What are the right incentives to help donors support resilience?

A number of challenges stand in the way of donors moving towards a focus on building resilience in partner countries. These challenges fall into the following categories:

- Contextual – factors in the overall operating environment in partner countries, that shape, and sometimes restrict, how donors can function
- Programmatic – factors that influence how development, climate change and humanitarian assistance programmes are designed and the results that can be achieved
- Institutional – structural factors that influence how donors, and their staff, behave and operate.

This paper, part of a series on risk and resilience, outlines how these different challenges can limit, and sometimes prohibit, donors from working to strengthen the resilience of people, communities, and states and their institutions. The paper also proposes a menu of incentives that could be useful in different contexts to ensure political buy-in for resilience, to drive behaviour change by all actors, and to ensure that the risk analysis actually leads to the prioritization of resilience programming.

What are the contextual challenges?

The following factors impose limits on how donors can work to build resilience in partner countries:

Partner country does not prioritise resilience: Development donors have committed to align their assistance to partner country objectives[1] – this means that if resilience is not a priority for partner country governments, it will not be a priority for donors. Government priorities may also shift over time, especially around elections, meaning that support for resilience programming is not necessarily sustainable.

No natural 'home' for risk management: Risk assessment and management in the partner country, if it happens at all, is likely to be siloed between different national and local ministries and authorities – prohibiting a coherent overall vision of the risk landscape and thus of how programming should be prioritized. This fragmentation will also complicate accountability – no single national authority will be responsible for delivering results in this important area.

Lack of absorption capacity: Capacity in central government, local government and/or civil society may already be severely stretched – and donors may be reluctant to overload these structures with additional, or re-focused, programming objectives. Absorption capacity is especially a problem in fragile contexts, and in countries recovering from a recent crisis – two contexts where building resilience is likely to be of key importance.

Fragmented legal structure and patchy application: Many partner countries have made significant progress in developing a legal framework for dealing with risks, particularly for disaster, climate related and environmental hazards. However, a number of factors can prevent these laws from being applied, including local politics and competing business interests,

[1] Under the Paris Declaration on Aid Effectiveness, refer www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm

corruption, and the lack of capacity to enforce policies such as building codes.

Cultural factors: The fatalism attached to strong religious beliefs can translate into a high tolerance for disasters as 'acts of god', and this may prevent active risk management. In addition, in cultures that place a high value on the family and patronage systems, it is difficult to implement resilience actions that prioritise the 'common good' of society as a whole. Finally, some cultures traditionally practice damaging resilience practices – for example in some cultures the sale of child brides is a widespread financial coping mechanism in times of hardship.

Problematic access to risk information: Access to risk information is often difficult and transaction heavy, and the information itself may be difficult to use or out of date. Risk information is often spread across different government bodies and is not always made available to the international community, local authorities or the public. In addition, risks are often analysed in isolation, failing to recognise the inter-connectedness of disaster, conflict, economic, climate and other risk factors. This may severely complicate efforts to obtain a coherent picture of the broader risk landscape.

Insecurity: Zones affected by conflict are often those most vulnerable to disasters and shocks. However, development actors are often reluctant to engage in insecure areas, meaning that short-term humanitarian responses are favoured over development approaches in these high risk environments.

Economic barriers: Market risk transfer mechanisms, such as insurance, will be reluctant to operate in countries with informal economies, incomplete risk information, and uncertain land ownership.

What incentives can help address contextual challenges?

Pressure from civil society: in many contexts, civil society could be a useful ally in advocating for the prioritisation of resilience – especially for messages targeted to governments and local authorities. Civil society could also be a better channel for messages aimed at mitigating traditional cultural practices that increase exposure to risk.

Coherent messages: Developing a set of coherent messages about the risks in a context, and about the need for investing in resilience, will help lend weight to the importance of this issue (refer: *How should donors communicate about risk and resilience?*[2])

Money: In many contexts, the hint of potential new funding can provide a powerful incentive for changing attitudes about risk and resilience. Building resilience actually comes from working smarter and more coherently, rather than a raft of new projects and new money. However, some seed funding will be necessary, especially to ensure that joint risk assessments are properly resourced; donors should communicate their willingness to fund provide these funds. Donors could also highlight the importance of including resilience in existing programmes, and/or set out potential new funding sources, perhaps including concessional loans, and underwriting catastrophic risk insurance. Finally, donors could communicate messages about how building resilience to the risk landscape can smooth the way for foreign businesses to invest in a particular country or area, bringing with them jobs and other economic benefits.

Timing: Messages about resilience will probably be easier to pass during (or just after) a crisis, in the run-up to national and local elections, and at key points in donor and partner country planning and budgeting cycles.

Incentives focused on the interests of key stakeholders: A clear understanding of the interests of key decision makers will help target the right type of incentives. In certain circumstances, friendly competition between neighbouring local authorities, or between

[2] Paper in this series on Risk and Resilience

different cities, has proven useful in focusing attention on building resilience.

Using aid as a catalyst: Donor funds will not be able to cover all aspects of resilience. In some contexts, donor funds could be more usefully applied as a catalyst – for example by addressing the issues that prevent market risk transfer mechanisms from operating at scale in a particular country or area, or by providing risk information that will encourage private sector involvement in building resilience.

What are the programming challenges?

A number of challenges can prevent resilience programming from achieving its objectives, or, worse, could cause these programmes to do harm:

Confusion about what resilience is: Lack of coherent communication about what resilience means, how results can be measured, and the value that resilience will add to a crowded development agenda, has become a major sticking point in translating what seems like a common-sense concept, with strong political buy-in, into coherent action on the ground (refer *How should donors communicate about risk and resilience?*[3]).

Focus on centralised programming: Donors who conduct risk analyses often focus only on the national level, resulting in an assessment that does not look at the risk landscape for communities and people. This may result in an incomplete analyses and programming that could inadvertently do harm.

Perverse incentives from the availability of humanitarian funding: Governments, communities and people are less likely to invest in risk reduction measures if they know that the international humanitarian community will come to their rescue in times of crisis.

Unclear programming landscape: Partner countries rarely have a clear and complete picture of the international community's programming and budgets. This problem is compounded when programming is undertaken on both local and national levels – national authorities may not be aware of work at local level, and local authorities may not be aware of what is happening in neighboring areas – leading to incoherent programming and the potential for gaps in key areas.

Unintended consequences: Some programming, even with the best of intentions, may in fact cause harm. For example, programming to *build back better* after a crisis may, if not properly planned, keep people living an at-risk area, and thus exposed to future crises. Similarly, programmes that shield people from risk, for example by compensating them for all potential losses, could inadvertently encourage overly risky behaviour.

What incentives can help reduce these programming challenges?

Counter fears of the need for radical changes to programmes and mandates: Actors who are reluctant to engage with resilience building may change their mind if they are aware of what resilience actually is (refer *What does resilience mean for donors?*[4]*)*. It may also be useful to counter misperceptions about the need for new funding tools, or for other changes to how the aid system works.

Joint risk analysis: Analysing risks jointly will allow different actors to share information (and thus increase access to new information) about risks, trends, and programming intentions. A shared analysis of risks will also increase ownership and buy-in for the need for resilience building, and lead to more honest discussions about how risks should be mitigated, transferred or shared. A common picture of the risk landscape could also lead to natural synergies between different development, climate change and humanitarian actors, perhaps leading to

[3] Paper in this series on Risk and Resilience

[4] www.oecd.org/dac/governance-development/May%2010%202013%20FINAL%20resilience%20PDF.pdf

joint programmes or other risk-related exercises. Finally, a shared and more complete analysis of the risk landscape will decrease the potential for unintended consequences. (refer *Joint risk analysis – the first step in resilience programming*[5]*)*

Leveraging of new funding mechanisms: A coherent, joint, understanding of the risk landscape and underlying factors will open up opportunities for donors to seek additional funds within their own houses. This could also help raise the profile of high risk countries on the international stage – potentially attracting new donors.

Highlighting existing political commitments: Harnessing the continuing political traction for resilience could also be a useful tool in raising awareness in-country, as could references to the need to honour existing commitments – including those made at Busan[6], under the Hyogo Framework for Action[7], for Human Security[8], under the New Deal[9] and in other fora, including commitments made by individual donors.

Highlighting the possibilities for influencing wider planning processes: Humanitarian actors will be more likely to participate in joint risk analyses if it is clearly explained that these discussions will not adversely impact on humanitarian principles, nor require humanitarians to engage in future joint programming. Instead, the benefits should be highlighted, including the potential to prioritise programming that addresses the root causes of crises, and to reduce dependency on humanitarian funds for crisis mitigation efforts. Development and climate change actors, including scientists and academics, will be more likely to come together if the benefits of sharing information are made clear. Local communities will be more likely to participate in joint risk assessments if they know that the results will be acted on by local and national authorities, and by donors. Other donors and the private sector will be interested in joining these processes if doing so is couched as information sharing rather than binding them to joint actions. Governments could be persuaded to join risk assessments if they see that the process will give them greater clarity over the range of international operations in-country.

Creating opportunists for building on existing relationships: Different donors, different parts of government, and different operational actors work in different ways, and address development challenges at different layers of society – targeting individuals, communities, and/ or states and their institutions. Bringing people together to conduct and act on a joint risk analysis will help exploit the different relationships built up by different actors, increase access to potential development solutions, and uncover new ways of working together. It could also promote joint learning across the different actors involved, and about what works, and what doesn't work, in a particular context.

What are the institutional challenges?

The way that donors plan and implement their programmes can also hinder coherent resilience programming:

Un-coordinated planning cycles: Different donors, and different policy communities, have different planning cycles, complicating the design of joined up approaches to build resilience, and limiting the possibility to align with partner country cycles. The humanitarian community and partner country governments usually plan and budget on an annual basis. Development actors will often plan on a longer-term timeframe – usually 3-5 years – but these periods will seldom be harmonised.

[5] Paper in this series on Risk and Resilience
[6] Article 27 of the Busan Partnership Agreement - www.oecd.org/dac/effectiveness/fourthhighlevelforumonaideffectiveness.htm
[7] Hyogo Framework for Action: 2005-2015 www.unisdr.org/we/inform/publications/1037
[8] UN General Assembly resolution A/66/L.55/Rev.1
[9] www.pbsbdialogue.org/

Centralised vs. decentralized authority: Many aspects of donor programmes are still approved in donor capitals; this will complicate efforts to conduct joint donor risk assessments, and design coherent programming, in-country.

Separation of humanitarian and development programmes: In most donors, humanitarian and development funding pots and programmes are kept separate. While this helps to ensure that humanitarian principles are respected, it also limits opportunities for the two programmes to work alongside each other to build resilience. In many donors the problem is more pronounced, with development colleagues believing that risk and resilience should be a purely humanitarian concern.

A perception that risk is complicated: Donor staff are often specialized in their particular area, and may have a limited understanding of risk in other domains. For example, donor staff working on state-building will be unlikely to understand disaster risk; those working on climate change may only have a limited understanding of conflict risk factors; and staff working on providing basic services are unlikely to have a good understanding of economic risk factors. Risk may, therefore, be parked in the 'too hard' basket for staff who are focused on their own particular goals.

Contradictory career incentives: Staff are often rewarded for actions that discourage risk and resilience programming. There is often pressure to deliver quick and visible results – something that may be difficult given the intangible nature of many of the components of resilience (refer *What does resilience mean for donors?*[10]*).* There may also be pressure to design bigger programmes to counter accusations of fragmentation in donor portfolios – this may complicate efforts to build resilience at community level, and deter partners from submitting smaller-scale risk reduction programme proposals.

[10] www.oecd.org/dac/governance-development/May%2010%202013%20FINAL%20resilience%20PDF.pdf

Political pressures: Political pressure may make donors reluctant to disrupt the flow of disbursements, and compromise existing relationships with partner governments. Pressure may come from donor country parliaments or from the public, questioning the effectiveness and results of the aid budget; there could also be negative media coverage of costly or risky programmes.

Lack of risk tolerance: Donors vary in their tolerance of risk – those who are largely risk averse may have difficulties in moving towards programme to build resilience, which may involve new, and thus inherently more risky, ways of working.

What incentives might be useful to reduce institutional challenges?

This menu of incentives may help donors overcome some of these institutional challenges:

Political support: Senior management should ensure that the rationale for engaging in resilience is properly communicated to parliaments, to the public, and to staff.

Resilience as the overall goal of development programmes: There are two possible routes to ensuring that resilience is taken up in donor organisations – establishing it as a cross cutting issue, or specifying that resilience is an overall programming goal. Each donor will need to take the approach that best fits with its own organizational culture. Lessons from integrating gender and environment into programming in particular donor contexts could be useful.

Focusing on implementation in the field: Field personnel often take a more pragmatic approach to programming, and may be more open to working in a joined-up manner than their headquarters colleagues. The proximity of field staff to the actual risk environment may also help them understand why building resilience to address those risks is important. Designing resilience programmes in the field will, therefore, often mean less work is needed to change mindsets. To enable programming in the field, donors will have to continue current good practices including: decentralizing planning and decision making authority to country offices, providing flexibility in programme design to adapt to evolving contexts and lessons learnt, and increasing allocations of country programmable aid (budgets that are available to support donor country strategies).

Provide staff with guidance for advocacy, programme design and implementation: Staff will need guidance and support, perhaps from a dedicated team that can be deployed from donor capitals, and through working guidance.

Money and technical resources: Undertaking a risk assessment will require some funding and technical support – donors should ensure that these resources are provided.

Contestability: A culture of contestability – where the design of all new programmes is subjected to peer review or systematic quality control mechanisms – should help promote innovative approaches by donor staff help develop a culture of resilience programming within the donor organization. Peer reviews may be more useful than other quality control mechanisms, as they are aimed at being respectful and helpful, not as another administrative 'checklist'. Staff whose programmes have undergone peer review will likely feel more comfortable in their programming decisions, and less personally exposed to the consequences of risk taking.

Appropriate career incentives: Staff will react positively to a shift in career incentives to favour programming that builds the resilience of people, communities and states and their institutions. This could mean the incorporation of resilience objectives in job descriptions, and rewarding resilience programming in the performance management system.

An appropriate results framework: Monitoring and reporting on the impact of building resilience may require new results frameworks, to cope with the intangible nature of many of the components of resilience. Results targets and monitoring systems should be developed in a way to encourage staff to work on resilience, not deter them with unrealistic results indicators.

Knowledge management: Knowledge management will likely play a key role in supporting staff embarking on a new way of working. This could include establishing communities of practice on risk and resilience within donor organizations, monitoring progress and results and sharing these lessons widely, promoting success stories, and helping staff to share experiences.

Success breeds success: Actively promoting positive results and good news stories could help inspire other donor staff to re-focus on risk and resilience programming.

This paper is part of a series on Risk and Resilience, which includes:

What does "resilience" mean for donors? – clarifying what resilience means in practice

What are the right incentives to help donors support resilience? – Investigating the role of incentives (and disincentives) in encouraging coherent donor support for resilience

How should donors communicate about risk and resilience? – Guidance on good practice on communicating about risks, opportunities and the results achieved from resilience programming

Joint risk analysis – the first step in resilience programming – Adapting the G20/OECD methodological framework for disaster risk assessment for resilience programming

From good idea to good practice – options to make resilience work – Building on what has been learnt so far, a set of options to help ensure that resilience becomes an integral part of donor programming

www.oecd.org/dac/governance-development/risk-resilience.htm