

Leaving no crisis behind with assistance for the triple nexus

Humanitarian, development and peace funding in crisis contexts

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Executive summary

The nexus vision as per OECD recommendations seeks to always support crisis prevention, to foster development wherever possible and humanitarian action only when necessary. This includes prioritising longer-term funding to reduce risks and vulnerabilities in crisis countries to ensure they are not left behind in meeting their development goals and to reduce needs over time. However, sharply increasing humanitarian needs in recent years call the implementation of this vision into question. The analysis of official development assistance (ODA) below seeks to analyse the balance of humanitarian, development and peace financing in crisis settings according to the most recently available 2021 data. It mostly focuses on the 30 countries with humanitarian response plans (HRPs) in 2021 and for historical analyses considers the 21 protracted crisis countries with HRPs all throughout 2017 to 2021. The views expressed below are the author's own and do not necessarily reflect those held by the Swedish International Development Cooperation Agency as funder of this work.

Countries experiencing humanitarian crisis are at risk of being left behind in terms of ending extreme poverty by 2030 due to a lack of development assistance relative to poverty levels. For countries with available poverty data, HRPs receive on average less than a quarter of development assistance per person of that for other aid recipient countries. The lack of development assistance relative to poverty may be due to challenges for development actors of working with government counterparts in some crises. However, treating the presence of government partners as a precondition for development assistance risks leaving people behind, with the long-term needs of a large and growing number of people in crises unaddressed by either development or humanitarian funding, when development partnerships with civil society may also be possible. The lack of up-to-date poverty data in some crisis countries, for example in Afghanistan, Venezuela and Libya, additionally represents a blind spot for development actors in their efforts to leave no one behind.

Protracted crisis countries increasingly relied on humanitarian assistance in 2021, reaching a five-year high of 41% while ODA supporting peace reached a five-year low at 11%. This shift is contrary to the DAC recommendations on the Humanitarian-Development-Peace (HDP) nexus, which emphasised a move from delivering humanitarian assistance to ending need.

Extremely fragile countries, most of which with HRPs, similarly relied to a large extent on humanitarian funding in 2021. This underlines the risk of assistance in fragile contexts not sufficiently focusing on peace efforts and conflict prevention, but primarily on meeting immediate humanitarian needs. This finding is reinforced by 20 of the 24 countries with very high INFORM conflict risk receiving 10% or less of ODA for peace objectives. There is a need for increased peace assistance in such contexts, given the impact of conflicts on eroding development gains and growing humanitarian need.

Crisis countries also received little funding for climate change adaptation and disaster risk reduction relative to their vulnerability to climate change. Countries with HRPs were among the highest risk scores of potential disruptions from climate change as per the ND-GAIN index. However, crisis contexts consistently received lower shares of their ODA for climate change adaptation than other countries with comparable climate risk. Countries like Afghanistan, Sudan, Yemen and the Central

African Republic are at particular risk of falling behind as climate change accelerates, given they receive only 1% or less of their ODA for climate change adaptation while experiencing very high levels of vulnerability to climate change.

Funding for disaster risk reduction (DRR) seems on average to target by countries with higher disaster risks. However, the very low levels of DRR funding in nine HRP countries with high or very high disaster risk show that there is still some progress to be made to follow through on the nexus directive to prioritise 'prevention always'.

The share of development assistance provided by DAC and multilateral donors to crisis countries reveals the limits of ODA loans to provide support them. Countries in debt distress, which often overlaps with those experiencing crises and therefore most in need of financial assistance, are limited of receiving only international grant assistance. This highlights the need to prioritise development grants in order to prevent countries that are unable to borrow from being left behind in their development progress.

The balance of assistance received by individual crisis countries across the HDP nexus varies greatly and should be a starting point for further inquiry. Country-specific follow up is required to establish why development assistance decreased in crisis countries and whether it would be possible to instead maintain or adapt development programming to continue addressing the root causes of crises, build resilience and prevent or reduce the risks of further disasters. This should be tied to country-specific nexus financing strategies that set the target balance between humanitarian, development and peace funding in a given context. Those strategies should be accompanied by timely and subnational data on development, humanitarian and peace assistance. This data would inform better donor coordination and could help ensure that vulnerable populations in regions within countries that are at risk of or affected by crises are not left behind.

Such multi-stakeholder efforts at the country level, with clear policy support from global donor and multilateral headquarters, are urgently required to shift the balance of international assistance back towards the nexus vision of collectively reducing and ultimately ending humanitarian need.

Research background

Humanitarian funding alone cannot keep pace with escalating need

Humanitarian needs continue to multiply due to climate-related crises, conflicts, displacement and food insecurity, which outpaces the growth in humanitarian funding. The 2023 Global Humanitarian Overview (GHO) saw the number of people in need of humanitarian assistance grow by 23 million in comparison to 2022, following a previous increase of 69 million from 2021 to 2022; there are now 348 million people in need (UN OCHA, 2023). In response, humanitarian funding increased during 2022 but is ultimately unable to keep up with the sharp rise in needs.

At the same time, development actors face multiple competing responsibilities to address root causes of crises, uphold basic services, respond to climate-induced crises and build resilience, as well as promote economic growth. In the face of these challenges, humanitarian aid has increasingly been perceived as an instrument to address long-term development issues in crisis contexts (OECD, 2017). The effectiveness of the implementation of the triple nexus – supporting the prevention of crises, fostering development wherever possible and humanitarian action only when necessary – must therefore be called into question.

Lack of transparency on financing across the nexus limits coordination and prioritisation

The Development Assistance Committee (DAC) outlines its overarching aim for its recommendation on the Humanitarian-Development-Peace (HDP) nexus to be “*effectively reducing people’s needs, risks and vulnerabilities, supporting prevention efforts and thus, shifting from delivering humanitarian assistance to ending need*” (OECD, 2019, p. 3). The adoption of these recommendations in 2019 by the DAC reflects a growing policy consensus that building resilience to preventing crises and addressing the root causes of crises must be at the centre of decision-making about resources and responses.

On financing, Principle V.1. of the DAC recommendation calls for “*evidence-based humanitarian, development and peace financing strategies at global, regional, national and local levels, with effective layering and sequencing of the most appropriate financing flows*” (OECD, 2019, p. 10). Comparable data on the financing of the three nexus pillars and their complementary goals is therefore a necessary requirement for building nexus financing strategies.

The OECD’s recent interim review of progress on the nexus highlights that an effective nexus approach includes “*financing mechanisms that help navigate short-term realities and the evolving context without losing sight of long-term development perspectives*” (OECD, 2022a). To understand the current division of labour between sectors, ensure prioritisation, and leverage comparative advantages, a mapping of development, humanitarian and peace programming and funding at country level is key for all stakeholders, from donors to UN Country Teams (UNSDG, 2020).

Yet despite these recommendations, there currently remains a lack of transparency on the different funding streams and how they interact to prevent crises. According to the HDP Nexus Interim Progress Review, steps have been taken to develop a

financing strategy process in certain countries, but these remain isolated (OECD, 2022a).

Previous studies have already pointed to the issues arising from this lack of data. Poole & Culbert (2019, p. 24) point to the fact that required funding per sector or goal for each of the nexus pillars is not determined nor tracked, even in the countries where collective outcomes have been agreed. The report found that in some contexts, while there were no funding shortages, this lack of clarity affected prioritisation, targeting and coordination. The same lack of clarity also exists for funding that is trying to address objectives across the humanitarian, development and peace dimensions of the nexus. The IASC Results Group 5 on Humanitarian Financing reaches a similar conclusion, highlighting that *“at the policy level there is a lack of common understanding of what it means to fund ‘across the nexus’ and no commonly agreed definition or scope of nexus programming/approaches, making it impossible to identify or track the volume of funding going to nexus approaches, and therefore to determine whether it is commensurate with need”* (IASC, 2021, p. 1).

A potential result of this lack of adequate data to inform financing strategies and prioritisation is an overreliance on the humanitarian system in terms of crisis prevention and response. As donors seek to maximise the impact of their financing towards the achievement of collective outcomes and the 2030 Agenda, efforts to better understand how humanitarian, development and peace financing currently interact in crisis settings need to be intensified.

The analysis below of official development assistance (ODA) seeks to contribute to this understanding. It takes place in the context of bilateral assistance from DAC members reaching its highest recorded volume of US\$159 billion in 2021, with additional ODA from multilateral donors at US\$46 billion, according to the most recent DAC data released during December 2022. Of this combined US\$205 billion, there is information on the recipient country for US\$139 billion (below referred to as country-allocable ODA¹). Over the last five years, around 80% of this assistance was provided for development objectives. This research will focus on how much of this assistance that addresses longer-term goals around development, peace and climate is reaching humanitarian crisis countries, how well it is targeted and whether/which crises are left behind. We finally suggest recommendations on how policies could address the observed trends and on how to improve the utility of financing data to better inform coordination around the nexus vision.

Research findings

The share of total donor funding targeting protracted crisis countries reached a 5-year low in 2021

The total country-allocable assistance provided by DAC donors to across humanitarian, development and peace objectives rose to its highest recorded level in 2021 of US\$97.7 billion. However, the same increasing trend was not reflected in the amount of resources received by the people experiencing protracted humanitarian

¹ Refer to the methodology in Annex 1 for more information on the third of ODA in 2021 from DAC members and multilateral agencies that does not contain information on its recipient country.

crises, as the proportion received by protracted crisis countries reached a 5-year low at 31%. These protracted crises include the 21 countries out of the 30 (70%) in 2021 with HRP in all years from 2017 to 2021.

- The total volume of total ODA received by the 21 countries analysed remained around US\$30 billion between 2017 and 2021.
 - The increase to US\$30.8 billion in 2020 (likely driven by the effects of the Covid-19 pandemic) was followed by a small decrease of 3% in 2021.
 - Total country-allocable ODA from DAC members increased slightly in 2021 from its previous peak in 2020, therefore a smaller share was received by these 21 protracted crises overall.

All 30 HRP in 2021 received a third of total development assistance² out of the total funding from both DAC and multilateral donors that year. This represents US\$35 billion of development assistance to this group of 30 countries. A lack of comparable data in crisis contexts on funding requirements for resilience building, crisis prevention and other development needs, and on what development programming would be possible makes it difficult to interpret the sufficiency of this funding. Previous research has already highlighted this issue for crisis contexts (Poole & Culbert, 2019).

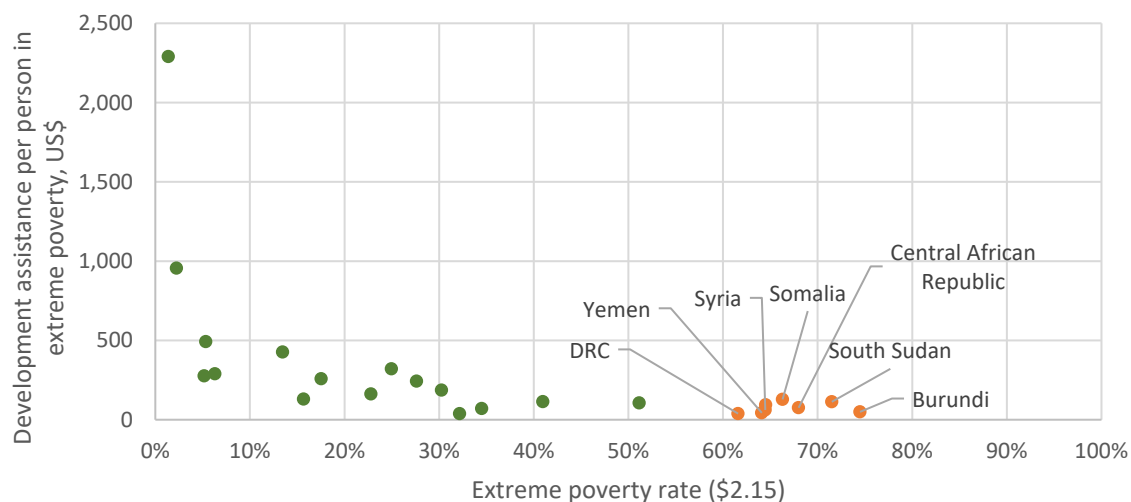
- Analysing the share of development assistance received by HRP contexts over time is complicated as the number of HRP countries changes year on year. In our analysis we mitigated this by focusing on the same group of 21 countries that all had HRP consistently from 2017 to 2021, referred to as protracted crisis countries.³
- Where we can see that development assistance is directed to crisis contexts, the lack of subnational data on funding flows means we are unable to see whether that funding reaches crisis-affected regions.
 - This means that it is hard to quantify the shortfall of development funding required to address root causes of crises, to more effectively prevent crises or to build resilience.
 - It also complicates a comparison of the extent to which development assistance leaves crisis countries behind – both compared to other recipient countries and relative to their respective needs.
 - Combining ODA with poverty data as presented below can potentially provide an interesting perspective for this comparison.

² This excludes ODA for Covid-19 control – refer to the methodology 1 in Annex 1 for more information.

³ Therefore not included in the historical analyses are the following countries with HRP in 2021, but not in the four previous years: Burkina Faso, Mozambique, Colombia, Pakistan, Zimbabwe, Venezuela, Honduras, Guatemala and El Salvador.

HRP countries receive less development assistance per person in extreme poverty for countries with available data

Figure 1: Development assistance per person living in extreme poverty for HRP countries, 2021



Sources: Preliminary calculations by Development Initiatives (DI) based on OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS), World Bank Poverty and Inequality Portal and IMF World Economic Outlook 2022 data.

Notes: Data is only captured for countries also presented on the World Bank's Poverty and Inequality Platform. More information on DI's methodology behind the poverty data depicted in this graph is [available online](#). The countries with data labels in the graph were among the HRP with the highest extreme poverty rates and lowest development assistance per person in extreme poverty in 2021. The HRP countries with the largest volumes of development assistance in US\$ per person in extreme poverty in 2021 were: Iraq (US\$25,376), Palestine (US\$20,979), El Salvador (US\$2,291) and Myanmar (US\$956). Iraq and Palestine are not included in the graph and illustrate the limitations of comparing development assistance to numbers of people in extreme poverty, given this assistance can also be provided in support of basic service delivery (e.g., education or health) or to displaced populations not captured by household surveys that underlie poverty data.

- Development assistance per person in extreme poverty is lower in HRP countries than other aid recipient countries, despite the average extreme poverty rate in HRP contexts being 33%, a rate more than double that of other countries receiving assistance.
- The geometric mean⁴ of the development assistance received per person in extreme poverty across all HRPs (US\$231) is less than a quarter (24%) of that for other recipient countries (US\$958)⁵.
- In 2021, seven out of the ten HRPs with the largest funding requirements, a proxy for humanitarian need and operational costs, received less than US\$200 of development assistance per person in extreme poverty (Figure 1).

⁴ The geometric mean is used here over a simple average because it is less sensitive to outliers.

⁵ These other countries include 69 countries without HRPs and in receipt of ODA in 2021 and with people in extreme poverty, i.e. below \$2.15 per day, in the same year.

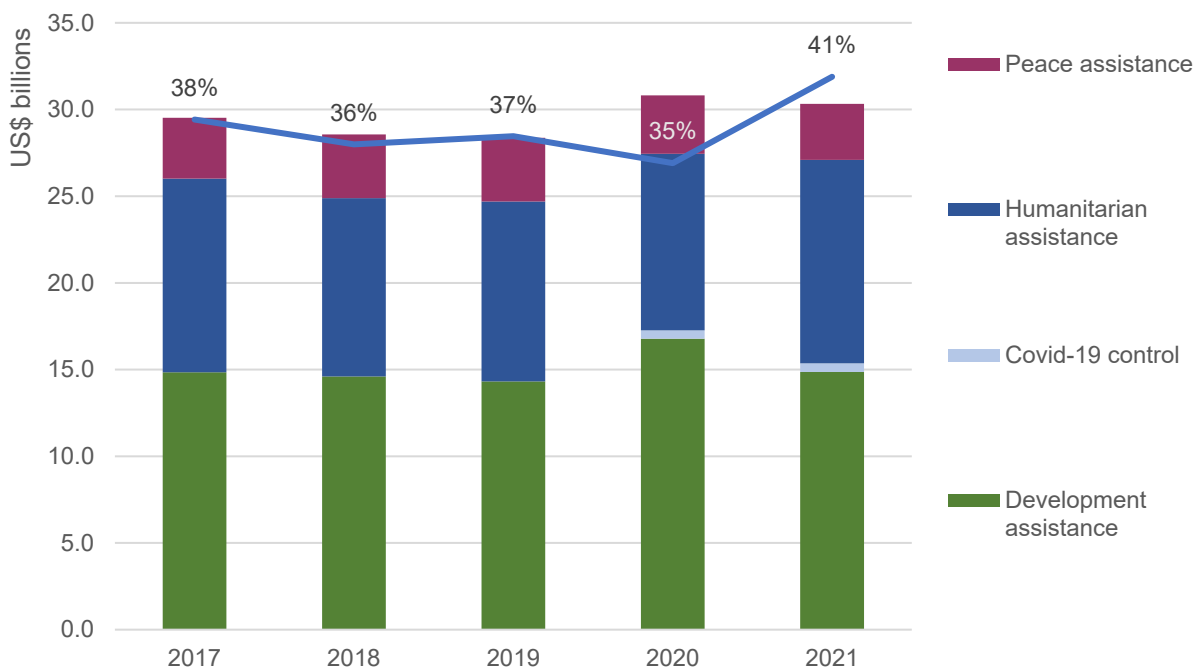
- For three HRP, including two of the ten largest HRP in 2021 (Afghanistan, Venezuela and Libya), there is no up-to-date poverty data, representing blind spots for development actors in their efforts to leave no one behind and pointing to the challenges of identifying development needs at the household level in crisis countries⁶.

Countries experiencing humanitarian crisis are at risk of being left behind in terms of ending extreme poverty as per the Sustainable Development Goal 1 in the Agenda 2030, with the countries in the bottom right of Figure 1 (orange data points) experiencing the greatest risk due to having the highest extreme poverty rates and lowest development assistance received per person in extreme poverty.

The visible inequality between crisis-affected and other countries illustrates why – according to World Bank projections – up to two-thirds of the world’s persons in extreme poverty could live in contexts affected by fragility, conflict and violence by 2030 (World Bank, 2023). These projections do not seem to be sufficiently taken into account by providers of development assistance, which may limit their focus on countries where extreme poverty is concentrated and more easily alleviated, while not sufficiently addressing poverty in crisis contexts.

Countries experiencing protracted crisis increasingly relied on humanitarian assistance

Figure 2: ODA from DAC members for development, humanitarian (incl. Covid-19 control) and peace to protracted HRP contexts, 2017–2021



Source: DI based on OECD DAC CRS and Global Humanitarian Overview (GHO) data.

⁶ For more information on the challenges relating to poverty data in crisis contexts, refer to Development Initiatives (2019).

In 2021, the 21 protracted HRP contexts experienced an increase in the proportion of humanitarian assistance (including for Covid-19 control)⁷ of the total received ODA, reversing the slight decline over the four preceding years (Figure 2).

- The percentage for humanitarian assistance out of total ODA received by those contexts increased in 2021 to a five-year high of 41%.
- Over the same period, development assistance from DAC members to those contexts decreased by 11%, or US\$1.9 billion, while funding for humanitarian assistance (including Covid-19 control) increased by 15%, or US\$1.6 billion.
- This recent shift towards a greater reliance for these protracted crisis countries on humanitarian assistance is contrary to the DAC recommendation on the HDP nexus (OECD, 2019), which emphasised a move from delivering humanitarian assistance to ending need.

ODA supporting peace from DAC members to protracted HRP countries reached a five-year low in 2021 at US\$3.2 billion, 12% less than in 2018. As a result it accounted for a smaller proportion of all funding flows in 2020 and 2021, with only 11% of bilateral ODA received by these protracted crises primarily supporting peace, compared to 13% in 2018 to 2019.

Variations across crisis countries in the resource mix they receive highlights the need for country-specific follow-ups

These aggregate funding figures across protracted HRP contexts still mask considerable differences across countries in terms of the balance of development, humanitarian and peace funding, which means they should be treated as a starting point for further inquiry. For instance:

- The percentage of bilateral development ODA in 2021 varies from 21% and 25% in Syria and Yemen to 83% in Cameroon.
- For humanitarian assistance this difference is even more stark, ranging from 7% in the Ukraine to 73% and 71%, again in Syria and Yemen.
- The percentage of bilateral ODA for peace in 2021 ranges from 3% in Cameroon to 36% in Libya.

This wide variation for all pillars of the HDP nexus across different protracted crisis contexts underlines the importance of country-specific coordination and prioritisation of funding related to each pillar. Country-specific funding data can be the starting point to identify where and to whom the following questions should be asked:

- In contexts where the share of humanitarian funding increased in response to rising humanitarian need, was this accompanied by a reduction in the volume of development assistance – if so, why? This is to investigate whether

⁷ The OECD DAC introduced a new purpose code for 2020 and 2021 reporting on aid flows for Covid-19 control, which is classified as a development sector. In our analysis of ODA to HRPs we considered funding for Covid-19 control as humanitarian assistance, given all those countries were part of the Covid-19 Global Humanitarian Response Plan. More information on this is in the methodology section in annex 1.

development assistance continued to be provided where possible, in line with the OECD DAC recommendations, and which crisis countries may be at risk of being left behind due to declining volumes of development assistance.

- The OECD DAC funding data can provide an answer: in 2021, this occurred in 7 out of 21 protracted HRP contexts (Ethiopia, Afghanistan, Nigeria, Somalia, Myanmar, Haiti and Libya). In each of those contexts, further research or discussion among the actors involved needs to happen to determine why it was not possible to maintain or adapt development programming to continue addressing the root causes of crises, build resilience and prevent or reduce the risks of further disasters.
- Was it the same donors that increased humanitarian assistance and reduced their development portfolio, or did some increase their humanitarian contribution while others reduced their development assistance?
 - The answer to this question will have implications for whether efforts to improve coordination need to be inter- and/or intra-organisational in different contexts/for different donors.
 - For instance, development assistance to Ethiopia decreased in 2021, partly due to significant cuts to the UK bilateral development assistance of 80% between 2019 and 2021. These cuts significantly affected development food assistance, health and social protection.
 - While increases in the US' contributions in 2021 to development food assistance in Ethiopia offset the reductions by the UK, gaps in the development support for health and social protection remain unplugged and underline the need for better donor coordination to ensure the most pressing needs are met.

Preliminary data indicates a continued shift towards humanitarian funding in crisis countries

The most recently available data on 2021 ODA across development, humanitarian and peace objectives was released in December 2022; 2022 data will at the earliest be released in December 2023. There are ongoing efforts to try and utilise aid data that is published closer to real time according to the International Aid Transparency Initiative (IATI),⁸ but additional work is needed to improve data quality for a number of IATI publishers and to establish a methodology that analyses this data according to the humanitarian, development and peace pillars.

Nonetheless, more timely data sources indicate that the potential overreliance on humanitarian funding in crisis contexts will continue. UN OCHA's Financial Tracking Service (FTS) shows that funding has grown significantly in 2022 across HRP contexts compared to previous years. The interlinked crises of the escalating Ukraine conflict and rising global food insecurity drove funding to countries included

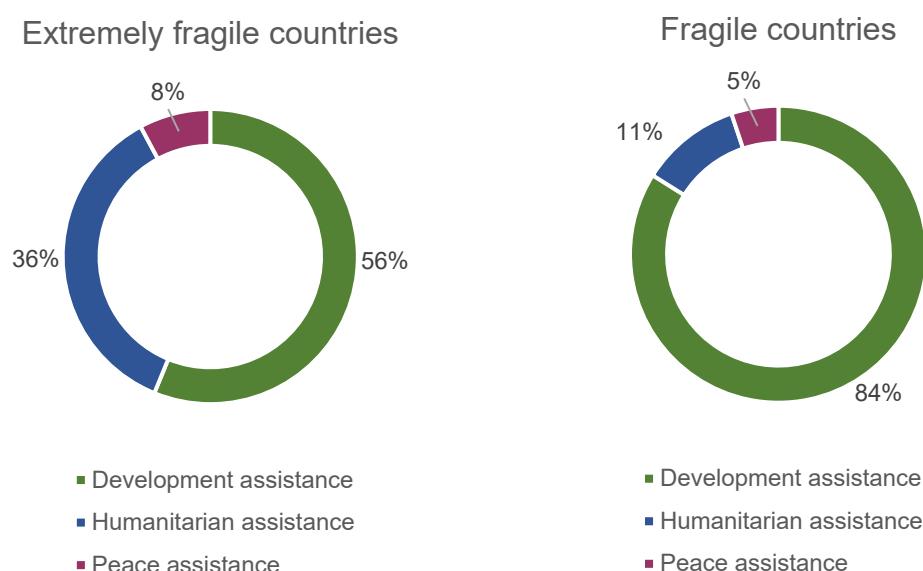
⁸ A visualisation tool of the available data on international assistance published to the IATI Standard is available at: <https://devinit.org/data/tracking-aid-international-development-real-time/>. The most recently available data in this tool refers to the third quarter of 2022.

in the 2022 Global Humanitarian Overview (GHO) to US\$28.7 billion. While this was the highest GHO funding volume recorded by UN OCHA to date, it was accompanied by the largest recorded GHO funding shortfall in terms of volume of US\$23.0 billion⁹. Comprehensive data on whether development or peace funding complemented humanitarian funding in GHO countries in 2022 is not yet available.

Extremely fragile countries relied strongly on humanitarian assistance with little additional ODA for peace

There is significant overlap between fragile countries and those with HRP in 2021, with only three HRP contexts not classified as fragile or extremely fragile by the OECD¹⁰ (2022b). Twelve of the 15 extremely fragile countries had HRP in 2021, and a third of the 45 fragile countries.

Figure 3: Proportion of ODA for development, humanitarian and peace to fragile and extremely fragile countries, 2021



Sources: DI based on OECD DAC CRS and OECD 2022 States of Fragility report data.

- Extremely fragile countries received 8% of ODA as peace assistance and 36% as humanitarian assistance, while fragile countries received 5% for peace and 11% for humanitarian objectives (figure 3). These figures vary across countries within this group, do not reflect the sub-national distribution of these resources (e.g. between crisis-affected and non-crisis-affected areas), and some of the development assistance is likely provided as loans (see Figures 6 and 7 below).
- The trend continues in the breakdown of ODA for fragile countries that also have HRP, which received 7% of their ODA for peace and 17% for

⁹ Up to date data on GHO funding is available at: <https://fts.unocha.org/appeals/overview/2022>

¹⁰ These three contexts are Colombia, El Salvador and the Ukraine (before the Russian invasion).

humanitarian objectives – still far below the 36% share of humanitarian assistance in extremely fragile contexts.

- This underlines the risk already highlighted in the OECD 2022 States of Fragility report of assistance in fragile contexts not sufficiently focusing on peace efforts and conflict prevention, but on meeting immediate humanitarian needs (OECD, 2022b). That risk seems particularly large for extremely fragile countries, given the resource mix shown in figure 3 received by them.

In addition, 20 of the 24 countries with a very high INFORM risk level for human hazard¹¹ receive 10% or less of their ODA for peace objectives. This points to the potential need for increased peace assistance in contexts at very high risk of continued conflict, given the impact of conflicts on eroding development gains and growing humanitarian need.

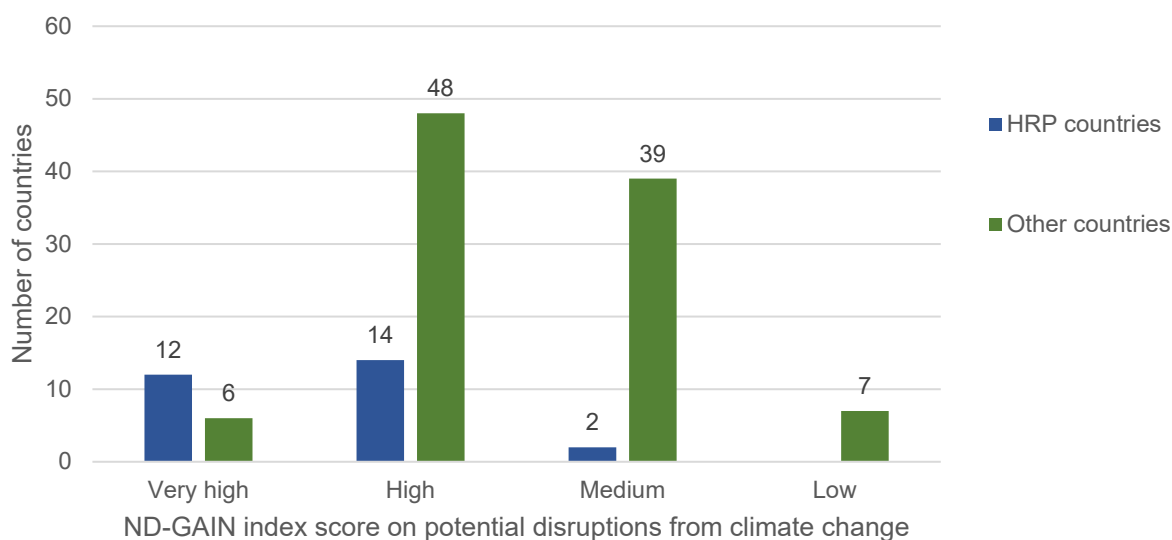
Crisis countries receive little funding for climate change adaptation and disaster risk reduction relative to their vulnerability to climate change

Countries with HRP contexts tend to be more vulnerable to the impacts of climate change and less ready to deal with those impacts than other countries. The Notre Dame Global Adaptation Initiative (ND-GAIN) index combines data on a country's vulnerability to climate disruptions with its readiness to deal with those disruptions.¹² A higher score implies greater vulnerability to climate change with a lesser degree of readiness. Figure 4 shows that two-thirds of the countries with very high ND-GAIN scores are HRP contexts, with all but two remaining HRP contexts in 2021 presenting high scores. This underlines the need for climate adaptation funding in humanitarian crisis contexts.

¹¹ This INFORM indicator combines sub-indicators for the current intensity of national and sub-national violence with those for the projected conflict risk.

¹² The ND-GAIN country index is available at: <https://gain.nd.edu/our-work/country-index/>

Figure 4: Potential impacts from climate change for HRP contexts and other countries, 2021



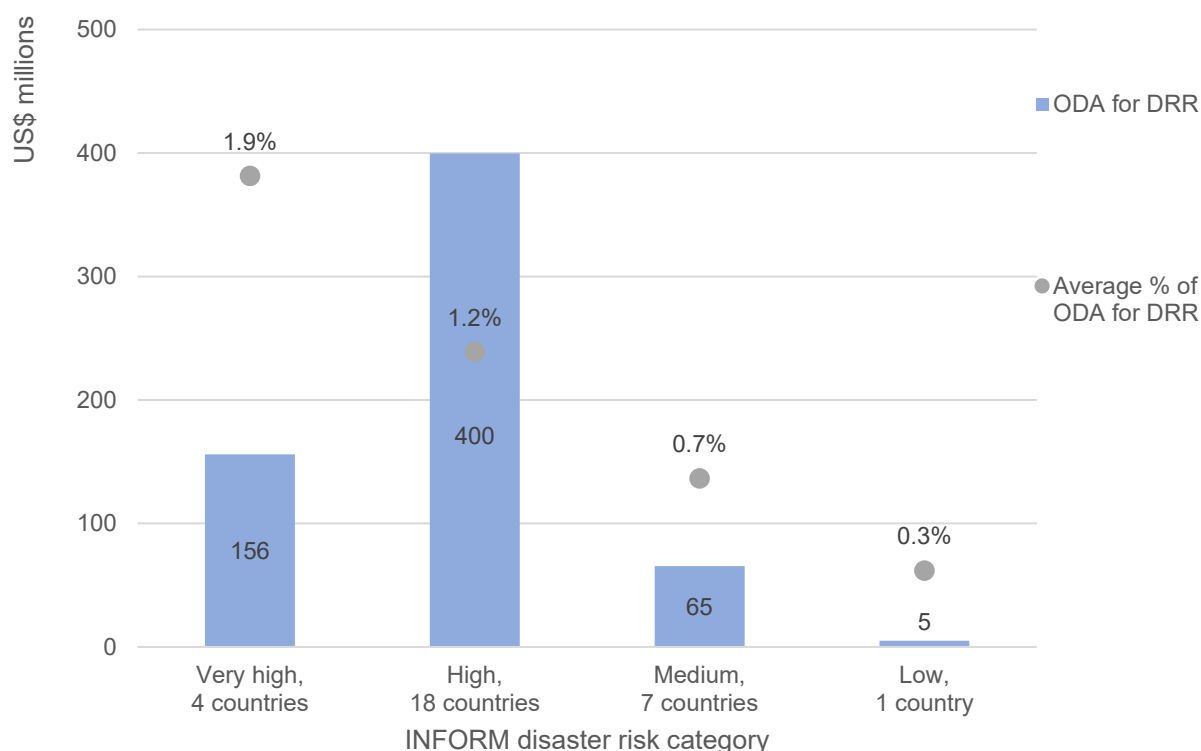
Sources: DI based on GHO and ND-GAIN index data.

Notes: The ND-GAIN scores represent 2020 data, which is the latest available. Year-on-year variations are usually small. The ND-GAIN index score categories in the graph correspond to equally sized quintiles between the minimum and maximum score across all countries in 2020.

- Despite this, HRP contexts received in 2021 just over a fifth (22%, US\$1.6 billion) of country-allocable ODA for climate change adaptation (CCA), with consistently lower average proportions of their ODA for CCA than other countries with comparable ND-GAIN scores.
- In addition, the overall targeting of CCA funding across all countries does not seem to align with the potential disruptions from climate change, as countries that scored very highly in ND-GAIN received the lowest average proportion of ODA for CCA (4%) in 2021.
- Countries like Afghanistan, CAR, Sudan and Yemen are at risk of falling further behind as climate change accelerates, given they all score very highly in the ND-GAIN index but receive only 1% or less of their ODA for climate change adaptation.

Disaster risk reduction (DRR) is a slightly broader concept, given it also includes other types of natural hazards such as earthquakes, tsunamis and epidemics. There is an increasing amount of data available on ODA to DRR, which can be related to the same disaster risk to interrogate how well it is targeted and which countries might be left behind.

Figure 5: ODA for DRR to HRP countries by INFORM disaster risk category, 2021



Sources: DI based on OECD DAC CRS and INFORM data.

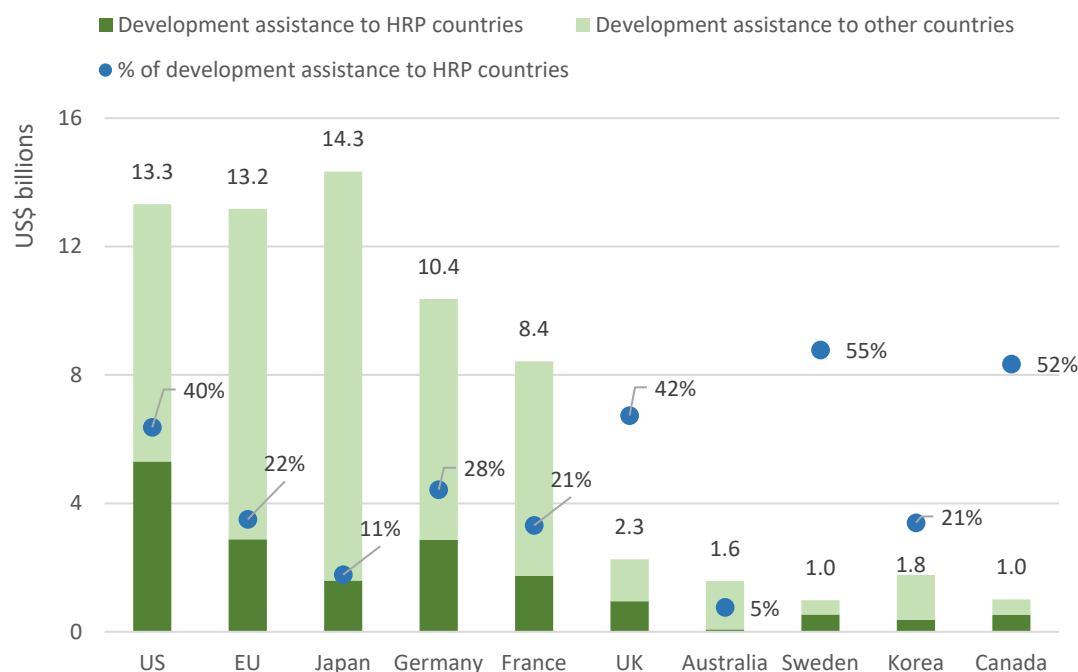
Notes: The INFORM disaster risk is calculated by combining the INFORM indicators on natural hazards and lack of coping capacity.

- The share of ODA for DRR to HRP countries seems targeted well at the national level in 2021 as it is higher on average for countries with higher disaster risk (Figure 5).
- This aggregated country-level analysis does not tell us how localised disaster risk is within a country and whether the funding reaches the areas at the greatest risk.
- Even though the funding for DRR seems targeted to countries facing a higher disaster risk, it is highly concentrated and several HRP countries vulnerable to disasters are therefore at risk of being left behind.
 - Funding for DRR is particularly concentrated with a few recipients that are not facing HRPs. For instance, a single sizeable loan from Japan to Indonesia in 2021 with the goal to improve disaster management systems was more than the ODA received for DRR by all HRP countries that year (US\$626 million).
 - Also, with 9 HRP countries facing high or very high disaster risk receiving 1% or less of their ODA to reduce such risks in 2021, there is still some progress to be made to follow through on the nexus directive to prioritise ‘prevention always’ (OECD, 2019). These countries at risk of being left behind in reducing their disaster risk are the Central

African Republic, Ethiopia, Iraq, Myanmar, Sudan, Syria, Venezuela, Yemen and Zimbabwe.

The share of development assistance provided to HRP countries is lower for the largest DAC donors, who provide more ODA loans

Figure 6: Development assistance to HRP and other countries from the ten largest DAC donors of country-allocable ODA, 2021



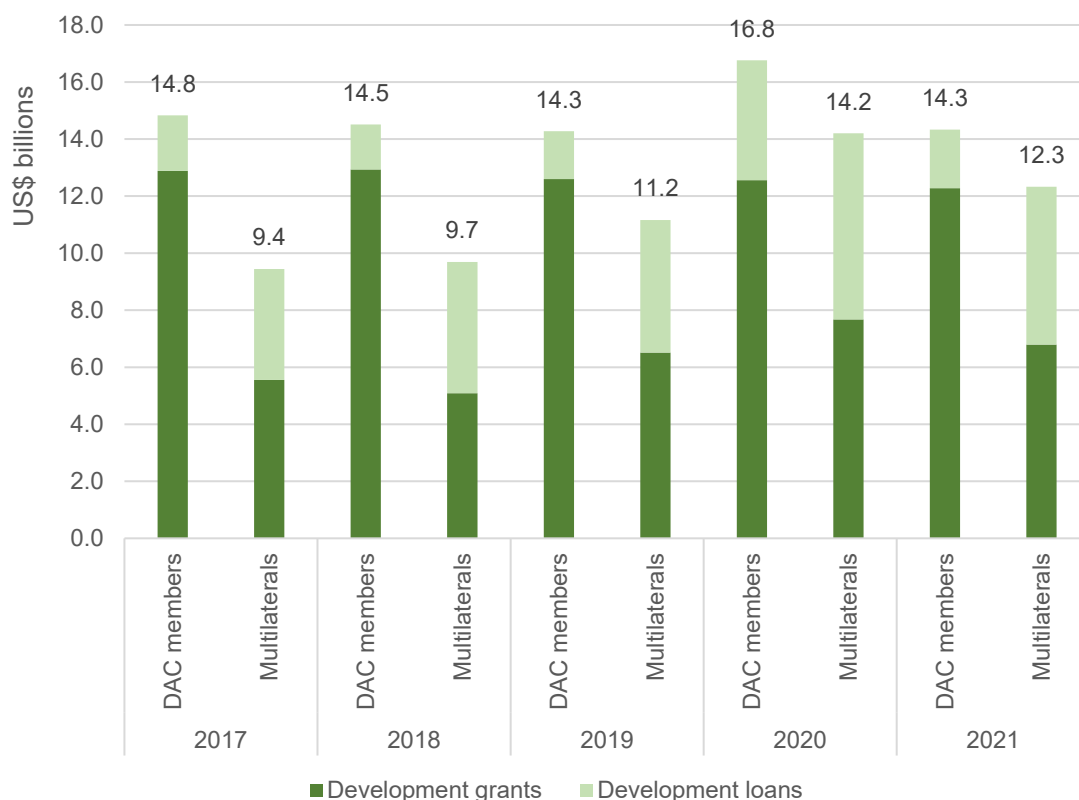
Source: DI based on OECD DAC CRS and GHO data.

The proportion of ODA provided as loans seems to explain some of the variation: all donors that provided a greater share of their country-allocable development assistance as loans also directed a smaller proportion of that assistance to HRP contexts (Figure 6), with the exception of Australia.

- Australia's low share of development assistance to HRP countries was due to its geographic focus for bilateral ODA largely being on Oceania, followed by Far East Asia and South & Central Asia – with only three HRPs in the latter region and none in the other two in 2021.
- Japan, the largest provider of bilateral ODA loans (US\$12.3 billion in 2021), provided only 11% of its bilateral development assistance to HRP contexts, but this increases to 35% when considering grants alone.
- Similarly, the EU, Germany and France – all providers of significant volumes of ODA loans – provided larger shares of their development grants to HRP contexts in 2021 at 30%, 39% and 35% respectively.

Multilateral agencies are an increasingly important source of development assistance for protracted crises

Figure 7: Development assistance from DAC members and multilateral agencies to protracted HRP contexts, 2017–2021



Sources: DI based on OECD DAC CRS and GHO data.

Notes: The EU institutions are included in this graph as DAC member, even though the OECD treats it as multilateral agency in its reporting system.

- Multilateral agencies disbursed US\$12.3 billion of development support to the 21 protracted HRP contexts in 2021 (Figure 7). The largest multilateral donors to these countries were the International Development Association, the International Monetary Fund, the Global Fund and regional development banks.
- While this represents a 13% decrease from 2020 volumes – which were unusually high due to the spike in support provided by multilateral agencies in response to the Covid-19 pandemic – it is still higher than volumes between 2017 and 2019.
- Despite this increase, close to half (45%) continues to be provided as loans and thereby raises questions around debt sustainability, meaning the extent to which countries experiencing protracted crisis are able to sustainably service debt repayments that will eventually arise from those loans, even though provided on concessional terms.

This warrants a nuanced, case-by-case analysis for each country receiving loans, but this is beyond the scope of this briefing paper. However, the finding that ODA

loans affect the availability of financial resources for crisis-affected countries is in line with previous research (Yang, et al., 2021, p. 12). The large volume of loans within the international crisis financing system has been identified as a key design challenge: it means that countries that can afford to borrow have more resources at their disposal to respond to their crises. However, countries in debt distress, which often tends to be those experiencing crises and therefore most in need of financial assistance, are limited to receiving only international grant assistance. The latter therefore have access to a smaller share of available assistance in the face of greater needs, reinforcing the need to prioritise grant funding in order to prevent countries that are unable to borrow from being left behind.

The data gap on the final recipients of ODA is at risk of growing further

In 2021, no data on the final country recipient was available on 39% (US\$62 billion) of bilateral ODA provided by DAC members. This funding either did not reach the people in countries most in need of assistance, because it stayed in the donor country, or there is no reporting on which country ultimately received it. This also limits the utility of ODA data in comprehensively analysing whether any given context is receiving the right mix of resources across the three nexus pillars. This data gap exists for two main reasons:

1. There was no recipient country because funding did not leave the donor country. This is often referred to as non-transfer ODA and includes – amongst other things – in-donor refugee hosting costs or debt relief.¹³

While the volume of this non-transfer ODA was steady in recent years, it is likely to increase significantly in 2022 due to the large influx of Ukrainian refugees to some DAC member countries. The accompanying increase in refugee hosting costs will put pressure on those donors' ODA budgets, thereby potentially reducing the available funding to support across the HDP nexus in crisis countries.

2. ODA was provided with a regional or global focus (US\$40.5 billion in 2021). While that might be seen as a positive indication of an increase in softly earmarked funding, it is unclear where this funding is ultimately implemented. This also frames the above analysis of funding to HRP countries, which can only analyse the breakdown of funding across the nexus pillars for about two-thirds of the total ODA provided.

Recommendations on policy

As stakeholders work across the nexus, the recent funding trends as analysed above point towards a short-term approach with potential long-term negative consequences for the common agenda of leaving no one behind. In light of these findings, we propose the following policy recommendations:

¹³ Other aid types that fall under non-transfer ODA are: in-donor scholarships, administrative donor costs not included under specific ODA activities and raising public awareness around development co-operation.

1. **Balancing development and peace assistance to countries facing humanitarian crises is crucial to implementing in line with the nexus vision and to build resilience, prevent crises, and to sufficiently address root causes and reduce the protractedness of crises.**
 - Key to this rebalancing is not just increasing the volumes of funding but improving the timing and modality of financing mechanisms to crisis areas.
 - This includes greater use of adaptable development programming, contingency financing mechanisms, such as crisis modifiers enabling responsiveness to shocks (Dalrymple, 2019), and timely development support following crisis shocks¹⁴.
 - A wider re-evaluation of the balance between grants and concessional lending available for crisis settings is also necessary.
2. **Donors should ensure that increases in in-donor refugee costs due to the Ukraine crisis are additional to existing ODA budgets, at the very least in relation to development, peace and humanitarian assistance for crisis contexts.**
 - Any reduction in ODA budgets to spent abroad would run counter to the trend of rising global humanitarian needs and funding gaps.
 - Development, peace and climate-related funding is required to reduce those needs in the medium- to long-term alongside humanitarian assistance in the short-term where necessary.
3. **Stakeholders at country level must agree on nexus financing strategies to establish the response and development priorities and thereby set the target balance between humanitarian, development and peace funding.**
 - These strategies should then be accompanied by tracking processes to ensure stakeholders are accountable for adequate and coherent financing.
 - This is in line with recommendations from both the UNSDG HRP Cooperation Framework Companion Piece (UNSDG, 2020) and the OECD DAC HDP Nexus Interim Progress Review (OECD, 2022a).
 - These strategies would provide greater transparency, support the identification of priorities and funding gaps, and facilitate moving away from cycles of ad-hoc funding and programming.
4. **There should be an added focus on subnational needs and risks for development, humanitarian and peace assistance within those country-specific nexus financing strategies.**
 - This is to better understand the targeting and sufficiency of different types of assistance within countries once there is a target resourcing mix at the country-level.
 - This would be required to follow the natural progression from leaving no country behind to not leaving anyone within any country behind.

¹⁴ Previous research on wider crisis financing in response to natural hazards showed that while development actors provided a large share of the funding, it was rarely pre-arranged, arrived often late and was significantly less than needed (Crossley, et al., 2021).

Recommendations on data & transparency

1. **Comprehensive data on funding for development and peace needs to be more timely to usefully inform donor coordination.**
 - The current historical view on funding provided by OECD DAC data, one to two years in arrears, can provide retrospective learning but is unable to proactively inform donor decisions as humanitarian crises unfold.
 - Improving the quality of data published to the IATI standard and ensuring that it can be linked with, e.g., FTS data through unique identifiers could be a viable solution to improve timeliness and usefulness of the data.
2. **There should be regular and independent analysis of ODA across development, humanitarian and peace objectives to hold DAC members to account for the implementation of the DAC Nexus Recommendation and to establish clearer reporting directives for nexus financing.**
 - The feedback process of analysis of the data, verifying it with the reporting DAC members and subsequently ironing out diverging interpretations should help the development of reporting categories.
 - For instance, greater alignment on the reporting of climate-related ODA is much needed so that actors can be held to account and to better be able to compare contributions across donors (Development Initiatives, 2022).
 - Reporting guidance is also needed to improve the visibility of funding that stretches across multiple nexus pillars.
3. **Implementing agencies that receive softly earmarked funding should publish data on where and on what they spend this funding.**
 - This would mean that as quality funding hopefully scales up, there is no loss of information and accountability on what mix of resources is reaching any given context.
 - Again, IATI and/or FTS (for humanitarian funding) are possible avenues to share this data and attention must be paid to ensuring it is interoperable.
4. **Subnational data on funding across the development–humanitarian–peace nexus will eventually need to become available to make sure no one is left behind.**
 - There is some data on the subnational location of projects under HRPs, but comprehensive, subnational data on development assistance is rarely available.
 - A better understanding of the subnational picture of where funding is directed, and which populations are targeted is necessary to inform coordination at the country-level.
 - Standardised reporting at admin level 1 should be strongly encouraged for any country-level efforts to better track funding across the three nexus dimensions, for instance alongside nascent nexus financing strategies.

Conclusion

The research shows that protracted crisis countries increasingly rely on humanitarian assistance over funding for development and peace objectives. This is despite the same countries often experiencing high levels of poverty and fragility compared to other countries receiving international assistance. Crisis countries are also receiving low shares of funding for climate adaptation and DRR relative to their vulnerability to climate change. Donor countries and multilateral agencies must therefore jointly revisit the target balance of assistance for humanitarian, development, peace and climate needs in crisis countries. This is to arrive at an appropriate prioritisation of resources based on the greatest needs and to ensure countries experiencing humanitarian crises are not left behind in meeting their development or climate challenges.

Greater efforts to develop and commit to country-level nexus financing strategies could improve the coherence and balance of assistance provided across humanitarian, development and peace objectives in specific contexts. An accountability process alongside those country strategies can try to ensure that development assistance continues to be provided in crisis contexts where possible and does not decrease for overly risk averse donors. Even though the role of such strategies in informing the prioritisation of funding is not yet realised (OECD, 2022a), these collective processes are urgently required to shift international assistance back towards the nexus vision of reducing and ultimately ending humanitarian need.

Annex 1. Methodology

The analysis of funding flows draws on data reported to the OECD DAC Creditor Reporting System (CRS) by DAC members (including the EU institutions), and a number of multilateral agencies voluntarily reporting to the DAC. All funding figures throughout the report refer to gross disbursements, are in US\$ and constant 2020 prices to adjust for inflation.

The analysis of official development assistance (ODA) by country refers to country-allocable assistance only. This is ODA with information on its recipient country, representing US\$139 billion out of the total US\$205 billion from DAC members and multilateral agencies in 2021. This means that for almost a third of ODA provided by those actors in 2021, ODA funds either do not leave the donor country (US\$21 billion, mostly representing in-donor refugee hosting costs and administrative donor costs) or have a regional or global focus (US\$45 billion) with no subsequent reporting on where the funding is directed.

For DAC members, CRS data only captures bilateral assistance. Data relating to multilateral ODA from DAC members, meaning core contributions to multilateral agencies, is included where those multilateral agencies report on their spend of those contributions to the OECD DAC CRS.

Future research on financing flows across the humanitarian-development-peace (HDP) nexus could expand on the donor base analysed in this paper by also including private development finance and non-DAC donor countries, as those are also partly captured by OECD DAC data. They weren't considered in the analysis above because those actors don't tend to report to the OECD DAC on some aspects relevant to this paper, like disaster risk reduction or climate adaptation. Further research should also investigate to what extent the full range of World Bank crisis financing mechanisms (including Trust Funds) is captured by CRS, and if missing, whether it can be complemented.

Humanitarian crisis countries as analysed in this research only refer to countries with humanitarian response plans (HRPs). This does not imply that this is an exhaustive or definitive list of humanitarian crises. We chose to focus on HRP countries for the benefit of clarity in our analysis, as the inclusion of other categories of humanitarian crises (e.g., countries that are part of regional refugee response plans) would have complicated the range of country profiles and made it more difficult to draw meaningful conclusions in our analysis. We would like to encourage further research on the resource mix of humanitarian, development, peace and climate-related ODA that focuses on country contexts experiencing forced displacement.

Humanitarian assistance

ODA for humanitarian assistance is identified through the corresponding humanitarian purpose codes in the OECD DAC CRS database. These include:

- 72010 Material relief assistance and services
- 72040 Emergency food assistance
- 72050 Relief co-ordination and support services
- 73010 Immediate post-emergency reconstruction and rehabilitation
- 74020 Multi-hazard response preparedness

In the context of HRP countries, we also include ODA under the purpose code 12264 Covid-19 control as humanitarian assistance, given all those countries were part of the Covid-19 Global Humanitarian Response Plan in 2020 and had funding requirements for the Covid-19 response in 2021 included as part of their HRP requirements.

Peace assistance

ODA for peace assistance is identified through all the purpose codes relating to in the OECD DAC CRS database relating to conflict, peace & security:

- 15210 Security system management and reform
- 15220 Civilian peace-building, conflict prevention and resolution
- 15230 Participation in international peacekeeping operations
- 15240 Reintegration and SALW control
- 15250 Removal of land mines and explosive remnants of war
- 15261 Child soldiers (prevention and demobilisation)

Additionally included are the following purpose codes relating to government & civil society, due to their contribution to social cohesion and/or peace:

- 15113 Anti-corruption organisations and institutions
- 15130 Legal and judicial development
- 15150 Democratic participation and civil society
- 15151 Elections
- 15152 Legislatures and political parties
- 15153 Media and free flow of information
- 15160 Human rights
- 15170 Women's rights organisations and movements, and government institutions
- 15180 Ending violence against women and girls
- 15190 Facilitation of orderly, safe, regular and responsible migration and mobility

This largely follows a methodology established by the Institute for Economics & Peace (IEP, 2017). The two differences are that we choose to exclude funding to 'core government functions' (e.g., public finance management), as we've identified these flows to potentially overinflate what is intended by donors to be ODA for peace assistance. We also choose to include the purpose code on elections because even though support to elections in the context of peacekeeping operations should be reported under the 152 purpose codes, we see a large share of ODA to elections flow to contexts with active conflicts or a high risk of violence.

Development assistance

ODA for development objectives we then consider to be the remainder of ODA, less humanitarian and peace assistance, given reporting on funding to purpose codes must be mutually exclusive in the OECD DAC CRS database. This means any funding amount can only be reported with either a humanitarian purpose code, a peace purpose code, or other (development) purpose codes.

Disaster risk reduction (DRR)

We include under funding for DRR:

- All funding marked to have disaster risk reduction as principal objective
- All funding reported under the purpose code 74020 Multi-hazard response preparedness
- Funding flows that is not marked as DRR, given not all donors utilise this marker, and that is outside of the purpose code 74020, but contains keywords relevant to DRR in its project descriptions or title

We then exclude funding from the resulting dataset that we can clearly and exclusively identify to form part of the Covid-19 response. This is given the OECD DAC introduced reporting categories to capture this separately. We therefore want to avoid that these large volumes of Covid-19 funding confound our analysis of different types of disaster risk relative to funding to reduce those risks.

Funding for DRR therefore overlaps with humanitarian, development and peace assistance and is not additional.

Climate change adaptation (CCA)

We fully include ODA marked to have the principal objective of addressing CCA and 40% of ODA marked to have a significant objective of addressing CCA. Even though reporting practices across donors of how much of their CCA funding with a significant marker they report to UNFCCC vary, 40% seems to be an acceptable proportion for a number of DAC members (OECD, 2021).

Annex 2. ODA funding breakdown for HRP countries in 2021

The following table represents a breakdown of ODA by three mutually exclusive categories for development, humanitarian, peace and Covid-19 assistance in 2021 for all HRPs that year. ODA for climate change adaptation is also included for comparison and overlaps with the four other categories (see 'Methodology' in Annex 1). The table also includes the percentage out of the total ODA received by each country for each of the ODA breakdowns. All funding values are in US\$ millions and constant 2020 prices. The data sources are the OECD DAC Creditor Reporting System for funding and the Global Humanitarian Overview for the identification of HRPs.

HRP country	Development assistance		Humanitarian assistance		Assistance for Covid-19 control		Peace assistance		Of which: for climate change adaptation	
	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%
Afghanistan	1,880	44%	1,907	45%	13	0.3%	434	10%	62	1%
Burkina Faso	1,238	78%	225	14%	15	1%	107	7%	98	6%
Burundi	456	80%	73	13%	7	1%	33	6%	36	6%
Cameroon	995	86%	126	11%	13	1%	22	2%	44	4%
CAR	275	45%	246	41%	5	1%	79	13%	5	1%
Chad	414	61%	210	31%	9	1%	48	7%	39	6%
Colombia	1,193	57%	329	16%	161	8%	391	19%	266	13%
DRC	2,244	66%	911	27%	22	1%	243	7%	62	2%
El Salvador	177	63%	20	7%	23	8%	60	21%	19	7%
Ethiopia	2,424	62%	1,276	33%	39	1%	173	4%	158	4%
Guatemala	297	56%	63	12%	25	5%	146	27%	32	6%
Haiti	756	80%	135	14%	13	1%	46	5%	51	5%
Honduras	573	78%	84	11%	17	2%	64	9%	34	5%
Iraq	870	48%	461	25%	28	2%	471	26%	39	2%
Libya	87	28%	70	23%	11	4%	141	46%	4	1%
Mali	964	69%	179	13%	28	2%	224	16%	106	8%
Mozambique	1,915	86%	199	9%	31	1%	84	4%	108	5%

HRP country	Development assistance		Humanitarian assistance		Assistance for Covid-19 control		Peace assistance		Of which: for climate change adaptation	
	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%	US\$ m	%
Myanmar	1,103	72%	225	15%	53	3%	147	10%	52	3%
Niger	1,354	79%	223	13%	14	1%	115	7%	96	6%
Nigeria	2,624	75%	669	19%	52	1%	152	4%	109	3%
Pakistan	2,820	80%	117	3%	493	14%	90	3%	41	1%
Palestine	1,027	63%	453	28%	32	2%	109	7%	51	3%
Somalia	1,415	62%	664	29%	31	1%	168	7%	47	2%
South Sudan	829	42%	990	50%	39	2%	125	6%	31	2%
Sudan	3,611	78%	748	16%	56	1%	194	4%	44	1%
Syria	812	29%	1,753	64%	34	1%	158	6%	26	1%
Ukraine	1,646	76%	136	6%	31	1%	362	17%	14	1%
Venezuela	70	27%	145	56%	10	4%	35	14%	3	1%
Yemen	912	37%	1,451	59%	8	0.3%	76	3%	20	1%
Zimbabwe	723	77%	133	14%	27	3%	59	6%	33	4%

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