

Side Event: Financing in Fragile and Humanitarian Contexts

A UNICEF sponsored side event to be conducted during the Second Session of the Preparatory Committee for the Fourth International Conference on Financing for Development in the United Nations Headquarters in New York during the week from 3 to 6 December 2024.

Date and time: Thursday, 5 December 2024, 01:15 p.m. – 2:30 p.m. (ET)

Location: New York, USA; Venue: CR- 7, United Nations Headquarters

Organizer: UNICEF

Agenda

TIME	SESSION	SPEAKERS
5 mins	Opening Remarks	Kitty van der Heijden. Assistant Secretary-General and Deputy Executive Director, Partnerships, UNICEF
65 mins	Panel discussion: Panelist interventions (5 mins each) <i>Guiding topics for panel discussion:</i> - How can all stakeholders ensure sustainable financing of social services in complex settings to better accelerate the SDGs, while ensuring the focus tackling root causes of fragility and conflict? - How can we ensure we have robust and routine data on social sector spending in fragile and humanitarian settings? Panel discussions will be followed by Q&A session	<i>(Panel Moderator: Natalia Winder Rossi)</i> Panelists: - Mr. Shoaib, Deputy Minister of Planning and International Cooperation- - Yemen- financing social services for most vulnerable groups amid conflict - Amb - Mónica Colomer, Ambassador at Large for Financing for Development of Spain, Preparing the Way to Sevilla: FFD4 in 2025 - Head of Qatar Permanent Mission- Her Excellency Sheikha Alya Ahmed bin Saif Al-Thani- Role of Qatar in advancing financing in fragile and humanitarian context. (TBC) - Permanent Mission - DRC- Highlights of DRC experience in financing social services. - Shani Harris, Senior Advisor on Partnerships and Finance, UNDP Crisis Bureau - Jordi Rovira Banos, the Governance Team (Reimagining Public finance initiative)
5 mins	Closing	<i>Natalia Winder Rossi, Director Social Policy, UNICEF</i>

Side Event Blurb

Given the major challenges facing financing preparedness and response in fragile and humanitarian settings, it is important more than ever for the global community and member states to consider key reforms to better realize

the ambition of the Humanitarian, Development and Peace Nexus. This will entail accelerating investments in preparedness, anticipatory action, and resilience building, to tackle root causes of fragility and conflict. This side event aims to discuss key financing solutions based on recent evidence; and will create a platform to discuss how to best support countries in fragility and conflict in accelerating SDG progress in 2025 and beyond. This side event will also shed the light on the Key findings of UNICEF's recent publication on [Finance for Children in Fragile and Humanitarian Settings](#). The side event will also look into [UNICEF's Today & Tomorrow Initiative](#) , which aims to address the growing climate and disaster risk finance gap for children.

Objectives

This side event aims to focus on the following:

- Discuss key policy solutions based on a global landscape and research at country office level, that was illustrated by a recent publication on Financing Social Services in Humanitarian Context.
- Facilitate a discussion on how to best support countries in fragility and conflict to ensure sustainable financing of social services to accelerate SDG progress in 2025 and beyond.

Format

The side event will include a panel discussion from Governments, UNICEF, IMF, and WB to discuss recent evidence on Financing Social Services in Fragile and Humanitarian Settings. It will also include a discussion of lessons learned so far on financing in complex settings and sharing of country experiences on interventions that have illustrated impact in recent years.

Key messages

- It is more urgent than ever to advocate for sustainable finance solutions in fragile and humanitarian settings, including flexible, agile, and diversified finance arrangements to deliver essential social services promoting harmonization of donor support, committing to multi-year predictable arrangements, while bolstering government capacity for resilient public finance.
- In the current context of recurrent crisis, it is critical to promote the alignment of humanitarian, development, and climate finance from all sources (public, private and international), while ensuring linkages and alignment across the Humanitarian, Development and Peace Nexus ensuring timely response and recovery. The realization of the SDGs in all contexts, including in humanitarian settings, depends on the availability and allocation of sufficient resources—whether public, private, domestic, or international—as well as the effective, efficient, and equitable use of those resources to deliver social services.
- Scaling up investment in preparedness, response, and recovery financing is critical to realize the SDGs and rights of children and vulnerable groups living in fragile and humanitarian contexts. Risk-informed finance can address the root causes of fragility through interconnected and reinforcing mechanisms by focusing on preventing shocks and mitigating their impacts; facilitating a stronger humanitarian response through utilizing contingency and disaster risk finance; and building resilient social sectors that address humanitarian, development, and peacebuilding priorities.

Briefing Note

- Humanitarian crises have become more frequent, prolonged, and complex. Since 2020, a series of global shocks have resulted in a polycrisis, significantly impacting the physical, social, and economic lives of people. In 2024, at least 311.3¹ million people² required humanitarian aid, almost fourfold increase from 2013, with children disproportionately affected: 94 million or 31 per cent of those affected are children. This number continues to grow, especially with the increasing number of crises.
- In many countries with the greatest humanitarian needs, governments have limited public funds to finance social services, crisis response, and recovery. While donor support is substantial, it is not enough to close the financing gap, specifically with decreasing both humanitarian aid and ODA.
- Given the limited resources and high needs in fragile and humanitarian settings, it is crucial to optimise social spending from all sources. This requires a strategic shift from largely reactive to more proactive approaches to reduce the likelihood and impact of shocks and address the root causes of fragility.
- Many of the obstacles to delivering the SDGs, reaching Every Child and other vulnerable groups in crisis settings can be directly traced to public financial management (PFM) challenges, and responds with strategies for increasing the adequacy, sustainability, efficiency, effectiveness, equity, transparency, and accountability of public finance. PFM weaknesses across sectors are both a source of fragility and are compounded by crises. In fragile and humanitarian settings, the confluence of heightened children and household vulnerabilities and distinctive PFM problems makes pursuing regular PFM practices in fragility and conflict not sustainable.
- Populations, including children, need to be better served by stronger, shock responsive and risk informed social sectors and humanitarian response that is coordinated and prioritizes strengthening of public and humanitarian finance management; to improve the performance of all spending on social services from all sources (public, private and international); reduce the likelihood and impact of shocks; and facilitate inclusive and effective response and recovery, at lower cost.
- Recent data as of 2024³ indicates a huge gap in financing social services in humanitarian settings: Health services face the biggest funding gap, with an extra \$3.5 billion needed worldwide for health in humanitarian settings. This deficit puts children at risk of being cut off from essential care in contexts where the threat of disease and malnutrition soars. Water, Sanitation and Hygiene also face a major gap around \$2.9 billion.
- Education services require a further \$2.5 billion globally to cover estimated humanitarian costs. This funding gap not only threatens children's right to education; out-of-school children face a greater risk from the physical and psychological dangers around them.
- There are major gaps in financing preparedness and anticipatory action, as 93 percent of humanitarian aid continues to be spent reacting to crises⁴.
- Given the major challenges facing financing preparedness and response in fragile and humanitarian settings, it is important more than ever for the global community and member states to consider key reforms to better realize the ambition of the Humanitarian, Development and Peace Nexus. This will entail accelerating

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[Global Humanitarian Overview 2024, June-July Update \(Snapshot as of 31 July 2024\)](#) | OCHA

³ <https://fts.unocha.org/home/2024>

⁴ Social Spending Monitor 4- Financing Social Service in Humanitarian Settings, UNICEF, 2024 ([Link](#))

investments in preparedness, anticipatory action and resilience building, and tackle root causes of fragility and conflict.

To achieve that, it is important to consider the following policy solutions:

- Give more emphasis on situation surveillance, to monitor social spending, analyse political economy, and generate evidence on current and potential impact of fragility and crisis to inform risk management, response, and recovery. The aim is to augment the understanding the present and potential financing gaps in fragile and humanitarian settings, which is crucial to inform effective risk management, response, and recovery strategies. Specifically, this will ensure to monitor the potential and current impact of risks and crises on the financing gap for children across social sectors; analyse the political economy and financing landscape to identify bottlenecks and opportunities to safeguard and advance child-rights. And, to generate evidence of the costs and benefits of financing strategies, expenditures, and reforms, to strengthen social sector finance and enhance risk preparedness, prevention, and mitigation.
- Prioritise social spending for children and vulnerable groups in fragile and humanitarian settings through policy dialogue and evidence-based advocacy. Ensuring that children in fragile and humanitarian settings receive continuous and adequate public funding is essential for their well-being and development. This action area focuses on safeguarding social spending from budget cuts, improving social sector budgets, and expanding fiscal space through debt relief and fiscal reforms. Specifically, to ensure safeguarding social spending from budget cuts in moments crisis, through high-level policy dialogue and advocacy to ring-fence social sector budgets; Engage in policy dialogue and advocacy to improve the financing adequacy, equity, cost-effectiveness and efficiency of risk-informed social sector budgets; Debt relief and restructuring policy dialogue to expand fiscal space for child-focused programmes; and Taxation policy dialogue to raise additional finance for equitable social services.
- Strengthen national and local level capacities and provide technical support to improve the performance of finance for children, strengthening PFM risk management, contingency financing, response, and recovery. The compounding nature of crises and their impact on inclusive economic growth requires an explicit prioritization of financing preparedness and anticipatory action, particularly to maintain the service delivery of critical social sectors in times of crisis. Investing in making health, education, and particularly, social protection and WASH systems more risk-informed and shock-responsive – leveraging all the financing options available - is thus critical to protecting systems, enabling their effective use for early response, while ensuring that most vulnerable groups, including children can access critical services even in crisis contexts.
- Building capacities for risk-informed, child-responsive PFM is essential to enhance the performance of social sector spending, crisis response, and recovery. Specific policy solutions include building capacities for risk-informed, child-responsive public finance management, to improve the performance of social sector spending, crisis response and recovery, including building the capacity for Disaster Risk Financing (DRF), and contingency budgeting and financing, strengthening local-level financing and local capacities for social service delivery, crisis response, and recovery. And, empowering citizens, including children and adolescents, to monitor and participate in budget processes for more transparent and accountable spending.
- Align and harmonize external and domestic private finance, to improve performance of response and recovery. Leveraging partnerships with international financial institutions (IFIs), engaging private sector actors, and convening donors to unlock and harmonize and align resources for risk-informed finance in fragile and humanitarian settings is pivotal in humanitarian response.

- Specific policy solutions call to - Align and harmonize all types of finance, including climate finance, to improve performance of response and recover; leverage private sector engagement to mobilise funds for social services, Disaster Risk Reduction (DRR), Climate Change Adaptation (CCA), Anticipatory Action (including market-based ex-ante financing instruments), and to address critical system bottlenecks to promote resilient development. And augment engagement with IFIs to unlock financial resources for social sectors and build resilience. Leverage grants and concessional lending for risk prevention, preparedness, and resilient recovery.

Today and Tomorrow Initiative

- [UNICEF's Today & Tomorrow Initiative](#) (TTI) is the world's first integrated climate and disaster risk finance mechanism specifically targeted and designed to be effective for children and young people. The initiative responds to the call for moving away from a traditional ex-post humanitarian response towards a more proactive ex-ante risk management approach as it offers comprehensive climate risk financing through a parametric insurance that is pre-designed to deliver rapid finance for relief and recovery with an explicit focus on children and young people.
- Through its Today pillar, the initiative is designed to provide support for child-centered climate change adaptation, disaster risk reduction, and preparedness / anticipatory action so countries can avert, prevent and minimize climate and disaster risks across hazards while building a low carbon future and strengthening government and other stakeholders' capacities and ownership of practical solutions to build longer-term resilience that needs to start today.
- Initially, TTI will be piloted for 3 years, from 2023 to 2025, across 8 countries, including in the Caribbean (Haiti), Africa (Comoros, Madagascar, Mozambique), Asia (Bangladesh), and Pacific Island countries (Fiji, Solomon, Vanuatu). After the pilot phase, the initiative is expected to scale up to more countries and cover other hazards, such as earthquakes, floods and drought, and ultimately reach 1 billion children and young people living in countries at extremely high risk from the impacts of climate change (UNICEF Child Climate Risk Index).