Guidelines for complementary action in fragile contexts

These Guidelines, developed by the World Economic Forum's <u>Global Future Council (GFC) on the New Agenda for Fragility and Resilience,</u> aim to guide public and private[i] actors – at local, national and international levels – on how to ***work in concert to better meet the needs of communities in crisis and to develop thriving and resilient economies.***

Around the globe, complex and protracted emergencies are creating deep fragility with the convergence of multiple challenges including natural disasters, conflict, disease, poverty, climate shocks and weak governance. As humanitarian needs grow and diversify, and funding plateaus, actors must work together to deliver services to all communities in crisis more efficiently, to support resilience, and to build long-term, sustainable economies. People affected by crisis must have a voice in articulating their risks, needs and aspirations and defining their journey to resilience. The question becomes therefore: who should respond, and how, to their evolving needs from vulnerabilities to crisis through to the development of a thriving economy? How can we support local communities, economic operators, and local authorities in their efforts to deliver goods and services toward economic prosperity?

Today, actors across sectors and levels do not work sufficiently well together to meet the growing and evolving needs of fragile communities. They do not share a common understanding about co-operations and complementarities of their respective mandates, activities, presence, or new market opportunities. Greater impact can be achieved by putting the needs of affected communities at the centre of the response, with space for all actors to contribute their different skills, expertise, and resources. In many settings, especially those of deep fragility, this will occur through a mosaic of public and private actors at local, national, and international levels, bringing forward complementary strengths. It is critical that these efforts are supported by an enabling domestic legal, policy and operational framework for which states are primarily responsible.

The <u>Global Future Council (GFC) on the New Agenda for Fragility and Resilience</u> comprised of leaders from government, international humanitarian, development, private sector, media and civil society organizations, building upon work of prior Councils, aims to build complementarity across the different intentions and capabilities of actors – both public and private, local and international – to together improve service delivery and develop long-term resilience of fragile communities.

The guidelines address key obstacles at the intersection of public and private engagement in fragile contexts. They are the result of Council discussions, lessons learned from the COVID-19 pandemic response[ii], and a workshop with local actors focused on questions of how to improve support for local action.[iii] These guidelines aim to respond to needs of populations in fragile contexts and build more resilient communities:

- through public-private partnerships focused on risks, needs and aspirations of local communities;
- through enhanced complementarity of local, national, and international, as well as private and public sector actors;
- and facilitated by digital solutions.

Obstacle #1: Solutions suffer from low adoption and poor user experience.

1. **Guideline:** Include affected communities at the centre of the response in order to design services and products that are locally relevant and accessible, enable choice and build resilience. This means including those most marginalised as well as local leaders in decision-making processes and implementation, whenever possible, and through regular needs' assessments and a user-centric design process.

2. **Guideline:** The design and implementation process should be iterative, whenever possible. Developing and strengthening community feedback mechanisms will reflect on efficacy of service delivery from any entity, enable testing, learning, and adjustment of services and products to evolve with changing circumstances and create better community accountability and transparency.

Stakeholders	Relevant Initiatives
International and national development and humanitarian agencies, as well as international private sector should identify and prioritize the scaling of locally developed solutions, and the involvement of local actors in the design and implementation of solutions, whenever possible. UN agencies should work to meet standards of transparency agreed in Grand Bargain. Donors should encourage and support this approach through their implementing partners.	• Charter for Change • Grand Bargain Workstream 1(Greater Transparency) and 6 (Participation Revolution) • USAID's User-Centric Design Approach, • Principles for Digital Development (Design with the User) • Core Humanitarian Standard on Quality and Accountability • Principles for Locally Led Adaptation (WRI)

Obstacle #2: The increasingly long-term and protracted nature of crises is driving a widening gap between needs and resources. Additionally, in most fragile settings, there is a lack of security and in some, a lack of capacity or insufficient absorption capacity for locally based action, to scale and speed responses in crisis situations.

3. **Guideline:** Leverage local and private sector capacities to prepare for crises and deliver sustainable solutions, whenever possible. Establish pre-agreements, between aid providers and private sector actors to pool and pre-position funds at scale; pre-establish partnerships and plans based on identified risks and facilitate faster and more cost- and scale-efficient response in times of crisis. For example, by prioritizing partnerships with networks or consortia of local actors, where these exist, and supporting the creation of such networks to ensure diversity, pooling of resources and skills and strengthening capacity through peer-to-peer exchanges.

4. **Guideline:** Invest in development of local capacities, including professional and management skills to run basic social services according to established international norms and standards, promote an enabling environment that ensures the safety and security of local actors and improve ability to scale and speed responses in crisis situations.

5. **Guideline:** Donors and implementing agencies responding to crises should plan for and develop a strategy that enables a transition for local markets and government institutions to

take over the delivery of critical services and products, so that local entities that can operate and scale sustainably in the long-term. This can include capacity-building of local private sector actors.

Stakeholders	Relevant Initiatives
Implementing agencies or INGOs and the private sector should invest in partnerships for stronger outcomes and include national public and private sector stakeholders from the start of the Request for Proposal and Project Planning process. They should only require local private sector to accept levels of financial and management transparency to which they themselves would be willing to adhere. International donors and implementing agencies or INGOs should engage in early dialogue with government and private sector actors on a long-term delivery strategy.	• ICVA, NEAR and START Network • Grand Bargain Workstream 2 (More support and funding tools for local and national responders). • UN Connecting Business initiative (CBi) could play a role in facilitating. • Somalia Nexus Consortium • Joint Intersectoral Analysis Framework

Obstacle #3: Lack of sufficient and timely public finance to achieve Sustainable Development Goals of equitable access to essential services such as health, water, food, livelihoods, energy, education systems, and for climate change adaptation. **Missing entry points for private sector investments in fragile contexts** due to lack of compelling proof-of-concept projects, insufficient organizational readiness of humanitarian and development actors to design and deploy innovative financing mechanisms, and inadequate or fragmented data to attract and guide capital.

6. **Guideline:** Drive complementarity and early alignment of interventions between humanitarian and development actors to enable cost efficiencies, create a more favourable ecosystem accompanied with instruments to overcome systemic barriers to private sector investment, prepare finance and operational plans before crises erupt, and identify opportunities for scale.

7. **Guideline:** Attract private sector investment by structuring and developing projects in fragile contexts as investment opportunities. Such projects should outline the ask (for example, debt or equity), present a viable revenue model, the financial and social returns on investment, and a strategy to hand a project off to the right long-term operator, while continuing to provide support through capacity building or in an advisory capacity.

8. **Guideline:** Identify any existing, viable local private sector solutions in a fragile context that can be scaled. Where private sector solutions do not exist yet, invite, encourage, incentivize and de-risk private sector innovation and investment, including through State and international organizations' risk capital for innovative financing (e.g. investment pools, new grant models).

Stakeholders	Relevant Initiatives

Donor governments should increase aid budgets, deploy smart funding, and partner with new actors to support innovative financing.	• Humanitarian and Resilience Investing Initiative
	• World Bank's PS4R (Private Sector for Refugees)
Humanitarian and development organizations should develop response strategies with significant consultation with other actors, especially private sector groups, trade associations, research centres, etc, and based on this consultation build a pipeline of investable projects, working across sectors and organizational boundaries to achieve scale.	• Refugee Investment Network
	• Crisis Lookout coalition
	• Anticipation Hub
Investors should engage early in the process of building this pipeline to lend their expertise, better understand and invest in opportunities in fragile contexts.	
Development finance institutions should augment existing financing mechanisms with innovative approaches that deploy de-risking capital necessary to catalyse investor involvement.	

Obstacle #4: Digital solutions are not broadly leveraged or scaled in the humanitarian and development context. This is due to issues such as the complexity and cost of developing and maintaining digital ecosystems, the lack of connectivity, infrastructure, and access to digital ecosystems, limited digital capacity of some humanitarian actors, data privacy and security concerns, and underutilization of existing private sector expertise.

9. **Guideline:** Identify any existing, viable private sector digital solutions that can be scaled instead of investing scarce donor and public sector funding on the development of new solutions. Where private sector digital solutions do not exist yet, invite, encourage, incentivize and de-risk private sector innovation.

10. **Guideline:** Invest in infrastructure that is interoperable and can be repurposed across programs/sectors to provide marginalized communities with multiple critical services at a lower cost, rather than creating bespoke or new digital tools and infrastructure (e.g. platform-based solutions).

11. **Guideline:** Ensure adherence to best-in-class data security and privacy standards when handling individual data for beneficiaries and marginalised populations. For example, by developing robust informed consent protocols.

12. **Guideline:** Ensure all digital tools are designed to reach the most marginalised groups. For example, pairing the deployment of digital tools and technologies with human engagement to build digital trust, ensure due diligence standards are met, designing tools that work in an offline context to overcome connectivity barriers at the last mile, and translating tools into local languages.

13. **Guideline:** Establish robust processes to regulate the collection, usage, and storage of individuals' data in line with best-in-class protection standards to preserve data privacy and data security.

Stakeholders	Relevant Initiatives
Donors and international financial institutions are critical for de-risking certain investments, yet international private sector actors should also take certain risks with the goal of driving towards a positive impact. Implementing agencies and private sector should conduct a landscape analysis/mapping of locally developed solutions before importing foreign digital solutions. Implementing agencies, NGOs and government actors must ensure data privacy and security standards across interventions.	• **Principles for Digital Development** • **Digital Public Goods Alliance** • **Gov Stack**

[i] Private sector refers to both corporates (financial services, supply chain, telecommunication, agriculture and energy actors), as well as investors (those investing in sustainable and social impact).

[ii] See ODI's Covid-19: tracking local humanitarian action and complementary partnerships mapping tool, which includes evidence of change in practice at different levels from Council members and their extended network.

[iii] The Council hosted a virtual workshop with Council Members and 25 local actors on 25 May 2021 on local leadership in the post-COVID world. Workshop participants discussed the key barriers to empowering local action and focused on recommendations to improve how international actors support local actors through better partnerships, digital solutions and funding.