

Research Material
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Examination of KOICA's Effective Approaches to Financing the HDP Nexus

This study aims to identify financing approaches that KOICA can explore for bilateral aid, with an emphasis on 'flexible, multi-year financing' highlighted in the OECD DAC Recommendation on Humanitarian-Development-Peace Nexus (HDP Nexus) and the Grand Bargain, which are the central agendas for financing the HDP nexus. To achieve this goal, this study emphasises the importance of flexibility between development and humanitarian assistance budgets. As a secondary focus, humanitarian efforts should prioritise crisis prevention rather than solely emergency relief. This can be achieved by providing increased support for post-disaster recovery and disaster prevention.

Regarding the first research focus, this has reviewed three types of crisis modifier funds used by several major donors. The second research focus has been put on flexible multi-year financing partnership by examining several cases of strategic partnerships for humanitarian assistance. 'Flexible' 'multi-year' financing as a critical enabler of nexus approaches can be summarised as follows: First, successful 'multi-year' financing requires providing stable funding over multiple years to achieve the goal of the HDP Nexus approach, which is to strengthen resilience against shocks and risks in crisis affected and fragile contexts and to deliver desired program outcomes. Second, 'flexible' financing requires securing and expanding the space for unallocated budget that can be mobilised and reallocated rapidly in the event of an emergency crisis. It is important both to protect current development-level program outcomes and prevent potential humanitarian crises. Synthesising the previous studies, this study examines which financing model would be more effective in increasing funding flexibility between development and humanitarian assistance budgets under KOICA's current budget structure, and which partnership approaches are appropriate to ensure quality

multi-year humanitarian assistance.

* Keywords: HDP Nexus, Grand Bargain, Crisis Modifier Fund, strategic partnership