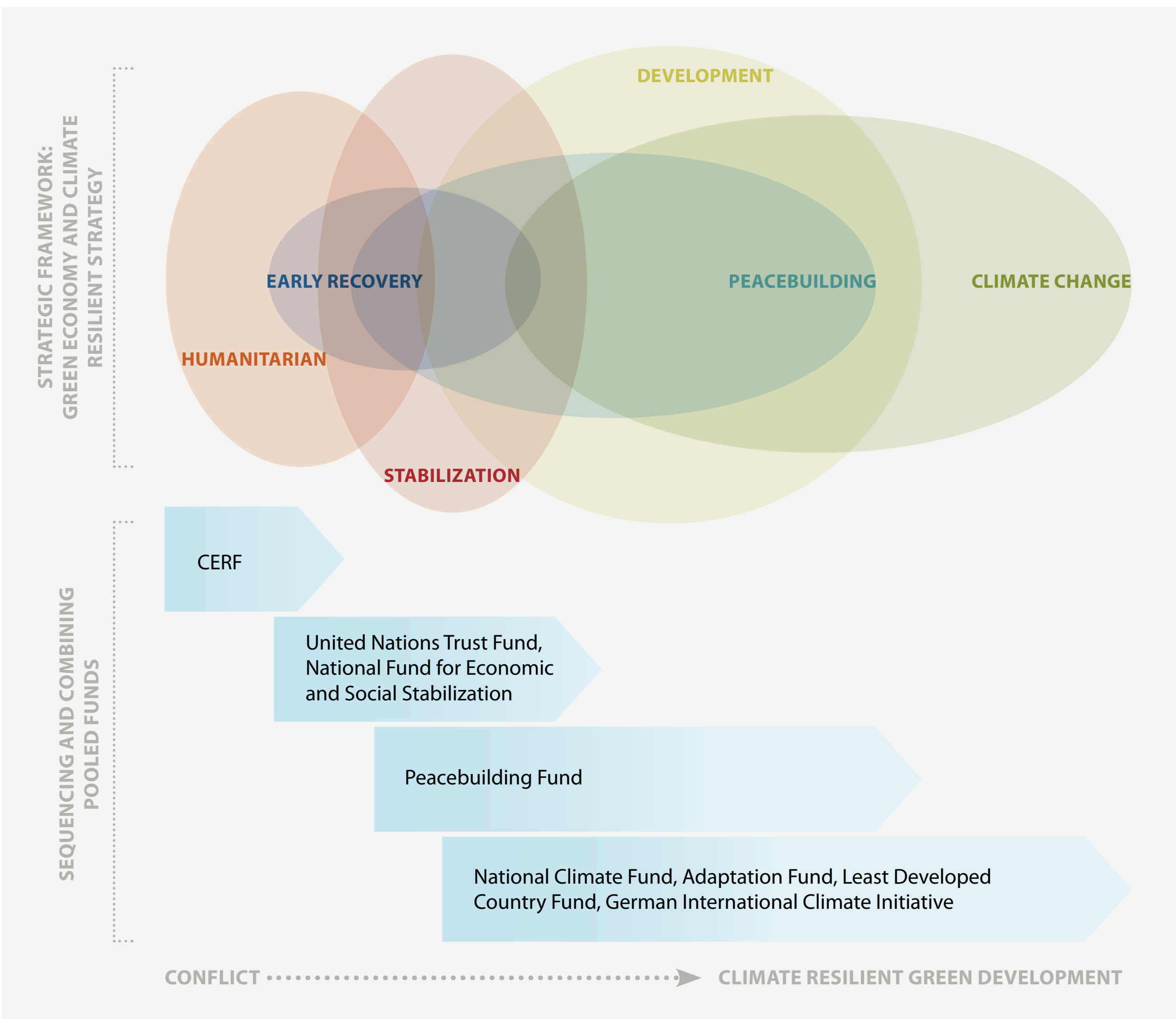
by protracted crises. This would involve early establishment of a development pooled financing mechanism for recovery in contexts where such mechanisms do not exist, in order to leverage the risk management potential of a pooled fund and facilitate release of development finance. In countries with a large number of small recovery funds, insufficiently capitalized to act as gravity centres to coordinate international assistance and align it with national goals, a pilot of these financing approaches would also involve consolidation of these funds under a common governance facility with a shared theory of change. These new financing practices would fully leverage the UN DSRSG/HC/RC functions to bring peace and security, humanitarian, development and climate adaptation actors together to identify and implement complementary and more integrated interventions to accelerate resilience-building recovery efforts.

The lessons learned, best practices and conclusions from such pilots would provide empirical information and could be a valuable contribution to the discussions around the post-2015 development agenda, the global agreement to address climate change in 2015 and the World Humanitarian Summit in 2016.

50 A number of UN position papers on resilience. UNICEF (2013) highlights the importance of informing programming through a holistic analysis of risk and conflict, including "promoting common/joint inter-agency assessment and analysis." Regional Humanitarian Coordinator (2013); UN (December 2013); OECD DAC (2013b).

51 Adapted from OECD DAC (2010).

Executive Summary Figure 8: Accessing, sequencing and combining pooled financing mechanisms in support of Mali's Green Economy and Climate Resilient Strategy[51]



A woman votes in Yemen
© *United Nations*

Introduction

Humanitarian, development and climate assistance have different immediate aims and follow different principles. They also operate over different spatial and temporal scales. Furthermore, they are aligned with different budget lines and rules, are managed by different actors and have historically evolved separately.[52] Humanitarian aid aims to saves lives and is guided by the principles of independence, neutrality and impartiality.[53] Development assistance, on the other hand, aims at contributing towards sustainable development, including pro-poor economic growth, poverty reduction and improvements in living standards, and follows principles of national ownership and alignment. Climate finance initially focused on reduction of greenhouse gas (GHG) emission to mitigate the increase in global average temperatures. Its scope was gradually broadened to adapt populations and economies to the unavoidable impacts of climate change.

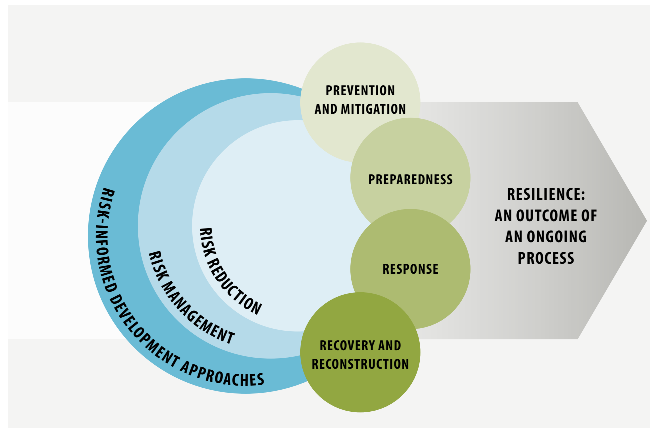
However, as the risks associated with violence and conflict, climate change, disasters and global shocks become increasingly complex, interconnected and covariant, "[w]orking in silos no longer makes sense."[54] A more integrated 'resilience-based approach' that "simultaneously and coherently address[es] short, medium and long term needs"[55] is required in order to support fragile and conflict-affected states to find long-term, sustainable solutions to crises.[56]

There are multiple definitions of the concept of resilience—some emphasize the ability of a system to resist, absorb and bounce back from the effects of a shock, while others accentuate the capacity to anticipate, shape and adapt to change.[57] This study adopts the latter, broader definition of resilience, which best captures the priorities financed by humanitarian, development and climate adaptation assistance and has the potential to bridge efforts across these different communities.

The study also endorses a four-pronged conceptualization of resilience,[58] which includes prevention and mitigation, preparedness, response, and recovery and reconstruction. As visualized in Figure 1, collectively these approaches aim to enhance absorptive, adaptive and transformative national capacities.

As the concept of resilience moves from a political agenda towards implementation modalities and technical guidance for programming on the ground,[60] it is equally important that the financing architecture evolves in line with such efforts. As part of the ongoing effort to better leverage the potential of pooled financing mechanisms to enhance aid effectiveness for resilience, this study reviews the financing practice of recovery[61] efforts through pooled financing mechanisms[62] in fragile and conflict-affected countries.

Figure 1: Understanding risk and resilience[59]



52 Steets et al. (2011).

53 Good Humanitarian Donorship Initiative (2003).

54 OECD DAC (2013b).

55 OCHA (2013).

56 Marcus et al. (2012); OECD DAC (2010); OCHA (2013); Regional Humanitarian Coordinator (2013).

57 Folke (2006); OECD DAC (2013b). The United Nations Development Group Executive Committee for Humanitarian Affairs Working Group on Transition (UNDG-ECHA WGT), now called the UN Working Group on Transitions, has noted that UN agency-specific definitions of resilience have many commonalities and complementarities, including recognition of the "need for a multi-sectoral approach and better alignment between humanitarian and development work to address a wide range of hazards" (UNDG-ECHA WGT [2014]). A Resilience Task Team has been formed under the UN Working Group on Transitions to develop a common UN approach to resilience. For specific definitions, see UN position papers: OCHA (2013); UNDP (2013a); UNICEF (2013); FAO (2013); WFP (2013); Inter-Agency Standing Committee (IASC) (2012).

58 This four-pronged conceptualization has been articulated in Kellet and Peters (2013).

59 Source: Kellet and Peters (2013).

60 Bene et al. (2012); OECD DAC (2013b).

61 The term 'recovery' includes both early and longer-term recovery in order to cover the range of fragile and conflict-affected countries, which are in varying stages of the transition process. The term 'early recovery' is defined as "an approach that addresses recovery needs that arise during the humanitarian phase of an emergency, using humanitarian mechanisms that align with development principles. It enables people to use the benefits of humanitarian action to seize development opportunities, builds resilience, and establishes a sustainable process of recovery from crisis." (IASC [July 2013]).

62 The terms 'pooled financing mechanisms', 'pooled funding instruments', 'multi-donor trust funds' and 'multi-partner trust funds' are used interchangeably.

The study complements findings from the recent Overseas Development Institute (ODI) report on improving financing preparedness[63] for resilience as well as the mapping of country-based humanitarian pooled funds commissioned by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA),[64] which focuses on the response component of resilience. The ODI report highlights that the current financing architecture exacerbates the preparedness funding gap and does not adequately support leveraging and coordinating various sources of funding, while the OCHA-commissioned study emphasizes leveraging the comparative advantages of specific humanitarian pooled financing instruments in order to ensure a 'best fit' with the type of emergency. Both reports make recommendations to improve current financing practices in support of building resilience.

POOLED FINANCING MECHANISMS CAN PLAY A CRITICAL ROLE TO FOSTER A COMMON THEORY OF CHANGE FOR RECOVERY, ALIGN EFFORTS ACROSS A WIDE RANGE OF ACTORS AND FOSTER SYNERGIES ACROSS HUMANITARIAN, DEVELOPMENT AND CLIMATE ASSISTANCE

The existing international architecture to support fragile and conflict-affected countries to transition from crisis towards sustainable development assumes that a mix of well-capitalized multi-partner pooled financing instruments for recovery are deployed at an early stage. It recognizes that pooled financing mechanisms can play a critical role to foster a common theory of change for recovery, align efforts across a wide range of actors and foster synergies across humanitarian, development and climate adaptation assistance. The objective of this study is to assess whether the current financing practice of recovery efforts is consistent with this theoretical international architecture and identify opportunities to enhance the effectiveness of recovery financing for resilience. The recommendations are based on a mapping and comparative analysis of humanitarian, development and climate adaptation pooled financing mechanisms at the global and country levels.

The study is divided into four sections. Section 1 provides an overview of international humanitarian, development and climate adaptation finance. Section 2 outlines the evolution of the international architectural framework in place to coordinate transition efforts from relief to sustainable development and describes the objectives of the study and methodological approach used to map financial flows. Section 3 presents results from the mapping exercise. Section 4 highlights opportunities to improve the coverage, capitalization and coherence of country-led development pooled financing mechanisms for recovery to strengthen synergies between humanitarian, development and climate adaptation finance and improve the overall effectiveness of financing resilience.

63 Kellet and Peters (2013).
64 Taylor (2014).

Irrigation networks in Kyrgyzstan supported by the Peacebuilding Fund
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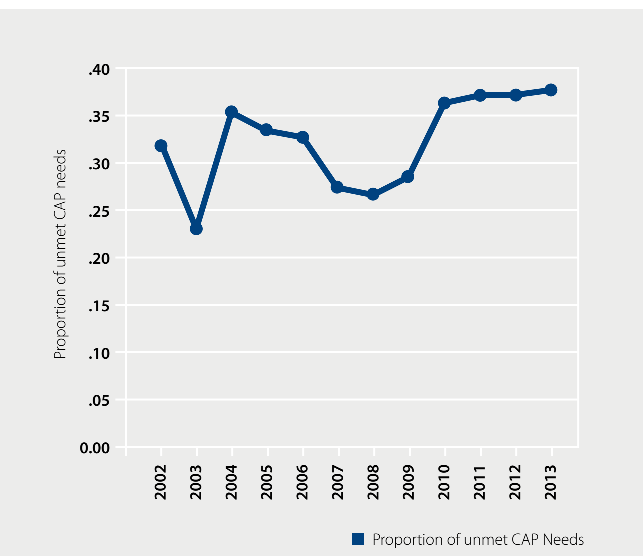
1 An overview of humanitarian, development and climate adaptation finance

1.1 The growing proportion of unmet humanitarian needs

As stated in the Global Humanitarian Assistance (GHA) Report (2013), "in 2012 humanitarian assistance was a smaller slice of a smaller pie." Official development assistance (ODA) fell by 4 percent (following a 2 percent decrease in 2011), making the decrease in 2012 (excluding 2007 due to exceptional debt relief operations) the largest since 1997. Official humanitarian assistance from the Organisation for Economic Co-operation and Development (OECD) - Development Assistance Committee (DAC) fell by 11 percent and, as a percentage of ODA, fell from 10 percent in 2011 to 9 percent in 2012. The overall international humanitarian response fell by 8 percent.[65]

At the same time, the 2012 requirement for the UN Consolidated Appeal Process (CAP) remained similar to the 2011 level. As a result, the proportion of unmet CAP needs was the largest in more than a decade, extending further the downward trend in the share of funding needs met since 2007. The data for 2013 show that the proportion of unmet CAP needs continued its steady rise and reached almost 40 percent of the 2013 CAP.[67] Figure 2 shows the increasing trend in the proportion of unmet CAP needs from 2002 to 2013.

Figure 2: Proportion of unmet UN Consolidated Appeal Process (CAP) needs from 2002 to 2013[66]

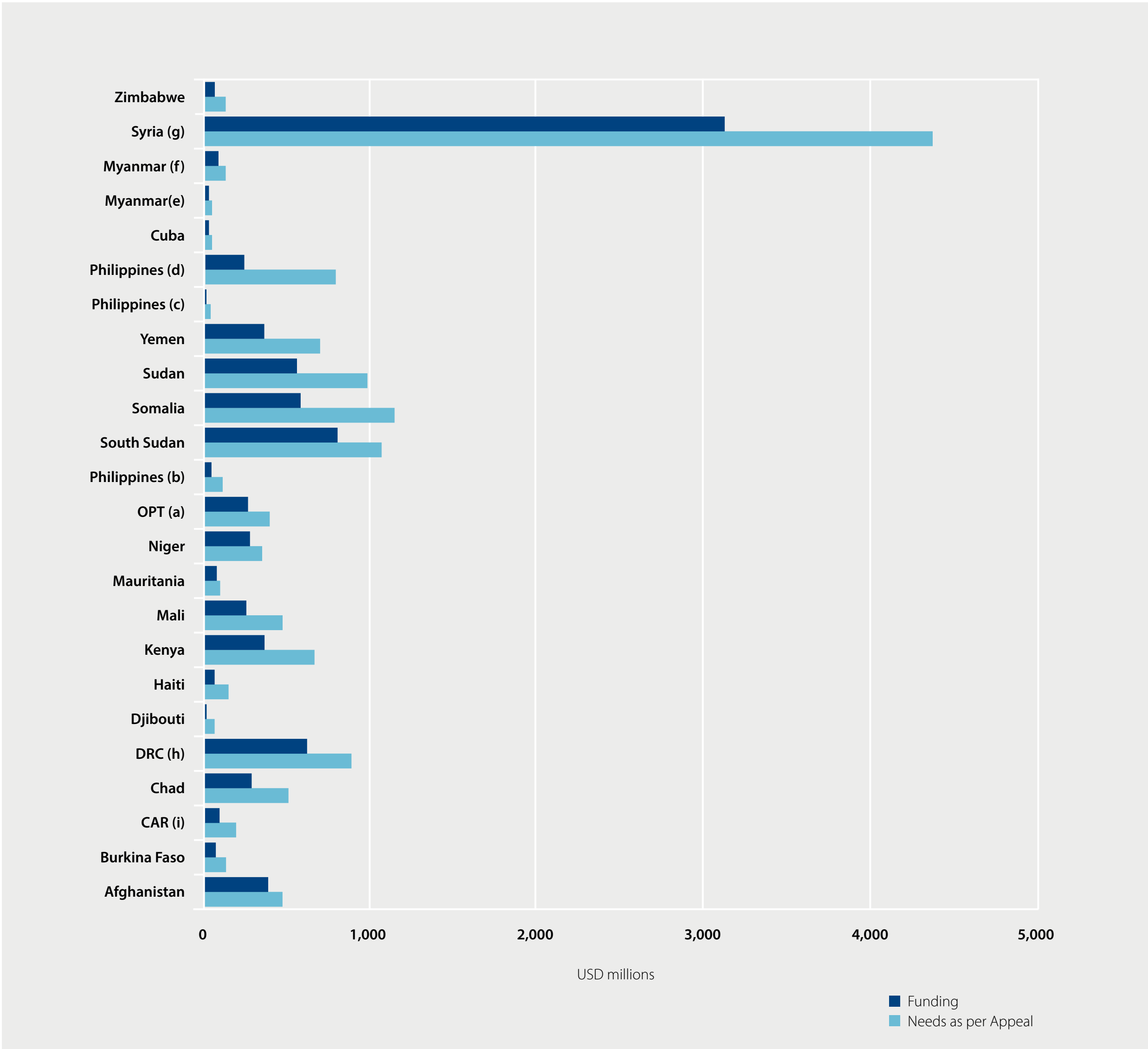


The 2013 data related to the CAP above do not include the humanitarian appeals made separately to respond to the crisis caused by the conflict in Syria.[68] The combined total of the 2013 appeals in response to humanitarian needs in Syria and neighbouring countries stood at almost $4.4 billion, which was 72 percent funded as of 31 December 2013.[69] As shown in Figure 3, the more than $3 billion in support of the Syrian appeals was by far the highest amount, representing 35.5 percent of the total funding towards all 25 appeals, and illustrating the tendency for new emergencies to divert scarce humanitarian resources from ongoing efforts in more protracted crises.

A key reason for protracted crises and the need for continued humanitarian assistance is the 'conflict-trap'.[70] A growing body of literature and empirical evidence shows that there is a high risk that conflict-affected countries relapse into additional episodes of violence. A study conducted as a background paper to the World Development Report (2011) found that almost 60 percent of countries that suffered from a civil war experienced a relapse into conflict.[71]

In the absence of adequately funded and effective recovery efforts, new emergencies, like the crisis in Syria, are also likely to become protracted crises that require long-term humanitarian assistance and add to the overall humanitarian caseload. According to the 2009 GHA Report, more than half of total humanitarian spending since 2002 has been "long-term… spent in the same countries year after year."[72] In 2003 and 2004, this percentage peaked at 79 percent and 76 percent, respectively. Figure 4 shows the countries that have received

Figure 3: Funding versus revised requirements for all 2013 appeals (CAP, Flash and other appeals)[73]



65 OECD DAC (2013a).

66 Authors' calculation based on the information provided in footnote 67.

67 Authors' calculation based on data from the 2013 GHA Report (Development Initiatives [2013]) for years 2000 to 2012 and UN OCHA Financial Tracking Service (FTS) website, accessed on 11 February 2014: http://fts.unocha.org/pageloader.aspx?page=emerg-emergencies&section=CE&year=2013). The 2013 GHA Report (Development Initiatives [2013]) uses the UN CAP as a barometer to illustrate the scale of needs and the funding response. According to the GHA Report, while "[t]here is no comprehensive and comparable evidence base on the scale and severity of humanitarian needs… the UN CAP is [the] largest annual appeal for humanitarian financing… It provides a consensus-based costing and prioritization of humanitarian financing requirements across a range of humanitarian crises, from a broad base of participating organisations, including UN agencies and NGOs… [However], [t]he CAP only represents part of total global financing requirements. Only crises considered high priority are included and not all financing requirements in a crisis are targeted in an appeal." The proportion of unmet needs is calculated as: (Total CAP revised requirements – Total amount of funding received for the CAP) / Total CAP revised requirements.

68 Funding provided for the Syria humanitarian crisis has taken place in two separate appeals—the Syrian Humanitarian Assistance Response Plan (SHARP) and the Regional Refugee Response Plan (RRP). In addition, Lebanon and Jordan have sought $449 million and $380 million, respectively, to provide assistance to refugees in their countries (Margesson and Chesser [2013]).

69 FTS website: http://fts.unocha.org/pageloader.aspx?page=emerg-emergencies&section=CE&year=2013

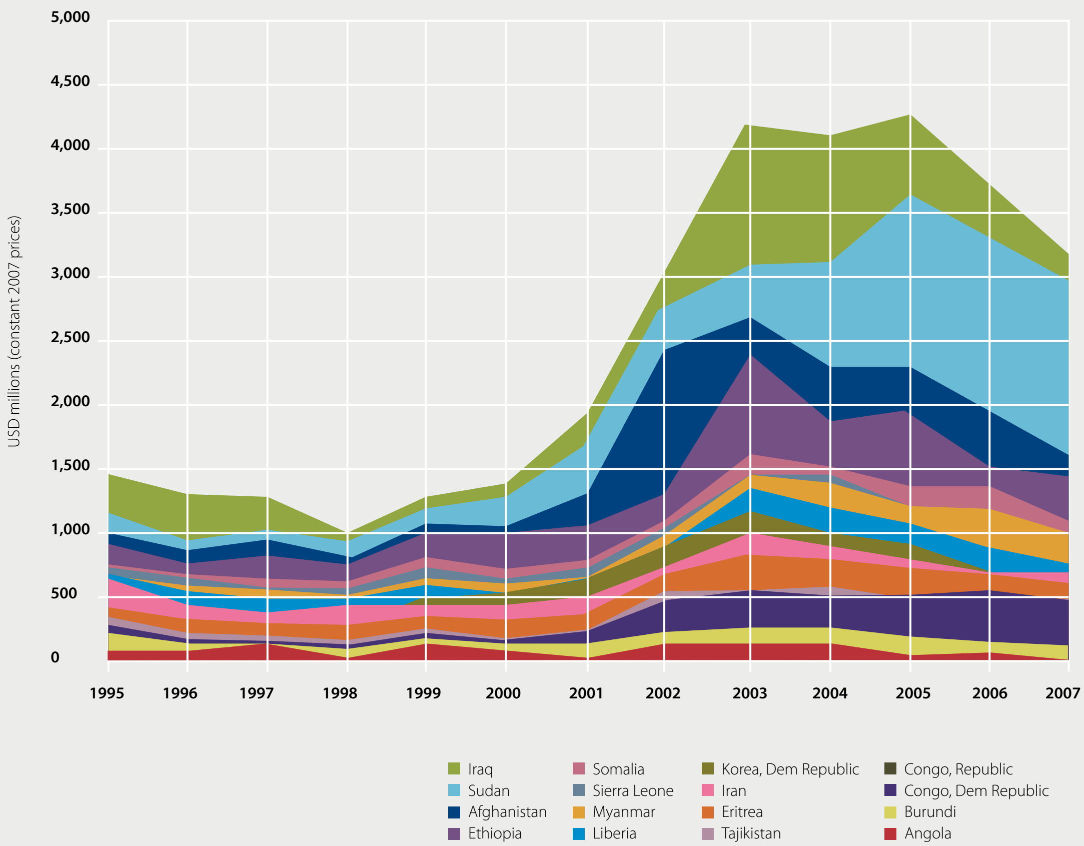
70 Collier and Sambanis (2002); Collier et al. (2003).

71 Walter (2010). The study looked at 103 countries that experienced some form of civil war between 1945 and 2009 and found that only 44 avoided a subsequent return to civil war.

72 The GHA Report (Development Initiatives [2009]) classifies humanitarian spending into three groups depending on the number of years a country has received more than 10 percent of ODA in the form of humanitarian aid. Long-term humanitarian assistance has been defined as funding that goes to countries that receive more than 10 percent of their ODA in the form of humanitarian aid for more than eight years between 1995 and 2007. Medium-term and short-term humanitarian assistance have been defined as funding that goes to countries that receive more than 10 percent of their ODA in the form of humanitarian aid for between four to eight years and for three years or less, respectively, between 1995 and 2007.

73 Authors' calculation based on data as of 31 December 2013 from the FTS website, accessed on 11 February 2014: http://fts.unocha.org/pageloader.aspx?page=emerg-emergencies&section=CE&year=2013. (a) occupied Palestinian territory; (b) Philippines – Mindanao; (c) Philippines – Bohol Earthquake (Oct 2013–Apr 2014); (d) Philippines – Typhoon Haiyan (Nov 2013–Oct 2014); (e) Myanmar – Kachin; (f) Myanmar – Rakhine; (g) Syria SHARP and RRP; (h) Democratic Republic of Congo; (i) Central African Republic.

Figure 4: Countries that have received long-term humanitarian assistance: 1995 to 2007[74]



long-term humanitarian assistance from 1995 to 2007. Almost 40 percent of them still made large humanitarian appeals or required considerable humanitarian support in 2013.[75]

Protracted crises are questioning the capacity of the international community to meet humanitarian needs in the short to medium term. In response to increasing humanitarian needs in Syria and neighbouring countries, in 2014 the UN launched its largest-ever appeal for a single crisis: $6.5 billion. This is half of the total 2014 global $12.9 billion appeal, which itself is the largest appeal the UN has had to make at the start of the year.[76] As of June 2014, only 26 percent of the humanitarian appeals for Syria and neighbouring countries was funded.[77]

Over the long term, recent research shows that there has been a historical decline in worldwide violence and the future may be less violent than the past.[78] The number of armed conflicts declined from 37 in 2011 to 32 in 2012,[79] and the proportion of world's countries affected by civil wars is expected to reduce by half from about 15 percent in 2009 to seven percent in 2050.[80]

Although there may be reduced conflict in the best-case scenario, this outcome is far from certain. Data from the Human Security Report (2013) show that as the number of high-intensity conflicts has declined, the number of low-intensity conflicts—which are most difficult to resolve—has increased. Further, climate change is likely to increase the number of conflicts and natural disasters, exacerbating the humanitarian financing gaps. The world is now facing the prospects of an increase of more than 4 degrees in global average temperature by the end of this century.[81] Such an increase would dramatically escalate the frequency and impacts of extreme hydro-meteorological events. A climate model produced by the United Kingdom Meteorological Office predicts that by 2080, 30 percent of the earth's surface will be subject to extreme drought, compared with 3 percent at the beginning of the 21st century.[82]

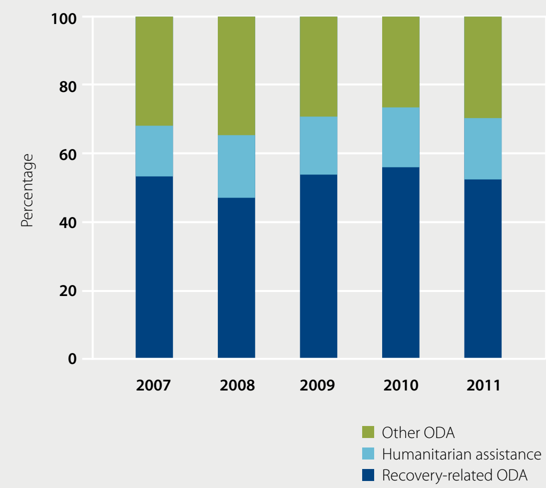
In addition to extreme hydro-meteorological events, climate change will lead to an increase in unusual, erratic and 'unseasonable' weather patterns. Less predictable weather makes it difficult for small-scale farmers to decide when to cultivate, sow and harvest, which will increase food insecurity and the risk of negative coping strategies. The effects of climate change will also increase competition for natural resources, exacerbating traditional conflict drivers and further weakening fragile governments.[83] Conversely, paralysis of government in post-crisis situations will limit national capacity to anticipate impacts of climate change, potentially generating a downward spiral.

1.2 Sources of finance for recovery

Humanitarian, development and climate adaptation assistance all contribute towards and have an important role to play in recovery efforts. Humanitarian finance supports 'early recovery',[84] which is both an approach to the humanitarian response that focuses on rebuilding capacity, as well as a set of specific actions to help people to move from dependence on humanitarian relief towards development. In recognition of the critical role that early recovery approaches and programming play in building resilience[85] and the importance of early recovery being included in and financed by humanitarian assistance, early recovery was one of the clusters established by the Inter-Agency Standing Committee (IASC) in 2005. All IASC clusters are expected to mainstream early recovery in their individual responses, and a specific cluster may be established to address early recovery areas that are not covered by other clusters.[86]

The bulk of recovery efforts in fragile states are supported through development assistance. ODA to fragile states has doubled over the past decade, reaching $53.4 billion, or almost 40 percent of total ODA in 2011.[87] As shown in Figure 5, from 2007 to 2011, on average development assistance in support of recovery made up more than 50 percent of total ODA to fragile states.[88] Development assistance usually builds on the early recovery foundations financed through humanitarian aid and includes spending related to social services, governance, and conflict prevention and food security.

Figure 5: Proportion of recovery-related development assistance in fragile states from 2007 to 2011[89]



A theory of change for development assistance in support of recovery efforts in fragile and conflict-affected countries has emerged around achievement of the five Peacebuilding and Statebuilding Goals (PSGs) within the context of the New Deal for Engagement in Fragile States (the 'New Deal'). The PSGs include: 1) fostering legitimate politics, 2) establishing and

74 Source: Development Initiatives (2009).

75 While Ethiopia does not take part in the CAP, it has a large emergency response fund (called the Humanitarian Response Fund): $239 million between 2006 and 2013.

76 OCHA website: http://www.unocha.org/top-stories/all-stories/global-un-and-partners-launch-record-humanitarian-appeal

77 FTS website: http://fts.unocha.org/pageloader.aspx?page=special-syriancrisis

78 Pinker (2011).

79 Themner and Wallensteen (2013).

80 Hegre et al. (2013).

81 Intergovernmental Panel on Climate Change (IPCC) (2013).

82 UN Global Compact et al. (2011).

83 IPCC (2014).

84 IASC (July 2013).

85 IASC (2012) notes that "early recovery [is] critical to building resilience."

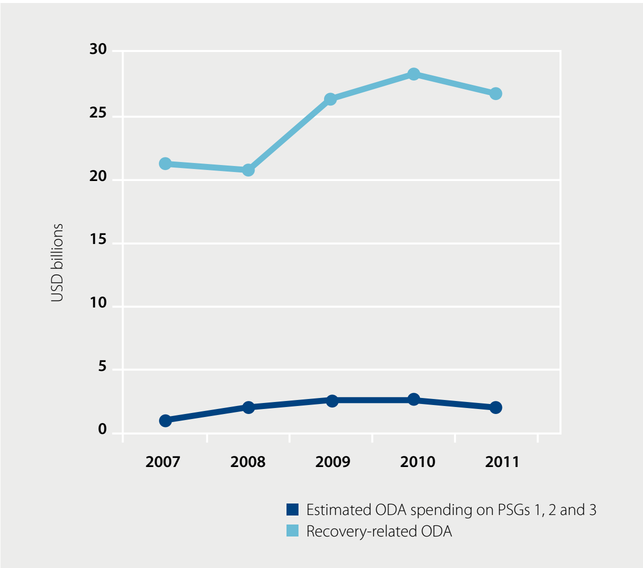
86 In such cases the cluster is not called 'early recovery', but rather specifically by the area that it covers.

87 OECD DAC (2012c); OECD DAC (2014).

88 Authors' calculation based on sector ODA by recipient data from the Global Humanitarian Assistance dataset: http://www.globalhumanitarianassistance.org/data-guides/datastore. While humanitarian aid is clearly identified through the sector data (sector code 700), recovery-related spending is more challenging to identify. To estimate recovery-related ODA in fragile states, social infrastructure and services (sector code 100, which includes: education, health, population and reproductive health, water supply and sanitation, government and civil society [including conflict, peace and security], and other social infrastructure and services), and development food aid and food security (sector code 520) were used as proxies. For comparison purposes, the same list of fragile states was used as the list for the mapping exercise (see section 3.1).

89 Authors' calculation based on information provided in the footnote above. Other ODA includes sector codes 200 (economic infrastructure), 300 (production sectors), 400 (multi-sector and cross-cutting), 510 (general budget support), 530 (other commodity assistance) and 600 (activities related to debt).

Figure 6: Estimated proportion of official development assistance (ODA) spent on areas related to Peacebuilding and Statebuilding Goals (PSGs) 1, 2 and 3 in fragile countries [90]



strengthening security, 3) addressing and increasing access to justice, 4) improving economic foundations, and 5) managing revenues and services. The New Deal was adopted in Busan in 2011 by members of the International Dialogue on Peacebuilding and Statebuilding, comprised of the g7+ group of fragile and conflict-affected countries, development partners, and international organizations.[91] It presents a vision to use the PSGs as the foundation for progress and as a guide for work in fragile and conflict-affected states.

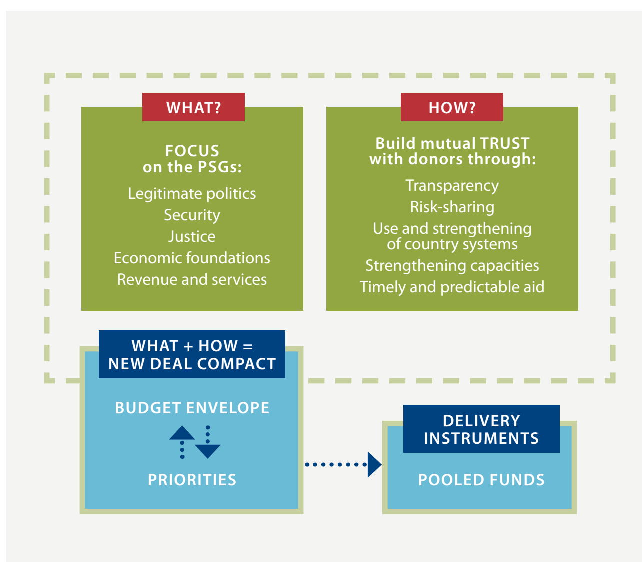
However, ODA that has been reported through the OECD DAC Creditor Reporting System (CRS) as spending related to PSGs 1, 2, and 3 in fragile countries made up on average less than 10 percent of total estimated recovery-related assistance from 2007 to 2011 (Figure 6).[92] According to the OECD (2014), trends in fragile states where peace and security needs are highest show no signs of shifting away from traditional sectors such as health and education towards investments in security, rule of law and governance.[93]

The New Deal also highlighted that, despite significant investments in fragile countries, results and value for money have been modest. It emphasized a set of principles to change the way development assistance is delivered to countries affected by conflict and fragility, noting that international partners often provide aid in "ways that underestimate the importance of harmonizing with the national and local context, and support short-term results at the expense of medium to long-term sustainable results brought about by building capacity and systems."[94] This is particularly critical in countries where recovery assistance can exceed national budgets. The new FOCUS[95] and TRUST[96] partnership principles introduced by the New Deal are grounded in the achievement of the PSGs through a country-led process, supported by aid that is provided more efficiently, coherently and increasingly through country systems.

The New Deal has defined 'Compacts' as instruments and processes that enable national and international partners to work towards nationally identified priorities for achieving the PSGs in a relatively short period of time (Figure 7). One key element of Compacts is the explicit link between national priorities and financing. Compacts should also guide the choice of aid delivery instruments, including pooled financing mechanisms. The New Deal outlines strong international commitment to increasing the proportion of funding delivered through pooled funds using country systems.[97]

The increased emphasis on the role of government, national ownership and the use of country systems is a significant difference between humanitarian and development assistance. However, similar to humanitarian assistance, ODA in fragile states is coming under increasing pressure. According to the most recent OECD DAC Report (2014), aid has continued its

Figure 7: Delivering the New Deal Compact [98]



uneven but generally downward trend. ODA to fragile states fell by 2.4 percent in 2011 and ODA from DAC donors to fragile states fell by 0.7 percent. The amount received by individual countries varies greatly, with half of ODA to fragile states directed at seven countries.[99] The downward trend is expected to continue.

As shown in Table 1, climate change assistance, particularly for adaptation, shares significant priorities with resilience-building recovery efforts financed through humanitarian and development assistance, including the prioritization of life and livelihood saving activities; food security and agriculture; water availability, quality and accessibility; energy security and accessibility; and essential infrastructure.[100]

The costs of recovering from extreme weather events and adaptation to climate change in developing countries are already a major challenge for national governments and the international community. Studies suggest that developing country needs for adaptation action alone may be in the range of $100 billion to $450 billion.[101] According to the Climate Policy Initiative (CPI), global climate finance flows amounted to $359 billion in 2012.[102] However, adaptation amounts to only a fraction of global climate finance. As shown in Figure 8, 94 percent

90 Authors' calculation based on information provided under footnote 92.

91 International Dialogue on Peacebuilding and Statebuilding (2011).

92 Authors' calculation based on the ODA by recipient data from the Global Humanitarian Assistance dataset: http://www.globalhumanitarianassistance.org/data-guides/datastore. The calculation uses sector 150 (government and civil society) of the CRS as an estimate of spending related to PSGs 1, 2 and 3. Sector 150 includes spending on democratic participation, legislation and political partners, media and freedom of information, conflict, peace and security, legal and judicial development, and human rights. However, it also includes spending related to public sector policy, administration management and public financial management, which are not related to PSG 1, 2, or 3. For comparison purposes, the same list of fragile states was used as the list for the mapping exercise (see section 3.1.).

93 OECD DAC (2014).

94 International Dialogue on Peacebuilding and Statebuilding (2011).

95 FOCUS: Fragility assessments, One vision, One plan, Compact, Use PSGs to monitor progress, Support political dialogue and leadership.

96 TRUST: Transparency, Risk-sharing, Use & strengthening of country systems, Strengthen capacities, Timely & predicable aid.

97 The Collaborative Africa Budget Reform Initiative (CABRI) has defined different ways that development assistance can be integrated within various phases of the national budget process to increase the use of country public financial management systems. International guidance agrees that at a minimum and regardless of implementation modality, all development assistance should be reflected in national planning ('on plan') and budgeting documentation ('on budget'). Implementation of the New Deal also requires strengthening national capacity and increasing the proportion of external financing that is disbursed using national treasury systems ('on treasury'). CABRI (2009).

98 Source: Based on Figures 1 and 2 from the International Dialogue on Peacebuilding and Statebuilding (2013). See also MPTF Office (2013b).

99 OECD DAC (2014). The seven countries are: Afghanistan, DRC, Ethiopia, Pakistan, Kenya, West Bank and Gaza Strip, and Iraq.

100 The National Adaptation Programmes of Actions (NAPAs) supported by the United Nations Framework Convention on Climate Change (UNFCCC) address, inter alia, (i) disaster risk management; (ii) human health; (iii) food security and agriculture; (iv) water availability, quality and accessibility; (v) essential infrastructure; (vi) economic diversification; (vii) biodiversity and ecosystem management; (viii) land-use management and forestry; (ix) environmental management; (x) cultural heritage; (xi) coastal zones and associated loss of land and (xii) climate-resilient urban development.

101 Montes (2012); Caravani et al. (2013).

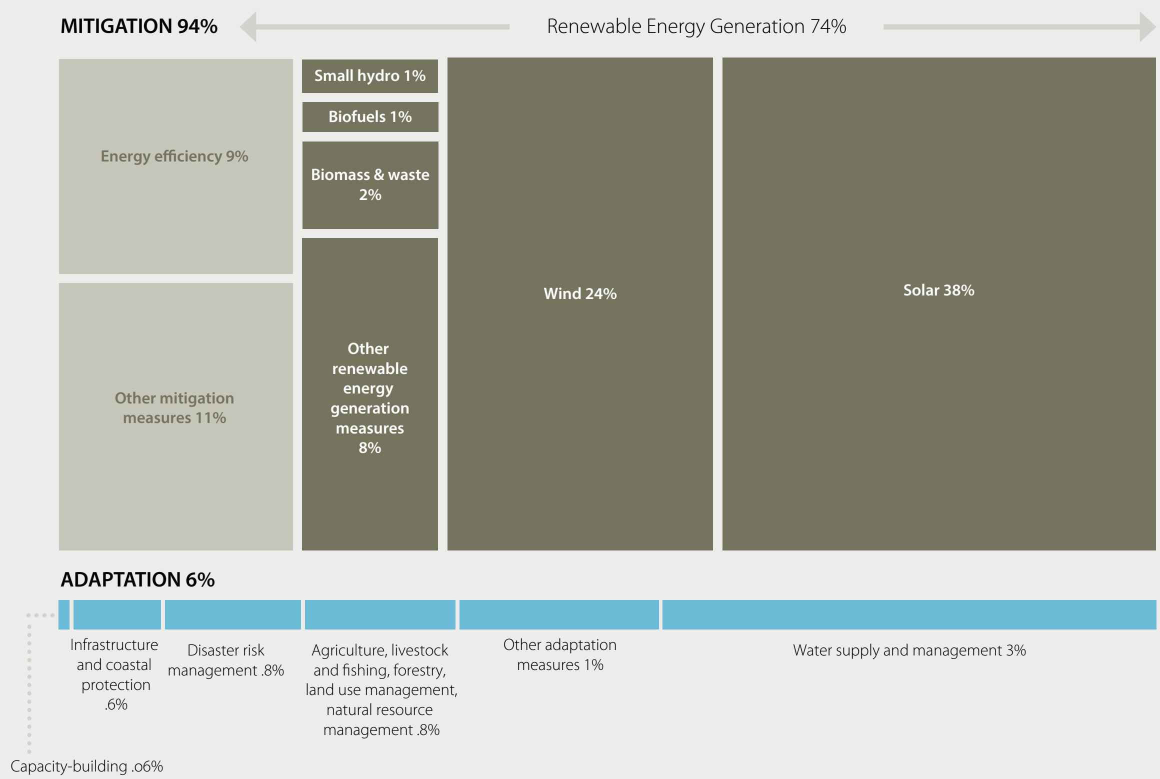
102 Climate Policy Initiative (2013).

103 This sector coverage is based on consolidated information from the Climate Finance Options website: http://www.climatefinanceoptions.org/cfo/cfo_search/type:funding_sources All acronyms are spelled out in Annex 2.

Table 1: Sector coverage of the selected global climate pooled funds[103]

Fund	Agriculture	Disaster risk reduction	Energy efficiency	Transport	Water	Renewable energy	Coastal zone management	Sustainable land management	Other
ADAPTATION									
GEF	X		X	X	X	X			Capacity building
LDCF	X	X			X		X	X	
SCCF	X	X			X		X	X	
AF	X	X	X			X	X		
ASAP	X								
PPCR	X				X		X		
ADB CCF	X	X	X	X	X	X			
GFDRR	X	X			X		X	X	
MDG-F	X				X	X	X	X	
ENERGY ACCESS FOCUSED FUNDS									
CDSF	X				X	X		X	Capacity building
FACET						X			
GEEREF			X			X			
SREP						X		X	
SEFA			X			X			
SCAF			X			X			

Figure 8: Focus of climate finance[104]



of these funds were invested in GHG reduction activities. Disaster risk management and rural livelihood activities each accounted for only about 0.8 percent of this investment.

Furthermore, climate assistance accounts for only a share of climate finance. The private sector contributed $224 billion, or 62 percent of the total. A key concern driving climate assistance is to catalyze larger climate finance flows and better align them to national development goals to meet the enormous infrastructure needs of developing countries.

In terms of geographic coverage, sub-Saharan Africa (excluding South Africa) accounted for less than 1 percent of total private investment.[105] Allocation from international public finance to sub-Saharan and fragile states is somewhat larger. According to the joint report on multilateral development banks (MDBs) climate finance,[106] MDBs provided approximately $25 billion in financing from their core resources to address the challenges of climate change in 2012. Of the total $25 billion in climate finance, about 13 percent, or $3.1 billion, was dedicated to sub-Saharan Africa. This amount was relatively equally divided between adaptation and mitigation.

A number of pooled financing mechanisms have been established or reformed in order to better balance climate mitigation and adaptation finance, such as the Least Developed Country Fund for Climate Change (LDCF), the Adaptation Fund (AF) and the Green Climate Fund (GCF). While it is challenging to get an accurate estimate of the amount of funding available for climate mitigation and adaptation from pooled financing mechanisms in light of their number and diversity, CPI (2013) estimated that a sub-set of 15 multilateral and national climate funds approved approximately $1.6 billion of funding for climate interventions in 2012. Although the top four recipients were Bangladesh, the Philippines, Brazil and Thailand, 20 percent of the resources were allocated to Africa and more than 40 percent were invested in adaptation.

In addition to international finance, developing countries have increased their own public spending on climate change and ecosystems activities, including through national budgets and national climate and biodiversity funds. Pilot Climate Public Expenditure and Institutional Reviews (CPEIRs) conducted by the United Nations Development Programme (UNDP) in Asia and Africa revealed that governments are already allocating from 3 to 15 percent of their budget to expenditures related to climate change, primarily for adaptation in least developed countries.

1.3 Creating synergies across sources of finance

Creating synergies between humanitarian, development and climate adaptation finance can increase the effectiveness of every dollar invested in recovery efforts.

Development itself is a pre-condition for effective adaptation, and effective adaptation is critical to ensure that in a changing climate the development of today does not become the mal-adaptation of tomorrow. The guidelines for the preparation of National Adaptation Programmes of Action (NAPAs)[111] fully recognize the importance of synergies between development and climate finance and specifically state that, "to be effective, adaptation needs to be integrated into national development efforts."

Linkages between humanitarian, development and climate assistance ensure that the international response benefits from more and better information for planning and decision-making, a broader range of expertise and perspectives to ensure a comprehensive understanding of the risk landscape, and a wider spectrum of operational capacity. This supports mutual learning and results in interventions that are better designed, more holistic and more effective.[112] It also reduces duplication of efforts and financing gaps.

THE WORLD BANK HAS ESTIMATED THAT A CIVIL CONFLICT COSTS THE AVERAGE DEVELOPING COUNTRY ROUGHLY 30 YEARS OF GROSS DOMESTIC PRODUCT GROWTH AND COUNTRIES IN PROTRACTED CRISIS CAN FALL MORE THAN 20 PERCENTAGE POINTS BEHIND IN OVERCOMING POVERTY

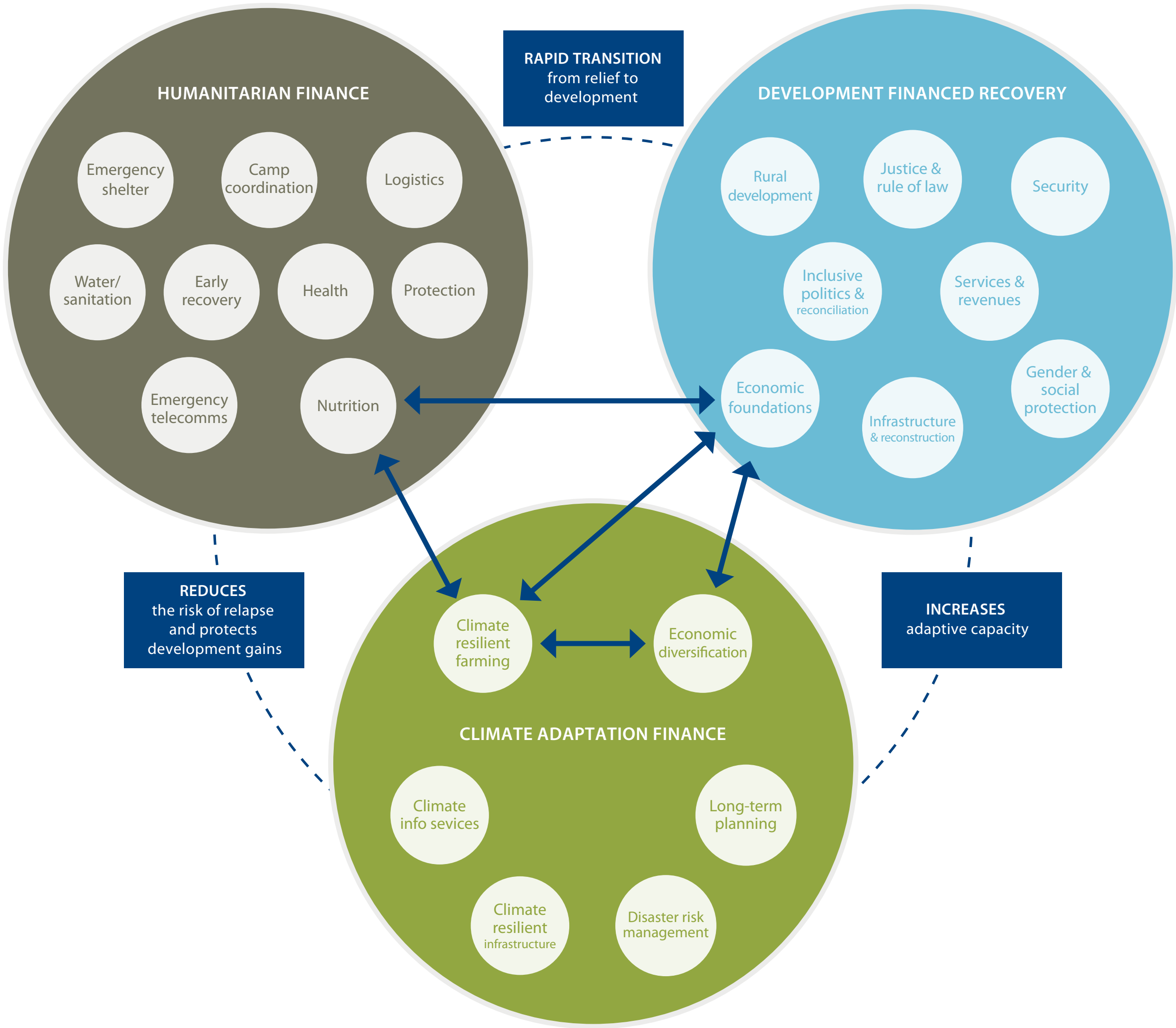
Financing chronic vulnerabilities largely through humanitarian assistance over the long term, without linkages or synergies with other sources of finance, is unlikely to address the root causes of vulnerabilities and reduce the overall need for humanitarian assistance. As highlighted by the recent case study of the protracted crisis in the Sahel, the "underlying drivers of this vulnerability are largely structural and humanitarian actors and humanitarian financing cannot fundamentally 'correct' such trends. Humanitarian actors and financing can aim to reduce 'peaks' and 'troughs' but reversing the overall trend requires Government leadership backed by funding that can tackle structural issues."[107]

Conversely, peace and security are pre-conditions for development.[108] A report by three non-governmental organizations estimated that the cost of conflict in Africa between 1990 and 2005 was equivalent to the $284 billion in aid to the continent over the same period.[109] The World Bank has estimated that a civil conflict costs the average developing country roughly 30 years of gross domestic product (GDP) growth and countries in protracted crisis can fall more than 20 percentage points behind in overcoming poverty.[110]

A number of factors could facilitate synergies across the three sources of finance despite their differences in aims, funding and management. Humanitarian, development

104 Source: Climate Policy Initiative (2013).
105 Bloomberg New Energy Finance (2012).
106 African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the World Bank (WB) and the International Finance Corporation (IFC) (2013). About half (25 of 52) of the fragile countries used for this study are in Africa.
107 Regional Humanitarian Coordinator (December 2013); Independent Commission for Aid Impact (2013). A number of UN papers on resilience have highlighted the importance of addressing the underlying causes of vulnerability in order to build national resilience: OCHA (2013); UN (December 2013); UNDP (2013a); UNICEF (2013); FAO (2013); IASC (2012).
108 Despite the fact that crisis undermines investments made in development and reduces future growth and that risk management and preparedness are critical to preserve these investments and reduce future humanitarian and recovery costs, the ODI Dare to Prepare Report (Kellet and Peters [2013]) revealed a structural underfunding of both risk reduction and preparedness.
109 International Action Network on Small Arms, Oxfam International, Saferworld (2007).
110 World Bank (2011b).
111 Least Developed Countries Expert Group (2012).
112 Steets et al. (2011).

Figure 9: Synergies between different sources of finance in support of recovery efforts for resilience



and climate adaptation finance tend to be concentrated in same geographic areas. The 2009 GHA Report shows that 98 percent of long-term humanitarian assistance responding to protracted crises is spent on countries suffering from chronic poverty, where development assistance plays a significant role.[113] Similarly, countries suffering from chronic poverty are often vulnerable to the impact of climate change, where the influence of climate finance in such countries is expected to grow.[114]

Overlap between different sources of finance in the same geographic areas creates opportunities for linkages and synergies in line with a more integrated, resilience-based approach. Figure 9 visualizes possible synergies.

113 The causes of chronic poverty are linked to long-term structural issues, inequality, and socio-economic and political factors.

114 The Center for Global Development, an independent US-based non-profit think tank, has created a Climate Change Vulnerability Index targeted at donors and the international community. This index measures the vulnerability of 233 countries to weather-related disasters, sea level rise and reduced agricultural productivity. It ranks Somalia, Burundi, Myanmar, Central African Republic and Eritrea as the five countries in most need of aid.

Food security project supported by the DRC Pooled Fund
© *Gemma Cortes, OCHA*

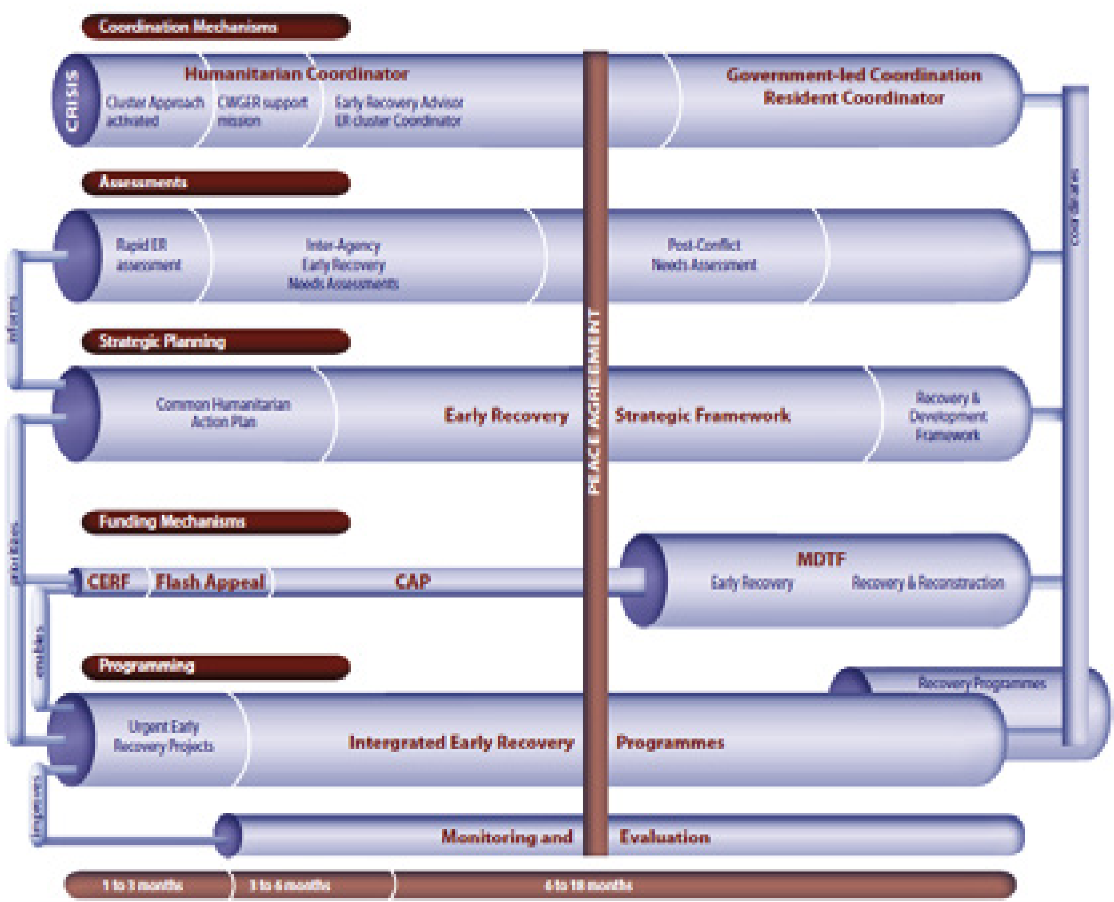
2 Accessing, sequencing and combining sources of finance—the architectural framework

2.1 Evolution of the architectural framework to coordinate transition efforts from relief to sustainable development

Significant initiatives and reforms related to UN humanitarian action have taken place over the past decade. Such changes, grounded in the 2005 humanitarian reform process and the Secretary-General's In Larger Freedom Report,[115] shifted international attention towards the interconnected and complex nature of challenges created by crisis, and increasingly institutionalized the links between relief, recovery and sustainable development as well as emphasized the need for greater coordination and complementarity between humanitarian and development assistance.

One of the outcomes of such shifts has been the formulation of an international architectural framework to support fragile and conflict-affected countries transition from relief towards recovery and sustainable development, and foster synergies between humanitarian and development assistance. Figure 10—

Figure 10: Strengthening linkages between humanitarian and development efforts[116]



from the IASC Cluster Working Group on Early Recovery (CWGER) Guidance Note on Early Recovery (2008)—captures the various components of this international architecture. While the Guidance Note on Early Recovery is currently being revised, it does provide a useful benchmark in terms of describing the initial architectural framework that has guided the UN's approach to recovery since 2008.

In terms of coordination, UN leadership on the ground, represented by the UN Humanitarian and Resident Coordinator (HC/RC), is responsible for both humanitarian and development coordination. In countries with a UN peacekeeping or political mission, the UN HC/RC is also the Deputy Special Representative to the Secretary-General (DSRSG). This 'triple hat' enables UN leadership to bridge peacekeeping and security, humanitarian, and longer-term recovery and development efforts. To assist the UN DSRSG/HC/RC in this role, a number of assessment and planning tools have been designed to promote common analysis and programming. Country-led development pooled financing mechanisms are expected to play a key role in supporting the architectural framework to rapidly complement humanitarian financing, scale up early recovery and accelerate its phasing out. "Pooled funding enables holistic, strategic engagement in transition environments, and significantly reduces transaction costs for donors and partner country governments alike."[117] Although the majority of recovery funding is through government budgets, often augmented through bilateral financing and international finance institutions (IFIs), country-led pooled financing mechanisms can act as aid gravity centres to improve aid effectiveness and play a critical role to promote a common theory of change and alignment among a wide range of actors.

The initial architectural framework envisaged a phased deployment of country-led pooled financing mechanisms for relief, recovery and development, as countries transitioned from crisis towards sustainable, long-term development. According to the theoretical framework, immediately following an emergency, the Central Emergency Response Fund (CERF) and/or a Flash Appeal[118] are available to cover life-saving and time-critical projects. This is followed by a Consolidated Appeal Process (CAP), allowing a Common Humanitarian Fund (CHF), Emergency Response Fund (ERF) and bilateral funding to support agreed priorities at the country level.

However, risks associated with violence and conflict, climate change, disasters and global shocks have become increasingly complex, interconnected and covariant. Furthermore, transition processes are non-linear, with overlapping phases that are often difficult to define. Hence there is growing recognition that "[a] linear, phased approach to relief, recovery and development has not been successful in preventing recurrent emergencies in regions of chronic vulnerability or in making sustained improvements in protracted emergencies."[119] Similarly, it is not possible for a single instrument to respond to the varying and diverse range of challenges, particularly in protracted crises.

Rather than a continuum from crisis to sustainable development, the international governance architecture must respond to a 'contiguum' of needs where, increasingly, a mix of concurrent multi-donor trust funds for recovery and reconstruction is recommended to complement humanitarian financing and support fragile and conflict-affected countries find long-term sustainable solution to crises.[120]

While the theoretical architectural framework follows a rigorous logic, humanitarian and development practitioners have been increasingly voicing their concerns that the resources required are seldom available in the form and at the time they are needed, and that changes in the financing architecture are needed to deliver the new resilience paradigm. Notably, early stages of recovery efforts are often found to be fragmented, inconsistent and under-financed.

2.2 Objectives and methodology of the study

The objective of the study is to assess whether the financing practice of recovery efforts is consistent with the architectural framework in place to foster synergies across various sources of finance and, as required, to recommend options to address expressed concerns.

As seen above, the key assumptions underlying the overall international architectural framework are that recovery efforts will be supported by a mix of well-capitalized multi-partner pooled financing instruments, deployed at an early stage

115 Report of the Secretary-General (2005).

116 Source: IASC (2008). The source document is currently being revised and the figure is subject to change to reflect the new Humanitarian Programme Cycle.

117 OECD DAC (2010).

118 A Flash Appeal has been replaced by a Preliminary Response Plan, and the Strategic Response Plan (SRP) has replaced the Consolidated Appeal Process (CAP).

119 OCHA (2013).

120 Marcus et al. (2012); OECD DAC (2010); OECD DAC (2012a). The OECD (2012b) defines four sets of criteria to guide the choice of aid instruments during transition: coordination and harmonization, institutional transformation, speed and flexibility, and scope for risk management. OCHA (2013); Regional Humanitarian Coordinator (2013). Steets et al. (2011) notes "most donors' official acceptance of the contiguum model", which replaced the continuum model in the debate about linking relief, rehabilitation and development (LRRD). Similarly, Commins (2013) notes that "a simple dichotomy between humanitarian and development approaches is unhelpful."

and supported by a shared theory of change. This will enable national governments and UN leadership to access, sequence and combine financing mechanisms to align international assistance and ensure that the right priorities are supported at the right time, with the right type of finance.

To test these assumptions, the study undertook a global mapping and comparative analysis of pooled financing mechanisms in 52 fragile countries across humanitarian, development and climate adaptation finance, together with a mapping of pooled and bilateral funding sources in eight case-study countries.[121]

GLOBAL LEVEL

The list of countries used for the purposes of the global mapping is based on the 47 fragile states and economies used for quantitative analysis in the 2013 Fragile States Report.[122] In addition, Mali was included due to the establishment of the UN Peacekeeping Mission in 2013. Syria and neighbouring countries (Jordan, Lebanon, Turkey)[123] affected by the ongoing Syrian conflict were also added, bringing the total number to 52 countries.

The global mapping exercise covers relevant pooled financing instruments administered by the UN system, multilateral development banks and multilateral funds with an independent legal status. It does not include pooled financing mechanisms administered by bilateral agencies or private entities. The mapping tool (Annex 1) captures information about pooled funds across five major criteria: fund purpose, scope and size; establishment requirements and timelines; governance structure and decision-making; fund allocation, implementation and reporting; and cost structure.

Information on UN funds was drawn from the Multi-Partner Trust Fund Office (MPTF Office) GATEWAY[124] and information on the World Bank from the World Bank Concessional Finance and Global Partnership webpage as well as from its Financial Intermediary Funds: Meeting Global Development Challenges through International Partnerships Report.[125] Information on climate adaptation finance was drawn from the joint UNDP/World Bank platform, which highlights 74 climate funding sources.[126] In addition, there are about 60 carbon pricing mechanisms and countless investment funds involved in clean energy. In line with the focus of this study on recovery for resilience in fragile countries, and for the sake of conciseness, the sources of climate finance have been limited to adaptation finance and energy access funds. Carbon and forestry finance have been excluded, although it is recognized that low carbon technologies and ecosystems management play a key role in mitigation efforts related to resilience.

Annex 2 describes the pooled financing mechanisms available to support resilience efforts in fragile countries disaggregated at the global, regional and country level. It also contains information on duration and capitalization as of 31 December 2013 unless otherwise specified. In line also with the focus of the study on multi-partner pooled financing mechanisms aimed at better aligning international assistance, Annex 2 does not list a number of single-agency thematic pooled funds.[127] A summary of Annex 2, which lists the humanitarian, development-financed recovery and climate adaptation and energy access pooled financing mechanisms, is provided in Table 2.

COUNTRY LEVEL – CASE STUDIES

To complement the global mapping exercise with a more detailed understanding of financial flows (including of bilateral assistance), case studies of humanitarian, development-financed recovery and climate adaptation finance flows were conducted in eight fragile countries. This study uses the same case-study countries as the OCHA-commissioned mapping: Democratic Republic of Congo (DRC), Somalia, South Sudan, Sudan, Ethiopia, Haiti, Pakistan and Yemen.[128] Bilateral related financial flows per case-study country over the period 2008–2012 and for 2012 have been estimated based on data

121 In order to complement the OCHA commissioned mapping of humanitarian pooled financing mechanisms (Taylor [2014]), this study uses the same case-study countries as the OCHA study: DRC, Somalia, South Sudan, Sudan, Ethiopia, Haiti, Pakistan and Yemen.

122 OECD DAC (2012c).

123 Iraq is also a neighbouring country affected by the Syrian crisis, but it is already included in the OECD DAClist.

124 http://mptf.undp.org

125 http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:21421364~pagePK:64060242~piPK:64060289~theSitePK:299948,00.html The World Bank's role across Financial Intermediary Funds (FIFs) is to provide financial intermediary services as a Trustee of the Funds. FIF Trusteeship does not involve overseeing or supervising the use of funds (World Bank [2011a]).

126 Climate Finance Options website: http://www.climatefinanceoptions.org/cfo/

127 In contrast to a pass-through pooled fund, single-agency pooled funds receive contributions from multiple financial partners and allocate such resources to projects implemented by respective individual agencies only. The mapping does not include single-agency pooled funds including UNDP's Crisis Prevention and Recovery Thematic Trust Fund (CPR TTF); UNICEF's pooled funds to support each of its seven strategic plan outcomes, as well as cross-cutting themes and humanitarian action; and FAO's Special Fund for Emergency and Rehabilitation Activities.

128 Taylor (2014). Two of the case-study countries (Haiti and Sudan) are shared with the ODI Dare to Prepare Report (Kellett and Peters [2013]).

Table 2: Summary of humanitarian, development-financed recovery and climate adaptation and energy access pooled financing mechanisms at the global, regional and country level

	Global or regional	Country-based
Humanitarian financing mechanisms	Central Emergency Response Fund (CERF)	Common Humanitarian Funds (CHFs) Emergency Response Funds (ERFs)
Development-financed recovery financing mechanisms	Peacebuilding Fund (PBF) UN Trust Fund for Human Security (UNTFHS) UN Fund for Action Against Sexual Violence in Conflict (UN Action) FAO Technical Cooperation Programme (TCP) United Nations Voluntary Trust Fund for Victims of Trafficking in Persons Two United Nations Voluntary Trust Funds for i) Victims of Torture and ii) Contemporary Forms of Slavery World Bank Statebuilding and Peacebuilding Fund (SPF) African Development Bank (AfDB) Fragile States Facility European Union Instrument for Stability Global Agriculture and Food Security Program Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) Water and Sanitation Program	*The MPTF Office currently administers the following 23 country-level recovery-related pooled funds in 21 crisis-affected countries* Comoros One UN Fund DRC Stabilization and Recovery Fund Ethiopia One Fund UNDG Haiti Reconstruction Fund UNDG Iraq Trust Fund Iraq UNDAF Trust Fund Kiribati One Fund Kyrgyzstan One Fund Lebanon Recovery Fund Libya Recovery Trust Fund Malawi One Fund Mali National Economic and Social Stabilization Fund UN Peace Fund for Nepal Occupied Palestinian Territory Trust Fund Pakistan One Fund Rwanda One UN Fund Sierra Leone Multi-Donor Trust Fund Somalia UN Multi-Partner Trust Fund South Sudan Recovery Fund Sudan: Darfur Community Peace and Stability Fund Sudan: UN Fund for Recovery, Reconstruction and Development in Darfur Syria Transition and Recovery Trust Fund Yemen National Dialogue and Constitutional Reform Trust Fund *World Bank Trust Fund Programmes* Afghanistan Reconstruction Trust Fund National MDTF Sudan MDTF South Sudan
Climate change financing mechanisms	*Adaptation:* The Global Environment Trust Fund (GEF) Least Developed Countries Fund for Climate Change (LDCF) Special Climate Change Fund (SCCF) UNFCCC Adaptation Fund Adaptation for Smallholder Agriculture Programme (ASAP) Pilot Program for Climate Resilience (PPCR) Asian Development Bank (ADB) Climate Change Fund (CCF) Global Facility for Disaster Reduction and Recovery (GFDRR) MDG Achievement Fund *Energy Access Focused Funds:* ClimDev-Africa Special Fund (CDSF) End User Finance for Access to Clean Energy Technologies in South and South-East Asia (FACET) Global Energy Efficiency and Renewable Energy Fund (GEEREF) Strategic Climate Fund Program on Scaling-Up Renewable Energy in Low Income Countries (SREP) Pilot Program for Climate Resilience (PPCR) Sustainable Energy Fund for Africa (SEFA) The Seed Capital Assistance Facility (SCAF)	

Table 3: Summary of humanitarian, development-financed recovery and climate assistance in eight case-study countries over the period 2008–2012 (in USD millions)[129]

Country	Humanitarian pooled funds				Estimated human-itarian bilateral assitance	Development-financed recovery pooled funds			Estimated recovery bilateral assistance	Climate pooled funds (global/ country-based)	Estimated climate bilateral assistance
	Global CERF	**Country based ERFs**	**Country based CHFs**	**Total pooled funds**		**Global level**	**Country-based**	**Total pooled funds**			
DRC	$136	$3	$548	$687	$2415	**PBF:** $19 **UN Action:** $0.75 **SPF:**[130] $2	**DRC Stabilization & Recovery Fund:** $22	$41	$5156	**GEF:**[131] $3	$202
Sudan	$104	NA	$639	$743	$5673	**PBF:** $12 **SPF:** $4.2	**Darfur Community Peace and Stability Fund:** $53 **UN Fund for Recovery, Reconstruction and Development in Darfur:** $0 **National MDTF Sudan:** 2006–2010: $255.7	$325[132]	$2707	**GEF:** $11	$52
South Sudan	$63	NA	$118	$181	$1165	**PBF:** $5 **SPF:** $3.3	**South Sudan Recovery Fund** $126 **MDTF South Sudan:** $321 **Basic Service Fund:** 2006–2012: approx. $164	$163[133]	$882[134]	-	$9[135]
Somalia	$125	$39	$202	$366	$3572	**PBF:** $4 **SPF:** $7.4 **Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia:** $16.5	**UN MPTF:** $0 **Somaliland Development Fund:** 2012–2015: $25 **Special Financing Facility:** 2013–2014: $30 **Somalia Stability Fund:** 2013–2015: $58 **Rebuilding and Restructuring Fund for the Somali Security Sector:** 2013–2016[136] **Trust Fund in Support of the Somali Transitional Security Institutions:**[137]	$40[138]	$1031	-	$16.5
Haiti	$80	$25	NA	$105	$4367	**PBF:** $3.8 **SPF:** $5	**Haiti Reconstruction Fund (HRF):** $381 of which the UNDG HRF: $127.6	$390	$2564	**GEF:** $14	$120
Yemen	$69	$16	NA	$85	$973	**PBF:** $3	**National Dialogue and Constitutional Reform Trust Fund:** $0.355 **MDTF for Yemen:**[139]	$3.4	$1690	**GEF:** $8.5	$75
Ethiopia	$123	$213	NA	$336	$3567		**Ethiopia One Fund:** $8.3	$8.3	$8412	**GEF:** $27.5 **MDG-F:** $4	$144
Pakistan	$149	$35	NA	$184	$4787		**Pakistan One Fund:** $78 **MDTF for Khyber Pakhtunkhwa, Federally Administered Tribal Areas and Balochistan:** $155.8	$234	$7120	**AF:** $4	$265
Total	**$849**	**$331**	**$1507**	**$2687**	**$26519**	**$87**	**$1117**	**$1204**	**$29562**	**$96**	**$883**

from the OECD CRS.[140] Interviews were held with fund secretariats and in-depth focus group discussions were conducted with MPTF Office portfolio managers to gather complementary qualitative information on pooled operations in these eight countries. A joint OCHA, MPTF Office and UNDP field mission to two of the eight countries (DRC and South Sudan) also provided insight to challenges and opportunities faced by the pooled funds on the ground.

Annex 3 summarizes humanitarian, development-financed recovery, and climate adaptation pooled and estimated bilateral financing flows per country. This annex includes information on the fund administrator, duration (or start date where no end date has yet been defined as in the case of the Common Humanitarian Funds [CHFs]) and total capitalization as of 31 December 2013 (unless otherwise indicated). To allow for some comparison across funds, the table also consolidates financial information (donor deposits in the case of country-level funds and amount allocated or transferred to projects in the case of global funds) over the period 2008–2012 and for 2012 only.[141] Even though bilateral flows are estimates based on proxies of recovery-related and climate adaptation financial flows, they do provide a good sense of the small proportion of funding that flows through pooled financing mechanisms vis-à-vis the total related ODA. A summary of Annex 3, which shows capitalization over the period 2008–2012, can be found in Table 3.

129 All references and explanatory notes on data included in this table can be found in Annex 3 and are not repeated in this summary table. Capitalization is shown over the period 2008–2012 unless otherwise specified. Totals may not add up due to rounding.

130 All data on the SPF is as of September 2011.

131 Since the Global Environment Facility also manages the LDCF and SCCF, in addition to the GEF Trust Fund, the data shown for the GEF includes data from all three trust funds. It does not include co-financing.

132 This total includes data from 2006 for the National MDTF Sudan since disaggregated data specifically for 2008-2012 were not available.

133 For comparative purposes with other funding sources, uses only country-level pooled funding data from 2011 and 2012.

134 For comparative purposes with other funding sources, uses only country-level pooled funding data from 2011 and 2012.

135 For comparative purposes with other funding sources, uses only country-level pooled funding data from 2011 and 2012.

136 No data easily accessible on capitalization.

137 No data easily accessible on capitalization.

138 This total includes data until 2015 since country-level pooled funding data disaggregated by year was not available.

139 No data easily accessible on capitalization.

140 CRS on OECD.Stat Extracts website (http://stats.oecd.org/Index.aspx?datasetcode=CRS1) includes data from DAC donors, available non-DAC donors, available private donors and core funding from multilateral organizations. While humanitarian aid is clearly identified through the CRS (sector code 700), recovery-related spending is more challenging to identify. To estimate recovery-related financial flows outside pooled financing mechanisms, social infrastructure and services (sector code 100, which includes: education, health, population and reproductive health, water supply and sanitation, government and civil society [including conflict, peace and security], other social infrastructure and services) and development food aid and food security (sector code 520) were used as proxies, less funding that went through recovery-related pooled financing mechanisms over the same period (2008–2012 and 2012 only). A more thorough analysis would have involved a compilation of all bilateral or core funded recovery-related projects for each donor. However, such detailed information is not readily accessible. The same approach was used to estimate bilateral climate assistance: sector 410 IV 1 (general environmental protection), less funding through pooled financing mechanisms, except funding through the Adaptation Fund, which is financed through monetization of Certified Emission Reduction and other sources.

141 For some funds, aggregated data over these periods were not easily accessible. The closest data that could be accessed are presented in the table and referenced accordingly.

Mother with her baby after voting in Sierra Leone's historic 2012 election
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3 Accessing, sequencing and combining sources of finance—the practice

Findings from both mapping exercises highlighted significant differences in the coverage, capitalization and coherence of financial instruments across humanitarian, development and climate adaptation finance.

3.1 Coverage of humanitarian, development-financed recovery, and climate adaptation pooled financing mechanisms

Often in fragile countries, humanitarian pooled funds are the only multi-partner pooled financing mechanisms available to UN leadership to address the diverse range of recovery needs. The larger development-financed country-level pooled funds for recovery and longer-term reconstruction that are expected to follow the humanitarian response and be more responsive to strategic and structural challenges through greater government involvement and community engagement do not exist in the majority of fragile countries. For example, of the top 20 recipients of humanitarian assistance over the period 2002–2011, UN country-level pass-through recovery-related pooled funds have been established in only eight.[142] Similarly, such pooled funds have only been established in 40 percent of the 52 fragile states used for the analysis.

Where development-financed funds for recovery do exist, they have been usually established long after the crisis. Of the 23 country-based recovery pooled funds in 21 crisis-affected countries administered by the MPTF Office, only two funds, (the United Nations Development Group [UNDG] Iraq Trust Fund, the UNDG Haiti Reconstruction Fund) were established and operationalized quickly following the crisis.[143] On the other hand, consider Sudan, Ethiopia and Somalia: all three countries are among the largest recipients of 'long-term' humanitarian assistance;[144] all three countries are among the largest recipients of CERF funding;[145] and all three countries have country-based humanitarian pooled financing mechanisms. Only Sudan had an established non-humanitarian UN recovery pooled fund (the Darfur Community Peace and Stability Fund), which remains significantly under-capitalized, receiving only $11 million in 2012 compared to almost $80 million received by the Sudan CHF over the same period.[146]

A direct consequence of this low and/or late coverage of development pooled financing mechanisms for recovery is a structural underfunding of the early phases of recovery. This leads to an over-reliance on the early recovery components of humanitarian assistance to develop synergies between humanitarian and development finance for recovery.[147]

While the current coverage of climate finance in fragile states is still limited—at the global level, 94 percent of climate finance is invested in GHG emission reduction, mostly in OECD and emerging economies—it is present in most countries and is growing in magnitude and importance. The emergence of national climate funds is increasing—of the 52 fragile states and economies included in this mapping exercise, five have already established and capitalized national climate funds and a number of others are moving in this direction. Global vertical funds for climate change, such as the LDCF, AF, Global Environment Trust Fund (GEF), and Special Climate Change Fund (SCCF), also allocate a significant share of their resources to fragile countries. Findings from the case studies show that climate adaptation pooled funds are already more than 10 percent of bilateral climate-related flows in five of the eight countries (Sudan, Haiti, Yemen, Ethiopia and Pakistan), as shown in Figure 13. This greater emphasis on low-income countries and adaptation compared to other sources of climate finance is facilitated by the explicit focus of some funds on the most vulnerable countries and communities. Notably, the LDCF,

142 GHA Report (Development Initiatives [2013]) compared with data from the MPTF Office GATEWAY (http://mptf.undp.org).

143 The Syria Transition and Recovery Fund has been established during the conflict, but it is not yet operational.

144 GHA Report (Development Initiatives [2009]).

145 Central Emergency Response Fund website: http://www.unocha.org/cerf/

146 MPTF Office GATEWAY: http://mptf.undp.org

147 The IASC (2012) acknowledges that early recovery "remain underfunded, 'sectorised' and not universally applied, rather than being fully integrated into humanitarian programming".

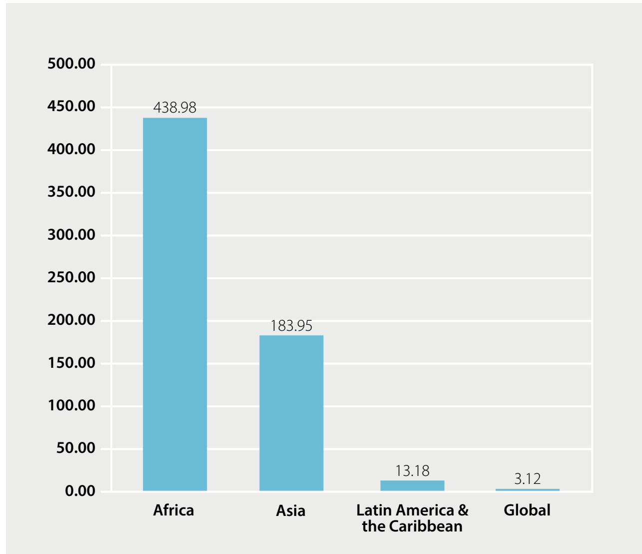
which has accrued as of October 2013 more than $700 million, has prioritized activities directly relevant for recovery, such as climate resilient agriculture, economic diversification and early warning systems, particularly in Africa. As shown in Figure 11, 69 percent of LDCF financing has been directed towards least developed countries (LDCs) in sub-Saharan Africa. There has also already been a considerable increase in the number of projects approved by the vertical funds in sub-Saharan Africa (which makes up almost 50 percent of fragile countries used for analysis in this study).[148]

Potentially, this relatively broad coverage provides options for linking emerging climate adaptation finance with existing humanitarian and development finance to rebuild capacity and to increase the efficiency and effectiveness of resilience-building efforts in fragile states. Pooled climate adaptation finance is essentially channeled through vertical funds (global pooled funds) such as the LDCF or the AF. These vertical funds operate through project modalities at the country level, with limited capacity to support greater aid alignment at that level. Coordination and synergies are further impeded by the fact that humanitarian, development and climate adaptation finance operate over different spatial and temporal scales and are often implemented by different actors.

3.2 Capitalization of humanitarian, development-financed recovery, and climate adaptation pooled financing mechanisms

Financial allocations to humanitarian responses and to development efforts for recovery are largely comparable. At the global level, the CERF ($3.3 billion), on the humanitarian side, is matched with a number of significant global and regional early recovery, peacebuilding and longer-term recovery funds: the Peacebuilding Fund (PBF) ($540 million), the African Development Bank Fragile States Facility (more than $1 billion between 2011 and 2013), the Global Agriculture and Food Security Program (almost $1 billion), and the Global Fund ($1.2 billion in new pledges for the period 2014–2016 and $19 billion received as of 31 December 2010). At the country level, the CHFs ($2.4 billion in total) are matched by total capitalization of pass-through development-financed recovery-related pooled funds administered by the MPTF Office (more than $2 billion). In addition, there are a number of large country-based recovery and reconstruction funds administered by the World Bank (more than $7.6 billion), notably for Afghanistan.

Figure 11: Regional coverage of the Least Developed Countries Fund for Climate Change (LDCF) (in USD millions)[149]



However, there are significant differences in the management arrangements between humanitarian and development assistance, which affects the capacity of governments and international partners to create synergies between humanitarian, development and climate finance for recovery (Figure 12).

Humanitarian finance is coordinated through a small number of well-capitalized multi-partner pooled financing mechanisms. As shown in Figure 12, the ratio of humanitarian pooled funds to bilateral humanitarian assistance is 1:10 and is a much larger proportion of non-food related humanitarian aid. Figure 13 shows four of the five CHFs (DRC, Somalia, South Sudan and Sudan), which have reached a critical mass of resources, mobilizing almost $90 million on average in 2012 (10 percent on average of the CAP) and have thus become a strategic and unifying tool that has empowered the UN DSRSG/HC/RC and supported greater coordination within the humanitarian community. An independent evaluation of the DRC CHF found it to be "a relevant, appropriate and effective tool for improving the ability of the humanitarian community to address critical needs in the DRC."[150]

In contrast, where development pooled financing mechanisms for recovery do exist, they are usually relatively small and too fragmented to act as gravity centres for greater aid alignment and coordination. The ratio of development-financed recovery pooled funds to bilateral assistance is 1:25. The global

Figure 12: Pooled funds compared to bilateral assistance for humanitarian, development-financed recovery and climate adaptation finance in the eight case-study countries

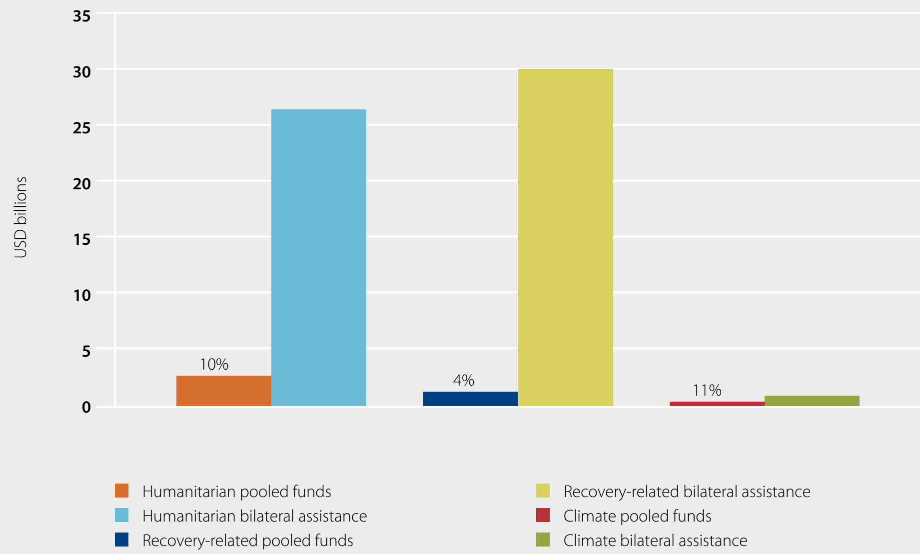
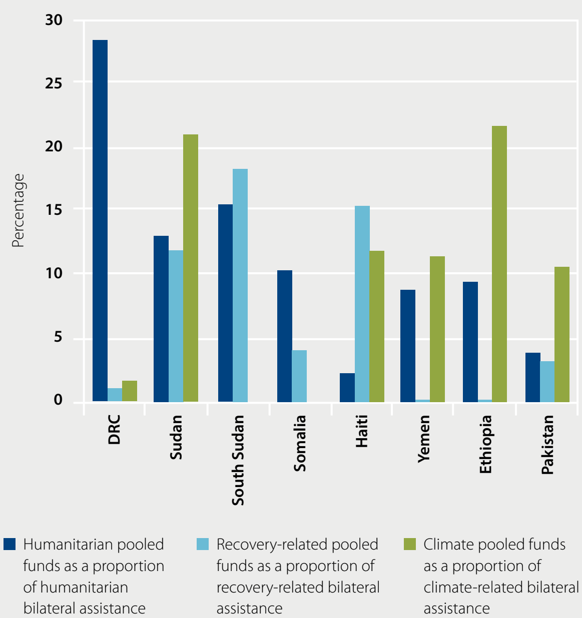


Figure 13: Pooled funds as a proportion of bilateral assistance in the eight case-study countries



mapping of multi-partner pooled financing mechanisms revealed that one fund accounts for 63 percent of total contributions to UN pass-through country-level recovery-related funds, whereas the remaining 37 percent is split among 22 funds.[151]

Some fragile countries have successfully consolidated development-financed recovery assistance into one or two well-capitalized pooled funds that have become strategic and important tools for both the governments and the international community in supporting recovery efforts. Much of the impact of the Iraq Trust Fund, which has been noted in a number of evaluations as an indispensable mechanism for recovery and development efforts in Iraq for much of the period from 2004 to 2010,[152] has been attributed to its significant size from multi-year funding by multiple donors (more than $1.9 billion

148 Caravani et al. (2013).

149 Source (as of 31 October 2013): http://www.thegef.org/gef/LDCF

150 Spaak and Mattson (2011).

151 Contributions to the Iraq Trust Fund, which formed one of two financing windows that operated within the International Reconstruction Fund Facility for Iraq (IRFFI) established in 2004 to sequence financing of recovery and reconstruction priorities following the war in Iraq, amounted to almost $1.4 billion and made up 63 percent of the total capitalization of MPTF Office–administered recovery-related funds.

152 Scanteam (2007); Scanteam (2009); PricewaterhouseCoopers (2011); Swiss Trust Fund (2013).

was allocated to the International Reconstruction Fund Facility for Iraq, including $1.4 billion through the UN funding window).

Recovery-related pooled funds in South Sudan have also been rapidly operationalized: three large recovery-related funds with a total capitalization of approximately $745 million have been established, two of which were operational from as early as 2006 following signature of the Comprehensive Peace Agreement and the third soon thereafter in 2008. This explains the reversal in importance between humanitarian and recovery pooled funds in the case of South Sudan, where the CHF was only established in 2012.

Although the ratio of pooled climate adaptation funds to bilateral flows is 1:10 as for humanitarian assistance, this mostly reflects the dominate role of global climate funds in fragile states and masks the absence of country pooled financing mechanisms.[153]

3.3 Coherence of recovery priorities financed through humanitarian, development and climate adaptation assistance

Financing of recovery for resilience through humanitarian, development and climate adaptation assistance creates challenges for ensuring a coherent response both within and between different sources of finance.

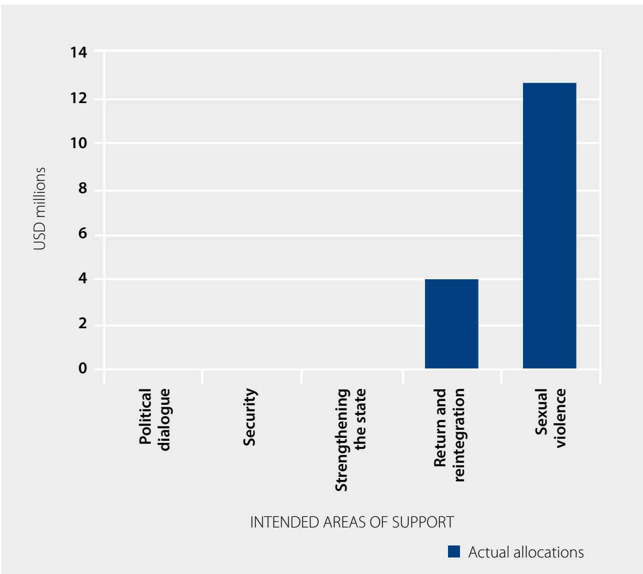
While the humanitarian response through the CAP/SRP, including the CHFs, follows the IASC cluster approach,[154] development finance for recovery tends to cover a range of issues, including the PSGs, rural development, and infrastructure. Using key elements from the theory of change for early recovery and peacebuilding[155] as well as for medium-term recovery and development, Table 4 summarizes the sectoral coverage of the 23 recovery funds administered by the MPTF Office. Fund scope varies, and the larger funds may in some cases cover five or six thematic outcomes. While the wide scope allows funds to cover a range of issues, without adequate capitalization, the lack of a clear theory of change for recovery means it is very likely that some critical issues are left unaddressed or the potential effectiveness of interventions is undermined. As noted in section 1, development financial flows for recovery tend to focus heavily on activities related to economic recovery and delivery of basic services. The mapping confirms this tendency of development finance to support these more traditional areas at the expense of the more political components of recovery efforts. In terms of the PSGs, there tend to be funding gaps of PSG 1 (legitimate politics), PSG 2 (security) and PSG 3 (justice), while PSG 4 (economic foundations) and PSG 5 (services and revenues) are usually better supported. According to the sectoral analysis of the UN pass-through funds above, 52 percent cover access to basic services, while only 17 percent include justice or rule of law. Although it appears that PSG 1 is well supported (included in 43 percent of the funds), a closer look at actual allocations shows that only three of the ten funds that have included PSG 1 have actually received funding to implement activities. However, studies and evaluations have repeatedly highlighted the need for greater attention to "build stronger political institutions and more credible governments so that negotiated settlements can be reached and implemented."[156] The South Sudan Recovery Fund Lessons Learned Exercise Report highlighted that interventions under the first two project allocation rounds were implemented with an incomplete theory of change and insufficient emphasis on two key principles of development assistance: national and community ownership and long-term sustainability. This resulted in an underinvestment in areas related to PSGs 1, 2 and 3, which undermined investments made in PSGs 4 and 5 even before actual implementation, as well as in limited improvements to recovery outcomes.[157]

Similarly, the DRC Stabilization and Recovery Fund was established with the intention to focus on strengthening political dialogue, security and statebuilding. However, Figure 14 shows that from the $16.7 million made in allocations since its establishment in 2009, no funds have been directed to these critical areas. Similarly, in the eight case-study countries, ODA directed specifically towards conflict, peace and security made up on average less than 15 percent of recovery-related spending.[158] The PBF is an exception, with most of its allocations made to areas related to PSGs 1, 2 and 3.

The range of activities that funds tend to cover also means that development finance is spread too thin, minimizing fund-level impact. For example, the Multi-Donor Trust Fund in Sierra Leone allocated $26.5 million from 2010 to 2012. Allocations were split between 14 outcomes and 48 projects, making the average allocation to a project about $550,000 and to an outcome about $1.8 million. In some cases, allocations to outcomes were as low as $300,000, which without any catalytic effects were unlikely to have had a significant fund-level impact.

The resilience agenda also highlights the importance of a shared view of the risk landscape between humanitarian,

Figure 14: Intended areas of support versus actual allocations in the DRC Stabilization and Recovery Fund



development and climate adaptation communities, a shared understanding of what makes a community or system resilient to such risks, and hence a shared vision of the resilience characteristics to strengthen.[159] While there are important similarities between resilience-building recovery efforts financed by development and climate adaptation assistance, these efforts are not interchangeable and substantial differences can exist in perspectives, objectives and methodologies. Certain recovery projects financed by development assistance might reduce short-term vulnerability in a way that is not sustainable over the long term and may result in mal-adaptation. Conversely, adaptation might increase long-term resilience but, occasionally, increase short-term vulnerability. These trade-offs can exist even in areas with considerable overlaps, such as smallholder farming and food security.

For example, farmers are facing challenges in a number of locations. Rainfall patterns are inconsistent, temperatures are rising, and diseases are spreading. Farmers have to adapt to these changes quickly in order to maintain crop productivity. While planting shade trees and developing new irrigation strategies may help farmers maintain existing farming practices in the short term, these strategies become less effective if current trends continue. In the medium to long term, farmers will most likely be better off adopting new farming systems or moving to alternative livelihoods. Such a trade-off is likely to prove very common. A study of 60 years of data from 925 rivers that provide nearly three fourths of the world's water supply found that one third of the rivers are significantly affected by climate change, mainly in terms of diminishing flow. Irrigation projects that depend on these rivers in a strategy to lessen the impact of reduced rainfalls risk locking populations in economically unattractive occupations, settling them in areas where they should not be and saddling countries with unnecessary fixed water infrastructure. Similarly, investment in a few high-yield irrigated crops to boost short-term productivity can exacerbate future vulnerability by reducing diversity.[160] Conversely, drought-resistant crop strains or farming practices may be hardier overall but result in lower average yields if rain is plentiful or require additional labour and affect short-term economic diversification.[161]

Despite the potential contribution from humanitarian, development and climate adaptation finance to building recovery for resilience, few formal platforms exist to develop a common theory of change to reconcile approaches and create synergies between humanitarian, development and climate finance at the country level.

153 Glemarec et al. (2009).

154 The IASC (2006) Guidance Note on Using the Cluster Approach to Strengthen Humanitarian Response defines nine clusters or sectors: nutrition, health, water and sanitation, emergency shelter, camp coordination and management, protection, early recovery, logistic and emergency telecommunications. In practice, the CAP by sector as captured by the OCHA FTS is organized around the following sectors: agriculture, food, health, water and sanitation, shelter and non-food items, coordination and support services, multi-sector assistance for refugees, protection/human rights/rule of law, mine action, economic recovery and infrastructure, safety and security of staff and operations, multi-sector projects, and education (see for example, FTS [2013]). While there may be slight variations between the CHFs to account for country-specific needs, all CHFs are aligned with the IASC cluster system.

155 Key sectors for early recovery and peacebuilding are based on the IASC (2008) Guidance Note for Early Recovery and the PSGs.

156 Walter (2010); Gairdner and Lado (2012).

157 Gairdner and Lado (2012).

158 Authors' calculation based on CRS on OECD.Stat Extracts website: http://stats.oecd.org/Index.aspx?datasetcode=CRS1 Data: sector 152 (f): conflict, peace and security.

159 OECD DAC (2013b).

160 Adger (2006).

161 Kaczan et al (2013).

Table 4: Analysis of sectoral coverage of development-financed recovery funds administered by the MPTF Office[162]

	Key early recovery and peacebuilding areas					
FUND						
	Legitimate politics, reconciliation	Security	Justice / rule of law	Economic foundations / livelihoods	Social / public services	Social projection / gender
Comoros One UN Fund					X	
DRC Stabilization and Recovery Fund	X	X			X	X
Ethiopia One Fund						X
UNDG Haiti Reconstruction Fund				X	X	
UNDG Iraq Trust Fund	X				X	X
Iraq UNDAF Trust Fund						
Kiribati One Fund						
Kyrgyzstan One Fund				X	X	
Lebanon Recovery Fund				X		
Libya Recovery Trust Fund	X	X	X		X	
Malawi One Fund						X
Mali National Economic and Social Stabilization Fund				X	X	
UN Peace Fund for Nepal	X					
Pakistan One Fund[163]						X
Occupied Palestinian Territory Trust Fund					X	
Rwanda One UN Fund						X
Sierra Leone Mult-Donor Trust Fund	X	X	X	X	X	X
Somalia UN Multi-Partner Trust Fund	X	X	X	X	X	
South Sudan Recovery Fund				X		
Sudan: Darfur Community Peace and Stability Fund	X			X	X	
Sudan: UN Fund for Recovery, Reconstruction and Development in Darfur	X	X				
Syria Transition and Recovery Trust Fund[164]	X	X	X		X	
Yemen National Dialogue and Constitutional Reform Trust Fund	X					

Medium-term recovery				Development-related		Environment / Climate change	Other
Governance / decentralization	Reconstruction / infrastructure	Rural development/ economic recovery	Social services (medium term)	Economic growth / poverty alleviation	Policy and structural reforms	Environment/ climate change	
X				X		X	
							Return and reintegration
			X				
	X						Institutional rebuilding
				X			
X			X			X	Human capital
X			X	X		X	Human resources
						X	Risk management
	X	X	X			X	
	X						Public administration, return and reintegration
X		X		X			HIV, humanitarian window
							Quick impact, return and reintegration
		X	X	X		X	
X			X			X	HIV
X		X	X		X		Youth
							Capacity development
X							Capacity development
X						X	Civil administration
		X	X				Palestine refugees, mine action, peacekeeping

162 The coverage in the table is based on intentions of the funds as articulated in the fund terms of reference as at 31 December 2013. It may not reflect the actual allocations made. See example from the DRC under section 3.3 for further details in this regard. There are also overlaps and variations between how funds have defined their sectoral coverage.

163 Analysed for the One Programme I since the One Programme II has not yet been capitalized.

164 While not yet operational, the fund identifies the areas indicated in the table. However, these areas are subject to change depending on the needs on the ground.

Rehabilitation work as part of vulnerability reduction in Haiti financed by the Haiti Reconstruction Fund © *Haiti Reconstruction Fund*

4 The role of pooled financing mechanisms to strengthen synergies between sources of finance

The mapping of humanitarian, development and climate adaptation finance reveals differences in the practice of accessing, sequencing and combining financial instruments that substantially affect the efficiency and effectiveness of international assistance. However, it also highlights opportunities for building synergies and complementarities between these different sources of finance by strengthening the coverage, capitalization and coherence of country-led development pooled funding mechanisms for recovery.

4.1 Enhance the coverage of pooled financing mechanisms for recovery by better leveraging the risk management potential of pooled funds

Fragile and conflict-affected countries are usually high-risk and complex environments with limited national capacity. It's unsurprising that the envisaged development-financed recovery pooled funds expected to 'complement' and 'take over' from humanitarian financing instruments following the 'emergency phase' have seldom materialized in meaningful ways. The OECD DAC acknowledges that "[t]ransition financing should come primarily from the rapid release of development financing… International actors must recognize that development funding is required even where full government ownership does not exist, and find ways to deliver rapid support to strengthen capacities and systems for ownership at national and local levels."[165]

Establishing country-level development pooled funds for recovery in parallel with humanitarian funds could support the release of development finance to fragile and crisis-affected countries as early as possible. One of the reasons for the slow release of development finance in fragile and conflict-affected countries is the high level of risk, notably programmatic and institutional risks.[166] Pooled financing mechanisms potentially offer a number of options to better manage risks for individual development partners in these countries. The governance structure of a pooled fund, which brings together government and development partners, provides a unique platform for development of a shared understanding and coordinated management of risks (Figure 15). Pooled funds can spearhead joint assessments of contextual, programmatic and institutional risks. Such assessments can inform the formulation of risk management strategies, which set out the fund's risk tolerance, including its risk appetite, as well as common risk safeguards, mitigation measures and contingency plans.[167]

Fund risk management strategies can lower risks for individual development partners by fostering a collective approach to risk and better balancing contextual risks (particularly the risk of no action) with programmatic and institutional risks. Shared decision-making and oversight in pooled funds spread individual donor exposure to political and reputation risk.[168] The governance structure also provides an opportunity for development of a dynamic risk compact, which links risks to capacity development and the achievement of specific milestones by government. Fully leveraging this risk management potential of pooled funds would support an earlier release of development finance.

An early release of development assistance in fragile and conflict-affected countries can also be facilitated by global funds. For example, the PBF was designed to deliver fast, flexible and catalytic funding to countries emerging from conflict. It supports interventions with high potential impacts on peacebuilding and accepts the higher, associated levels of risk. Following the recent crisis in the Central African Republic (CAR), the PBF provided critical early support to key areas in justice and security, which has catalyzed support from other partners. Similarly, in Liberia, the PBF's early support has been

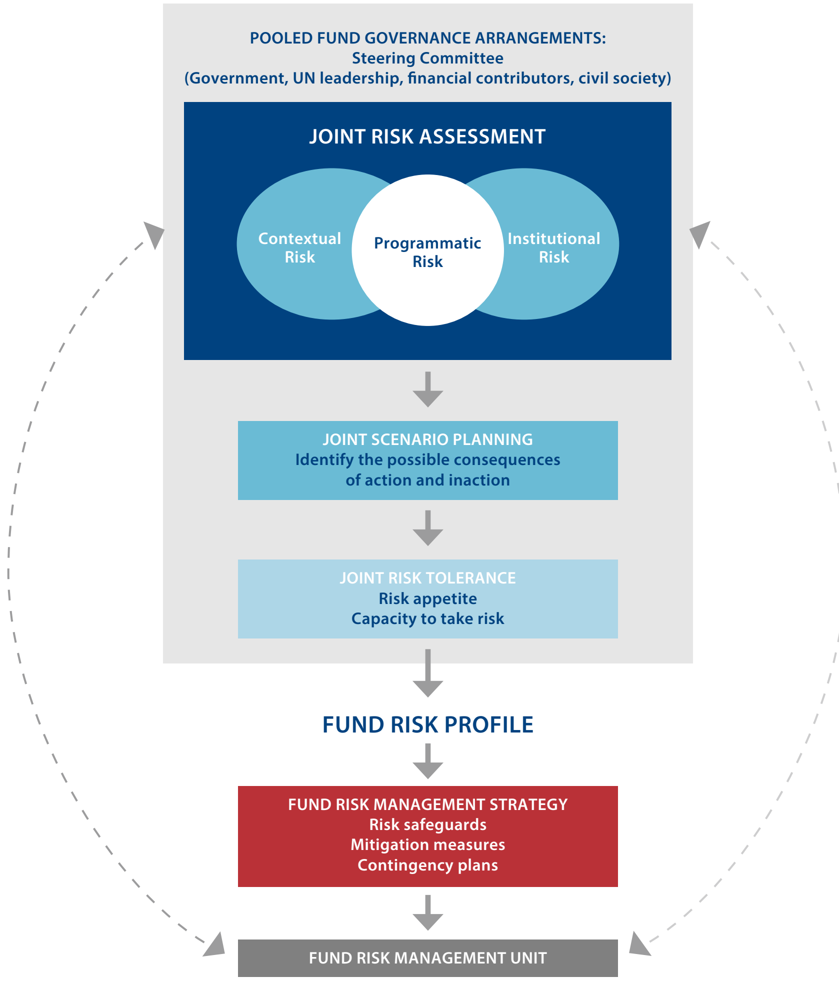
165 OECD DAC (2012b). OCHA (2013) also notes that "[f]unding for activities that increase resilience should come primarily from development budgets which need to be more flexible to adapt to changing circumstances."

166 Marcus et al. (2012). While development partners may have different risk categories, the Copenhagen Circles (Figure 15) defined by the OECD DAC (2011) is an internationally recognized method to categorise risk.

167 Jacquand and Ranii (2014).

168 OECD DAC (2010); OECD DAC (2012b); Jacquand and Ranii (2014).

Figure 15: Leveraging pooled financing mechanisms to improve risk management



recognized by the Chair of the Land Commission, who emphasized the catalytic role of the PBF's support to land dispute prevention and resolution. The Chair noted that the PBF provided early and risk-taking support that allowed the concept to demonstrate results, and subsequently attracted other donors.[169] A number of donors have also established specialized units and funding mechanisms to deal specifically with fragile and conflict-affected states, which usually also include a higher tolerance to risk.[170]

Better coverage of development-financed pooled funds for recovery ensures that the mix of instruments required is available to respond to the 'contiguum' of needs and facilitates earlier linkages between sources of finance. A pilot of this approach has already started in CAR. The country has suffered from a long history of conflict and fragility and is rated 180 out of 187 countries on the Human Development Index.[171] It has been one of the lowest recipients of ODA—in 2012 CAR was ranked as the fourth lowest net ODA recipient of fragile countries in sub-Saharan Africa, and more than 50 percent of ODA to CAR over the period 2011–2012 has been humanitarian assistance.[172] The recent relapse into conflict and high levels of violence has highlighted the urgent need for the international community to rebuild state capacity in parallel with humanitarian support to prevent a downward spiral. To support these efforts, the Government of CAR and the United Nations Country Team established a Multi-Partner Trust Fund for CAR (CAR MPTF) to finance a coordinated response to recovery efforts over the immediate, medium and longer term. The CAR MPTF enables the Government and development partners to immediately address critical transition issues with respect to statebuilding, security, justice and reconciliation. The CAR MPTF will also lead a joint risk assessment of the contextual, programmatic and institutional risks in CAR and develop a Fund Risk Policy and Management Strategy. The joint risk assessment, policy and strategy will also inform formulation of a shared theory of change articulated within a common strategic approach and results framework over the transition period.

In line with the Paris Declaration on Aid Effectiveness and the New Deal, and in accordance with effectiveness criteria for pooled funds in fragile and conflict-affected states, such funds should promote national ownership, alignment, harmonization and mutual accountability.[173] The National Fund for Economic and Social Stabilization in Mali shows how a dedicated stabilization fund established within a month, at the peak of the political and security crisis, has improved the response of both national and international partners in a complex transition process.[174] It is Government-led and nationally owned, and fully uses and strengthens country systems. The Fund secured donor commitments of more than $30 million within three months by providing donors with a low-transaction-cost, risk-sharing funding mechanism to channel their support in a harmonized and transparent manner.

In the case of an ongoing and protracted crisis where a representative national authority may not yet be in place, the establishment of a development pooled fund for recovery in parallel with the humanitarian instruments may still be advisable. When conflicts are localized to specific regions of a country, the early establishment of a recovery pooled fund focusing on resumption of basic services could prevent a further deterioration of the socio-economic and physical infrastructure and could preserve sources of livelihoods in regions that are not directly affected by the violence. However, government involvement should be sought as soon as possible to support critical areas related to legitimate politics and reconciliation, security, and justice and rule of law.

The architectural features of such funds take a phased and forward planning approach to ensure that the fund design evolves with changing political landscapes and mitigates possible trade-offs between the need for quick delivery and government capacity. The first phase is designed with features similar to humanitarian financing instruments, with an emphasis on speed, flexibility and government involvement through consultation rather than required approval in the formal decision-making process. However, at the same time, planning for greater government engagement is explicitly considered during the design process. This allows the fund's governance arrangements to quickly adapt and become more inclusive, with government playing an increasing lead role in defining the fund's strategic direction and in making allocation decisions as early as possible.

The lessons learned in the evolution of fund design towards increased national ownership and alignment with national strategies has been well documented in a number of evaluations of the Iraq Trust Fund.[175] The fund was initially chaired by the UN DSRSG/HC/RC and composed of UN organizations. As the political processes unfolded, the fund's governance arrangements quickly evolved to include the Government as the co-chair, playing a central role in strategic planning and resource allocation. In contrast to this organic approach, some recovery funds in fragile states—designed from the outset with heavy, ambitious governance arrangements, elaborate allocation procedures and detailed project appraisals—risk failing to deliver much-needed quick and visible results.[176]

4.2 Optimize the capitalization of pooled financing mechanisms for recovery by consolidating the large number of small funds into a smaller number of larger funds

A consolidation of development pooled financing mechanisms for recovery could increase the effectiveness of, and expand funding sources for, recovery efforts. It would create a critical mass of resources that enables pooled funds to act as gravity centres for aid alignment of resilience-building recovery activities supported by different sources of finance.

Aid is often fragmented across different donors or channeled through a proliferation of funding instruments. To act as an

169 MPTF Office and PBSO (2014); Kluyskens and Clark (2014).

170 Some examples include: the United Kingdom's Conflict Pool, which blends both ODA and non ODA resources (DFID, FCO, MoD [2013]); the United States' Office of Transition Initiatives; the Netherlands Peacebuilding and Stabilization Unit in the Ministry of Foreign Affairs, which has direct access to its own central funds—the Stability Fund (which includes both ODA and non-ODA resources) and the Reconstruction Central Fund; Denmark's Department of Stabilization in the Ministry of Foreign Affairs has a central fund to support stabilization processes; and Canada's Stabilization and Reconstruction Task Force (START), which has access to a dedicated fund called the Global Peace and Security Fund (OECD DAC [2011]).

171 UNDP (2013b).

172 OECD DAC websites: http://www.oecd.org/dac/stats/data.htm and http://www.oecd.org/dac/stats/documentupload/CAF.JPG

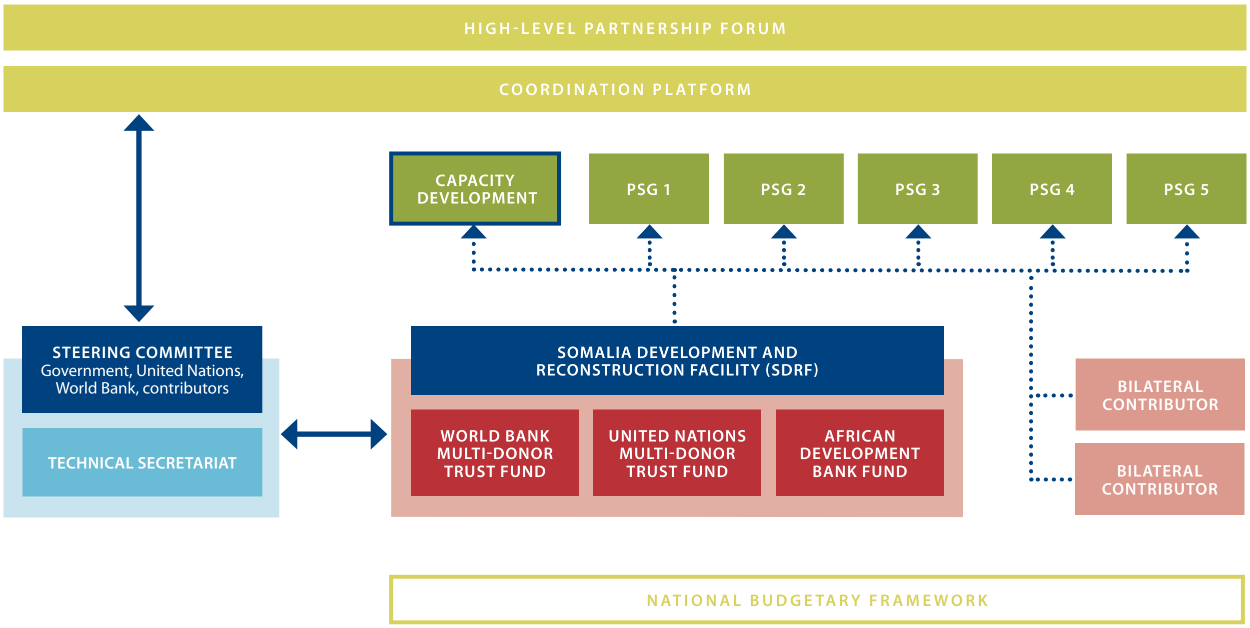
173 Coppin (2012).

174 MPTF Office (2013a).

175 Scanteam (2007); Scanteam (2009); PricewaterhouseCoopers (2011).

176 Marcus et al. (2012); OECD DAC (2012b); Gairdner and Lado (2012); Scanteam (2007).

Figure 16: Coordination through the Somalia Development and Reconstruction Facility



efficient catalyst and improve aid effectiveness, development-financed pooled funds for recovery should pull aid together. National governments in fragile countries have recognized that a small number of well-capitalized pooled funds support a more strategic response and are more effective than a large number of smaller funds. Unifying fragmented recovery-related assistance into strategic and complementary pooled funds will also increase incentives for the development actors themselves to coordinate programmatic responses, reducing in turn the risk of gaps in, and duplication of, recovery efforts.

For example, the Somali Government, under the New Deal and in partnership with the international community, has brought together a number of different funding instruments under the common Somalia Development and Reconstruction Facility (SDRF) in 2013 (Figure 16). The SDRF is a key element of the joint vision to create a critical mass of resources that can be channeled more strategically, coherently and effectively to ultimately ensure a greater impact of international assistance. Development partners have agreed to reduce the number of parallel funding channels and gradually increase the amount of aid channeled through priority funds under the SDRF as mutually agreed benchmarks are met.[177] Other benefits for government partners include lower coordination and transaction costs, greater transparency, and easier access to comparable and timely aid data, which can more easily be reflected 'on budget'.

These key benefits generated by well-capitalized pooled funds in turn create positive externalities, economies of scale and greater incentives for governments, donors and development partners to 'opt-in' rather than 'opt-out', as illustrated by the financing practice of the CHFs and some of the large recovery pooled funds highlighted under section 3.

Pooled funds for recovery also provide an opportunity for contributions from non-traditional and non-resident donors. Here again, the experience from the CHFs is valuable. The evaluation of the CHF in DRC showed that it had generated additional funding for the country.[178] Several large and medium-size donors would not have been able to achieve the same level of funding and outreach without the CHF, especially due to the lack of in-country humanitarian staff or limited in-country capacity to engage in humanitarian action or administer funds. Similarly, the CHF in CAR has provided non-resident donors (most donors in CAR are non-resident) with an accountable, transparent and cost-effective financial instrument to channel their support. This has resulted in an additional $62 million of international support towards humanitarian efforts in CAR.[179]

The ability of a small number of large pooled funds to coordinate recovery efforts was also one of the reasons for the establishment of the CAR MPTF (see also section 4.1). Within a month of its establishment, the CAR MPTF had created a centre of gravity for coordination of recovery efforts between the UN, the World Bank, and the French development agency *(Agence Francaise de Developpement)*.

Pooled funds could also provide a mechanism to develop, collect and channel resources from innovative financing instruments. These instruments comprise a wide set of options to mobilize new financial resources (innovative sourcing) or help maximize the efficiency in the use of the resources, their leverage and/or impact (innovative spending).[180] They are particularly suitable for an efficient management of windfalls from a commodity boom.

A number of fragile states have enormous natural resource endowments. For example, 16 new countries—a number of them affected by or recovering from conflicts—are expected to join the ranks of oil and gas exporters in the next few years.[181] Income generated from oil and gas revenues in these new oil-producing countries could largely exceed aid receipts in a relatively short time, as is already the case in Angola and the Republic of Congo (Figure 17). These revenue streams could enable them to unleash the full potential of their economies and provide new livelihood opportunities to their populations.

Rather than fuelling development, however, the exploitation of high-value natural resources has often been cited as a key factor in triggering, escalating or sustaining conflicts around the globe.[182] Channelling part of the revenues from extractive industries into a dedicated window of a consolidated recovery fund could fill part of the financing gap as well as stabilize and improve the predictability of funding. Furthermore, it could positively impact the governance of extractive indus-

177 Federal Republic of Somalia (2013).
178 Spaak and Mattsson (2011).
179 MPTF Office GATEWAY (http://mptf.undp.org) as of 7 March 2014.
180 United Nations (2010).
181 Bazilian et al. (2013).
182 UN Interagency Framework Team for Preventive Action (2012).
183 Source: Bazilian et al. (2013).

Figure 17: Oil rents compared to potential GDP and ODA (all per capita) in selected oil and gas exporters [183]

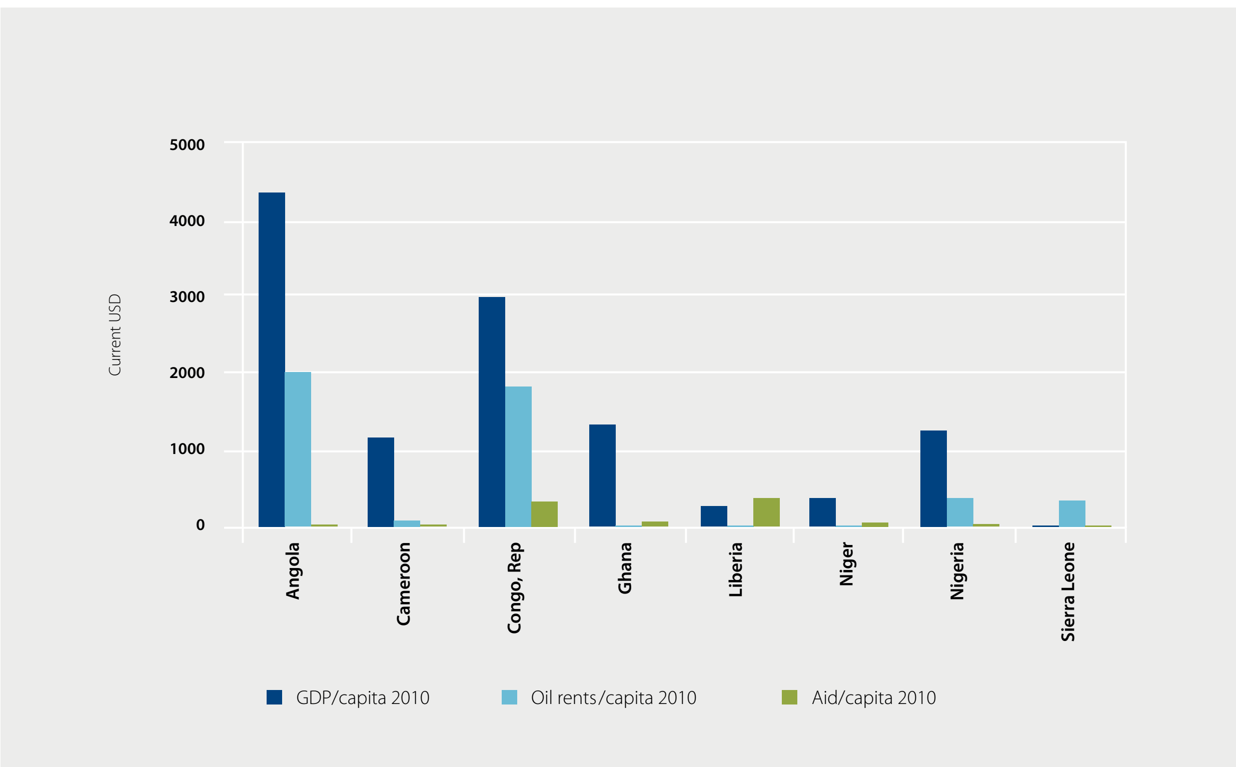
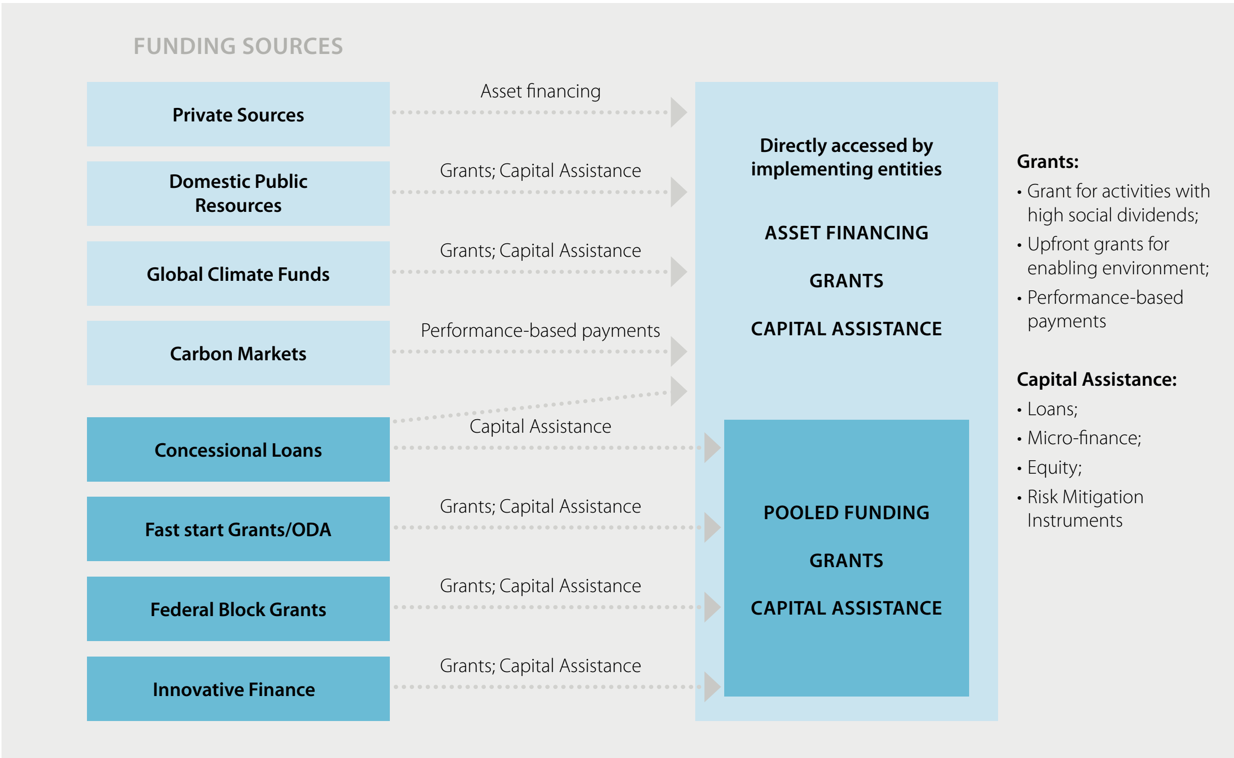


Figure 18: Potential funding sources for the Climate Resilient Green Economy (CRGE) Facility in Ethiopia [184]



tries, address a root cause of fragility and ensure that natural resource endowments are used strategically to finance economic diversification and development.

Given that climate adaptation finance is still relatively small, and mostly through vertical funds, the establishment of strong development-financed recovery-related pooled funds will act as a centre of gravity for greater alignment of recovery efforts financed through climate adaptation assistance. Progress achieved by development recovery funds in terms of contributions from non-traditional and non-resident donors and innovative sources of finance would very likely benefit climate finance. As illustrated by the Climate Resilient Green Economy (CRGE) Facility established by the Government of Ethiopia, additional carbon-based innovative financing instruments could be further explored. In addition to enhancing the coordination of climate assistance and synergies between humanitarian, development and climate efforts, the CRGE Facility has been established to help Ethiopia fully benefit from the different forms of finance currently and potentially available to achieve national development goals (Figure 18).

4.3 Improve the coherence of recovery efforts through a common theory of change

Money is no substitute for substance and leadership. As shown by the humanitarian reform process, a global theory of change is a powerful tool in raising awareness about neglected or emerging issues, consolidating knowledge to address these issues, and promoting global and country-level coordination. The humanitarian CAP/SRP and the cluster system create a platform for joint assessment and prioritization of needs, costing, and coordination of implementation efforts across the humanitarian community. This enables more efficient and effective use of the various humanitarian financing instruments (including bilateral assistance) in support of the overall response. Global and country humanitarian funds facilitate the implementation of this common theory of change.

Consolidation of development-financed recovery assistance to build resilience should also be supported by a common theory of change to improve the coherence of separate recovery initiatives. This theory of change should be informed by a shared understanding of the country's recovery needs and underlying drivers of vulnerability and conflict. Such a common theory of change would support an optimum allocation of resources across the five PSGs to ensure the long-term sustainability of recovery and reconstruction efforts. It would allow different actors to work towards common recovery outcomes by incorporating these elements into individual programmes, even if such programmes operate over different spatial and temporal scales.[185] It would also improve the coherence of separate recovery initiatives financed between humanitarian, development and climate adaptation assistance.

Depending on their mandates, it could facilitate synergies with peace consolidation efforts led by UN peacekeeping missions. This could partly offset the imbalance in the allocation of development funds between PSGs 1, 2 and 3, and PSGs 4 and 5. Figure 19 provides a schematic illustration of such an integrated theory of change developed for the return, reintegration and socio-economic recovery pillar within the International Security and Stabilization Support Strategy (ISSSS) for the DRC Stabilization and Recovery Fund.

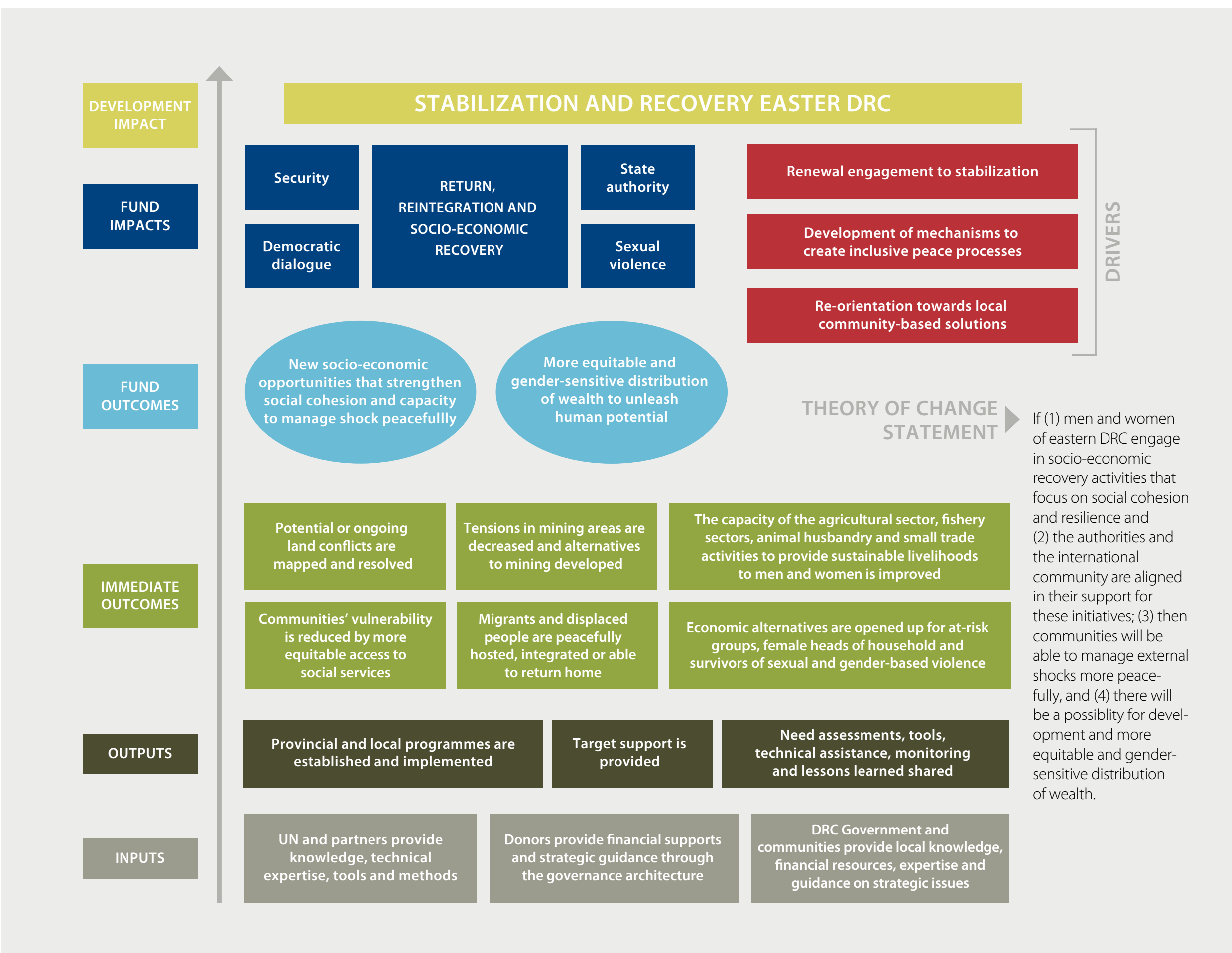
The ISSS is an integrated strategy between the UN Stabilization Mission in the DRC (MONUSCO) and the UN Country Team that articulates a common theory of change to improve the impact of the UN's peace consolidation efforts. The return, reintegration and socio-economic recovery pillar is one of five pillars of the ISSSS. Embedding recovery within a broader com-

184 Source: Government of the Federal Democratic Republic of Ethiopia (2014).

185 A number of UN position papers on resilience. UNICEF (2013) highlights the importance of informing programming through a holistic analysis of risk and conflict, including "promoting common/joint inter-agency assessment and analysis." Regional Humanitarian Coordinator (2013); UN (December 2013); OECD DAC (2013b).

186 Adapted from an extract of the ISSSS results framework (United Nations Organization Stabilization Mission in the DRC [MONUSCO] Stabilization Support Unit [2014]).

Figure 19: Theory of change for the recovery pillar of the DRC International Security and Stabilization Support Strategy (ISSSS)[186]



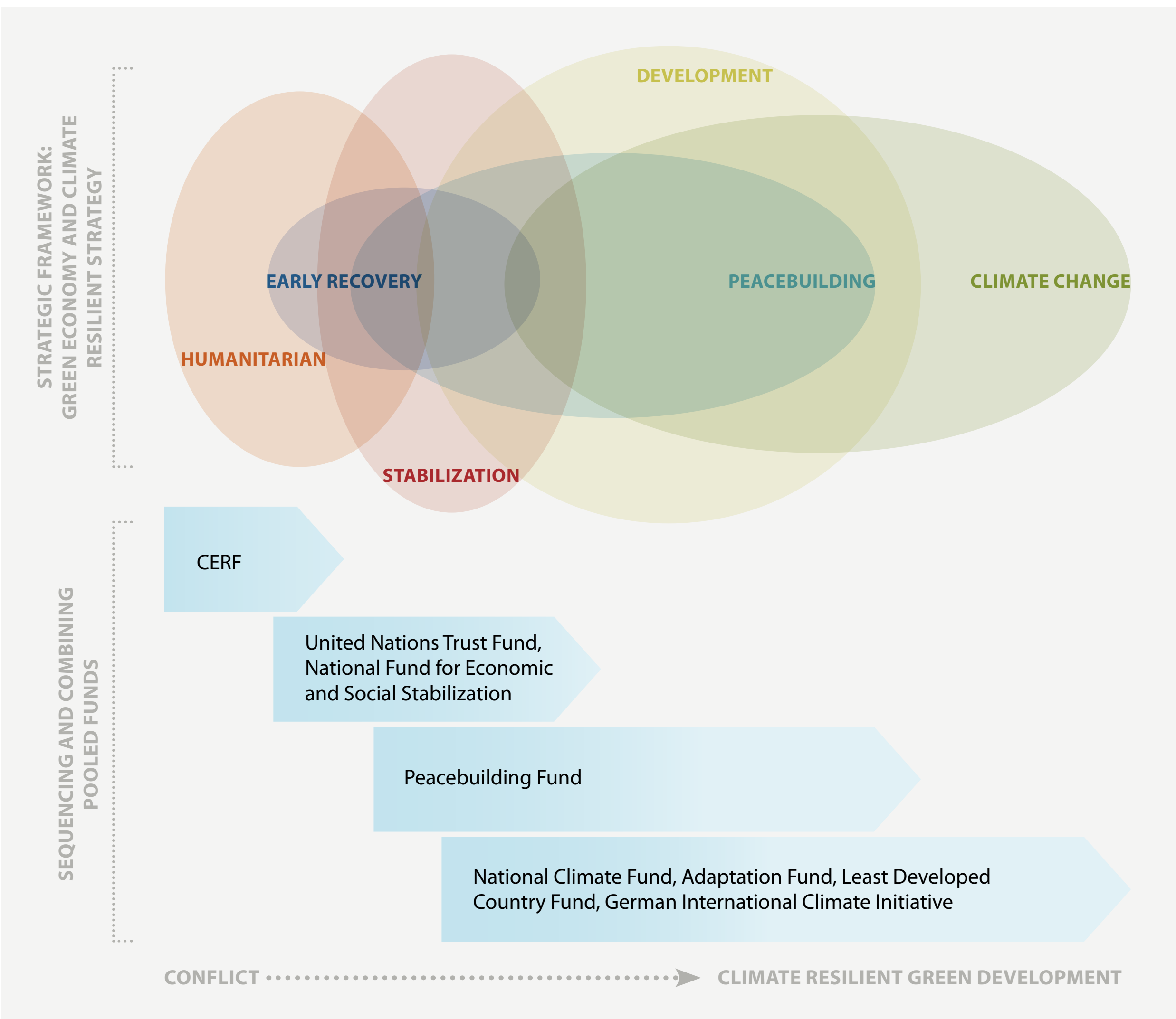
mon peace consolidation strategy empowers the UN DSRSG/HC/RC to leverage their triple function to bridge humanitarian and recovery efforts and promote stronger collaboration between UN missions and UN Country Teams. Interventions that benefit from such synergies and linkages are likely to be more technically sound, politically sensitive and sustainable.

A similar approach was adopted for the recently established United Nations Fund for Recovery, Reconstruction and Development in Darfur (UNDF). The Fund leverages the expertise of the United Nations Mission in Darfur (UNAMID) and supports joint initiatives between UNAMID and UN humanitarian and development agencies for the successful social and economic reintegration of demobilized armed forces, the establishment of reconciliation and conflict-management mechanisms and the implementation of security reforms.

Articulation of such a strong theory of change for recovery is also critical to ensure that the linkages and interdependencies between recovery and the other components of resilience are carefully considered and addressed in individual recovery initiatives. By addressing the root causes of vulnerability, recovery efforts can substantially contribute to risk reduction and emergency preparedness.

The UNDF also provides a good illustration of this strategy. It promotes a common approach towards recovery efforts

Figure 20: Accessing, sequencing and combining pooled financing mechanisms in support of Mali's Green Economy and Climate Resilient Strategy [187]



for resilience in line with the theory of change encapsulated within the 2013–2019 Darfur Development Strategy (DDS).[188] Based on this theory of change, it has developed a series of appraisal criteria to encourage implementing entities to integrate the different components of resilience into their programming for recovery and ensure that development assistance does not duplicate but builds on humanitarian projects. Projects that apply for funding from the UNDF must also demonstrate that the proposed inteventions have considered key recovery for resilience issues, including conflict sensitivity, competition over natural resources, capacity development, environmental impacts, and effects of climate change on availability of grass and water.

Furthermore, incorporation of recovery efforts into a broader resilience strategy can help access, combine and sequence different sources of finance for resilience. Mali provides a good illustration of this opportunity (Figure 20). The Government of Mali has developed a five-year costed strategy to support the emergence of a green economy that would be resilient to climate change, decrease the risk of conflicts over natural resources and reduce poverty. Its Green Economy and Climate Resilient Strategy[189] stems from this growing understanding that the issues of poverty, crisis, conflict and capacity to respond to climate change are intertwined.

In January 2014, the Government of Mali initiated implementation of the first year of the results framework with $50 million, aimed at combining domestic resources with those from two national funds (the National Fund for Economic and Social Stabilization and the National Climate Fund[190]), two global vertical funds for adaptation (the AF and the LDCF) and one global bilateral fund (German International Climate Initiative). As the National Fund for Economic and Social Stabilization is phased out, the National Climate Fund is expected to grow and support a coordinated, integrated implementation of the Green Economy and Climate Resilient Strategy. It should ensure that a common platform for national and international actors is available to share views on building national resilience. The overall $250 million strategy is expected to be implemented through a series of annual phases combining and sequencing different sources of development and climate finance (both public and private). Figure 20 shows this accessing, sequencing and combining of pooled financing mechanisms in support of Mali's Green Economy and Climate Resilient Strategy. This ambitious effort should provide valuable information on practical institutional and capacity constraints to a new financing paradigm for resilience.

187 Adapted from OECD DAC (2010).
188 Darfur Regional Authority (2013).
189 Government of Mali with the support of UNDP (2011).
190 MPTF Office (2014). In line with the Green Economy and Climate Resilient Strategy, Mali's National Policy and Strategy on Climate Change places emphasis on access to national resources.

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Conclusion

Humanitarian and development assistance to fragile and conflict-affected states is coming under increasing pressure. While this pressure may be relieved by the expected reduction in the number of civil wars as a result of the end of the Cold War in the early 1990s, widespread socio-economic development and the entrenchment of the global norm against interstate warfare, the impact of climate change could offset this positive evolution. The 21st century could see a shift in the main drivers of conflicts and violence, with the emergence of new threats, including extreme weather events, conflicts over natural resources and population movements driven by climate change.

Irrespective of actual long-term trends in conflicts and emergencies linked to extreme weather events, an efficient and effective financing of recovery for resilience will require creating and strengthening synergies between humanitarian, development and climate finance. Such synergies can increase the effectiveness of every dollar invested in recovery for resilience and reduce the risk that the impact of climate change offsets the gains from fewer political conflicts.

A more integrated approach for recovery that simultaneously and coherently addresses short, medium and long-term needs is required in order to support fragile and conflict-affected states to find long-term, sustainable solutions to crises. In response to this need, the international community has developed an architectural framework to strengthen coordination and linkages between humanitarian and development assistance, and more recently climate assistance, and to promote an integrated approach to resilience-building recovery efforts in fragile states.

However, the mapping of humanitarian, development and climate adaptation pooled financing mechanisms, as well as of both pooled and estimated bilateral funding sources in eight key fragile countries, reveals that the current financing practice of recovery undermines the synergies that the current architectural framework aims to foster.

In response to this challenge, the study recommends practical, cost-effective steps to increase synergies between the three sources of finance by strengthening the coverage, capitalization and coherence of recovery financing mechanisms supported by development assistance at the country level. With support from key partners, these steps could be rapidly operationalized in two or three countries affected by protracted crises.

This would involve early establishment of a development pooled financing mechanism for recovery in contexts where such mechanisms do not exist, in order to leverage the risk management potential of a pooled fund and facilitate the early release of development finance. In countries with a large number of small recovery funds, insufficiently capitalized to act as gravity centres to coordinate international assistance and align it with national goals, a pilot of these financing approaches would also involve consolidating their funds under a common governance facility with a shared theory of change. Depending on their mandates, the theory of change could include development of synergies for peace consolidation efforts for PSGs 1, 2 and 3 with UN peacekeeping missions. These new financing practices would leverage the UN DSRSG/HC/RC functions to bring peace and security, humanitarian, development and climate adaptation actors together to identify and implement complementary and more integrated interventions to accelerate resilience-building recovery efforts.

This is a critical time for reviewing financing practices for resilience. The lessons learned, best practices and conclusions from such pilots would provide empirical information and could be a valuable contribution to the discussions on the post-2015 development agenda, the global agreement to address climate change in 2015 and the World Humanitarian Summit in 2016.

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Acronyms

AF	Adaptation Fund
CAP	Consolidated Appeal Process
CAR	Central African Republic
CAR MPTF	Multi-Partner Trust Fund for the Central African Republic
CERF	Central Emergency Response Fund
CHF	Common Humanitarian Fund
CPI	Climate Policy Initiative
CRS	Creditor Reporting System (OECD)
CWGER	Cluster Working Group on Early Recovery (IASC)
DAC	Development Assistance Committee (OEDC)
DRC	Democratic Republic of Congo
DSRSG	Deputy Special Representative to the Secretary-General
ECHA WGT	Executive Committee for Humanitarian Affairs Working Group on Transition (UNDG)
ERF	Emergency Response Fund
FAO	Food and Agriculture Organization (United Nations)
FIF	Financial Intermediary Fund
FTS	Financial Tracking Service
GCF	Green Climate Fund
GEF	Global Environment Trust Fund
GHA	Global Humanitarian Assistance
GHG	Greenhouse gas
HC/RC	Humanitarian and Resident Coordinator
IASC	Inter-Agency Standing Committee
IFI	International finance institution
ISSS	International Security and Stabilization Support Strategy
LDCF	Least Developed Country Fund for Climate Change
MDB	Multilateral development bank
MPTF Office	Multi-Partner Trust Fund Office
NAPA	National Adaptation Programmes of Action
OCHA	Office for the Coordination of Humanitarian Affairs (United Nations)
ODA	Official development assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights (United Nations)
PBF	Peacebuilding Fund
PBSO	Peacebuilding Support Office
PSGs	Peacebuilding and Statebuilding Goals
SCCF	Special Climate Change Fund
SDRF	Somalia Development and Reconstruction Facility
SRP	Strategic Response Plan
UNDAF	United Nations Development Assistance Framework
UNDF	United Nations Fund for Recovery, Reconstruction and Development in Darfur
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
WFP	World Food Programme (United Nations)

Annex 1: UNDG-ECHA WGT: Mapping tool of pooled financing instruments[191] in transition countries

Table 1: Global and Thematic Pooled Funds

	INSERT Name of Fund	INSERT Name of Fund	INSERT Name of Fund [192]
PURPOSE, SCOPE, ELIGIBILITY AND SIZE			
Purpose (Summarize the overall rationale of the Fund.)			
Scope (Describe the thematic areas covered by the Fund. If possible, link the thematic areas to the five Peacebuilding and Statebuilding Goals.[193] Please be as detailed as possible.)			
Number of countries where the fund is active (List the country names if possible.)			
Which agencies/organizations are eligible to receive money directly from the Fund?			
What was the total size of the Fund in 2012 (2012 and cumulative amount of donor contributions)			
ESTABLISHMENT REQUIREMENTS AND TIMELINE			
Strategic Documents/Framework (What strategic documents are the funding instruments based on? E.g., terms of reference. Provide links or attachments if possible)			
What is the duration/end date of the Fund?			
GOVERNANCE STRUCTURES AND DECISION-MAKING			
Steering Committee (SC) (Do the funding instruments have a SC? What is the member composition? Describe the role of the SC, especially related to fund allocations)			
Who acts as the Fund Secretariat?			
Who is the Fund Administrator/ Administrative Agent (AA)			
FUND ALLOCATION, IMPLEMENTATION AND REPORTING			
Describe how project proposals are developed, reviewed and approved (documents required, time taken, etc.)			
Does the Fund use country financial management systems? [194]			
Reporting requirements (frequency, narrative, financial, etc.)			
COST STRUCTURE			
What is the total (in)direct cost of the Fund? If possible please break down by:			
Fee structure Fund Administrator			
Fund Secretariat			
Fee of Direct Fund Recipient Organizations			
CONTACT DETAILS			
Please provide the name and email of a focal point that can be contacted for more details on this Fund			

Table 2: Country-level Pooled Funds

Does your agency have pooled funds established at the country level in transition countries with contributions on average greater than $5 million per year (Yes or No)? If yes, please answer the following general questions on the mechanisms of country-level MDTFs.	
Describe the process and requirements to establish a country-level MDTF.	
What thematic areas do country-level MDTFs in transition countries usually cover? (If possible, link these to the PSGs.)	
Which agencies can receive money directly from the Fund?	
Describe the country-level governance structures (Do funds have a Steering Committee? If so, what is the general composition and role in allocations?)	
Describe how project proposals are developed, reviewed and approved.	
Do country funds generally use country financial management systems?	
List the number and if possible the names of countries with pooled funds greater than $5 million per year	

191 Includes both multi-donor trust funds (MDTFs) and organization/agency-specific thematic trust funds. The terms 'pooled financing instruments', 'pooled funds' and 'MDTFs' are used interchangeably.

192 Add or subtract columns as required.

193 The five Peacebuilding and Statebuilding Goals (PSGs) are: 1. Legitimate Politics; 2. Security; 3. Justice; 4. Economic Foundations; 5. Revenues & Services.

194 Defined in line with Using Country Public Financial Management Systems: A Practitioner's Guide (2011), which was commissioned under the auspices of the Working Party on Aid Effectiveness, an international partnership hosted by the OECD DAC. Specifically, 'on plan': external financing is integrated in plans; 'on budget': external financing is included in the documentation that is submitted with budget legislation; 'on treasury': external financing is disbursed into the treasury account and managed through government systems.

Annex 2: Mapping of humanitarian, development-financed recovery and climate pooled financing mechanisms at global, regional and country-level (capitalization shown in USD millions as of 31 December 2013 unless otherwise indicated)

	Global or regional	Country-based
Humanitarian financing mechanisms	**Central Emergency Response Fund (CERF):** was established by the General Assembly in 2006 to enable more timely and reliable humanitarian assistance to those affected by natural disasters and armed conflicts. The CERF has a loan and grant facility. The grant facility supports i) rapid response, life-saving humanitarian activities in the initial stages of a sudden-onset crisis or a significant deterioration in an existing emergency; and ii) underfunded emergencies. The CERF is administered by OCHA. Since its inception, the CERF has received more than $3.3 billion.[195]	**Common Humanitarian Funds (CHFs):** provide early and predictable funding to respond to critical humanitarian needs as identified in a Consolidated Appeal Process (CAP), or a similar humanitarian action plan.[196] In 2013, there were five operational CHFs in CAR, DRC, Somalia, South Sudan and Sudan. A sixth CHF was formally established in March 2014 in Afghanistan. The CHFs are administered by the MPTF Office. Total capitalization of all CHFs: $2.4 billion.[197] **Emergency Response Funds (ERFs):** provide rapid and flexible funding to meet unforeseen needs not included in the CAP or a similar concerted humanitarian action plan. In 2013, there were 13 ERFs active in Afghanistan, Colombia, DRC, Ethiopia, Haiti, Indonesia, Kenya, Myanmar, Pakistan, State of Palestine, Syria, Yemen and Zimbabwe.[198] The ERFs are administered by OCHA.
Development- financed recovery financing mechanisms	**Peacebuilding Fund (PBF):** was established in 2005 through General Assembly and Security Council resolutions to fund critical support during moments of political transition following a crisis. It has two funding facilities to respond to different country contexts. The Peacebuilding and Recovery Facility (PRF) supports structured and longer-term peacebuilding processes driven by national actors, while the Immediate Response Facility (IRF) is a flexible and fast project-based funding tool designed to jump-start immediate and urgent peacebuilding efforts: $540[199] **UN Trust Fund for Human Security (UNTFHS):** was established in 1999 and addresses a wide range of transition issues.[200] **UN Fund for Action Against Sexual Violence in Conflict (UN Action):** was established with the goal of ending sexual violence during and in the aftermath of armed conflict: $19[201] **FAO Technical Cooperation Programme (TCP):** provides FAO's technical expertise to its Member countries through targeted, short-term, catalytic projects that address technical problems in agriculture, fisheries, forestry and rural livelihood. It has two funding windows: development and emergency. **United Nations Voluntary Trust Fund for Victims of Trafficking in Persons:** established in 2010 and administered by UNODC. It provides assistance and protection to victims of trafficking for their recovery and reintegration into their communities. **Two United Nations Voluntary Trust Funds for i) Victims of Torture and ii) Contemporary Forms of Slavery:** while the main focus of these two funds are related to human rights, they do cover certain specific peacebuilding elements such as sexual exploitation and children in armed conflict. These funds are administered by UN OHCHR. **World Bank Statebuilding and Peacebuilding Fund (SPF):** was created in 2008 to build resilience to conflict and strengthen governance in countries affected by fragility and conflict. The Fund is primarily a recipient executed facility, with funds flowing to governments, regional organizations, NGOs and the UN. The fund can support World Bank-executed activities carried out on behalf of the recipient in some circumstances.[202] Period 2010-2012: $168.[203] **African Development Bank (AfDB) Fragile States Facility:** is a large funding mechanism primarily focused on medium- to long-term conflict prevention and peacebuilding outcomes. Period 2011–2013: $1176[204] **European Union Instrument for Stability:** aims to help build capacity both to address specific global and transregional threats having a destabilising effect and to ensure preparedness to address pre- and post-crisis situations. **Global Agriculture and Food Security Program:**[205] is a multilateral mechanism to support national and regional strategic plans for agriculture and food security in poor countries. Finances medium to long-term investments needed to raise agricultural productivity, link farmers to markets, reduce risk and vulnerability, improve non-farm rural livelihoods and scale up the provision of technical assistance and capacity-building (World Bank FIF): $989 **Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund):**[206] finances disease-specific programmes and programme components focused more broadly on health system strengthening (World Bank FIF). Fourth replenishment was concluded in 2013 to cover the period 2014–2016: $1200 in new pledges. **Water and Sanitation Program:**[207] is a multi-donor partnership administered by the World Bank to support poor people in obtaining affordable, safe and sustainable access to water and sanitation services. Has supported initiatives in Somalia, Myanmar (jointly with UNICEF), Zimbabwe, Liberia and DRC. Total disbursement for fiscal years 2011–2013: $38.5	**MPTF Office administered funds** The MPTF Office currently administers **23 country-level recovery-related pooled funds in 21 crisis-affected countries** of more than $2 billion (including the Iraq Trust Fund) and $803 million (excluding the Iraq Trust Fund):[208] **Comoros One UN Fund** (2010–2014): $4.4 **DRC Stabilization and Recovery Fund** (2009–2014): $22 **Ethiopia One Fund** (2011–2015): $9.6 **UNDG Haiti Reconstruction Fund** (2010–2017): $128. Note the UNDG HRF[209] is part of the larger **Haiti Reconstruction Fund (HRF):** $381 **UNDG Iraq Trust Fund** (2004–2013): $1358 **Iraq UNDAF Trust Fund** (2011–2014): $37 **Kiribati One Fund** (2009–2014): $1.3 **Kyrgyzstan One Fund** (2009–2016): $10 **Lebanon Recovery Fund** (2006–): $52 **Libya Recovery Trust Fund** (2011–): $6.5 **Malawi One Fund** (2009–2016): $52 **Mali National Economic and Social Stabilization Fund** (2013–2015): $21 **UN Peace Fund for Nepal** (2007–): $26.8 **Occupied Palestinian Territory Trust Fund** (2010–2013): $22.6 **Pakistan One Fund** (2008–2017): $81 **Rwanda One UN Fund** (2008–2013): $83 **Sierra Leone Multi-Donor Trust Fund** (2009–2014): $31 **Somalia UN Multi-Partner Trust Fund** (2013–2024): $0 **South Sudan Recovery Fund** (2008–): $141 **Sudan: Darfur Community Peace and Stability Fund** (2007–2015) $59 **Sudan: UN Fund for Recovery, Reconstruction and Development in Darfur** (2013–2019): $0 **Syria Transition and Recovery Trust Fund**[210] (2013–2015): $0 **Yemen National Dialogue and Constitutional Reform Trust Fund** (2012–2014): $14.8 **World Bank Trust Fund Programmes**[211] **Afghanistan Reconstruction Trust Fund** (2002–): $6895[212] **National MDTF Sudan** (2006–2010 [final projects closed in June 2013]): $255.7[213] **MDTF South Sudan** (2006–2013): $540.2[214]

	Global or regional	Country-based
Climate change financing mechanisms [215]	**Adaptation:** **The Global Environment Facility:** The Global Environment Facility serves as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and works under the guidance of the Council and the Conference of the Parties (COP). It supports mitigation and adaptation projects in developing countries and countries with economies in transition and is largest funder of projects focused on global environmental challenges. It administers three trust funds: **the Global Environment Trust Fund (GEF),** which has received a total of $15 billion during five replenishments, as well as the Least Developed Countries Fund for Climate Change (LDCF) and the Special Climate Change Fund (SCCF) (see below). (World Bank FIF). **Least Developed Countries Fund for Climate Change (LDCF):** addresses the unique needs of the 48 Least Developed Countries (LDCs), which are especially vulnerable to the adverse impacts of climate change. Includes adaptation, climate-resilience and disaster risk reduction. As of October 31, 2013, cumulative pledges to the LDCF amounted to $782.53 million, of which $700.58 million had been received.[216] **Special Climate Change Fund (SCCF):** implements adaptation interventions to expand and fortify the resilience of specific national sectors to the expected effects of climate change: $110 **UNFCCC Adaptation Fund:** assists developing Country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation. It finances concrete adaptation projects and programmes that are country-driven and are based on the needs, views and priorities of eligible Parties. Adaptation projects can be implemented at the community, national and transboundary level (World Bank FIF). $300–500 million by end-2012. **Adaptation for Smallholder Agriculture Programme (ASAP):** was launched by the International Fund for Agricultural Development (IFAD) in 2012 to make climate and environmental finance work for smallholder farmers. Provides a new source of co-financing to scale up and integrate climate change adaptation across IFAD's approximately $1 billion per year of new investments. US$240 million of commitments as per November 2012. Additional commitment of US$80 million on performance basis. **Pilot Program for Climate Resilience (PPCR):** is a targeted program of the Strategic Climate Fund (see below). It funds technical assistance and investments to support countries' efforts to integrate climate risk and resilience into core development planning and implementation. It provides incentives for scaled-up action and initiates transformational change by catalyzing a shift from 'business as usual' to broad-based strategies for achieving climate resilience at the country level. PPCR programs are country-led and build on National Adaptation Programmes of Action (NAPAs) and other national development programs and plans. $1.3 billion has been pledged to date.	**National Climate Funds:** **Mali Climate Fund** (2012–2015): $5.8 million in commitments, $2.4 million in deposits. Administered by the MPTF Office. **Ethiopia Climate Resilient Green Economy Facility** (2012–2030): $15 million. Administered by the Ministry of Finance and the MPTF Office. **Micronesian Conservation Trust** (2002–): In 2012 the operating budget totals $2.8 million, with a granting portfolio of $1.8 million.[217] **Bangladesh Climate Change Trust Fund:** Block budgetary allocation of $100 million each year for three years (2009–2012) totaling $300 million. **Bangladesh Climate Change Resilience Fund:** $125.5 **Rwanda National Climate and Environment Fund (FONERWA):** Government has earmarked Rwf 16 billion of domestic resources to capitalize the fund. An additional GBP 22.5 million from DFID.[218]

195 http://www.unocha.org/cerf/about-us/who-we-are

196 OCHA (2012). http://unocha.org/cap/about-the-cap/about-process. From 2014, the IASC has replaced the CAP with the SRP.

197 http://mptf.undp.org/

198 Active ERFs in 2013 as of February 2013. http://unocha.org/what-we-do/humanitarian-financing/emergency-response-funds-erf

199 http://mptf.undp.org/factsheet/fund/PB000

200 http://unocha.org/humansecurity/

201 http://mptf.undp.org/factsheet/fund/UNA00

202 http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,,contentMDK:22031772~menuPK:519150~pagePK:64171531~piPK:64171507~theSitePK:511778,00.html

203 PBSO (2012).

204 PBSO (2012).

205 http://www.gafspfund.org/content/about-gafsp

206 http://www.theglobalfund.org/en/; World Bank (2011a).

207 https://wsp.org/sites/wsp.org/files/publications/WSP-End-Year-Report-FY13.pdf

208 The table shows only data for multi-donor trust funds as of 31 December 2013. Fund duration is shown in parenthesis. In addition, the MPTF Office administers 25 joint programmes using the pass-through modality in fragile countries with a total capitalization of more than $217 million. For more information on the MPTF Office–administered pooled funds, see the MPTF Office GATEWAY: http://mptf.undp.org

209 The HRF is a financial intermediary facility where donors make contributions through the World Bank (International Development Association [IDA]), as the Trustee to the HRF (Fiscal Agent). Upon instruction from the HRF Steering Committee, the Fiscal Agent will transfer approved funding to the HRF Partner Entities: the Inter-American Development Bank (IADB), the United Nations Development Programme (UNDP) through the MPTF Office acting as the Administrative Agent on behalf of the Participating UN Organizations, and the World Bank. http://mptf.undp.org and http://www.haitireconstructionfund.org.

210 While the Syria Transition and Recovery Trust Fund has been established, it has not yet been operationalized.

211 http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:21421364~pagePK:64060242~piPK:64060289~theSitePK:299948,00.html

212 As of 21 December 2013 (accessed from http://artf.af/images/uploads/ARTF_Financial_Status_Memo_December_21,_2013.pdf)

213 Shows contributions from donors only. World Bank (2013).

214 Shows contributions from donors only. World Bank (2012).

215 The profiles and capitalization of the funding sources in this section were accessed from the Climate Finance Options website on 23 January 2014: http://www.climatefinanceoptions.org/cfo/cfo_search/type%3Afunding_sources

216 http://www.thegef.org/gef/LDCF

217 http://www.snap-undp.org/elibrary/Publications/EE-2012-NCF-CaseStudy-Micronesia.pdf

218 http://www.fonerwa.org/news/climate-change-fund-gets-rwf22bn-boost

	Global or regional	Country-based
	Asian Development Bank (ADB) Climate Change Fund (CCF): established in 2008 to effectively address the causes and consequences of climate change. $14 million for adaptation activities to build resilience. **Global Facility for Disaster Reduction and Recovery (GFDRR):** established in 2008 and helps developing countries reduce their vulnerability to natural hazards and adapt to climate change. In particular, Track III supports sustainable recovery by providing ex-post support to developing countries to fast-track disaster recovery and to ensure that future risk reduction measures are incorporated into post-disaster recovery plans and programmes (World Bank FIF). $244 **MDG Achievement Fund:** finances collaborative activities that leverage value-added programs of the UN in the sector and country concerned, particularly in addressing multi-dimensional development challenges. In terms of climate change, the Fund enhances capacity for climate adaptation (administered by the MPTF Office). $90 million in the climate change thematic window. **Energy access focused funds:** **ClimDev-Africa Special Fund (CDSF):** is a joint initiative of the African Development Bank (AfDB), the African Union Commission (AUC) and the United Nations Economic Commission for Africa (UNECA). Strengthens institutional capacities of national and sub-regional bodies to formulate and implement effective climate-sensitive policies and the implementation of pilot adaptation practices. $136 **End User Finance for Access to Clean Energy Technologies in South and South-East Asia (FACET):** supports end-users to afford to purchase clean energy technologies on a cash basis and pay up front for the long-term, low-carbon and low-maintenance energy supply these systems can provide. EUR 30-69 million **Global Energy Efficiency and Renewable Energy Fund (GEEREF):** is structured as a 'fund of funds'. It invests in private equity funds that specialize in providing equity finance to small- and medium-sized project developers and enterprises (SMEs) who finance small- and medium-size renewable energy and energy efficiency projects and enterprises in developing countries and economies in transition. Prioritizes renewable energy that benefits rural populations (including hydro, solar, wind and biomass), solar heaters/cookers/pasteurizers, wind pumps and improved cook stoves. EUR 108 million **Strategic Climate Fund (SCF):** is an overarching fund to support targeted programmes with dedicated funding to pilot new approaches with potential for scaled-up, transformational action aimed at a specific climate change challenge or sectoral response. The SCF includes three targeted programmes: **i) Program on Scaling-Up Renewable Energy in Low Income Countries (SREP):** Approved in May 2009, the SREP aimed at demonstrating the economic, social and environmental viability of low-carbon development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy. It focuses on renewable energy projects such as wind and solar energy, small hydropower and biomass, and geothermal energy. The programme also considers cooking and heating projects as well as sustainable forests, biogas, and other renewable based fuels. The total size of the SREP fund is US$318 million; **ii) Pilot Program for Climate Resilience (PPCR):** As the PPCR is about adaptation – see above; and **iii) the Forest Investment Program (FIP)**. **Sustainable Energy Fund for Africa (SEFA):** is administered by the African Development Bank to support small and medium clean energy and energy efficiency projects in Africa. SEFA provides advisory and grant resources for technical assistance and capacity-building, as well as investment capital, to both off-set preparation costs and crowd-in additional investment. $57 [219] **The Seed Capital Assistance Facility (SCAF):** is aimed at helping energy investment funds in Asia and Africa to provide seed financing to early-stage clean energy enterprises and projects. The Facility is implemented through the United Nations Environment Programme, the Asian Development Bank and the African Development Bank. $10.5 [220]	

219 http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/sustainable-energy-fund-for-africa/

220 http://www.scaf-energy.org/about/introduction.html

Annex 3: Mapping of humanitarian, development-financed recovery and climate adaptation finance in eight case-study countries

Pooled funds show total capitalization as of 31 December 2013, cumulative over the period 2008–2012 and annual 2012
Estimated bilateral flows show cumulative over the period 2008–2012 and annual 2012 (in USD millions)

Country	Humanitarian pooled funds				Estimated human-itarian bilateral assis-tance [221]	Development-financed recovery pooled funds (fund administrator, total duration and total capitalization shown within brackets)			Estimated recovery bilateral assis-tance [222]	Climate pooled funds (global/ country-based) [223]	Estimated climate bilateral assistance
	Global CERF [224]	Country based ERFs [225]	Country based CHFs [226]	Total pooled funds		Global level	Country-based	Total pooled funds			
DRC	Total: $239 2008–2012: $136 2012: $32	2008–2012: $3 2012: $1	2006: Total: $823 2008–2012: $548 2012: $90	2008–2012: $687 2012: $123	2008–2012: $2415 2012: $525	**PBF:** [227] Total: $19 2008–2012: $19 2012: $1.4 **UN Action:** 2008–2012: $0.75 2012: $0.55 **SPF** [228]: $2	**DRC Stabilization & Recovery** (MPTFO, 2009–2014: $22) 2008–2012: $22 2012: $5	2008–2012: $41 2012: $7	2008–2012: $5156 2012: $1174	**GEF:** [229] 2008–2012: $3 2012: $0	2008–2012: $202 2012: $53
Sudan	Total: $213 2008–2012: $104 2012: $20	NA	2006: Total: $1050 2008–2012: $639 2012: $80	2008–2012: $743 2012: $100	2008–2012: $5673 2012: $547	**PBF:** Total $12 2008–2012: $12 2012: $0.39 **SPF:** $4.2	**Darfur Community Peace and Stability Fund** (MPTFO, 2007–2015: $59) 2008–2012: $53 2012: $11 **UN Fund for Recovery, Reconstruction and Development in Darfur** (MPTFO, 2013–2019: $0) **National MDTF Sudan** (World Bank, 2006–2010, final projects closed in June 2013) [230] 2006–2010: $255.7	2008–2012: [231] $325 2012: $11	2008–2012: $2707 2012: $343	**GEF:** 2008–2012: $11 2012: $0	2008–2012: $52 2012: $7

221 Total humanitarian assistance figures are based on FTS data and provided by the mapping study commissioned by OCHA (Taylor [2014]). Bilateral humanitarian assistance has been estimated by subtracting humanitarian assistance through pooled funds from total humanitarian assistance.

222 See footnote 140 for an explanation on estimation for both recovery and climate-related bilateral assistance.

223 Only Ethiopia has a country-based climate pooled fund. However, its capitalization falls outside the period under consideration. All other funds shown are vertical global funds. Only allocations to projects that are relevant to recovery have been included. Carbon and forest related projects have been excluded.

224 The CERF is administered by UN OCHA. The totals shown for the CERF are for the period 2006–2013. The breakdown of data over the period 2008-2012 and for 2012 are based on FTS data and provided by the mapping study commissioned by OCHA (Taylor [2014]).

225 The ERFs are administered by UN OCHA. The breakdown of data over the period 2008–2012 and for 2012 are based on FTS data and provided by the mapping study commissioned by OCHA (Taylor [2014]).

226 The CHFs are administered by the MPTF Office. All data for the CHFs are based on the MPTF Office GATEWAY: http://mptf.undp.org. The start date as well as total capitalization as of 31 December 2013 are provided. The CHFs do not currently have an end date.

227 For comparative purposes, data shown for the PBF are amounts net transferred per indicated period, where net transferred amount is the total transferred amount less any refunds received. For details on the PBF see: http://mptf.undp.org/factsheet/fund/PB000

228 All data on the SPF is based on the List of Approved Projects as of September 2011.

229 Since the Global Environment Facility also manages the LDCF and SCCF, in addition to the Global Environment Fund Trust Fund, the data shown for the GEF includes data from all three trust funds. It does not include co-financing. Source: http://thegef.org/gef/gef_projects_funding

230 Shows contributions from donors only. World Bank (2013).

231 This total includes data from 2006 for the National MDTF Sudan since disaggregated data specifically for 2008–2012 was not available.

Pooled funds show total capitalization as of 31 December 2013, cumulative over the period 2008–2012 and annual 2012
Estimated bilateral flows show cumulative over the period 2008–2012 and annual 2012 (in USD millions)

Country	Humanitarian pooled funds				Estimated human-itarian bilateral assistance	Development-financed recovery pooled funds (fund administrator, total duration and total capitalization shown within brackets)			Estimated recovery bilateral assistance	Climate pooled funds (global/ country-based)	Estimated climate bilateral assistance
	Global CERF	**Country based ERFs**	**Country based CHFs**	**Total pooled funds**		**Global level**	**Country-based**	**Total pooled funds**			
South Sudan[232]	Total: $74 2011–2012: $63 2012: $40	NA	2012: Total: $241 2011–2012: $118 2012: $118	2011–2012: $181 2012: $158	2011–2012: $1165 2012: $709	**PBF:** Total: $15[233] 2008–2012: $5 2012: $0.5 **SPF:** $3.3	**South Sudan Recovery Fund** (MPTFO 2008: $141) 2008–2012: $126 (of which $80 million was under Sudan before South Sudan became an independent state) 2011–2012: $34 2012: $8.7 **MDTF South Sudan** (World Bank, 2006–2013: $540.2)[234] 2008–2012: $321 2011–2012: $21 2012: –$1 **Basic Service Fund**[235] (initiated by DFID and managed by BMB Mott MacDonald, 2006–2012: approx. $164 (GBP 100 million) 2006–2012: approx. $164 (GBP 100 million) Phase 1, 2, 1A and 1Ae July 2010–2012: approx. $100 (GBP 100) Phase 1A and Phase IAe 2012: approx. $33 (GBP 20): Phase IAe	2011–2012[236] $163 2012: $41	2011–2012: $882 2012: $542	–	2011–2012: $9 2012: $4
Somalia	Total: $179 2008–2012: $125 2012: $0	2008–2012: $39 2012: $0	2010: Total: $262 2008–2012: $202 2012: $71	2008–2012: $366 2012: $71	2008–2012: $3572 2012: $725	**PBF:** Total: $4 2008–2012: $4 2012: $1 **SPF:** $7.4[237] **Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia**[238] (2010 total capitaliza-tion: $18.9) 2008–2012: $16.5 2012: No data easily accessible specifically for 2012	**UN MPTF** established in November 2013 (under the Somalia Development and Reconstruction Facility. Two other windows are administered by the World Bank and African Development Bank): $0 **Somaliland Development Fund**[239] (UK, Demark, 2012–2015: $25) Estimate for 2012: $8 **Special Financing Facility**[240] (Norway, 2013–2014: $30) **Somalia Stability Fund**[241] (DFID, Netherlands, Denmark, United Arab Emirates, Norway, 2013–2015: $58) **Rebuilding and Restructuring Fund for the Somali Security Sector**[242] (Turkey, 2013–2016) **Trust Fund in Support of the Somali Transitional Security Institutions**[243] (UNPOS managed, PwC responsible for tracking and reporting on the use of funds): 2009:[244]	2008–2012[245] $40 2012: $9	2008–2012[246] $1031 2012: $321	–	2008–2012: $16.5 2012: $14.7
Haiti	Total: $92 2008–2012: $80 2012: $12	2008–2012: $25 2012: $1	NA	2008–2012: $105 2012: $13	2008–2012: $4367 2012: $113	**PBF:** Total: $3.8 2008–2012: $3.8 2012: $0 **SPF:** $5[247]	**Haiti Reconstruction Fund (HRF)**[248] $381 ($44 in 2012) including the **UNDG HRF** (MPTFO, 2010–2017: $127.6) 2008–2012: $127.6 2012: $0	2008–2012: $390 2012: $44	2008–2012: $2564 2012: $513	**GEF:** 2008–2012: $14 2012: $0	2008–2012: $120 2012: $27

Pooled funds show total capitalization as of 31 December 2013, cumulative over the period 2008–2012 and annual 2012
Estimated bilateral flows show cumulative over the period 2008–2012 and annual 2012 (in USD millions)

Country	Humanitarian pooled funds				Estimated humanitarian bilateral assistance	Development-financed recovery pooled funds (fund administrator, total duration and total capitalization shown within brackets)			Estimated recovery bilateral assistance	Climate pooled funds (global/ country-based)	Estimated climate bilateral assistance
	Global CERF	Country based ERFs	Country based CHFs	Total pooled funds		Global level	Country-based	Total pooled funds			
Yemen	Total: $92 2008–2012: $69 2012: $23	2008–2012: $16 2012: $8	NA	2008–2012: $85 2012: $32	2008–2012: $973 2012: $402 2012: $3	**PBF:** Total: $5.6 2008–2012: $3	**National Dialogue and Constitutional Reform Trust Fund** (MPTFO, 2012–2014: $14.8) 2008–2012: $0.355 2012: $0.355 **MDTF for Yemen** [249] (World Bank, 2013: capitalization not easily accessible)	2008–2012: $3.4 2012: $3.4	2008–2012: $1690 2012: $336	**GEF:** 2008–2012: $8.5 2012: $0	2008–2012: $75 2012: $3
Ethiopia	Total: $171 2008–2012: $123 2012: $14	2008–2012: $213 2012: $38	NA	2008–2012: $336 2012: $52	2008–2012: $3567 2012: $618	–	**Ethiopia One Fund** (MPTFO, 2011–2015: $9.6) 2008–2012: $8.3 2012: $2.3	2008–2012: $8.3 2012: $2.3	2008–2012: $8412 2012: $1790	**GEF:** 2008–2012: $27.5 2012: $4.9 **MDG-F:** 2008–2012: $4 2012: $0	2008–2012: $144 2012: $56

232 Humanitarian pooled funds and CRS data are shown separately for South Sudan only from 2011 when South Sudan became an independent state. Recovery pooled funds on the other hand, which were specifically established to support areas in southern Sudan even before independence, do have data from as early as 2006 when the Comprehensive Peace Agreement was signed.

233 This is made up of $5 million net transferred through the PBF Immediate Response Facility and $10 million net transferred through its Peacebuilding and Recovery Facility based on the $10 million envelope that was allocated to South Sudan in 2013.

234 Shows contributions from donors only. World Bank (2012).

235 http://oro.open.ac.uk/38023/1/2013.pdf and http://www.bsf-south-sudan.org

236 For comparative purposes with other funding sources, only country-level pooled funding data from 2011 and 2012 is used.

237 An additional $2.2 million was contributed to the Somalia Private Sector Development re-engagement programme (Phase III).

238 The Trust Fund to Support Initiatives of States Countering Piracy off the coast of Somalia was established by the UN Secretary-General in January 2010. Administration of the Fund was transferred from UNODC to the MPTF Office in December 2012. http://www.thecgpcs.org/trustfund.do?action=trustFund and http://mptf.undp.org/factsheet/fund/APF00

239 http://shuraako.org/sites/shuraako.org/files/casestudy-sdf-final-two.pdf

240 Public Financial Management Reform in Somalia: The Special Financing Facility (SFF). April 2013 Version of the SFF concept note. http://www.slideshare.net/somalitalk/public-financial-management-reform-in-somalia-the-special-financing-facility-the-sff-10-april-2013-version-of-the-sff

241 http://www.stabilityfund.so/content/donors

242 Final Declaration of the 2nd Istanbul International Conference on Somalia – 1 June 2012. http://www.mfa.gov.tr/the-second-istanbul--conference-on-somalia_-final-declaration_-1-june-2012_-istanbul.en.mfa. No data easily accessible on capitalization.

243 http://unpos.unmissions.org/Default.aspx?tabid=9740&language=en-US

244 No data easily accessible on capitalization.

245 This total includes data until 2015 since country-level pooled available disaggregated by year.

246 This total includes $8 million estimated for the Somaliland Development Fund for 2012.

247 An additional $2 million was contributed to the HRF.

248 http://mptf.undp.org and http://www.haitireconstructionfund.org.

249 http://www.worldbank.org/en/news/speech/2013/03/07/friends-of-yemen-world-bank-vice-president-inger-andersen-urges-support-for-yemen-transition

Pooled funds show total capitalization as of 31 December 2013, cumulative over the period 2008–2012 and annual 2012
Estimated bilateral flows show cumulative over the period 2008–2012 and annual 2012 (in USD millions)

Country	Humanitarian pooled funds				Estimated human-itarian bilateral assistance	Development-financed recovery pooled funds (fund administrator, total duration and total capitalization shown within brackets)			Estimated recovery bilateral assistance	Climate pooled funds (global/ country-based)	Estimated climate bilateral assistance
	Global CERF	Country based ERFs	Country based CHFs	Total pooled funds		Global level	Country-based	Total pooled funds			
Pakistan	Total: $168 2008–2012: $149 2012: $37	2008–2012: $35 2012: $14	NA	2008–2012: $184 2012: $51	2008–2012: $4787 2012: $415	–	**Pakistan One Fund** (MPTFO, 2008–2017): $81.3 2008–2012: $78 2012: $4.8 **MDTF for Khyber Pakhtunkhwa, Federally Administered Tribal Areas and Balochistan** [250] (World Bank, 2010: $155.8) 2008–2012: $155.8 2012: not easily accessible by year	2008–2012: $234 2012: $4.8	2008–2012: $7120 2012: $1450	**GEF:** 2008–2012: 24 2012: $12.5 **AF:** 2008–2012: $4	2008–2012: $265 2012: $164
Total [251]	**2008–2012: $849** **2012: $178**	**2008–2012: $331** **2012: $62**	**2008–2012: $1507** **2012: $359**	**2008–2012: $2687** **2012: $599**	**2008–2012: $26519** **2012: $4054**	**2008–2012: $87** **2012: $6**	**2008–2012: $1117** **2012: $116**	**2008–2012: $1204** **2012: $122**	**2008–2012: $29562** **2012: $6469**	**2008–2012: $96** **2012: $17.4**	**2008–2012: $883** **2012: $329**

250 http://www.pakistanmdtf.org

251 Totals may not add up exactly due to rounding.

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