

# Pathways for market-oriented development on the Humanitarian-Development-Peace nexus

## Policy brief

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Though the need to implement the Humanitarian-Development-Peace (HDP) nexus agenda is evident, how to effectively do this in practice can still be elusive to policymakers and practitioners. By documenting lessons from ten recovery, resilience and market-oriented programmes in the Democratic Republic of the Congo, South Sudan and Nigeria, a 'snapshot' is provided that shows the current state of innovation and pathways for transitions towards market-oriented development on the HDP nexus. This note summarizes key insights and recommendations of the report 'Pathways for market-oriented development on the Humanitarian-Development-Peace nexus'.

### Relevance

The need and opportunity to work with markets in fragile and conflict-affected settings (FCAS) is increasingly evident to policymakers and practitioners. Several insights have strengthened this trend: 1) in the future extreme poverty and hunger are increasingly concentrated in FCAS; 2) while humanitarian needs are growing, humanitarian interventions are commonly implemented in protracted crises rather than as short-term crisis response; and 3) fragile settings, even those affected by conflict, are not economic voids but places where people actively shape their own resilience through adapted value chains, markets, food production systems and formal or informal governance arrangements.

Informed by these insights and in view of the 2030 SDG targets, international organisations and donors are shifting strategies. The 2019 'DAC Recommendation on the Humanitarian-Development-Peace Nexus' codifies this new focus for FCAS as 'prevention always, development wherever possible, humanitarian action when necessary'.<sup>1</sup> This captures the spirit of the New Way of Working to which UNICEF, UNHCR, WHO, OCHA, WFP, FAO, UNFPA and UNDP have committed.<sup>2</sup> In response, the World Bank also significantly scaled up its assistance for FCAS in its 2020-2025 strategy for Fragility, Conflict and Violence.<sup>3</sup> As many donors are now implementing the HDP nexus agenda in fragile settings, documenting current innovation, good-, and best practices is crucial to ensure this is done effectively.

### The research

In three reports, the knowledge trajectory 'Aid transitions in fragility and protracted crisis settings' provides insight into how aid actors are currently working on the HDP nexus in practice.<sup>4</sup> The final report documents and summarizes experiences and lessons gathered through a series of in-depth interviews on market-oriented programming with practitioners and other experts from public and private sectors in countries with protracted crises affected by conflict. It gives a 'snapshot' of the current state of innovation on the HDP nexus, by examining what innovation means in this context, how a transition from humanitarian to development goals is facilitated, what role coordination plays in this transition, and what trade-offs are made when combining these objectives.

### Key insights

The idea of the HDP nexus builds on the Linking Relief, Rehabilitation and Development (LRRD) concept that was developed in the 1980s to think about exit strategies for humanitarian interventions. In contrast, current HDP nexus thinking is geared more towards intervening in 'permanent emergencies'. Assistance here is envisioned to take a long-term, more development-oriented view, aiming to decrease

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<sup>1</sup> [OECD \(2020\) DAC Recommendation on the Humanitarian-Development-Peace Nexus, OECD/LEGAL/5019](#)

<sup>2</sup> [OCHA \(2017\) Agenda for Humanity - New Way of Working](#)

<sup>3</sup> [World Bank Group \(2020\) World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025](#)

<sup>4</sup> These reports are produced to support the Community of Practice on [Food security and stability](#), facilitated by [F&BKP](#). All reports can be downloaded on The Broker's project page on [Food security and stability](#).

the occurrence of periodic shocks and enhance communities' capacity to withstand them, reducing their reliance on humanitarian response – often referred to as building resilience. Central to these efforts is the question of how to effectively integrate, bridge or transition between humanitarian aid and development. By capturing lessons from ten programmes in the Democratic Republic of the Congo, South Sudan and Nigeria the current state of innovation for market-oriented programming on this HDP nexus is shown, allowing the identification of several pathways along which different actors are facilitating transitions from humanitarian towards market-oriented development objectives.

### **Innovation and pathways for aid transitions**

The room to implement innovative approaches is determined for a large part by the donor environment, while organisational culture at (I)NGOs can be a bottleneck or enabler. Mindset changes at governmental, donor and aid organisations are therefore essential to accelerate innovation that enables aid transitions. However, while the objectives of aid and roles of aid actors may change, this does not necessarily mean implemented activities will change accordingly. The majority of programmes combined 'traditional' development activities across the broad continuum from emergency aid to market systems development. Innovation is therefore not necessarily found in the type of activities implemented, but happens when these are implemented in a new (fragile) context, combined in new ways or by working with new types of partners. Explicitly placing activities in a framework (and thereby mindset) of aid transitions from humanitarian to development objectives can facilitate this type of innovation. In the programmes, transitional pathways towards market-oriented development approaches were observed in a number of key areas: moving from direct subsidies to cost-sharing; from direct towards indirect delivery of trainings or extension services; the establishment of cooperatives, savings- and other groups driving market development; and building relationships between market actors as a facilitating actor.

### **Partnerships and coordination within and beyond the aid community**

Coordination and forming partnerships are key elements of implementing the HDP nexus agenda in practice. Not all coordination or collaboration makes sense however - or improves programming. For each programme that seeks to coordinate on the HDP nexus, partnerships need to be built, joint ways of working and complementarities defined, agreements brokered – all without losing sight of the needs of populations and capitalizing on the strengths of different organisations. So while better coordination can be desirable, it is not a panacea. It does not necessarily bridge differences in mandates, objectives, approaches, security guidelines, focus areas, donor requirements or timeframes. Moreover, choices for certain partners may come with trade-offs that may limit the ability of a programme to work on aspects of the HDP nexus. Though no partnership model is identified as the best, coordination through consortia does allow organisations with different capacities and objectives to effectively coordinate under one donor result framework. In practice, development actors sought coordination with each other and with humanitarian actors to prevent overlaps and distortion of the market by distribution of free in-kind goods. However, they did not link up to the humanitarian cluster system, used for the coordination of humanitarian interventions. To increase such humanitarian-development coordination, early and continued operation of development actors in crises can be stimulated using adaptive approaches for times of instability or heightened risk.

### **Trade-offs between humanitarian and development objectives**

Trade-offs between resilience, recovery and market development objectives are important because they are an indication of how effective links and transitions between humanitarian and development objectives will be. How organisations make trade-offs in programme design is determined by an interplay of factors, including outcome goals, timeframes, organisational expertise, partnerships, mandates, area accessibility and donor requirements. Choices are often not entirely up to programme designers and implementers due to the priorities of funders. However, programme designers' expertise and knowledge of the context is indispensable to make the trade-offs for HDP nexus transitions explicit and discuss these with funders in initial strategy development. A rough divide can be seen between programmes focusing on: 1) resilience and recovery outcomes, funded with ODA; and, 2) market or value chain development, commonly co-financed or implemented in cooperation with private sector actors. Two transition pathways along which programmes shift targeting strategies from the former towards the latter are: 1) from targeting the most vulnerable to (also) targeting vulnerable yet (previously) entrepreneurial people; and 2) from targeting primary producers to (also) targeting other market actors like traders and small input suppliers.

## Recommendations for policymakers and programme managers

### For policy makers – at donor institutions and governments

**Increase timeframes and flexibility of funding for humanitarian-development programming in fragile settings.** Multi-year and longer-term programming that can be adjusted allows implementers to switch between humanitarian, resilience and development approaches, and facilitates learning from programme-context interaction. (Temporarily) falling back to relief activities may for instance be necessary to continue recovery and development programming later on, as preventing the loss of assets and livelihoods that have been built up through these efforts is key. Ultimately, this facilitates HDP nexus transitions in a cost- and time-efficient way. Increased flexibility for implementers can be realised by reducing or adapting compliance and reporting barriers that prevent ad-hoc adjustments in targeting, activities or development of new partnerships with for instance (local) companies. In the proposal and programme development phase the identification of risks and mitigating measures provides an opportunity to reach agreement on such flexibility before programme implementation.

**Ensure early and continued engagement in crises by development actors.** Coordination between humanitarian and development organisations is mainly sought by the latter, primarily to prevent unnecessary market distortion. Yet, from the perspective of humanitarian programmes, development actors often arrive later, or are required to cease activity when a crisis erupts. Early and continued engagement of development actors in crises can therefore increase the likelihood of coordinated humanitarian-development response.

**Stimulate working in multi-sectoral consortia and programmes.** More and better coordination between aid organisations and programmes is important but does not resolve differences in mandates, objectives, approaches, guidelines, donor requirements, etc. Consortia that, for instance, combine expertise in resilience and market-based programming, and work under a shared result framework can facilitate a transition from humanitarian- to development-oriented work. A consortium that engages communities first through humanitarian activities, and later through recovery or resilience activities can better manage the expectations of beneficiaries – increasing ownership – and more easily work with local partner organisations that provide continuity. From the perspective of communities, the distinction between humanitarian and development aid is very artificial. While such consortia represent a move away from siloed approaches, silos should not be abandoned completely. For contexts with frequent, rapidly emerging crises, designated humanitarian funding remains necessary.

**Seek cooperation with other donors to enable joint efforts in specific areas.** Donors have an important role to play in ensuring complementarity and preventing duplication or competition between humanitarian and development programmes. One way to do this is to develop (multi-donor) HDP nexus funding instruments that encourage cross-sector programming. Following the logic that implementers, in competition for funds, adhere to the requirements and standards set by donors, it is donors that can make cooperation the norm. Multi-donor (pilot) instruments may help break down funding and coordination barriers and pro-actively encourage coordination and exchange. Donors can also join up in the creation of context analyses for the public domain that can facilitate conversations about linking humanitarian and development efforts in intervention areas.

**Ask implementers to develop a pathway for transitioning on the HDP nexus.** The expertise of implementers and programme designers offers crucial insight into how certain programming choices lead to certain trade-offs. Use this knowledge to your advantage by asking organisations to make explicit how the choices made for a certain programme relate to a (future) transition between humanitarian, resilience, and longer-term market-oriented development activities. This exercise can for instance be part of Theory of Change development.

**Be vocal about the need for transitions and coordination on the HDP nexus.** Donors can actively foster coordination between organisations and encourage change by being vocal about what is needed and why, helped by research and evidence from practice. Operationalizing the HDP nexus agenda requires mindset changes among donors and implementing organisations. This can be aided by pro-active communication by donors and explicitly engaging the community of implementers.

**For programme managers – at (I)NGOs in the humanitarian and development sectors**

**Push back when donor requirements lock in an approach that hampers an HDP nexus transition strategy.** With their on-the-ground knowledge and experience, implementers have leverage to demand change from donors. Particularly during the design stage, being realistic about how programme outcomes achieve results that enable transitions between humanitarian, resilience and market-oriented development strategies may require some pushback to make donors aware of trade-offs. Developing a (future) transition pathway, as part of Theory of Change development, that envisions potential adjustments in targeting strategies and activities can aid this conversation.

**Create mixed teams of technical staff with experience in humanitarian and market-oriented development.** A mindset change in organisations is needed when it comes to cooperation with other sectors, but also when it comes to adopting new approaches. Expanding in-house knowledge and capacities by taking on board more market-oriented staff, where humanitarian or resilience strategies are common, benefits innovation. Even so, higher-up support for new strategies is crucial when staff members on the ground try to push for change. This calls for higher level staff to explore, operationalize and engage with the HDP nexus agenda and to create in-house awareness.

**Involve the private sector from the design phase of programming.** Local markets and private sector actors are crucial for the resilience of food systems, markets and communities – they are a key way in which people meet their needs. Programming that looks to implement or move towards a market-oriented approach benefits from involving the private sector from the outset, during assessments and the design stage, instead of later during implementation. While private sector development programmes often already do so, other development programmes – such as those geared towards resilience and recovery – often do this later on. Facilitating a transition towards more market-oriented interventions benefits from the early development of a strategy to involve the private sector. Experience or specialization in working with the private sector should therefore be an important criterium in selecting local implementing partners.

**Develop an HDP nexus transition pathway for your programme.** This strategy should make explicit how the choices made for certain programme activities and targeting strategies relate to a (future) transition between humanitarian, resilience, and longer-term market-oriented development activities. Risk mitigation measures that prevent the loss of built-up assets and livelihoods in case of shocks during this transition should be anticipated. This can be used later in the proposal to help donors evaluate the balance between accountability and flexibility in proposals. The pathway should also pay attention to implementing partner choice and expectation management of beneficiaries. If transitions in strategies happen, partners need to have the necessary expertise while beneficiaries need to be included in the development of this transition strategy and the implications it has for targeting.

**Develop an adaptive strategy that couples learning with adjusting implementation.** Being able to adjust targeting strategies and implement additional activities, or temporarily reverting to humanitarian or recovery programming, facilitates transitions between humanitarian and development objectives. This calls for continued feedback loops as well as low-threshold procedures for implementers to adjust approaches or activities accordingly. Learning objectives and indicators should be defined in the design stage, preferably with local staff, to create the right incentives to collect and share lessons as well as space to directly act on these insights. Agreeing with donors to implement an inception phase at the start of the programme, enabling piloting and programme adjustment, can facilitate important conversations with staff and donors on learnings and adaptations.

**Dedicate time to explore what type coordination is right for the context.** Coordination is particularly relevant for the HDP nexus where poorly coordinated humanitarian approaches can hamper or even undermine coping systems based on markets. Since doing-no-harm is all the more relevant in fragile areas, cross-sector coordination and cooperation should feature high on organisations' agendas. Such coordination can vary from informal meetings with those working on similar issues in the same areas, to broader multi-stakeholder meetings or formal coordination mechanisms. That said, it is important to evaluate if and where coordination provides added value. Joint (market) analyses provide a good starting point for such humanitarian-development cooperation.