

A photograph of a person, likely a woman, holding several ears of corn. The image is overlaid with a semi-transparent orange geometric pattern. The person is wearing a purple garment and a headwrap. The background is slightly blurred, showing more of the person and the corn.

CRISIS MODIFIERS: A SOLUTION FOR A MORE FLEXIBLE DEVELOPMENT-HUMANITARIAN SYSTEM?

EXECUTIVE SUMMARY

Katie Peters and Florence Pichon

November 2017

An estimated 87% of people living in extreme poverty are in fragile or environmentally vulnerable countries (Global Humanitarian Assistance, 2017). Tackling poverty and responding to crises are increasingly linked, and the aid system is struggling to respond to new challenges posed by the interconnected risks of climate change, displacement, conflict and political fragility. Though enormous progress has been made in helping nearly 1.1 billion people escape poverty since 1990, such progress in fragile contexts has been stubbornly slow, periodically interrupted by shocks and leaving the extreme poor more vulnerable than before. To meet ambitious commitments articulated by Agenda 2030, (UN General Assembly, 2015) both development and humanitarian actors must get serious about preventing and minimising the impact of crises on the poorest.

By design, the humanitarian–development aid architecture is strictly segregated, divided by mandates and rules that were originally designed to meet different kinds of needs. Today, however, this rigidity is hampering the aid system's ability to manage risks and rapidly respond to shocks and stresses. Pre-planned development programmes do not have the flexibility to quickly reallocate funding to address spikes in need, and humanitarian organisations are largely confined to funding instruments that prevent longer-term engagement in vulnerability reduction. When a localised crisis interrupts people's lives, the space between routine development work and full-scale humanitarian response is found wanting.

To address these issues, donors, governments and non-governmental organisations are trialling a new set of innovative risk financing options to help deal with small-scale crises that impede development progress. In November 2015, the UK Department for International Development (DFID) linked a humanitarian fund Providing Humanitarian Assistance for Sahel Emergencies (PHASE) to the multi-year Building Resilience to Climate Extremes and Disasters (BRACED) programme. Focused on the Sahel, the 'crisis modifier' was designed to enable early action and rapid response to new humanitarian needs that manifested in the project areas. In doing so, the crisis modifier intended to protect development gains BRACED projects had made.

Unlike other test cases, this crisis modifier was accessed by development agencies working long-term in the Sahel through BRACED. Eight BRACED projects applied to the PHASE crisis modifier in the first year. The full report 'Crisis modifiers: a solution to the humanitarian-development system?' examines three of these interventions in depth, investigating each step in the process: observing a changing situation, designing an appropriate response, applying to the fund, the fund's decision-making process, implementation of an intervention and how the 'regular' BRACED programme carried on after the humanitarian support was provided. The study asks what the added value of a crisis modifier is to resilience-building programmes, and synthesises the diverse case studies to draw recommendations about implementing a crisis modifier effectively.

Evidence from BRACED reveals that crisis modifiers are an important contribution to an emerging suite of risk financing options. If implemented effectively, a crisis modifier allows development agencies to respond quickly to anticipated or observed crises, while continuing to invest in projects that address the root causes of people's vulnerability to shocks and stresses. The case studies of crisis modifiers managing conflict-related displacement in Burkina Faso, flooding in Mali and food insecurity in Niger demonstrate that, when employed effectively, crisis modifiers offer a practical means to avert or reduce the impact of a crisis on beneficiaries and protect resilience trajectories.

Deploying a crisis modifier is a new way of working. This study identifies common challenges, both technical and political, in responding to a crisis in the context of a development project.

We call for six changes to maximise the ability of a crisis modifier to deliver effective support.

1. *Make contingency planning a prerequisite.* The first step to ensuring a project itself is resilient to shocks and stresses involves having a contingency plan in place. A contingency plan can include specific triggers for early action to embolden field staff to react to anticipated crises. Without a plan, shocks and stress can escalate into a crisis and cause significant additional workload for agencies, and uncertainty around what actions are most appropriate at different points in a crisis. Importantly, contingency planning is not limited to the design phase of a project; plans should be revisited regularly to foster a culture in which everyone is responsible for connecting contingency plans to action.

2. *Act at a pace that reflects the urgency of the situation.* For donors, crisis modifiers should be accompanied by more flexible processes that enable much shorter timeframes for decision-making and disbursement of funding. Crisis modifier interventions by their very nature mean that waiting too long could render the support ineffective, missing crucial windows of time before affected people resort to migration, selling productive assets or other potentially negative coping strategies. Forging a culture of trust and transparency between the donor and the implementing organisation is essential to facilitate faster decision-making.

3. *Prepare for transitions into and out of recovery periods.* As the crises subsided, unique needs arose that pre-planned BRACED activities or short-term humanitarian assistance did not cover. In some cases, BRACED partners incorporated actions designed to improve recovery into their PHASE interventions. Transitioning out of crisis is vital for the success of development projects affected by shocks and stresses, but recovery-oriented activities do not necessarily need to be funded by a crisis modifier if project budgets are flexible enough to be reallocated to tackle recovery needs. Principles of adaptive programming offer potential here.

4. *Adhere to humanitarian norms when targeting.* Without guidelines, BRACED partners encountered ethical questions about who should receive support from a crisis modifier. Should funding go exclusively to project beneficiaries, or those who were worse affected? Generally, good practice was to respond to crises that occurred within the project's catchment area, and target support to people who were worst affected, drawing on advice from local governments and humanitarian teams. Collaboration across humanitarian and development partners helped strengthen decision-making, drawing on past experience of response and recovery.

5. *Start responding to the right signals.* Though only one slow-onset crisis was included as a case study in this report, PHASE interventions were initiated after people began enacting distress coping strategies, such as distress migration or sales of productive assets when prices were low. In this context, the crisis modifier had a specific mandate to protect development gains, having been designed for early action before people's livelihood systems were eroded. Responding to negative coping mechanisms raises important question about whether, and how, agencies can act earlier and start responding to the 'right' signals.

6. *Harness existing social infrastructure.* Evidence shows crisis modifier funding furthered BRACED consortia's relationships and social standing with communities and government officials, which helped further collaborations that were important for BRACED interventions. In turn, community groups created in the context of BRACED helped deliver the crisis modifier interventions more effectively. Deploying the crisis modifier brought a range of intangible benefits to the BRACED partners - increased trust and social capital, for instance - and this enhanced their operating environment.

Crisis modifiers should not be treated as a simple bolt-on to projects. The reality is that working to address crises in development projects requires a fundamental shift in the way development actors design, think and act.

From the experiences of the BRACED programme, it is clear that addressing risk must be elevated to the core of resilience-building, for everyone from donors to field staff. Again and again, we found ourselves wondering how a programme that intends to build resilience for communities at the grassroots level could fail to consider the resilience of the programme itself. In contexts vulnerable to climate change, natural hazards and conflict, crises are not a peripheral possibility. Unless the aid system is prepared to move away from a fierce division of responsibilities and funding modalities, crises will continue to undermine livelihoods, disrupt programming and monopolise the focus of local authorities.

High-level efforts to rethink the humanitarian–development nexus have so far lacked practical application for operational agencies. Crisis modifiers offer a means for development and humanitarian actors (where desirable and appropriate) to work coherently together to address disaster risks in specific locations. When development actors cooperate with humanitarians working in the same geographies, there is an opportunity for greater cohesion in working to address both the symptoms of vulnerability through humanitarian aid and the root causes through development programming.

To be effective, crisis modifiers should be deployed alongside adaptive programming approaches, to ensure there is sufficient flexibility to deal with transitions into recovery and back to 'normal' development programming. Features of adaptive programming, such as decentralised decision-making, collective responsibility for action and stripping back bureaucracy would have enabled much faster responses to the crises, for donors and implementors (Vowles, 2013). Moreover, supporting agencies to articulate any reversals in progress, and adjusting expectations as a result, is an important step towards more honest reflection and learning.

Crisis modifiers are not a singular solution to managing risk, but are one of a number of innovative financing mechanisms being trialled to better manage shocks and stresses. Others include forecast-based finance, shock-responsive programming, adaptive social protection and insurance. Little is known about what combination of risk financing mechanisms is best suited to protecting development gains and encouraging early action in order to reduce the humanitarian burden, across different risk profiles. Interrogating these options will be an important endeavour as we strive to achieve Agenda 2030.

We live in an era where political discourse is increasingly concerned with interconnected risk; where UN Secretary-General António Guterres is mobilising a reform process to bring together sustainable development, peace, security and human rights; and where the legacy of the 2008 global financial crisis maintains a focus on efficiency, effectiveness and economy in overseas development assistance. If accompanied by a significant change in mindsets and the political will to work differently, crisis modifiers offer hope for addressing the needs of those in crisis quickly and effectively – 'in the right place, in the right way, at the right time' (Scott, 2015).

Executive Summary from the full report: Peters, K. and Pichon, F. (2017) Crisis modifiers: a solution for a more flexible humanitarian-development system? Overseas Development Institute: London, UK. Available: www.braced.org/resources/i/crisis-modifiers

Full bibliographic references are provided in the full report.



BRACED aims to build the resilience of up to 5 million vulnerable people against climate extremes and disasters. It does so through 15 projects working across 13 countries in East Africa, the Sahel and Asia.

➤ www.braced.org
🐦 @bebraced