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SUMMARY

WEATHERING THE STORM

Why and how development financing actors should stay engaged during political crises

PURPOSE

With global humanitarian needs high and the humanitarian funding gap growing year after year as more crises become protracted, donors have made clear policy commitments under the [OECD Development Assistance Committee \(DAC\) recommendations on the nexus](#) to increasingly invest in development and prevention in fragile and conflict-affected settings. The aim is to reduce humanitarian needs by addressing the root causes of people's vulnerabilities.

Such settings, however, are often politically unstable and may undergo an unconstitutional change in government (UCG). Most donors continue to fund humanitarian action in countries after a UCG, but development funding is often suspended or withdrawn.

This research examines the humanitarian consequences of suspending or withdrawing development aid after a UCG, which often obliges already overstretched humanitarian actors to fill gaps in basic services such as health, education, water and sanitation, putting an additional burden on the underfunded global humanitarian system.

Drawing on the findings from case studies on Afghanistan, Burkina Faso, Mali, Myanmar and Niger, it also outlines examples of good practice and recommendations for development donors and international financial institutions (IFIs) on how to remain engaged, and additional recommendations for operational actors.

ACKNOWLEDGEMENTS

The Norwegian Refugee Council (NRC) is an independent, international, humanitarian non-governmental organisation (NGO) that provides assistance and protection and contributes to durable solutions for refugees and internally displaced people worldwide.

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Editor: Steven Ambrus

Cover photo: Loaded trucks in Torkham as thousands of Afghan returnees make their way back to Afghanistan from Pakistan. © Maisam Shafiey/NRC

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EXECUTIVE SUMMARY



📷 Shelters donated by NRC to the IDPs of Djenné in central Mali. This site exists since 2019 and continues to host new IDPs. ©Ousmane Drabo/NRC

Our case studies on Afghanistan, Burkina Faso, Mali, Myanmar and Niger show that after an unconstitutional change in government (UCG) the first step traditional development donors – meaning OECD DAC members and observers – and IFIs took was to **suspend any direct budget support** to the de facto authorities (DfAs). For some donors the suspension was a legal or policy obligation, while for others it was a political decision to pause development cooperation while the bilateral relationship was reassessed or in an attempt not to legitimise the DfAs.

Beyond the initial step of suspending direct budget support following a UCG, development **donors took very different approaches to the rest of their development portfolios**. Some suspended all projects in the recipient country, while others found ways to stay engaged in support of development outcomes without directly supporting the DfAs. In West Africa,

some donors **redirected funding intended for Burkina Faso, Mali and Niger to neighbouring countries** such as Benin, Chad, Ivory Coast and Mauritania, where environments were considered more conducive to political relations and development cooperation.

Our research identified several examples of **good practice and ways in which donors were able to continue development engagements** in fragile and conflict-affected settings after a UCG without cooperating with the central DfAs (please see a list of these examples in the good practice section below).

Despite these existing modalities for continued development engagements that could be scaled up and applied systemically in politically estranged contexts, **development funding decreased after the UCGs in all five case-study countries**.

Some **investments by non-traditional donors** continued, particularly from Russia and China, but they **did not fill the gaps** created by the suspension or decrease in development investments by traditional donors. The non-traditional investments had more of a business partnership format than more classic forms of development assistance, but lack of transparent data makes it difficult to paint a clear picture of the quantity and quality of such support.

This research also found that **when development funding decreased following a UCG, humanitarian funding did not increase to fill the gaps** left from the lack of long-term development investments. Humanitarian funding did go up initially in Afghanistan, Burkina Faso and Myanmar in line with a sharp rise in the number of people in need, but the increase was not sustained in Afghanistan and Myanmar, where humanitarian funding levels eventually decreased. Competing global priorities in Gaza, Sudan and Ukraine, Sudan explain some of the decrease, but interviewees for this research also said that **humanitarian funding did not appear to be protected** when donors de-prioritised a country in response to a UCG.

While humanitarian needs have increased in all case study countries following the UCG, it was not possible to establish a causal link between the increase in humanitarian needs and the suspended development funding, as humanitarian needs are influenced by a complex set of overlapping factors. However, interviewees for all five case studies suggested the lack of investment in longer-term outcomes was likely to have **increased the humanitarian caseload and prolonged the humanitarian response**.

Many also pointed out that while people might have met the criteria for inclusion in the humanitarian caseload, development interventions could have addressed their needs pre-emptively and more sustainably. The **health and education sectors were particularly affected** by development aid suspensions, given their heavy reliance on foreign aid and budget support before the UCGs.

Donors' principle of non-engagement was found to **add pressure on humanitarian actors**, who had to raise sensitive issues more directly with DfAs in the absence of support from diplomatic missions in Afghanistan, Myanmar and Niger.¹ The lines between development and humanitarian interventions **also became blurred**, with humanitarian actors taking over service delivery previously run by their development counterparts in close collaboration with the government. This challenged humanitarian actors' perceived neutrality and independence, and they reported feeling instrumentalised, with aid at times being used as a tool to achieve policy results. There were repeated calls for a more pragmatic approach from donor governments in politically estranged settings and whose DfAs are not recognised by traditional donors, emphasising that some level of dialogue with the DfAs was needed to support affected people.

¹ The term "non-engagement" is used to describe situations where donors discontinue any diplomatic cooperation and dialogue with DfAs in an attempt not to legitimise them.

CONCLUSION



When direct budget support for DfAs is suspended after a UCG, there are still ways for development donors and IFIs to adapt their interventions and remain engaged. Continued development investments require flexibility, adaptability and innovation, and this report documents a number of existing and scalable good practices. Despite these examples, however, overall development funding decreased in all five case-study countries after the UCGs. This suggests that continued development engagement likely depends more on the political will to separate policy agendas from the pursuit of development outcomes in fragile and conflict-affected settings than on the programming and funding tools available.

Humanitarian needs increased after the UCGs in all five case-study countries, which is a result of a complex web of interlinked factors. The research found that the lack of long-term development investments in prevention, resilience and service delivery is likely to have increased the humanitarian caseload and prolonged the humanitarian response.

As previous NRC research on the Nexus in Practice also concludes, humanitarian assistance is essential and lifesaving, but as interviewees for all five studies repeatedly highlighted, it cannot stand alone (NRC, 2023). Humanitarian interventions are designed to address the most urgent needs and do so effectively in many of the world's most fragile and conflict-affected settings. The case studies, however, revealed examples of short-term humanitarian interventions being used repeatedly to support the same people for years on end without helping people achieve longer-term outcomes. Humanitarian donors tend not to provide longer-term funding, and suspensions after the UCGs mean there is little or no complementary development funding.

The overreliance on short-term humanitarian assistance is problematic for two main reasons. First, as the number of crises around the world grows and many become protracted, humanitarian spending has increased in recent years. The humanitarian system, however, relies predominantly on financing from a handful of traditional donors, and the increase has not kept pace with burgeoning needs. This has led to a widening and unsustainable humanitarian funding gap.

Humanitarian needs have increased in all case-study countries, but this was not found to be adequately reflected in levels of humanitarian funding for the context. In some contexts, humanitarian funding initially increased after the UCGs, but this increased funding level was either not sustained or not found to correspond to the dramatic increase in people in need in Afghanistan and Myanmar. In other contexts, humanitarian funding had decreased along with development funding after the UCG.

Humanitarian actors and humanitarian funding cannot and should not be expected to fill the gap when development donors and IFIs suspend or reduce their investments in response to a UCG. Not only is it unsustainable for the country concerned, it also further constrains globally limited humanitarian resources. For example, in 2023, the Afghanistan response alone took up 8.6 per cent of global humanitarian funding for HRPs (OCHA, 2024a).

Second, while humanitarian assistance has proven essential and lifesaving in all five case study contexts, repeated short-term humanitarian assistance is often not a dignified response to the needs of people affected by protracted crises. Humanitarian actors frequently expressed frustration about only receiving funding for short-term interventions such as temporary shelters, water trucking and mobile health clinics in protracted crisis. Some said that if more quality humanitarian funding was not made available and complementary development activities remained suspended, they would be supporting the same people with the same needs next year - repeating an intervention that is not meant to achieve longer-term outcomes.

Local actors and NGOs also said affected people do not categorise themselves within a development or humanitarian framework, and that such artificial siloes should be deconstructed because they detract from supporting people in need effectively. This speaks to the urgency of ongoing system reform efforts, and the need to better coordinate and fund the grey-zone between development and humanitarian interventions in fragile and conflict-affected settings.

While policy advancements have been made on the operationalisation of the HDP Nexus, this research emphasises the need for increased political will to invest development financing in fragile and conflict-affected settings, including those that have undergone a UCG. Without development interventions that address underlying structural causes and vulnerabilities, and strengthen systems, capacities and services, affected people risk remaining dependant on humanitarian assistance and, contrary to policy objectives, humanitarian spending risks continuing to increase year after year.

GOOD PRACTICE



Adamou, a displaced children, learning french grammar in school. © Tom Peyre-Costa/NRC

It is beyond the scope of NRC’s expertise as a humanitarian actor to advise development donors and IFIs on strategies to obtain development outcomes, but this research highlights the importance of continued engagement after a UCG, in complementarity to principled humanitarian interventions.

The following examples of existing good practice show how development donors and IFIs can adapt their strategies when bilateral development cooperation with DfAs is no longer deemed appropriate. They complement the recently published Chatham House report which showcases proven approaches for donors to support development outcomes without legitimising DfAs in politically estranged settings (Chatham House, 2023).

→ **Using pooled funds:** Pooled funds can help development donors who wish to keep a low profile to limit perceptions of support for or legitimisation of DfAs to continue their investments and support for affected people. Development donors in Myanmar, for

example, have continued to invest via pooled funds operated by UNOPS outside direct collaboration with the DfAs. Pooled funds were also found to be more “sellable” to donor capitals than bilateral projects, and their multi-donor nature helps overcome restrictive conditions imposed by some development donors.

→ **Changing partners:** Some development donors switched to working with INGOs, LNGOs, UN agencies and the private sectors when direct engagement with DfAs was deemed inappropriate. In Afghanistan, for example, the ADB mainly implemented projects and channelled funds through the government before the Taliban takeover. After the UCG it adopted a policy of non-engagement and suspended all funding and projects involving the DfAs at all levels. Instead, it allocates funding through UN agencies that either directly implements the activity or sub-contracted partners.

- **Working with local authorities and/or line ministries:** Some development donors who adopted a principle of non-engagement with the DfAs and suspended direct funding allowed a degree of collaboration with local authorities and/or technical line ministries to sustain support for basic services and systems. This was particularly the case for interventions in sectors where the DfAs traditionally play an important role, such as healthcare, education, nutrition, infrastructure and water. Switzerland, for example, paused direct collaboration with the central authorities in Niger after the UCG, but the Swiss Development Cooperation (SDC)'s decentralised development approach allowed some work with municipalities and regions to continue.² Donors found there was less risk of political interference at local and technical levels than with the central level authorities. This is in line with Chatham House's recent research, which recommended donors ringfence subnational state entities able to operate independently of the central authorities as a way to stay engaged in politically estranged settings (Chatham House, 2023).
- **Working at the community level:** Several development donors and IFIs adapted their development interventions from supporting national-level systems, institutions and service delivery to implement programmes that targeted local communities. These could, for example, support community-level healthcare, education, infrastructure and resilience building of communities. After the UGCs in Mali, Denmark adapted funds previously envisioned for supporting local governance and decentralisation reforms for interventions at a community level implemented by INGO intermediaries, applying nexus and localisation approaches.
- **Direct funding of local actors:** Rather than going through intermediaries, some development donors found ways to directly fund local actors that operate in areas where international actors do not have access and in areas outside government control. Doing so requires flexible donor conditions and risk

sharing, but can be a modality to ensure continued development engagement and support for civil society networks in a context experiencing a UCG.

- **Adapting programme activities:** Some donors shifted development programmes towards alternative outcomes to stay engaged after a UCG. This was particularly the case for programmes that require collaboration with the DfAs, such as large-scale infrastructure projects or public service delivery, which were redirected towards basic needs, resilience or food security projects. INTPA, for example, adopted a funding package previously earmarked for budget support and public services in Afghanistan for use in supporting basic needs and livelihoods after the UCG (European Commission, 2023).
- **Flexible programming:** Several interviewees said more flexible programming modalities were needed to continue development interventions in fragile and conflict-affected settings that have undergone a UCG. Good practice included building crisis modifiers into programmes. One NGO operating in Mali, for example, described how a development donor had designed a programme that included a list of context scenarios that would trigger pre-determined adjustments in its design.
- **Supporting nexus approaches:** Examples of donors supporting nexus approaches were highlighted as good practice to stay engaged after a UCG. This was seen when one donor funded projects that combined development and humanitarian funding, or when several funded consortiums that encompassed development and humanitarian capacities and outcomes. Denmark, for example, allocated development and humanitarian funding to Danish implementing partners in Mali to ensure programming across the nexus.

² The Swiss Development Cooperation's (SDC) strategy prioritises development efforts at provincial level or within rural or urban communities and have development programs that support decentralisation and economic development at local levels. <https://bit.ly/3wf0eFS>

RECOMMENDATIONS



View of temporary camp at Torkham border for Afghans returning from Pakistan. © Maisam Shafiey/NRC

FOR DEVELOPMENT DONORS AND IFIS

- **Stay engaged after a UCG by using alternative funding modalities.** In several case-study countries, hundreds of millions of dollars had been spent on development cooperation before the UCG and on-budget support constituted a significant portion of the state budget. Humanitarian actors cannot be expected to fill the gap following the sudden end of development cooperation, which further emphasises the need for development aid to be adapted and continued.
- **Adapt expectations for development outcomes in fragile and conflict-affected settings.** Development donors and IFIs must adjust expected development outcomes and be more adaptable when investing in fragile- and conflict-affected contexts. Uncertainty is the only certainty in these contexts, and therefore donors should be prepared for different scenarios and build flexibility into programmes accordingly. The ability to quickly adapt development interventions also makes a more convincing case for donor capitals to keep investing after a UCG.
- **Focus less on state building and be more people-centred.** Rather than “instrumentalising” aid to promote democratic or “western” values, development donors must work to promote better opportunities for people living in fragile and conflict-affected settings. Put people rather than governments, elections or state building at the centre of interventions. Continue to focus on systems and structures, but ensure they support people through the provision of basic services, livelihoods and infrastructure.
- **Live up to nexus policy commitments.** The nexus approach emerged in response to the growing number of protracted crises and in acknowledgement that development investments are needed in fragile and conflict-affected contexts to break the cycle of growing humanitarian needs. The Nexus approach should not only be adopted in best-case scenarios. Donors should fund nexus approaches in fragile and conflict-affected contexts, including after UCGs.

→ **Coordinate how to fund interventions in the grey zone between development and humanitarian interventions.** People affected by protracted crises need longer-term outcomes rather than repeated temporary interventions. As part of the system reform agenda, donors and IFIs should address whether grey-zone interventions will be covered by stretching the purpose of humanitarian funding, or whether such grey-zone activities should be covered by development funding.

→ **Pay attention to protection and human rights in development responses.** To stay engaged in politically estranged settings, development actors need to ensure safeguards are in place to mitigate the risks of causing harm to marginalised groups and supporting harmful DfA policies.

FOR POLITICAL LEADERSHIP IN DONOR GOVERNMENTS AND MULTILATERAL INSTITUTIONS

→ **Consider whether development aid suspensions are an effective policy tool.** While it is beyond the scope of this research to evaluate the effectiveness of development aid suspensions as a policy tool, interviewees consistently questioned whether aid suspensions achieved the desired policy results. Several donors have taken steps to strengthen links between their policy objectives and international development aid, but evidence on their impact is limited (Chatham House, 2023). Interviewees for this research argued that development aid suspensions and sanctions appeared to have hardened the position of DfAs and led them to seek cooperation with alternative partners, with an anti-western narrative noted in all three central Sahel countries. Development aid suspensions also affect populations, who end up paying a high price for the political rupture in cooperation between donor and recipient countries.

→ **Consider maintaining diplomatic relations.** Political leaders should assess whether non-engagement with the DfAs after a UCG yields the desired policy results of non-legitimisations. The considerable risks and pressure that non-engagement transfers to humanitarian actors must be part of that consideration so as to avoid their becoming “instrumentalised” as the only actors on ground able to raise issues and concerns with the DfAs.

→ **Depoliticise aid:** Humanitarian donors must protect the principled nature of humanitarian funding and action. When development aid is suspended after a UCG, such decisions must not have the knock-on effect of decreasing humanitarian funding for the contexts. Humanitarian funding should be based on humanitarian needs alone and not be affected by political interests.

FOR UN AGENCIES AND NGOS

→ **Focus advocacy efforts on donor capitals.** Political decisions about development aid suspensions are often taken in capitals rather than country offices or embassies. Country-level donor staff are often convinced about the need to continue engagement, which indicates that there may be more added value in advocating at decision-making level in donor capitals.

→ **Target non-traditional donors.** Several interviewees said it was unrealistic to expect a handful of traditional donors to continue funding the majority of the world’s humanitarian and development responses. Regional bodies such as the Association of Southeast Asian Nations (ASEAN) could play a more significant role in funding humanitarian and development aid in their regions and should be targeted in advocacy efforts. Greater engagement of non-traditional donors may also require changes in the way humanitarian and development systems are financed and coordinated to provide more attractive incentives. More research on non-traditional donors’ funding structures is needed, as are discussions on how best to accommodate them.

→ **Call for development funding to be channelled through alternative mechanisms rather than “converted” into humanitarian grants.** NGOs and UN agencies should together identify mechanisms relevant to a particular context and advocate for development donors to explore them. Most donor governments have separate legal and political processes for their development and humanitarian credits, and it is not possible for most to transfer funds between the two budgets. It is understandable that humanitarian actors ask for suspended development funds to be converted when the humanitarian response plan (HRP) is severely underfunded, but doing so may be neither realistic nor sustainable.

→ **Ensure broader advocacy efforts for complementary development investments in fragile and conflict-affected settings with built-in flexibility to adapt to changing circumstances.** Such investments are vital to reduce dependencies on humanitarian aid and put nexus approaches into practice. A lack of development funding in fragile and conflict-affected settings is likely to increase the humanitarian caseload and prolong the response. Therefore, NGOs and UN agencies should continue to highlight why broader development investments are needed in fragile and conflict affected contexts to address the underlying root causes that create protracted humanitarian needs.

→ **Expand the evidence base of good practice for alternative mechanisms to avoid the suspension of development aid after UCGs, and align and coordinate advocacy efforts.** More concrete examples are needed of what such continued development engagements can look like, and how to mitigate the risk of legitimising DfAs.³ As this cannot be an exercise driven by humanitarian actors in a vacuum, development actors are recommended to take a leading role in this process. NGOs and UN agencies should draw on such research to make evidence-based asks for development donors and IFI.

³ An exercise similar to that of the Inter-Agency Standing Committee (IASC) nexus taskforce’s mapping of good practice could be worth considering.



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