

LESSON 3:

ENSURE PREDICTABLE AND FLEXIBLE FUNDING

Effective programming depends on predictable, flexible and harmonised financing. Embrace innovative risk-transfer tools to move beyond short-term, reactive aid to include 'no regrets'² early action and resilience-building.

Chronic underfunding and short-term, reactive financing remain major barriers to effective drought response. Humanitarian actors often receive resources only after impacts have escalated, leaving early warnings unheeded and opportunities for prevention lost.

Establishing predictable, multiyear, pre-arranged financing mechanisms allows agencies to act early, sustain interventions and reduce overall response costs. Instruments such as crisis modifiers and forecast-based financing can trigger timely action and bridge humanitarian and development investments.

Flexibility is critical. Drought conditions evolve and rigid project structures limit the ability to adapt to changing needs; donors should therefore enable adaptive management, allowing partners – especially local actors – to modify activities and budgets as conditions change. Trust-based relationships, transparent reporting and outcome-focused accountability frameworks can balance flexibility with oversight.³

Fragmented funding streams further weaken coherence, mitigation efforts and efficiency. By harmonising humanitarian, development and climate financing, donors can reduce duplication and support more integrated long-term outcomes. Blended financing models encourage continuity from resilience to relief and sustainable recovery. Financing must prioritise anticipatory and preventative action by funding early warning systems, preparedness and livelihood protection, rather than waiting for disaster declarations. When aligned with national resilience and adaptation strategies, such approaches ensure that humanitarian interventions not only save lives but also strengthens local systems, markets and communities in the long term.

Number of documents contributing to the lessons: 35

Average evidence scores of all documents contributing to the lessons: 4.1

Median evidence strength of documents contributing to the lessons: 80%

2 'no regrets' refers to decisions or actions that provide a benefit, or at a minimum no harm, even if the crisis is not realised.

3 Experts from the Delphi panel also noted that current financing instruments often fail to reach small-scale and communal farmers, who make up the majority of producers and are disproportionately women. Ensuring direct, accessible and gender-responsive financing for smallholder farmers is essential to strengthening household and community resilience.

RECOMMENDATIONS

- Donors should establish predictable, multiyear, pre-arranged financing mechanisms.
- Donors and actors should prioritise financing models that strengthen underlying systems, such as early warning, local markets, and community and government capacities.
- Donors should adopt multicycle financing models able to support anticipatory action and recovery across consecutive drought years, not just one-off events.
- Donors should ensure anticipatory and resilience financing is accessible to small-scale and communal farmers – particularly women – through simpler eligibility rules, direct financing channels and gender-responsive targeting.
- Donors and humanitarian agencies should increase flexibility in funding to allow adaptive and locally led programming.
- Donors should harmonise funding streams and bridge humanitarian, development and climate financing to reduce fragmentation and inefficiency.
- All actors should consider risk-transfer mechanisms, such as insurance, in their context. Such mechanisms can play a useful role in providing payouts and protecting assets or investments. The costs and risks covered of any product need to be understood.
- Donors should prioritise funding for anticipatory and preventative action and mitigation efforts. This can be linked to specific, objective and measurable drought indicators (including early indicators) within the funding instruments to release funding for no-regret interventions.
- Humanitarian and development investments should promote long-term, financially self-sustaining resilience rather than perpetuating short-term dependency. This may require efforts to overcome institutional silos.