

The Power of Flexible Funding in Enabling Adaptive Programing

A case of Re:BUiLD and the IKEA Foundation.



REBUiLD

Boosting Livelihoods

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Introduction

This learning brief explores how flexible, long term funding mechanisms can support adaptive programming in humanitarian and development programs, with a specific focus on improving the lives and livelihoods of refugees and their host communities as implemented in the [Re:BUiLD](#) program.

We examine how flexible funding characterized by fewer restrictions and the ability to reallocate resources as needed enables humanitarian and development programs to be adaptive by adjusting strategies and activities in response to new information, emerging needs and changing circumstances. The examples presented in this brief are drawn from the Re:BUiLD program supported by the IKEA Foundation, and implemented by the International Rescue Committee and partners in Nairobi, Kenya and Kampala, Uganda.

The case for flexible funding

Given the complex and protracted nature of modern humanitarian crises, programs in these contexts often face unpredictable and rapidly changing environments. Traditional humanitarian funding models, which tend to be narrow-focused, risk averse, and short-term, can limit the ability of organizations to respond effectively to changing contexts and emerging needs. Adaptive grant making focuses on strategic outcomes and allows flexibility, iteration and testing within grants. This is key to building trust and achieving success within these challenging contexts. When this approach is delivered over an extended time period, organizations are able to plan over a longer horizon and reach scale that is infeasible in a shorter-term grant.

A prime example of this, is the Re:BUiLD program. The program supports urban refugees and vulnerable host community members to achieve sustainable livelihoods. This five-year, 30 million Euro program funded by the IKEA Foundation began in 2021 and has evolved significantly since its initial inception. With an ambitious goal of reaching 20,000 clients, adaptive approaches – and flexible funding in particular - have been critical in ensuring that both outputs and impact are maximized. This brief builds on the [adaptive management efforts](#) that Re:BUiLD and the IKEA Foundation committed to during the program inception and have strived to keep alive over the past five years.

While a high-level budget for the entire five-year period was established at the grant's inception, there has been room for regular adjustments, particularly during the annual planning process, to accommodate program learnings, contextual changes, and emerging opportunities. Each year, following a program learnings review workshop in which contextual, programmatic, and research learnings were evaluated, the Re:BUiLD team would propose modifications to the program, which were then reflected in an updated annual workplan and budget for the remainder of the grant period. Beyond this, any urgent needs or opportunities with significant budget implications were discussed with the IKEA Foundation on a case-by-case basis.

Additionally, the IKEA Foundation allowed for the inclusion of a flexible budget line that included unallocated funds known as the 'Catalytic Fund' to support innovative, emerging ideas from the local community that support the program's Theory of Change. Re:BUiLD could allocate this fund at its discretion, which allowed for programming flexibility to support innovations that emerged from new ideas and changing needs of the community we serve.

Key Successes

Flexible funding has significantly enhanced the adaptability and effectiveness of Re:BUiLD's interventions.

For example:

- **Enhanced Response to Emergencies:** After the economic and social effects of the COVID-19 pandemic, the IKEA Foundation supported a budget realignment which allowed the program to disburse MPCA (Multipurpose Cash Assistance) to Re:BUiLD clients to boost their businesses and meet urgent basic needs. This rapid response helped reduce the immediate impact of the pandemic on 347 clients and minimize the decline of clients' outcomes.
- **Tailored Livelihood Programs:** Flexible budgeting has allowed for the adjustment of the livelihood interventions from what was initially described in the program proposal to match the shifting needs of the target communities. For example, following annual program learning meetings the program team began to integrate microfinance alongside vocational training services when it became clear that access to capital was a pressing need for the community. This adaptability led to higher success rates in business start-ups and income generation for 175 clients.
- **Responsiveness to learnings:** In partnership with the IKEA Foundation, the IRC was encouraged to critically reassess efficacy of specific elements of the program in response to learning about what did not work, in addition to what did work. The program has made numerous changes to the strategy and service offerings, including dropping services that did not demonstrate strong impact. For example, in Year 4 of the program, Re:BUiLD shifted focus to expand microenterprise support, given emerging evidence from the program that services geared towards wage employment were faced with significant policy and socio-structural constraints that limited transitions into formal employment. This significant shift included refocusing 8% of the Kenya and Uganda Year 4 budgets from wage employment to microenterprise support.



Photo Credit: June 7, 2024, Nairobi, Kenya. Eric Kimamarungu sews a trouser at his shop in Kitengela, Eric got a microenterprise grant through the IRC and IKEA Foundation's Re:BUiLD program that helped him to set shop and be his own boss, employing one other refugee in the process. (PHOTO: Edgar Otieno for the IRC).

- **Leveraging emerging opportunities:** Beyond the catalytic fund, new opportunities emerged that were initially unforeseen during the proposal process. For example, in Year 4, Re:BUiLD saw an opportunity to host a [Research and Policy Symposium](#), which brought together policymakers, researchers, practitioners, and donors to further evidence-based policy that supports refugees in East Africa. While this was not initially envisioned during the program proposal stage, this strategic opportunity responded to an identified gap in utilizing the robust research outputs to influence policy and aligned with Re:BUiLD's Influence and Advocacy objectives. The symposium created the necessary space for important policy engagements with key stakeholders and set the tone for future dialogue.
- **Response to Socio-Economic and Political Changes:** Over the course of the 5-year program, funding flexibility allowed for revision of budgets and workplans due to shifting economic conditions (e.g. foreign exchange rates) and policy changes (e.g. US government funding cuts in 2025). In dialogue with the IKEA Foundation, IRC was able to pivot activities to be responsive to clients' changing needs and ensure adequate resourcing of the program support structures.



Photo Credit: May 20, 2025, Nairobi, Kenya. Business Training officer from Equity Bank takes Re:BUiLD USLA clients through a Financial Literacy training in Pangani, IRC through Re:BUiLD worked with Equity Bank to help refugee clients in USLA groups access credit through the bank backed by their savings. (PHOTO: Edgar Otieno for the IRC).

Key Challenges

However, the implementation of flexible funding also faced challenges

- **Consortium-wide Coordination:** Pursuing adaptive management approaches required open and regular communication among all partners to ensure that budgets and work plans were complementary across the entire program. As the consortium lead, the IRC built strong relationships with partners by setting regular meetings, encouraging candid communication, and fostering an environment of collaboration. Situations in which Re:BUiLD faced strategic decisions necessitated in-depth conversations with partners, including the IKEA Foundation, to ensure alignment and efficient resource allocation. The need for extensive discussion and coordination sometimes resulted in delays in implementing the work plan as planned, which was a trade-off that we consistently faced over the program period.
- **Time and Effort on Financial Management:** Coordination across three cost centers (IRC HQ, Kenya and Uganda) and several partners meant many moving pieces when it came to managing the overall program budget. This required significant effort and time from IRC and partner finance teams on reallocating budget lines, readjusting financial coding, and reconciling discrepancies.

- **Socializing Flexible Funding Concepts:** IRC and partners often faced challenges in navigating our organizations' financial systems, which have been set up with more traditional and less flexible grant models in mind. For example, finance teams sometimes perceived budgetary changes as poor planning, rather than understanding the intention for budgets to be adaptive to emerging needs. As such, we often had to socialize and re-educate finance teams on flexible funding concepts and work collaboratively to find creative ways to work within the confines of standard financial policies and systems.

Conclusion

There are several lessons learned from the implementation of flexible funding in adaptive programming. These are:

1. **Critical Importance of Flexibility:** The ability to reallocate funds and adjust programs in real-time is crucial for effective humanitarian response, particularly in volatile environments. It ensures resources are invested where they are most needed, reduces waste and increases impact and value of investment.
2. **Need for Strong Coordination:** Effective coordination among stakeholders is essential to maximize the benefits of flexible funding and avoid redundancy or service gaps.
3. **Sustainability Requires Planning:** While flexible funding supports immediate needs, ensuring long-term impact requires deliberate planning and capacity building.
4. **Continuous Learning and Adaptation:** Regularly reviewing and adjusting interventions based on ongoing assessments and feedback is key to successful adaptive programming.

Flexible funding significantly enhances the capacity of humanitarian programs to respond to changing needs and improve the livelihoods of refugees and host communities. However, its effectiveness is contingent upon robust coordination and strategic planning for sustainability.

In partnership with the IKEA Foundation, Re:BUiLD brings together the International Rescue Committee (IRC), the Center for Global Development (CGD), Open Capital (OCA), Kampala Capital City Authority (KCCA) and Nairobi City County Government (NCCG). Re:BUiLD is committed to generate and share evidence for innovative, sustainable livelihood solutions that can be adopted to support refugees and host residents in other cities in East Africa and beyond.

The opinions expressed in this brief belong to the authors and do not necessarily reflect those of Re:BUiLD's funding entities and partners.

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