BR-IDGING THE GAP

We are both the problem and

Will it work?

l don't know... it

WHY INNOVATIVE FINANCE?

The humanitarian system and its financing structures are under great pressure as several protracted crises affect over 2 billion people living in countries by fragility, conflict and violence. Despite the efforts of governments, INGOs, and other allies to address some of the long-lasting funding and efficiency problems; the gap between needs and aid continue to grow.

Several organizations are exploring a wider range of financing structures and sources that have the potencial add to these efforts and perhaps path the way for a new generation further renewal.

These are Innovative financing models for humanitarian action.

Innovative Finance refers "any instrument beyond a traditional grant that mobilizes new capital or improves the efficiency or effectiveness of existing capital to tackle social and environmental problems." ³

But the 'innovation' is not necessary financial innovation; it can stem from new financing products, repurposing existing ones, or crowding in new actors. "The true potential of innovative finance is in it's ability to change incentive structures, improve program delivery, and provide new solutions to challenges."

1) World Economic Forum. (2019). Humanitarian Investing - mobilising capital to overcome fragility (White Paper).
2) Willitts-King, B., Assomull, R., Bryant, J., Mccartney, C., Dh ami, T., Llewellyn, D., & Adamczyk, S. (2019). New financing partnerships for humanitarian impact. HPG Comiisioned Report.

<u>They</u> need to change

They don't care about what we care

PRIVATE SECTOR

HITAPIAN SKUTUP

Innovative financing models for humanitarian action

<u>They</u> need to

l don't understand!

Network Catalizers

With specialized capabilities, these actors inject knowledge, funding, and other resources to fuel innovation. Although their role is

secondary, they have their hearts

and actions in realizing the vision.

Model Shapers

Model

Players

These actors take part in the

financing model, bringing it into

reality. They value innovation and

exploration, and want to set an

example. Despite their different

backgrounds, they find agreements

that benefit everyone.

If we do it this way,

it would work

better for me

This experienced hands-on actors merge their creativity and know-how to translate the new models they immagine into tangible opportunities. They value equaly novelty and feasability, and have

the drive to show others the way.

Regulators & Evaluators

Although peripherial, these actors are vital for setting the stage and providing credibility. They can facilitate (or restrict) the ecosystem's prorgess by legitimizing the experiments and incorporating them into the wider system



We need to make sure it's safe for the rest

Regulations shape models.

FINANCING MODELS IN A NYTSHELL

An financing model describes the rationale of how an organization or group of them acquire and use money. Any financing model has **4 key variables**, which can be tweaked and transformed.

How exactly depends on the **motivation** for developing the financing model. Is the goal obtaining more money, atracting new actors? or maybe decreasing transaction costs?



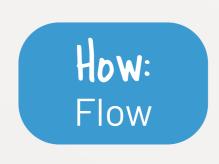
Who is involved? At least two actors are needed to have a transaction, but who are they What are their interests, conditions to engage, concerns? And what roles do



When are the transactions happening and for how long? Does it arrive before it's needed? Will it continue to arrive after?

What: Currency

Money is a must, but are there other currencies that can be exchanged? What about debth, brand equity or data? Is access to a network a currency? What else is in play?



How does it move? Like a river, money can move quickly through a cascade or be accumulated at a lake. What is its trajectory? Is it delayed? Is it aborved by transaction costs?

