

MAPPING THE FINANCING FOR REGIONAL DRIVERS OF FRAGILITY IN THE HORN OF AFRICA

Final report for the Partners of Horn of Africa Initiative
prepared by the UN Multi Partner Trust Fund Office, May 2017

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Foreword By United Nations Department of Political Affairs

The Horn of Africa is one of the most turbulent regions on the continent. All countries in the Horn are either affected by conflict or by its spill over. It is also a region where the United Nations (UN) has invested a significant amount of political capital and resources, whether in the form of peacekeeping operations, special political missions, or other UN presences. In fact, for the past ten years, around one-third of the UN peacekeeping budget and a third of its humanitarian funds have been spent on addressing crises in the Horn.

The mapping exercise was conducted as part of the follow up to the Horn of Africa Regional Initiative launched by the UN Secretary-General, World Bank Group (WBG) President, and senior representatives of the African Union (AU), European Union (EU), African Development Bank (AfDB) and Islamic Development Bank (IsDB) in October 2014. With over \$8 billion pledged as part of the initiative, significant expectations were raised in the region without the necessary clarity on how the pledges were going to be spent. The mapping, therefore, is our collective attempt to ensure coordination, potentially avoid duplication and to see how we can further improve our joint efforts.

The result of the mapping exercise reflects the need for stronger coordination across the United Nations system, and with its partners on the ground, to ensure a joint delivery of our complementary mandates, in the spirit of the sustaining peace resolutions and the 2030 Sustainable Development Agenda. Critically, the mapping also highlights that significantly more attention, capacity and resources should be dedicated to the prevention of conflict, rather than solely for managing its consequences. The Secretary-General's vision for a more preventive United Nations therefore remains as vital as ever.

October 2017 marks the three year anniversary of the launching of the initiative. The interaction between the multilateral partners on the Horn of Africa has increased significantly since the visit, allowing for improved exchange of information. The mapping now provides an opportunity to go a step further – to check our course, to see how we can each complement each other based on comparative advantages, and to do so in a way that is in line with the political realities on the ground. DPA is committed to taking this discussion forward together with our multilateral partners.

Executive Summary

The Horn of Africa Regional Initiative was launched by the former UN Secretary General, the World Bank Group (WBG) President, and senior representatives of the African Union (AU), European Union (EU), African Development Bank (AfDB) and Islamic Development Bank (IsDB) during their joint-trip to the region in October 2014. The Initiative represents a unique commitment among the partners to work together to help the Horn of Africa (HoA) countries address the regional drivers of fragility in the region. The partners decided in 2016 to undertake a mapping of the financing flows behind the regional drivers of fragility in the HoA. The UN through the UN Multi-Partner Trust Fund Office (MPTF Office) took the lead in coordinating the financing mapping exercise and producing this draft report.

The report attempts to provide a short analysis in easily-accessible format of the existing financing flows and instruments addressing regional drivers of fragility in the Horn of Africa that are of a regional nature. The thematic scope of the mapping exercise and report is limited to five themes, namely: IGAD strengthening, regional economic integration, marginalized borderlands, forced displacement, and peace and security. The geographical scope was defined as the IGAD countries, i.e. Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda. The definition of the financing instruments was based on the joint mapping of financing instruments, carried out by the OECD/DAC, WB and UN in May 2016 as an input into the World Humanitarian Summit, and the period defined as 2013-2017.

The data collection was carried out using an excel file specifically designed for the exercise based on the above parameters; telephone calls and email exchanges were used to complement the excel file. Overall, the data collection process faced a number of challenges that may have affected the quality of analysis and notably the detailed information in this report, which included:

- Large differences in quality of data submitted by the various partners;
- Difficulty for partners to match projects / programmes to the five regional themes;
- Difference in definitions and interpretations of the five different thematic areas;
- Difficulty in providing information on mix of grant instruments used for a given project (for UN)
- Adjustments required for partners that do not work with calendar year as their financial period.

The preliminary conclusions that can be drawn based on the findings in this report are:

1. While the drivers of conflict have been identified through the HoA Initiative, interpretation of these drivers seemed to differ among partners. This combined with the absence of a joint, costed planning framework and agreed upon regional financing architecture made it difficult to identify the strategic gaps in H-D-P financing for priority regional themes and geographical areas.
2. Some level of synergy / complementarity in regional financing exists in a few areas.
3. Regional financing flows reflect a silo-ed picture of interventions
4. Overall regional financing flows reflect a mixture of Humanitarian-Development-Peace interventions that is unbalanced, with relatively few resources for regional level prevention and development interventions, and a large focus in IGAD countries on humanitarian and peace & security responses.
5. Overall regional financing flows reflect a strong focus on using grant resources, and some concessional lending, while most non-grant instruments have not been used at all.

Recommendations: The HoA partners could consider various options for follow-up actions that would strengthen their partnership within the HoA Initiative. The partners could strengthen their joint analysis and planning for regional drivers of fragility in the HoA, which could feed into a more coordinated implementation. They could deepen the joint analysis of the financing challenges, building on the analysis in this report, and look at financing solutions that could include a more coordinated and coherent financing architecture for interventions across the H-D-P nexus.

Background on the Horn of Africa Regional Financing Mapping

The Horn of Africa Regional Initiative was launched by the former UN Secretary General, World Bank Group (WBG) President, and senior representatives of the African Union (AU), European Union (EU), African Development Bank (AfDB) and Islamic Development Bank (IsDB) during their joint-trip to the region in October 2014. The initiative represented a unique commitment among the partners to work together to help the Horn of Africa (HoA) countries address the drivers of fragility in the region.

Building on the momentum of the regional and global collaboration amongst the partners in the Initiative, the UN proposed to the other partners in mid-2016 to develop a mapping of the six multilateral partners' financing flows and instruments in the HoA that address regional drivers of fragility. This mapping was anticipated to enable, among others, an improved understanding of existing financial flows and instruments, areas for possible further synergy among organizations, and strategic gaps. The exercise was not meant to look at country-level-only projects, unless they had a clear regional dimension. Rather, the mapping was primarily for projects and programmes addressing regional drivers of fragility in five clearly specified thematic areas, which meant that the exercise intended to map only a distinct portion of the total financing of the six multilateral partners to region (see annex 1: TOR).

At the request of the UN Department of Political Affairs, the UN Multi-Partner Trust Fund Office (MPTF Office) took the lead in coordinating the financing mapping exercise, which was started up in December 2016 and completed by the end of March 2016. Given the request of the Horn of Africa partners to use the preliminary results of the data mapping exercise for the 25 March 2017 IGAD Summit on Durable Solutions for Somali Refugees, the MPTF Office also agreed to produce an additional analytical input tailored for the Summit, using the financial mapping data collected up to 2 March 2017.

Data collection

The mapping exercise is the first of its kind, in that it tries to systematically identify multilateral flows of financing that address regional drivers of fragility in the HoA region across the Humanitarian – Development – Peace nexus. An excel file was specifically designed for the exercise (see annex 3) and sent to all partners with the aim that the data entry for all multilateral partners would be the same (see annex 2 for partner focal points). Having no precedent, a number of decisions were taken up front to define the scope of the exercise:

- ✓ The thematic scope was limited to five themes that reflect regional drivers of fragility: IGAD strengthening, regional economic integration, marginalized borderlands, forced displacement¹, and peace and security. The thematic areas were drawn specifically from a WB report² that identified regional economic integration, forced displacement, marginalized borderlands and IGAD strengthening as important areas of support. Peace and Security was added as a theme to draw specific conclusions on how much of the total regional financing to HoA goes to peacekeeping and political mission in comparison to regional development (Regional Economic Integration, Marginalized Borderlands and IGAD strengthening) and regional humanitarian efforts (forced displacement).
- ✓ Geographical scope was defined as the IGAD countries, i.e. Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda. Borders between IGAD countries were also introduced to enable a more specific analysis of initiatives for marginalized borderlands and possibly forced displacement.

¹ All partners were requested to exclude projects/programmes focused on support to IDPs from the data submission.

² World Bank, 2014, (Draft) Regional Initiative in Support of the Horn of Africa

- ✓ Time period was defined as 2013-2017: The years 2013 and 2014 were chosen to get a better picture of what the financial flows looked like before the joint multilateral visit in October 2014, while the figures over the 2015 - 2017 period would ideally provide an idea of the significance of the changes in financial flows since the HoA Regional Initiative was initiated.
- ✓ The definition of the financing instruments was based on the joint mapping of financing instruments, carried out by the OECD/DAC, World Bank and United Nations in May 2016 as an input into the World Humanitarian Summit. The inclusion of a marker for the type of financing instrument attempted to capture the nature of financing flows (grants / loans / other instruments), the flexibility of the financing instrument and the areas of synergy and complementarity in a regional financing architecture.

In terms of process, the mapping template was sent to all regional partners of the HoA initiatives, the EU, UN, AU, AfDB, IsDB and World Bank. Within the UN, more than ten UN entities were approached, including UN Secretariat (DPA, DFS, DPKO, OCHA, PBSO?), UNHCR, UNICEF, IOM, WHO, UN WOMEN, FAO, WFP, UNFPA, UNOPS and UNDP. A series of telephone conferences was scheduled during the data collection time to explain the approach, address questions and solve bottlenecks. The very specific nature of the information requested added a level of complexity to the exercise, as it required the participants to match the data available within their institution's information systems to the data collection template used for the exercise. In the process, the actual time for data collection had to be extended from one month to more than two months, with some responses still outstanding at the time of the preparation of this report.

Scope, quality and limitations of the data

The preliminary results of this mapping exercise need to be reviewed considering the limitations that are inherent in any mapping exercise, and the specific challenges that surfaced during the data collection process for this exercise.

Information systems of organizations submitting data pose limitations

The quality of the data in the overall data set is, first and foremost, limited by the quality, structure and granularity of programmatic and financial information available within the multilateral organizations participating in the exercise. For example: for certain UN entities, information on expenses was not readily available and budget information had to be used instead to determine commitments. In other instances, the distribution of overall commitments over different financing instruments could not be determined.

Not all responses were received on time

This was the first mapping exercise across five different thematic areas covering a broad set of programmatic interventions financed by the six multilateral partners of the HoA Initiative. Overall, all partners, initially part of the regional initiatives, have been enthusiastic and on board to conduct this exercise and were keen to submit the data. From all regional partners involved in the HoA Regional Initiative, only the AU was not able to submit their data. However, most of the AU peace and security initiatives have been captured through the EU's data on financing provided through the African Peace Facility to the AU, ensuring that AU interventions were reflected to some extent.

The report provides also an incomplete picture on the UN side: from all the UN entities involved in the exercise, incomplete data were received from two, and no data from five other UN organisations. The data contained in the consolidated reports for the South Sudan Regional Refugee Response Plans, put together by UNHCR for 2014-2016, permitted to some level to fill the hiatus for the non-reporting UN organisations. Still, it is estimated that the UN humanitarian and development portfolio could be potentially 15% higher than currently reported, especially in the thematic areas of forced displacement and marginalized borderlands.

Quality of responses posed limitations in the data consolidation

- A. **Quality of data of the different partners:** The data request required a matching of the data available within institutions information systems to the template, followed by a systematic review of the data received, and requests for clarifications or adjustments in those cases where through e.g. the triangulation of data it was clear that the data was not fully adequate. However, ultimately this draft report was written from the assumption that the data as submitted was the best that could be collected within the set limitations.
- B. **Regional versus national:** A predominant challenge for most partners has been the regional focus of the exercise, i.e. determining which interventions “were in” and which ones “were out”. Overall, partners struggled to match data of what were often national projects in their organisations information systems, to the five regional themes. Although partners were encouraged to think beyond a pure ‘regional project’ and look at national projects that have a regional focus, the initial data submissions at times inadequately included too many country-level projects with a clear national focus only and/or did not include the required detailed information for each project to determine whether it was in scope.
- C. **Thematic area:** Regarding the thematic areas, partners taking part of the exercise had different definitions and positions on the meaning of the five different thematic areas presented. Some projects had more than one project objective and/or were multi-sectoral, while this exercise was designed to link each project/programme to one thematic area only. Hence, it can be assumed that some of the projects submitted are likely targeting drivers of fragility in two or more thematic themes.
- D. **Type of financing:** Many projects/programmes were financed through a mix of financing instruments, while this exercise was designed to link each project/programme to one financing instrument. Further, respondents were often not able to determine the exact mix of financing instruments for a given intervention, while it was a challenge for some to translate their organisation’s financing model to a set list of financing instruments.
- E. **Calendar year:** Not all partners work with calendar year as their financial period. The years have been adjusted to fit the exercise and to allow for a better analysis.
- F. **Commitment versus disbursement:** The exercise tried to capture both the commitment and the disbursements / expenses under each of the projects. However, only about 25% of all partners have been able to fill in the disbursement category. For data quality purposes, it was decided to only use the commitment figures, even though this does not reflect the actual financial flows to the HoA. For financing instruments for which the difference between yearly commitments and disbursements is notably large, such as concessional loans, available disbursement information was used as well.

Analysis of the data

Overall financial commitments for five regional themes

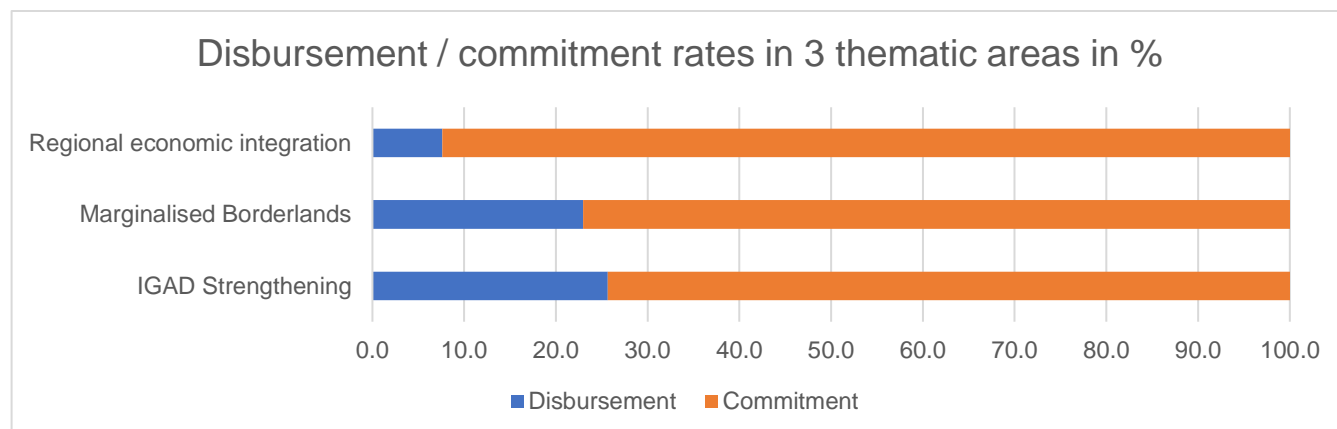
The overall level of financial commitments reported through the regional HoA mapping exercise is USD 19.6 billion out of which USD 13 billion alone was for peace and security efforts, the majority supporting peacekeeping missions in South Sudan, Sudan, and Somalia. Out of the USD 19.6 Billion, 21% was committed for regional humanitarian purposes (i.e. forced displacement), 68% for peace and security efforts, and 10% to regional economic integration. Only 1 % of the total commitments was for marginalized borderlands and IGAD strengthening. The UN is the biggest partner by far in the humanitarian, and peace and security sector, while the three Multilateral Development Banks (WBG, AfDB and IsDB) provided about 84 % of their financial commitments to regional economic integration initiatives (see table 1).

Table 1: Total regional financial flows by organization and thematic area, 2013-2017 (commitments, in million USD)

	EU	UN	WBG	AfDB	IsDB	Grand Total
<i>IGAD Strengthening</i>	5	10	25			41
<i>Marginalized Borderlands</i>	66	50		100		216
<i>Regional economic integration</i>	10	3	1,551	460	37	2,062
<i>Forced displacement</i>	293	3,490	175	55		4,014
Subtotal	375	3,553	1,751	615	37	6,332
<i>Peace and Security (EU, AU, UN only)</i>	1,233	12,081				13,314
Grand Total	1,598	15,634	1,751	615	37	19,635

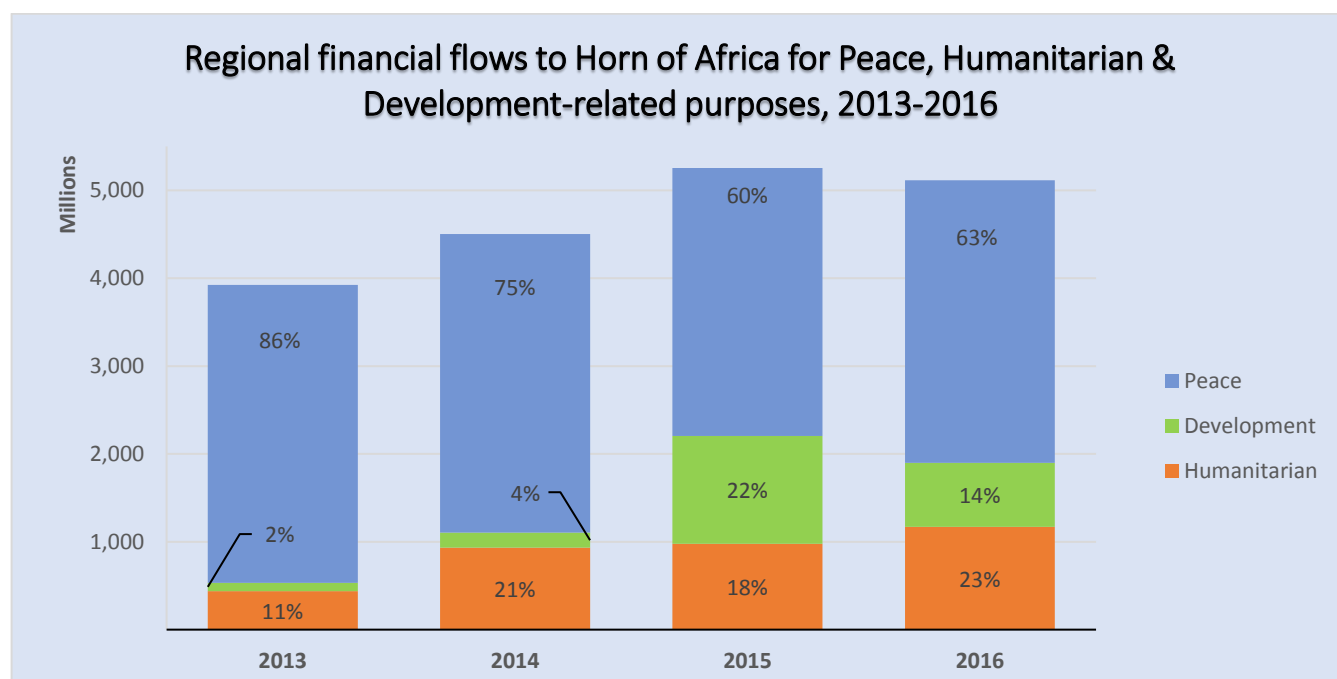
Based on the disbursements reported compared to commitments, only 25% was disbursed under the IGAD strengthening theme as two major grants, one from the EU of USD 5 Million and one from the World Bank Group of USD 25 Million have not started implementation. A similar picture can be drawn under the thematic area 'regional economic integration'. Here, only 8% of the USD 2,062 Million have been disbursed according to the data submitted. Only USD 75 Million have been disbursed through the World Bank Group (which constitutes roughly 5% of their overall commitment) and USD 79 Million through the AfDB (17%). (see also Figure 1). The disbursement rate under the thematic area forced displacement could not be determined, as UN organizations in general only completed the commitment data.

Figure 1: Disbursement / commitment rates in the 3 thematic areas regional economic integration, marginalized borderlands and IGAD strengthening (2013-2017, in %)



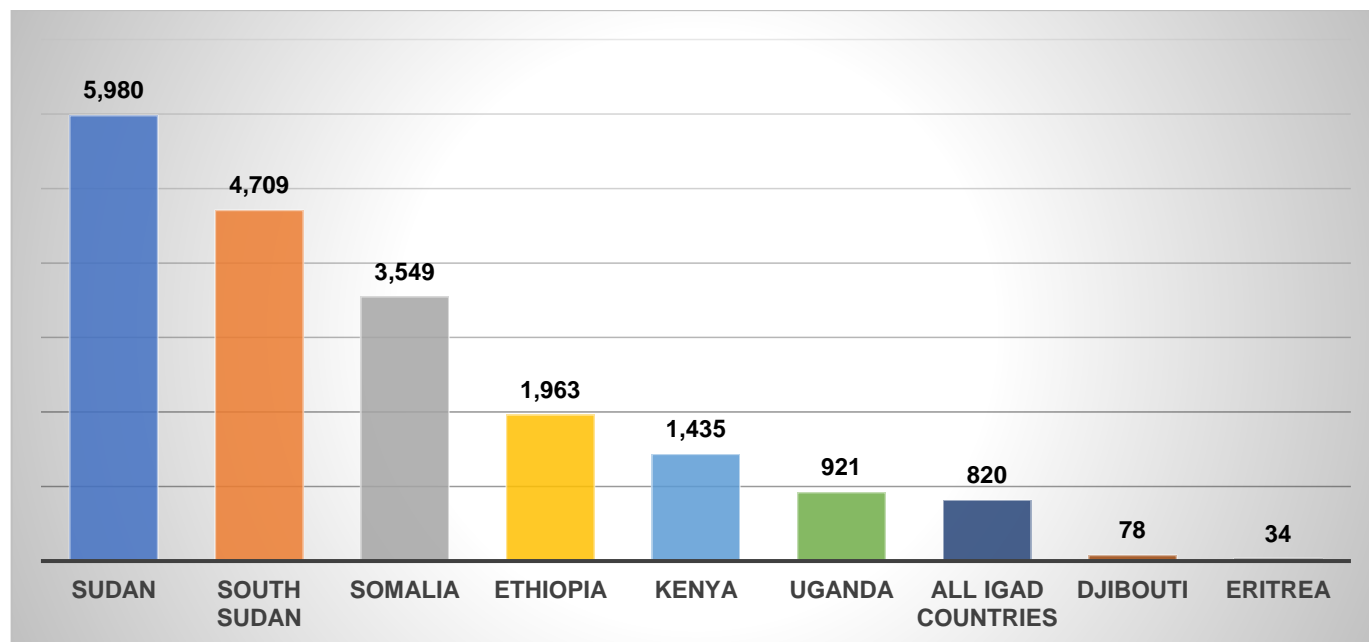
Looking at the mapping of commitments using the perspective of the Humanitarian–Development–Peace nexus, on average of 12% of the overall regional financial flows for the five themes covered by this mapping exercise was for development-related cooperation. The majority was allocated to peace and security, and humanitarian efforts (see Figure 2). Considering that most of the funding for development-related cooperation/activities has not yet been disbursed, it is not clear if any major shift in development results could be determined since the establishment of the Horn of Africa initiative in October 2014.

Figure 2: Annual financial commitments for Peace, Humanitarian and Development-related Regional Themes, for period 2013-2016 (in million USD)



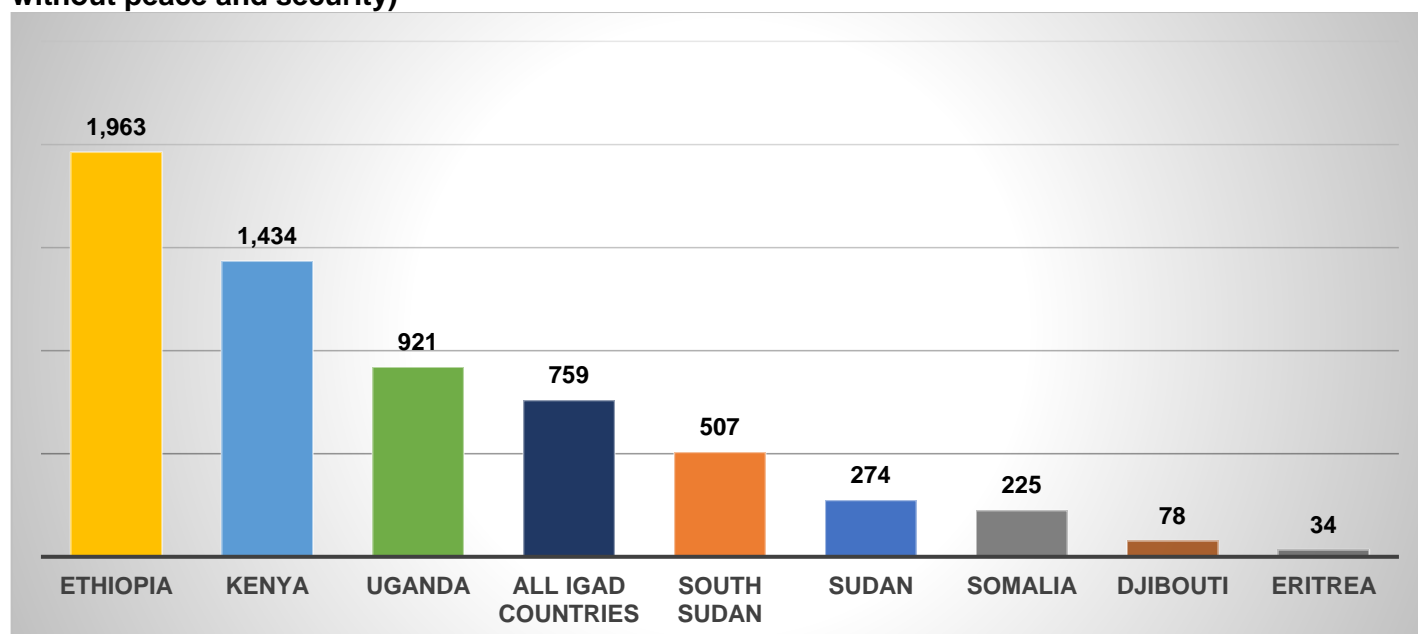
Comparing all the Horn of Africa countries included in this mapping exercise, Sudan is by far the largest recipient of regional financing in the region followed by South Sudan and Somalia (Figure 3a).

Figure 3a: Total regional financing for all five thematic areas by country, 2013-2017 (in million USD, including peace and security)



However, most the financing for regional purposes is spent on peace and security (defined as peacekeeping missions). If the financial flows for peace and security efforts would have been disregarded, the three countries with the highest levels of regional financing would end up at the lower end of the financial commitment per country spectrum (Figure 3b).

Figure 3b: Total regional financing for four thematic areas by country, 2013-2017 (in million USD, without peace and security)

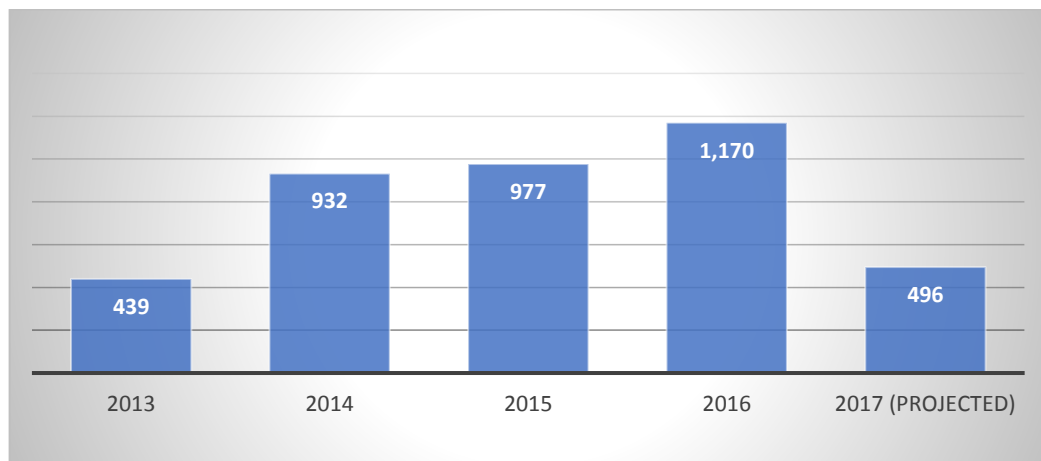


Results by Thematic Area

A. Forced Displacement

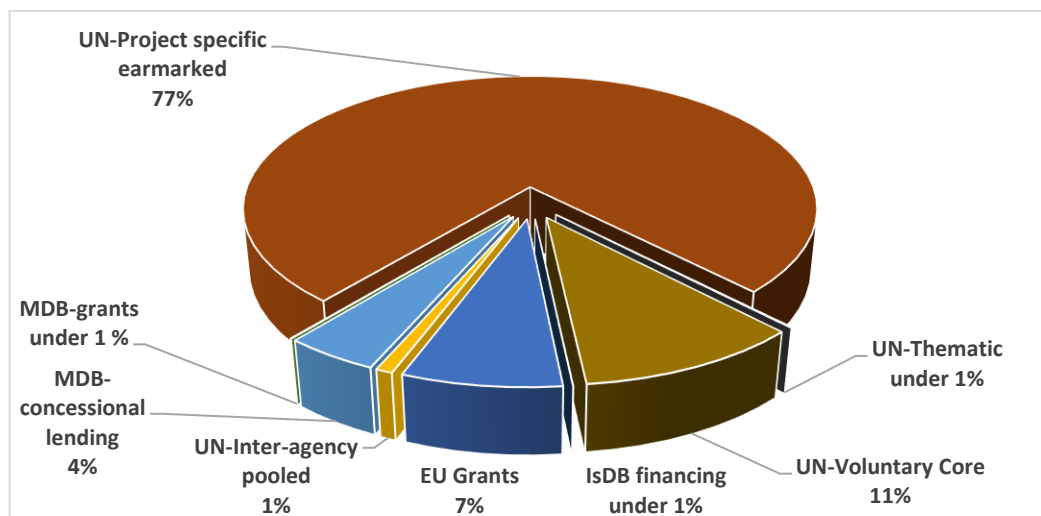
In the period 2014 – 2016, the financing flows linked to forced displacement (mainly support to refugees and their host communities, excluding support to IDPs) has increased by about one third (see Figure 4), to reach over 1 billion USD in commitments in 2016.

Figure 4: Regional financing for Forced Displacement by all regional partners from 2013-2017 by volume, in million USD



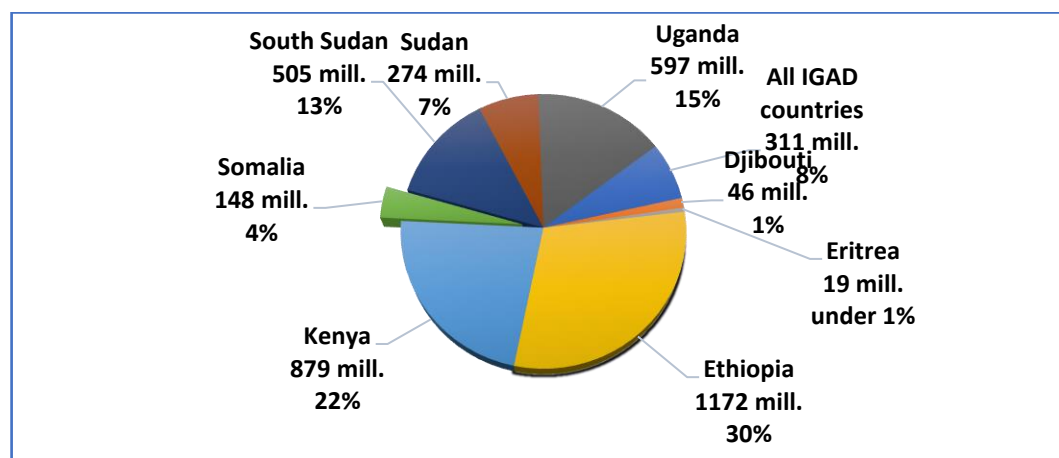
The vast majority of interventions linked to forced displacement are funded through grants, while only 4 % of the financing came in the form of concessional financing. Earmarked funding to the UN is by far the preferred grant funding modality for forced displacement, with almost 78% of the funding being provided through UN agency-level specific earmarks and only 1 % through UN inter-agency pooled funds. In addition, an estimated 11% of financing came as UN voluntary core, while 7% of the financing was delivered through EU grants (Figure 5).

Figure 5: Financing instruments used for interventions on forced displacement, 2013-2017



In terms of regional funding for forced displacement, Ethiopia is by far the biggest recipient, followed by Kenya, Uganda and South Sudan. Somalia falls into the lower end with receiving only 4% and 148 Million USD towards regional efforts for forced displacement in the years 2013-2017 (Figure 6).

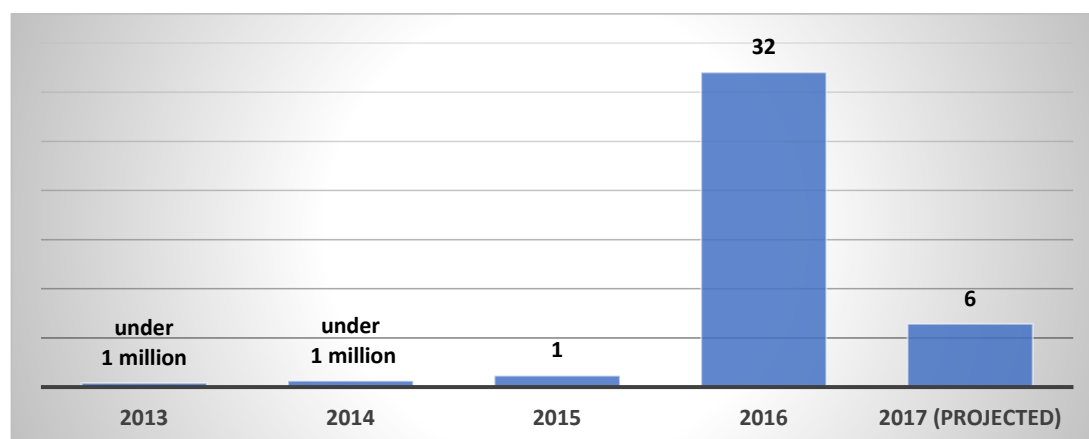
Figure 6: Commitments for forced displacement by country, 2013-2017, (in million USD)



B. IGAD Strengthening

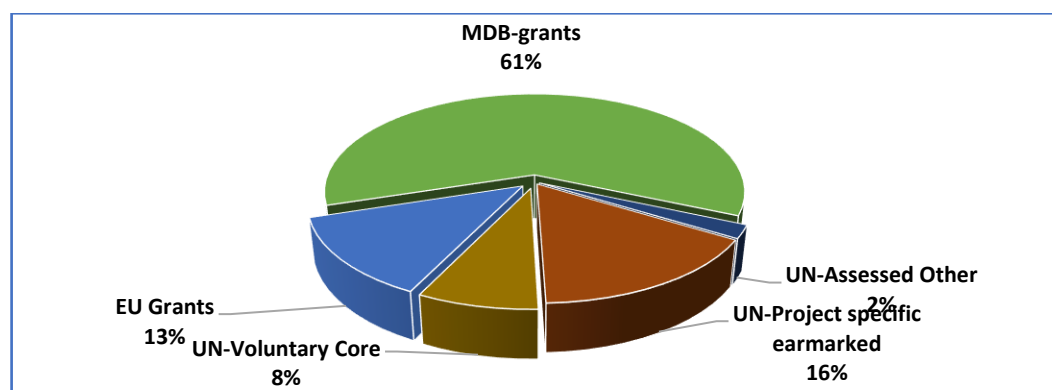
In the period 2014 – 2017, the regional financing flows linked to IGAD strengthening have been rather low: from 2013-2015 this theme received around 1 Million or less per year. In 2016, 3 partners invested into this area: UNDP, EU and World Bank. The 32 Million USD represents commitments and only 6% of USD 32 Million had been disbursed by early 2017. Both projects, the EU project “Strengthening IGAD's ability to promote resilience in the Horn of Africa” and the World Bank project “Strengthening DRM Capacity in IGAD”, have most likely not started their implementation/disbursement. In 2017, UNDP is expected to launch the project “Strengthening IGAD Capacity in Building Resilience”.

Figure 7: Regional financing for IGAD strengthening by all regional partners from 2013-2017 by volume, in million USD



In terms of the financing mechanisms, interventions under the IGAD Strengthening theme are fully funded through different forms of grant resources (see Figure 8).

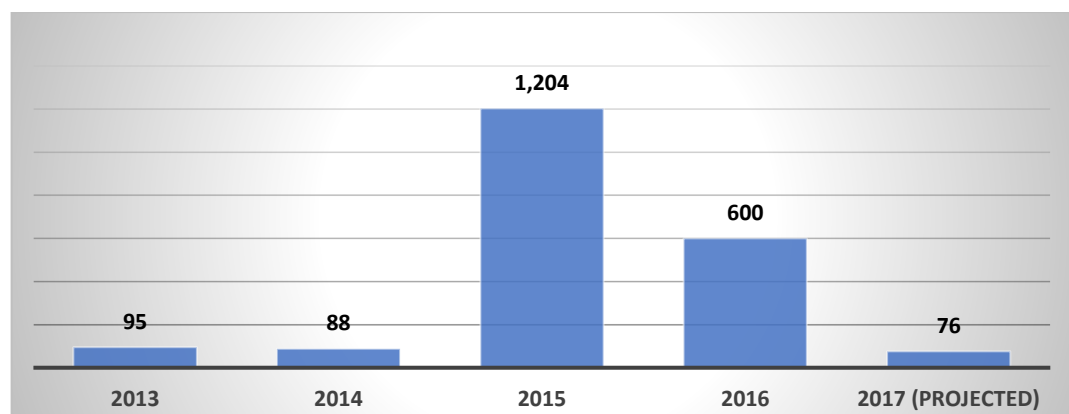
Figure 8: Financing instruments used for interventions on IGAD strengthening, 2013-2017



C. Regional Economic Integration

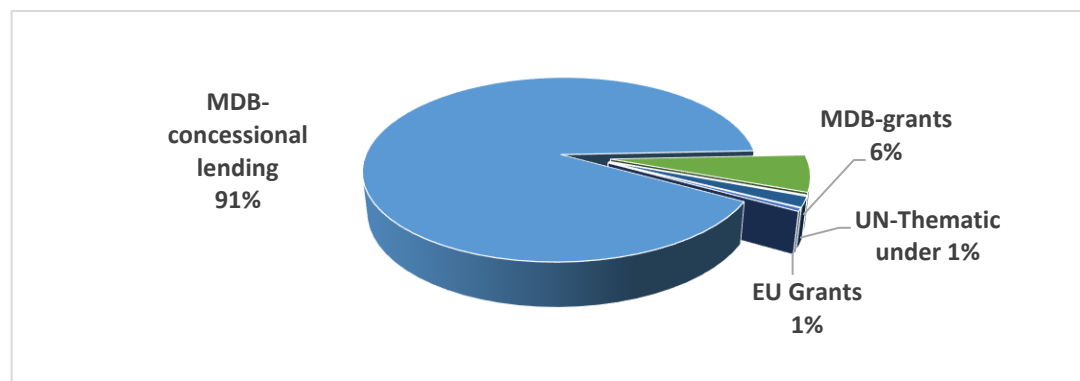
The data collected in the exercise could capture about USD 2 Billion of regional financing in the area of regional economic integration. Most regional financing is coming from the World Bank and the AfDB respectively. According to the data submitted, only 8% of the total had been disbursed by early 2017: 75 Million USD have been disbursed through the World Bank Group (which constitutes roughly 5% of the overall commitment) and 79 Million USD through the AfDB (17% of total commitment).

Figure 9: Regional financing for regional economic integration by all regional partners from 2013-2017 by volume, in million USD



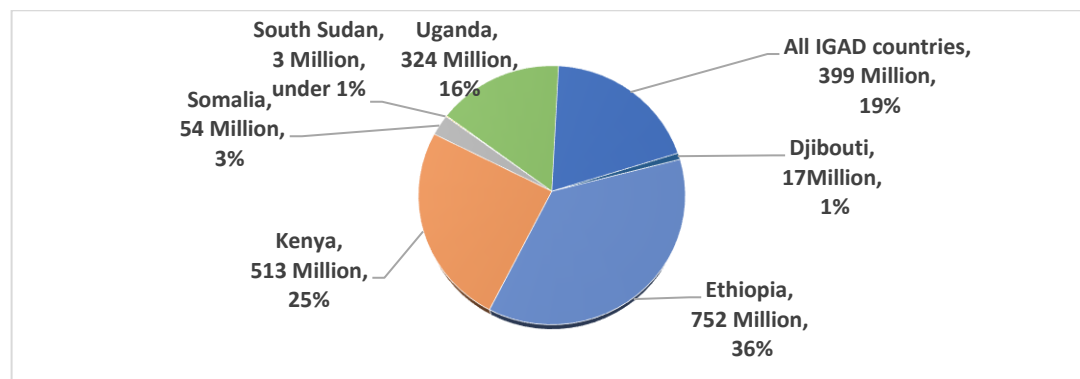
MDB concessional lending is the preferred financing instrument under this theme, followed by MDB grants. The three multilateral banks, World Bank Group, AfDB and IsDB account for almost 100 per cent of the commitments under this theme, the only exception being a UNDP implemented project in South Sudan under the thematic financing instrument “Enhanced Integrated framework for Trade”.

Figure 10: Financing instrument used for interventions on regional economic integration, 2013-2017



In terms of regional distribution in the thematic area of regional economic integration, Ethiopia is by far the largest recipient with USD 752 Million, followed by Kenya (USD 513 Million) and Uganda (USD 324 Million). Somalia, South Sudan and Djibouti have far lower financial commitments in this thematic area, with Sudan and Eritrea not having any commitments on record.

Figure 11: Commitments for regional economic integration by country, 2013-2017, (in million USD)

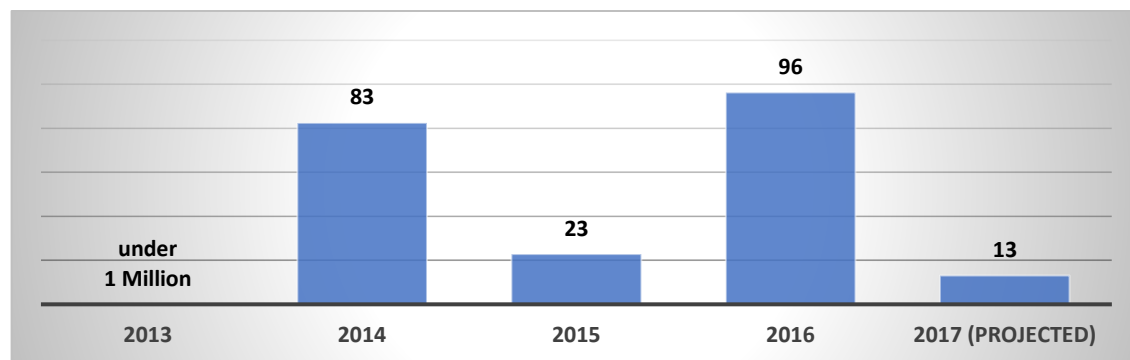


D. Marginalized Borderlands

The mapping collected information on a total of USD 216 Millions of commitments in the thematic area of marginalized borderlands. Partners captured only 1 % of the total regional financing flows as commitments under this category (figure 12).

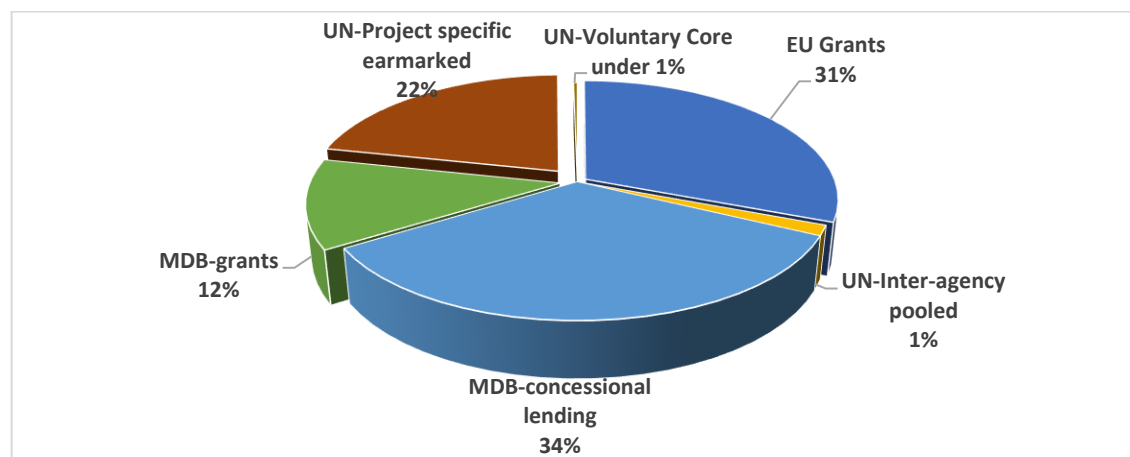
The largest volume is a EU project of USD 66 Million on 'Collaboration in Cross-Border Areas of the Horn of Africa' launched in 2016 with no disbursement yet, followed by a project by UNICEF in the Homa Bay & Turkana counties (fully disbursed) and an AfDB project on Sustainable Livelihoods of around USD 23 Million with a disbursement rate of 5%. Almost all projects submitted have a focus on the Kenya/Ethiopia border with only two projects focusing on the Somalia/Kenya border. In general, it seems that few interventions are taking place that address the marginalization of borderlands in the Horn of Africa region.

Figure 12: Regional financing for Marginalized borderlands by all regional partners from 2013-2017 by volume, in million USD



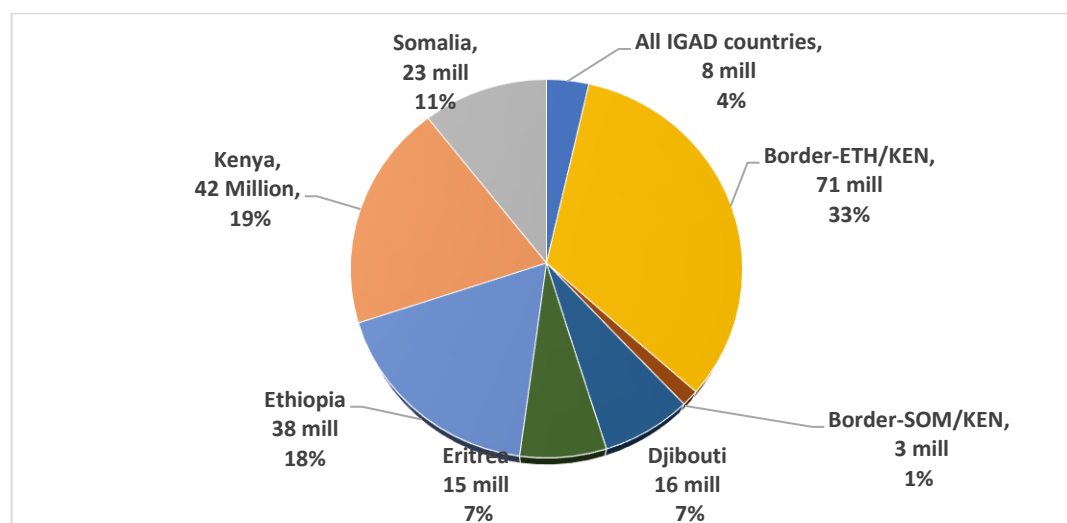
In terms of financing instruments, interventions in marginalized borderlands are for two thirds funded through grant resources from EU, MDBs and the UN, and one third through MDB concessional lending.

Figure 13: Type of financing instrument used for financing interventions on marginalized borderlands, 2013-2017 (in %)



As indicated above, the largest volume of funding goes to the Ethiopian/Kenyan border (33%), 19% of funding to Kenya, 18% to Ethiopia and 11% to Somalia. The two projects at the Somalia/Kenya border received 1 % of total commitments.

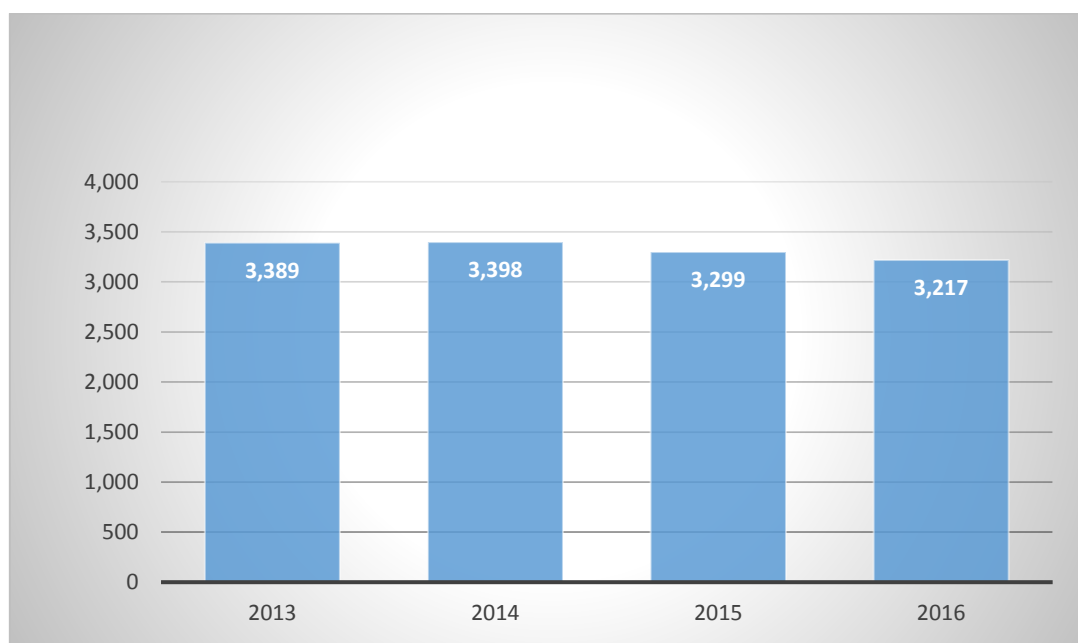
Figure 14: Commitments for marginalized borderlands by country, 2013-2017, (in million USD)



E. Peace and Security

The Horn of Africa mapping collected data on a total of USD 13.3 Billion in commitments for (regional) peace and security efforts in the Horn of Africa region. Out of the USD 13.3 Billion USD, 12.1 Billion could be attributed to the UN and 1.2 Billion to the EU.

Figure 15: Regional financing for peace and security by all regional partners, 2013-2017 (in million USD)



Looking at these numbers in detail, 11.8 Billion is for UN peacekeeping and logistical missions in Sudan, South Sudan and Somalia, while 0.3 billion is committed through the Special Political Missions

administered through UNDPA. UNDP invests USD 8 million in a Peace Support Operation Training Center and supports the implementation of Peace & Security Agenda of the African Union Commission.

The EU supports a number of peace and security initiatives in the Horn of Africa region, the largest of which is its financial support to AMISOM. In addition, it finances the Early Response Mechanisms to the African Peace and Security Architecture (APSA) Support Programme.

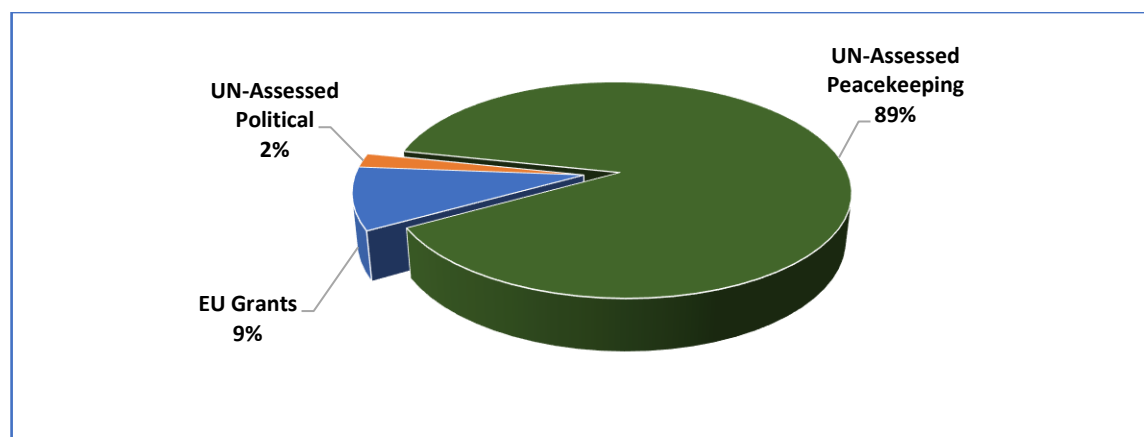
Although the data for the peace and security theme is the largest compared to the other four thematic areas and reflects mainly country specific peacekeeping interventions, it was included in the HoA mapping for three reasons: firstly, the exercise was determined to show the regional flows to Horn of Africa in relation to the Peace, Humanitarian and Development nexus, with “peace” being defined as “peacekeeping and political missions”. Secondly, although peacekeeping is largely a national intervention, it has a strong impact on regional drivers of fragility in the region. And thirdly, one cannot disregard the troop contributions to these peacekeeping missions from the Horn of Africa countries themselves (table 2) which are significant in scale and relevant to the regional drivers of fragility in the region.

Table 2: Peacekeeping Troop contributors from the Horn of Africa Region as of Dec. 2016

	Ethiopia	Djibouti	Kenya	Uganda
<i>AMISOM</i>	4342	1847	3060	6070
<i>UNSOS</i>				
<i>UNMISS</i>	1303		188	30
<i>UNISFA</i>	4406			
<i>UNAMID</i>	2570	140	122	
<i>UNSOM (Guard Unit)</i>				531
<i>Total</i>	12621	1987	3370	6631

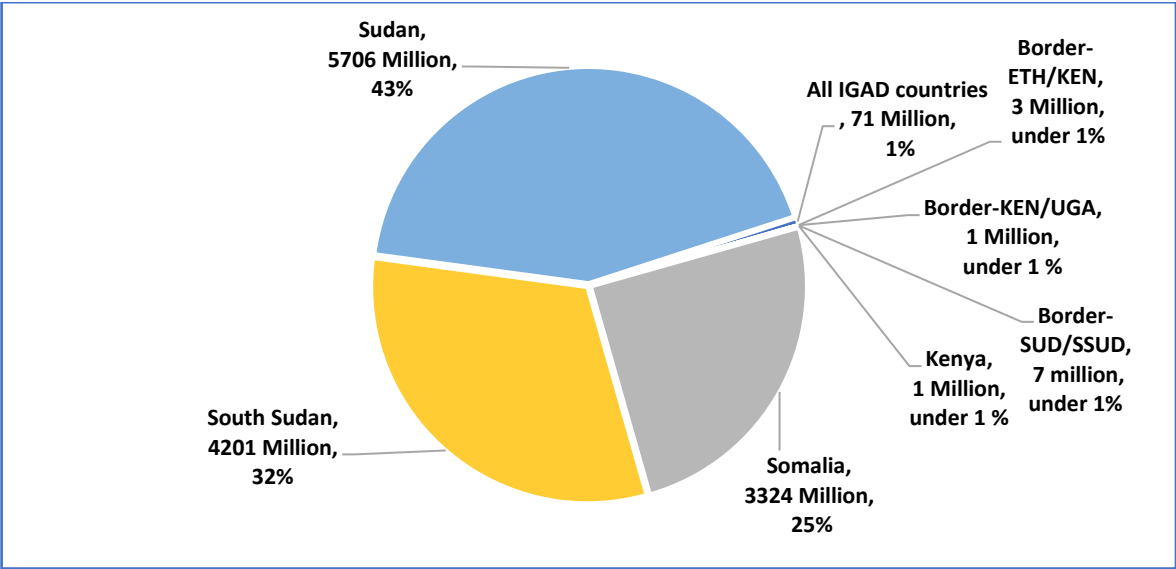
All commitments under this theme are in the form of grants, with UN funding through assessed contributions being by far the largest source of grant funding, and 9% coming from the EU grants.

Figure 16: Financing instruments used for interventions on peace and security, 2013-2017



The geographic focus for peacekeeping interventions is on Sudan, South Sudan and Somalia, and to some extent their borders.

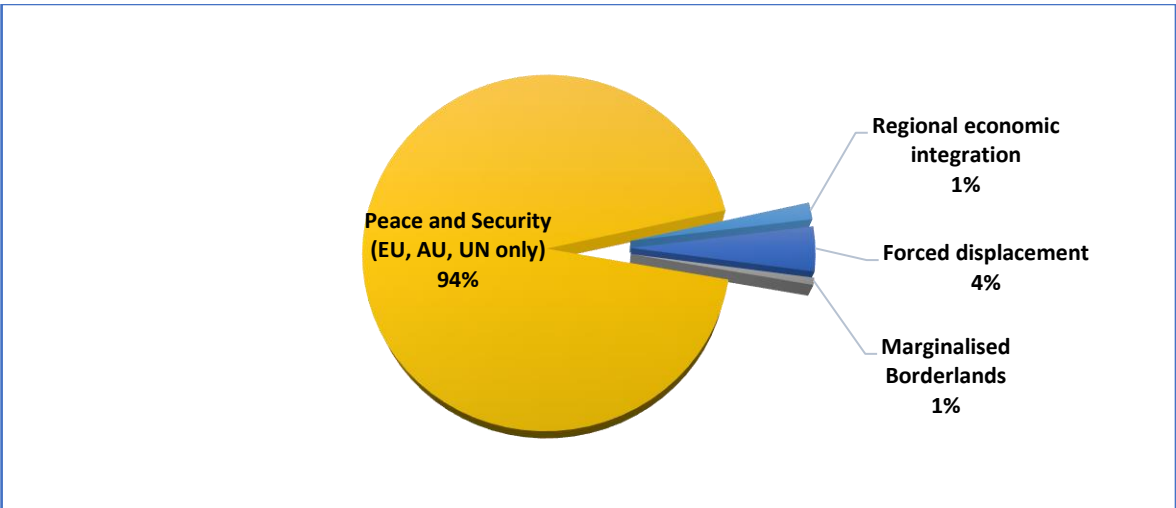
Figure 17: Commitments for peace and security by country, 2013-2017, (in million USD)



Results on Somalia specifically prepared for the IGAD Summit on Somali Refugees

For Somalia in specific, over 90 % of financing committed for the five regional themes included in this mapping exercise is focused on peace and security efforts, with only 1% on regional economic efforts, 1% on marginalized borderlands and 4 % on forced displacement (Figure 18).

Figure 18: Regional Financing for Somalia by thematic area, 2013-2017

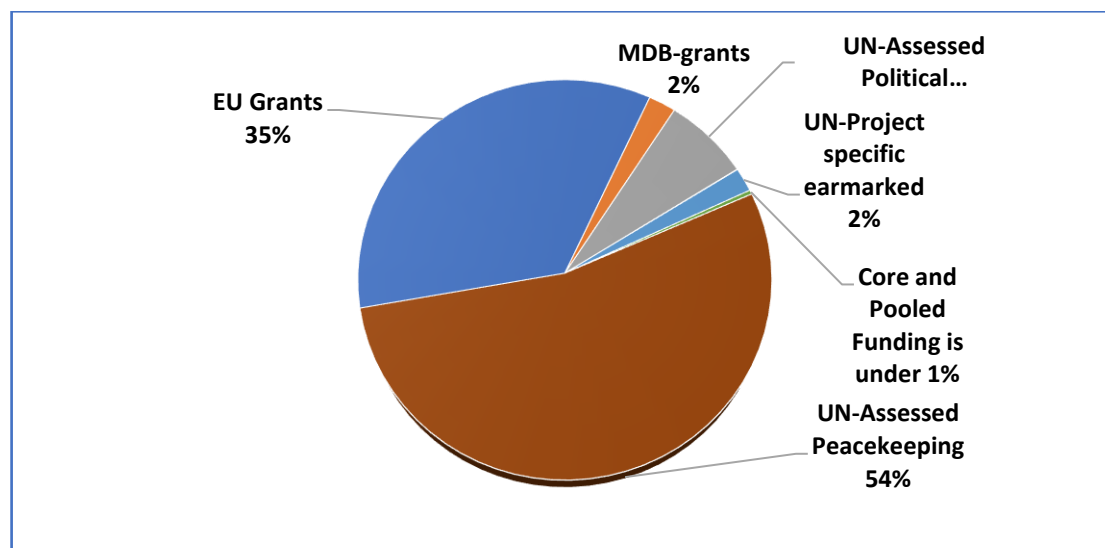


Overall, regional initiatives for development and economic regional integration play a marginal role in Somalia. While the overall mapping for the Horn of Africa made an attempt to highlight regional financial efforts focused on marginalised borders, only 1% of the regional initiatives have been captured by the partners under this category. This was not enough to make qualitative analysis. In the specific case of Somalia, only two projects for borderlands were captured through this exercise, both located on the Somali border with Kenya: a forthcoming Peacebuilding fund project (2017-2018) entitled “Kenya-Somalia refugees and peacebuilding cross border pilot project for voluntary return, co-existence and sustainable reintegration in the areas of return” and a UNDP project (2014-2016) on “Restoration & Stabilization of Livelihoods for Host Communities”. The financial value of both projects totaled about USD 6 million.

In terms of financing instruments, the dominant regional financing modality for Somalia are grants for peace and security, whether delivered through assessed funding for the UN or as EU grants for peacekeeping; only a marginal part of regionally focused interventions is financed through concessional loans, and core and pooled funds (under 1%) (figure 19).

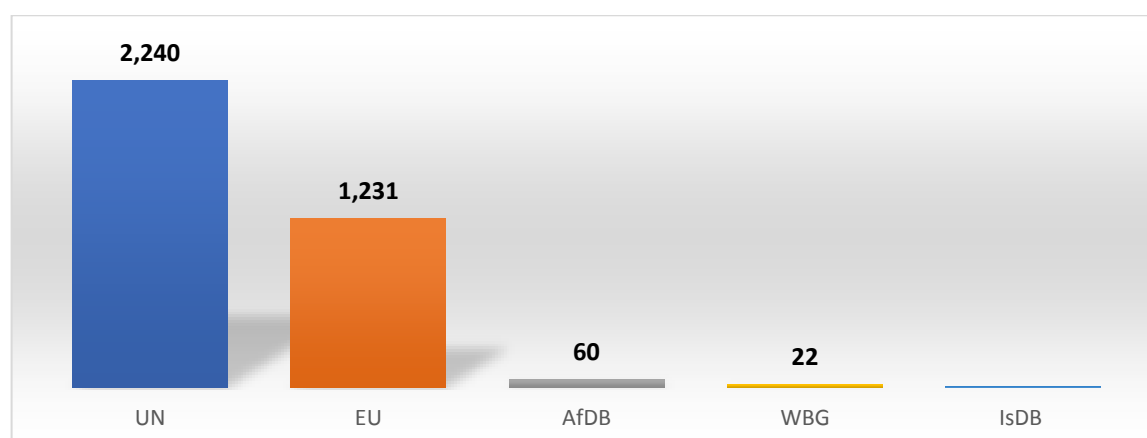
The overall interventions on peace and security in Somalia reflect a collaboration between the AU, EU and UN. The UN operates both a political mission, UNSOM, and a logistical support mission, UNSOS. UNSOM provides “good offices” functions and policy advice to the Federal Government of Somalia on issues such as governance, security sector reform and rule of law, and development of a federal system (including support for the electoral process). The UN Support Office to Somalia (UNSOS) provides logistical support to the over 20,000 AMISOM troops and the over 10,000 soldiers in the Somali National Army conducting joint operations with AMISOM, while also providing UNSOM with administrative and logistical support. The EU is the main financier for the AMISOM troops, of which about three quarters come from other IGAD countries, through an EU grant channeled to the African Union.

Figure 19: Type of financing instrument used for financing interventions in Somalia, 2013-2017



Over 90% of the financing for Somalia linked to the five themes mapped in this exercise is originating from two multilateral partners alone, the UN and the EU, both focusing primarily on peace and security (Figure 20). The MDB resources for Somalia are low, because it is in arrears and hence has to rely on MDB grants originating from trust fund resources.

Figure 20: Regional Funding for Somalia by donor, 2013-2017, in Million USD



Conclusions and recommendations

Conclusions

1. While the drivers of conflict have been identified through the HoA Initiative, interpretation of these drivers seemed to differ among partners. This combined with the absence of a joint, costed planning framework and agreed upon regional financing architecture made it difficult to identify the strategic gaps in H-D-P financing for high priority regional themes and geographical areas.

The partners in the Horn of Africa Initiative do not seem to share a clear joint analysis of the five regional drivers of conflict in the Horn of Africa. This absence of a joint conceptual framework was apparent in the difficulty for many organisations to indicate which projects / programmes out of a wider portfolio should be included in this mapping exercise and mapped against each of the five different regional drivers of fragility. Similarly, no joint planning framework existed that would enable a comparison of the actual financing flows against a predetermined, overarching joint financing strategy, with an indication of the planned mix of financing instruments intended to be employed to address the regional drivers of fragility in the Horn of Africa. As a result, this mapping exercise was not equipped to identify specific gaps or overlaps by country, financial instrument and/or functional area.

2. Some level of synergy / complementarity in regional financing exists in a few areas.

The mapping exercise was presented with a few clear indications of some sort of coordinated financing around one specific thematic area, notably in the cases of:

- (a) UN coordination through the South Sudanese Regional Refugee Response Plan (SSRRRP)
- (b) UN-EU coordination on working on marginalised borderlands (Ken/Eth) and IGAD strengthening
- (c) UN-EU-AU collaboration around peace and security in Somalia

Only in the case of the SSRRRP a financing gap could be identified, in that the actual grant resources committed in 2014-2016 were only 37 per cent of the total financial needs reflected in the annual response plans.

3. Regional financing flows reflect a silo-ed picture of interventions

In the absence of an overarching joint analysis and joint planning or a regional financing architecture that links the various financing instruments, the contributions of the six partners seem to reflect a silo-ed picture of who intervenes with what types of financing instruments in the three largest thematic areas:

- (a) UN and EU: Peace and Security – grant funded, mainly through UN assessed contributions
- (b) MDBs and EU: Regional Economic Integration – mainly funded through MDB concessional loans, with an increase in commitments from 2015, but low disbursements levels
- (c) UN: Forced Displacement – grant funded through the UN

4. Overall regional financing flows reflect a mixture of Humanitarian-Development-Peace interventions that is unbalanced, with relatively few resources for regional level prevention and development interventions, and a large focus in IGAD countries on humanitarian and peace & security responses.

Moreover, there is a large discrepancy in commitments levels per country between the IGAD countries, with Eritrea receiving less than 2 % of the Humanitarian-Development resources that Ethiopia receives. Under the borderlands theme, the engagements were predominantly limited to the Ethiopia-Kenya border.

5. Overall regional financing flows reflect a strong focus on using grant resources, and some concessional lending, while most non-grant instruments have not been used at all.

Recommendations

1. The HoA partners could consider various options for follow-up actions that would strengthen their partnership within the HoA Initiative and enable the preparations of tailored messages to manage the expectations of the countries in the region.

Follow-up actions could be conceived either together with all HoA Initiative partners or with a subset of interested partners (e.g. MDBs; UN and EU; UN entities; UN, EU and WB) to capitalize on the foundation built by the existing partnership arrangements

2. The HoA partners could strengthen their joint analysis and planning for regional drivers of fragility in the HoA, which could feed into a more coordinated implementation - where required - of interventions across the H-D-P nexus.

3. The HoA partners could further deepen the joint analysis of the financing challenges for the regional drivers of fragility in the Horn of Africa, building on the analysis in this paper and joint analysis undertaken, and look at financing solutions that could include a more coordinated and coherent financing architecture for interventions across the H-D-P nexus.

Annex 1: Term of Reference

1. Background

The Horn of Africa Regional Initiative was launched by the United Nations (UN) Secretary-General, World Bank Group (WBG) President, and senior representatives of the African Union (AU), European Union (EU), African Development Bank (AfDB) and Islamic Development Bank (IsDB) during their joint-trip to the region in October 2014. The initiative represents a unique commitment among the UN, WBG, AU, EU, AfDB and IsDB to work together to help the Horn of Africa countries address the drivers of fragility, particularly in tackling forced displacement, supporting populations in borderlands, and facilitating regional economic integration. Together, the organizations involved have pledged over \$8 billion over the next five years to support greater stability and development in the Horn.

Each of the organizations involved has its own mandate, activities, political framework and partnerships in the region, and each is deeply engaged in areas beyond the scope of the Initiative. However, the Initiative provides a framework for the partners to discuss and coordinate programs and interventions to maximise their impact, whilst working through individual strategies and modalities. This collaboration requires in part bridging the divides between humanitarian, development and peacebuilding instruments, and planning jointly around shared outcomes.

In the lead up to the World Humanitarian Summit, the UN, OECD and WBG partnered to undertake a joint mapping of financing instruments used for protracted crisis and fragility. The mapping enhanced the shared understanding of the existing global landscape of financial instruments and is to be used to inform the exploration of new financing instruments and architectures to address shared priorities at global level and finance collective outcomes in specific country and regional settings. This pre-WHS mapping has since expanded into a joint initiative to provide in-depth analysis of financing challenges and solutions for situations of protracted crisis, fragility and conflict while strengthening dialogue and partnership between the WB and UN on this topic.

Building on ongoing regional and global collaborations so far and linked with this ongoing UN-WB initiative on financing challenges and solutions, it is proposed to develop a regional level mapping of financing flows and instruments in the Horn of Africa. This mapping is anticipated to enable an improved understanding of existing tools, areas for possible further synergy among organizations, and strategic gaps.

2. Objective

The objective is to produce a brief explanatory and analytic report, in an easily-accessible format (graphics, tables, diagrams), on financing instruments addressing drivers of fragility in the Horn of Africa that are of a regional nature. It will attempt to create an inventory summarizing financing for Humanitarian-Development-Peacebuilding operations in the Horn of Africa. This inventory will be based on three dimension: (a) the type of instruments that are applied (eg. grants, loans, risk-pooling, guarantees etc.); (b) the functional areas that are covered (regional integration; border lands; protracted displacement etc.) and (c) the countries that are covered.

This mapping will provide analysis on areas of synergy and complementarity in a regional financing architecture, and identify specific gaps or overlaps by country, instrument and/or functional area. An important outcome of this exercise will be to “de-mystify” the discussion on financial solutions at regional level, contextualising individual financing instruments within the regional financial architecture and against existing analysis of regional drivers of fragility.

3. Timeframe and participation

This work will be done within a short time frame (September 15 – October 31, 2016). Given the short time frame, it is likely that the inventory will not be fully comprehensive. It will, however, represent a shared starting point for understanding the regional financing landscape and the different financing tools being used.

The mapping will be led by the United Nations, with support from multilateral partners involved in the Horn of Africa Regional Initiative, and carried out in collaboration with OECD as appropriate.

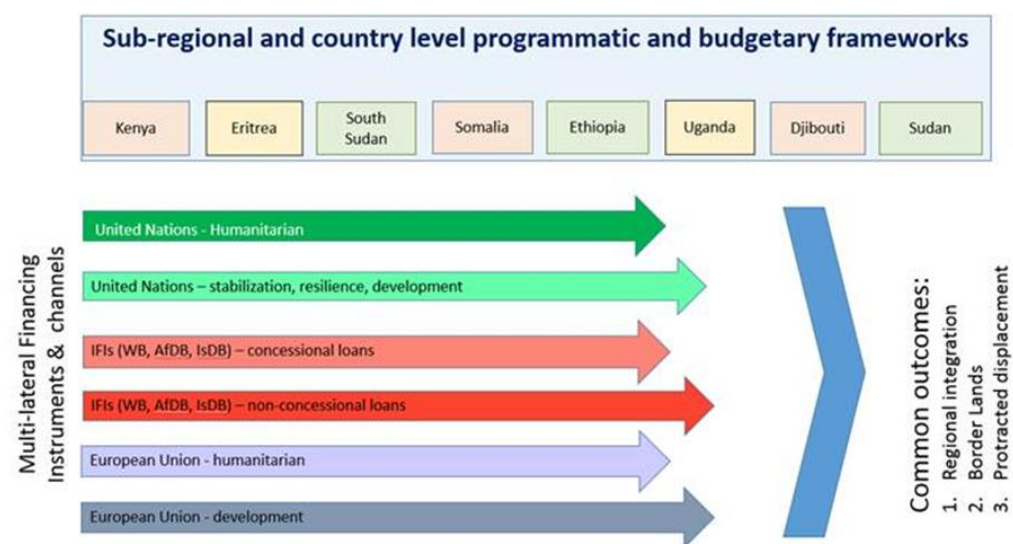
4. Scope and Approach

The review will focus on financial instruments used by:

- United Nations – financial instruments used by UN system, including UN Secretariat, funds and programmes, and specialized agencies
- Multilateral development banks – IBRD/IDA, IFC, MIGA, AfDB, IsDB.
- Other multi- and bilateral donors – EC, USA, UK, Japan, and others [with support OECD]
- Private sector actors [with support IFC/MIGA - tbc]

The mapping will be carried out through literature reviews, consultations of existing databases and, if time permits, expert interviews. Across all three categories, the mapping exercise will provide a description of financial instruments focusing on:

- Mechanisms/approaches
- Partners/actors involved
- Contexts where applicable / examples in action
- Financial characteristics, requirements, and pre-requisites
- Questions that need to be addressed for i) scaling up the instrument and/or ii) adapting the instrument to increase its effectiveness in protracted crisis situations



Annex 2: Project Team Focal point for Horn of Africa Mapping

Project team:

- Project Lead Coordinator/MPTFO Henriette Keijzers, Deputy Executive Coordinator, UN Multi-partner Trust Fund Office
- Project Support/MPTFO Eva Saenz, Fund Portfolio Manager, UN Multi-partner Trust Fund Office
- Project Support/MPTFO Ylva Christiansson, Fund Portfolio Analyst, UN Multi-partner Trust Fund Office
- Project Requestor/DPA Nao Kawaguchi, UN Department of Political Affairs, Africa I Division, Somalia Team
- Project Requestor/DPA Dmitry Shlapachenko, Team Leader, Africa I Division, UN Department of Political Affairs
- Project Consultant Veronika Tywuschik, Project Consultant (Data analysis, data collection and graphics)

Organisations contacted during the Horn of Africa Mapping Exercise

(* - organisations that were contacted, but from which no direct data input was received)

- African Development Bank
- European Union
- World Bank
- Islamic Development Bank
- African Union*
- United Nations:
 - UNDPA
 - FAO
 - UNDP
 - UNDPKO
 - UNECA*
 - UNFPA
 - UNHCR
 - UNICEF
 - UNOCHA
 - UNOPS*
 - UN Women*
 - WFP
 - WHO*
 - WFP

Annex 3: Example of the spreadsheet

[illegible]