

DISASTER RISK FINANCING IN CONCERT:

**HOW CO-ORDINATED DISASTER
RISK FINANCING CAN SAVE MORE LIVES**



START
NETWORK

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MOST DISASTERS ARE NOT UNPREDICTABLE. TREATING THEM AS SUCH LEADS TO CRITICAL OPPORTUNITIES TO SAVE LIVES AND BUILD LONG-TERM RESILIENCE BEING MISSED.

Disaster risk financing (DRF), by quantifying risks in advance of disasters, pre-positioning funds, and releasing them according to pre-agreed plans, could enable earlier action and cut the costs of disasters considerably. Such systems delivered more than \$100m of support in 2017 alone; they are fast becoming a key part of the crisis financing architecture.

To date, disaster risk financing systems have developed in isolation, potentially reinforcing traditional siloes. This paper sets out a vision for how these systems could evolve with international, national and local actors, across government, UN, civil society and the private sector coming together to coordinate contingency plans backed by pre-arranged finance, and then acting in concert to save lives and build resilience through earlier and better coordinated action in emergencies.

Pilots trialling this sort of approach are underway. In 2019, African Risk Capacity paid out over \$20m to governments and humanitarian partners working in coordination to tackle the effects of debilitating drought in West Africa. This paper considers what DRF in Concert could look like at scale, and explores the systems, capabilities and principles that would be needed to make it a reality.

INTRODUCTION

Reducing the impacts of weather extremes and disasters is a fundamental part of building longer-term climate resilience. Yet, currently, for every \$10 spent on humanitarian response, only \$1 is spent on reducing and managing risks. This imbalance must be reversed if we are to tackle the impacts of climate change expected in coming years. The way we respond to disasters treats them as if they cannot be predicted but disaster risk is not unpredictable and treating it as such means that opportunities to save lives and reduce impacts of disasters are missed. Disaster risk finance can help to shift the incentive to act. In doing so, DRF can, over time, drive the transition to a more proactive approach to risk management.

Disaster risk financing is about having plans, systems and finance in place before an event to ensure that adequate finance can flow rapidly and effectively in an emergency, reducing impacts and speeding recovery. The approach involves quantifying risks in advance of disasters, pre-positioning funds, and releasing them according to pre-agreed plans.¹ This ex-ante approach can complement more traditional ex-post aid by providing a predictable, well-defined tranche of funding much earlier and faster, based on pre-agreed indicators and protocols. This finance can flow directly through pre-planned channels (such as shock-responsive systems or local NGOs), ensuring that the right assistance reaches the right people, at the right time. Through creating greater certainty about what finance will be available, and by linking finance to national and local systems, risk financing can enable better preparedness, empower government and local actors, and facilitate coordination. This leads to national systems that are more resilient to climate, disasters and other crises.

Currently, more than 30 governments are using some form of DRF instrument.² In 2017 alone, these instruments paid out more than \$100m to finance early response. Most recently, the Bahamas received \$11m from the Caribbean insurance risk pool, CCRIF.³

Recently, initiatives have been launched to help scale-up DRF for governments through technical assistance, investments in data and learning, and co-financing, including the Global Risk Financing Facility, the Centre for Disaster Protection and the InsuResilience Global Partnership.

Disaster risk financing also has significant potential to improve the way in which humanitarian actors plan, finance and deliver response and recovery. CSOs and the UN are already beginning to mainstream risk financing approaches into existing humanitarian pooled funds, including the Start Fund's Anticipation Window and emerging Start Financing Facility, the IFRC's "FbA by the DREF" and (potentially) the UN's Central Emergency Response Fund (CERF). Innovation is also happening at a national and local level. For example, this year, WFP and Start purchased insurance against drought from African Risk Capacity covering five countries in West Africa ("ARC Replica").

What is common across all of these approaches is the analysis of risks and potential impacts in advance of crises and disasters and the pre-positioning of financing and protocols for its release – the focus is shifted from reactive to proactive management of risk. The scale of DRF funds is still small compared to overall humanitarian assistance, but there is growing evidence of the benefits of this approach in providing effective early response

“DISASTER RISK FINANCE HAS SIGNIFICANT POTENTIAL TO SHIFT THE INCENTIVES, CATALYSE PREPAREDNESS, BRIDGE TRADITIONAL HUMANITARIAN DEVELOPMENT DIVIDES AND ENABLE RESPONSE AND RECOVERY THAT IS EARLIER, FASTER, MORE RELIABLE AND MORE EFFECTIVE”

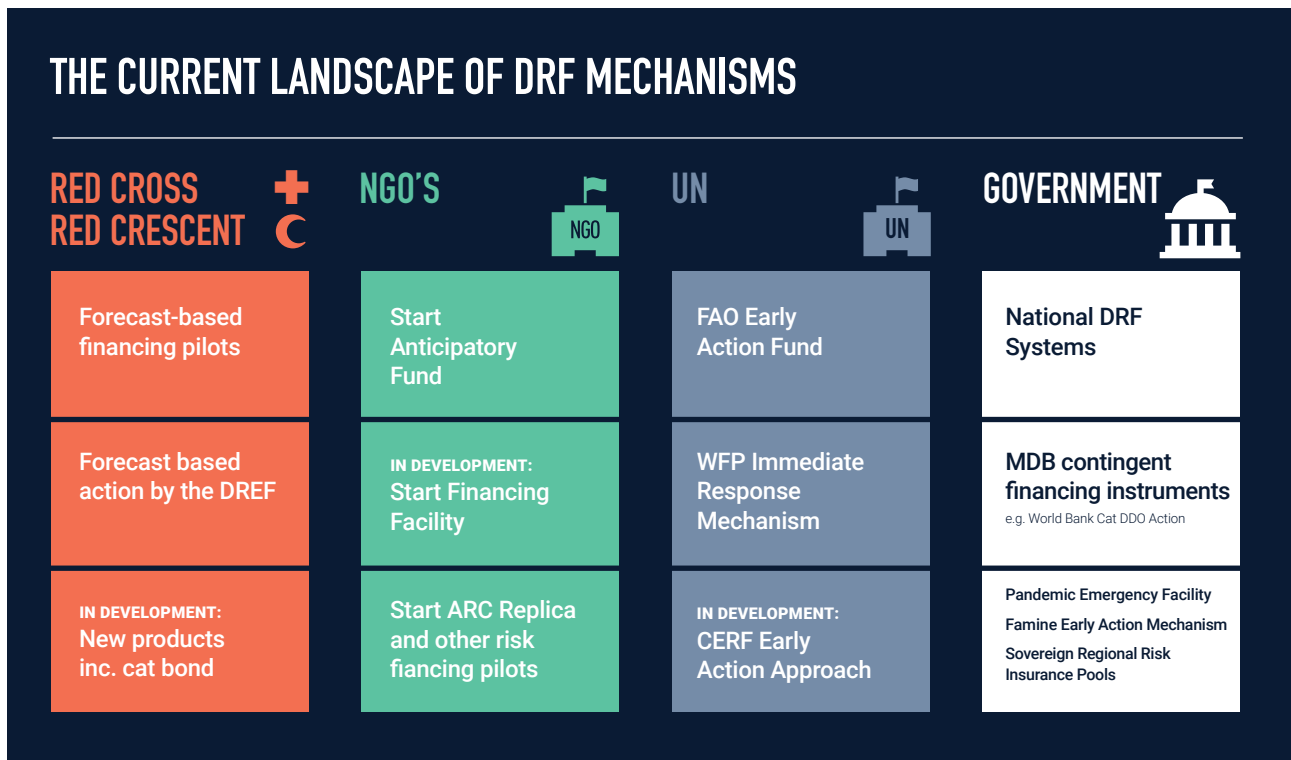


CHRISTINA BENNETT, START CEO

¹ Traditional DRF instruments include insurance policies, contingency budgets, reserves, contingent loans and other forms of pre-arranged finance. These instruments are highly suited to financing early action and response.

² World Bank (2018) - including insurance purchased from one of four regional risk insurance pools, and pre-arranged contingent financing, such as the World Bank's Catastrophe Deferred Draw-down Option (Cat DDO).

³ Caribbean Catastrophe Risk Insurance Facility (CCRIF), <https://www.ccrif.org>.



and more predictable assistance across crisis timelines.

This paper argues that the creation of coordinated DRF systems between government and humanitarian partners, such as CSOs and the UN, would help to catalyse even more effective disaster response and recovery. Currently, government and humanitarian systems are developing in isolation along traditional humanitarian-development divides; this risks replicating some of the challenges of the existing system. *DRF in Concert*, where all partners work together to quantify risks in advance of disasters, pre-position funds⁴ and release them in a coordinated way according to pre-agreed, aligned plans, should be a crucial component

of national disaster risk management strategies.

In line with the objectives of the World Humanitarian Summit 2016, this is about a system-wide shift toward more predictable, rapid financing, better coordination and strengthened national delivery capacity and preparedness. This type of system is needed now more than ever as we face escalating humanitarian needs associated with the impacts of climate change.

This paper provides one proposition for what such a system could look like and provides actionable steps towards this, building upon recent proposals for a Risk-Informed Early Action Partnership.

⁴ Traditional DRF instruments include insurance policies, contingency budgets, reserves, contingent loans and other forms of pre-arranged finance. These instruments are highly suited to financing early action and response.



THE CASE FOR COORDINATION

Joint planning and risk assessment by government, local CSOs and UN actors, ahead of a crisis, plays an important role in strengthening preparedness for effective response, minimising the impacts of disasters and speeding recovery. However, despite several initiatives,⁵ most planning and coordination still takes place in response to an active crisis rather than in anticipation of it, and at a global level, progress in joint preparedness remains weak and pre-event risk assessment has yet to be widely adopted. As Clarke and Dercon argue, the current humanitarian financing system simply does not incentivise early action: humanitarian actors are unlikely to invest in real preparedness planning if they cannot anticipate what funding will arrive or when.⁶ A reactive approach, with a lack of pre-planning, can also crowd-out local civil society and authorities, and forego building the legacy of national capability and systems that is essential to long-term resilience and climate adaptation.

Clarke and Dercon suggest that the provision of predictable, rapid and early finance is key to achieving a critical shift in emphasis towards anticipation, planning and pre-event coordination and that, in itself, this can help to incentivise action. With DRF still in its infancy, one challenge has been that Government, CSO and UN disaster risk financing systems have inevitably developed in siloes mirroring the current architecture and traditional humanitarian-development divides. This risks entrenching some of the challenges of the current system, including weak coordination and the crowding-out of local actors.

- *Explicit recognition of the role of local CSOs as part of national systems for disaster response is missing in the design of some DRF systems. This is an essential part of strengthening national efforts to proactively manage disaster events. Globally, CSOs deliver an estimated 70% of the last mile of humanitarian assistance.⁷ CSOs play a particularly critical role where government systems are unable or unwilling (e.g. in the case of conflict-affected states) to cover the need. Funding for*

local CSOs should be prepared before the onset of a crisis, with pre-planning and triggers for action coordinated with government and UN systems.

- *Similarly, while it is critical to strengthen national systems, for the most severe events and in the most fragile states, the international humanitarian community will inevitably continue to play an important role for some time to come and there are benefits to explicitly recognising this in the design of DRF systems to enhance coordination.*
- *We are starting to see the emergence of learning and collaboration platforms at global, regional and country levels, but opportunities to share data and learning are still being missed, creating inefficiencies. This is particularly the case between government and humanitarian actors.⁸ On-the-ground experience of CSOs and local and national authorities does not always feed in to the design of DRF systems. A partnership approach would bolster strategic planning, strengthen humanitarian responses and enhance local accountability.*

Action now will help to break down the developing siloes and encourage greater joint working between government, humanitarian agencies and CSOs. This will allow DRF systems to avoid some of the coordination challenges suffered by the existing humanitarian architecture, and ensure that the strengths of all participants are harnessed and DRF's full potential is realised. Pre-arranged financing in concert can be a glue that encourages strengthened coordination and more effective response.

Better coordination and pre-agreed thresholds for action ahead of crisis also allow the space and transparency for much greater accountability. By identifying likely risks and needs, and what action would be implemented and under what circumstances and risk level, opportunities for stronger governance in disaster risk management are opened up.

5 Some donor agencies have built performance indicators into their core support to humanitarian agencies to incentivise coordination and preparedness, and major investments have been made in strengthening national response systems and coordination platforms. In addition, several multi-year, multi-partner initiatives have worked to facilitate joint planning (including Ready to Respond, the Disasters and Emergencies Preparedness Programme, and the Global Partnership for Preparedness). Joint risk assessment platforms have also been created, such as the INFORM platform.

6 D J Clarke and S Dercon, Dull disasters? How planning ahead will make a difference (Washington, D.C.: World Bank Group, 2016), available at: <http://documents.worldbank.org/curated/en/962821468836117709/Dull-disasters-How-planning-ahead-will-make-a-difference>.

7 Kent et al, The Future of Non-Governmental Organisations in the Humanitarian Sector: Global Transformations and Their Consequences, (London: Kings College, Humanitarian Futures Programme 2013), available at: <http://www.humanitarianfutures.org/wp-content/uploads/2013/09/The-Future-of-Humanitarian-NGOs-HFP-Discussion-Paper-Aug2013.pdf>.

8 A Vaughan and D Hillier, Ensuring Impact: The Role of Civil Society Organisations in Strengthening World Bank Disaster Risk Financing, (March 2019), available at: https://reliefweb.int/sites/reliefweb.int/files/resources/Paper_5_Ensuring_Impact_The_Role_Of_Civil_Society_Organisations.pdf.

WHAT WOULD DRF IN CONCERT LOOK LIKE?

THE IDEA IS A SIMPLE ONE:⁹

At national scale, coordinated DRF could be a set of international, national and local actors coming together to develop and agree joint risk assessments, contingency plans and coordinated triggers for action in response to identified scenarios and crisis windows of action (from early action to response and recovery). Each actor could then put in place an individual or joint DRF funding mechanism, ensuring they had access to finance at the right moment and scale, to allow them to deliver their part of the plan. Coordination would be further enabled through joint data, monitoring and warning systems that underpin coordinated triggers and contingency plans, and collaboration in capability building at local levels. In an emergency, funds would be released and actions would follow pre-agreed plans (with some degree of flexibility to account for complexity and the unforeseen). Partners would act in concert – not necessarily all for the same events or at the same time – but reflecting their role and relative strengths.

The concept of joint risk assessments, warning systems and preparedness plans is not new. The fresh element here is the pre-arranged financing, which is key to providing the enabling environment and much stronger incentives for all parties to plan, prepare and coordinate, and deliver, scaled-up early action and response.



BOX 1A: ARC REPLICA

ARC Replica is one example of a coordinated DRF system between a government, the UN and CSOs. This pilot has involved the Start Network, the World Food Programme (WFP), five African governments and the African Risk Capacity sovereign risk pool (ARC).

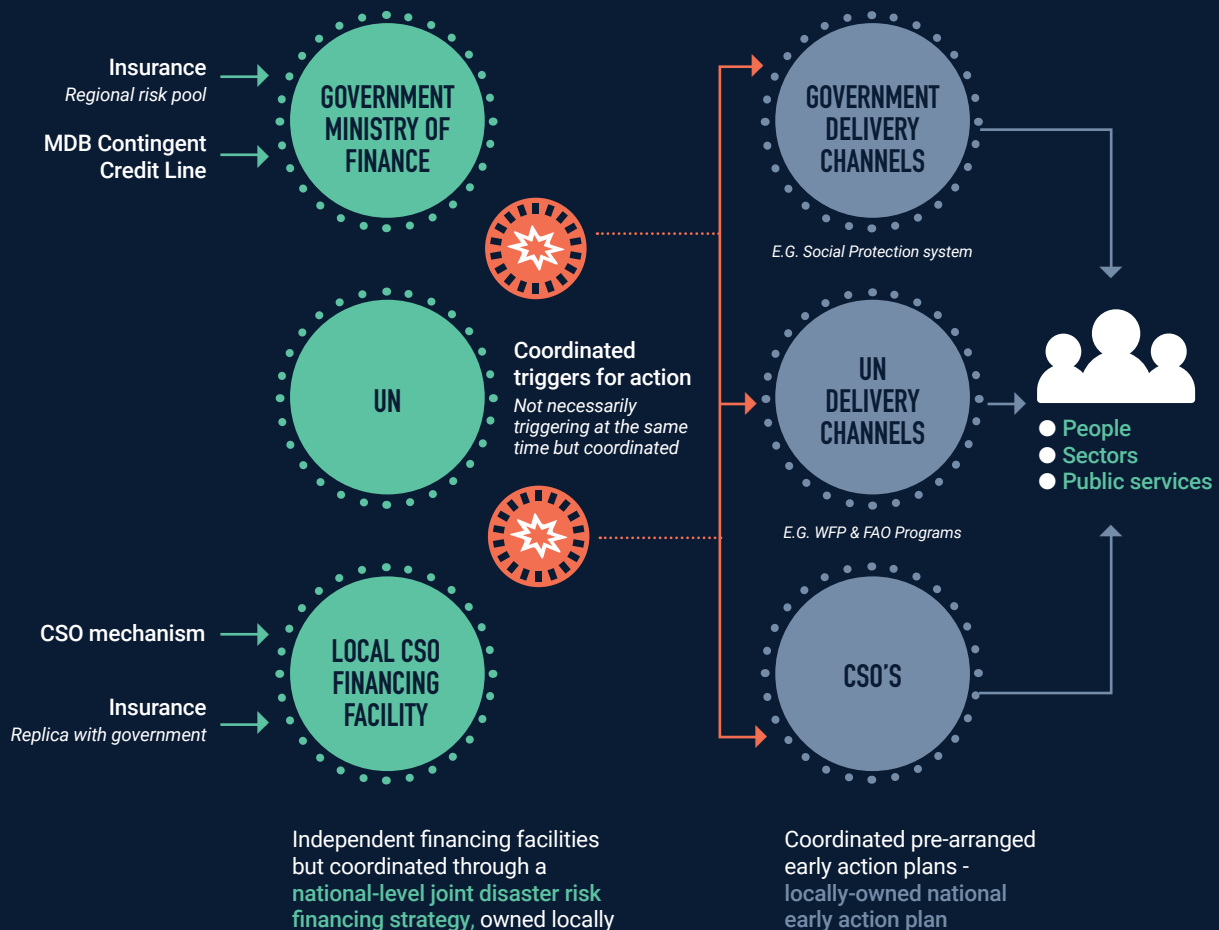
In its first phase, drought insurance policies were 'replicated' between partners. This required a high level of collaboration and coordination between the humanitarian agencies and the Government prior to an event to jointly select product parameters and develop coordinated contingency plans. In its first year (2019), ARC Replica is expected to pay out more than \$20m to government and humanitarian partners to facilitate early response to debilitating drought in West Africa.

PARTNERS WOULD ACT IN CONCERT – NOT NECESSARILY ALL FOR THE SAME EVENTS OR AT THE SAME TIME – BUT REFLECTING THEIR ROLE AND RELATIVE STRENGTHS.



⁹ A technical paper, Impact before Instruments, providing more detailed examples and recommendations is available on request from the Start Network.

ILLUSTRATIVE EXAMPLE OF A POTENTIAL DISAGGREGATED BUT COORDINATED DRF SYSTEM AT NATIONAL SCALE



At regional scale, systems and platforms would be in place to facilitate coordination, particularly for transboundary risks, and the provision of regional public goods, including early warning systems.

At global scale, a set of international actors, such as the UN, development banks, international CSOs and donors, would agree a system of protocols to release financing (or act) in anticipation of or response to major or multi-country emergencies. The national, regional and global architecture would dovetail to ensure that needs and financing

requirements were driven from the local level up¹⁰

Triggers and plans would be coordinated, but not necessarily identical, reflecting the relative positioning and strengths of different actors. An example is the IASC's *Standard Operating Protocols* for El Nino (Box 1c) but with finance for action pre-agreed up-front and linked to the triggers and plans so that funds could flow, and coordinated action could begin as soon as an event triggered. The pre-positioned financing is critical to enable the operationalisation of the protocols and to encourage strengthened preparedness and planning.

¹⁰ Impact before instruments (due for release by Start Network and IFRC, autumn 2019) is a short series of technical papers on bringing a humanitarian focus to DRF.

BOX 1B: FACILITATING COORDINATION IN ZIMBABWE



A number of drought-related DRF initiatives are currently emerging in Zimbabwe. These include the Red Cross and IFRC national forecast-based financing system linked to the DREF and the Start Network and Welthungerhilfe forecast-based financing initiative.

These actors understand that collectively they all need to achieve the same thing technically – risk analytics and triggering, scenario contingency planning & coordination – and then to align their own financing streams.

All of these actors (IFRC and the local Red Cross, Start Network Members, WFP, FAO) are now in conversation

about a coordinated system for Zimbabwe and how it could develop over coming years. However, it is only now, with the potential to pre-arrange funds under Start Financing Facility, DREF and ARC, that this glue has emerged to incentivise them to work together for efficiency and greater impact.

Zimbabwe is not the only place where this practical coordination and pre-positioned financing is beginning to catalyse a “concert” approach at national level. The collective action of OCHA, Start Network members, IFRC, and World Bank in Somalia is another example of emerging collaboration.

BOX 1C: EL NINO PROTOCOLS



The IASC’s *Standard Operating Protocols* for El Nino provide a model of a global coordinated approach to tackle a major and multi-country risk. The protocol defines a global monitoring system, triggers and actions to be taken by different actors. A DRF system could build upon this, putting in place pre-arranged financing that is released to operationalise the protocols based on triggers.

As with the El Nino approach (Box 1c), protocols could initially be established for particular types of emergencies warranting global coordinated action, such as pandemics, El Nino impacts or severe food insecurity.

There is no one-size-fits-all solution for any country or type of emergency. The most suitable systems are likely to be: locally-owned and determined; tailored to local needs; and flexible enough to respond to the demands of delivering assistance in complex environments.

For certain types of more predictable risks, localised



systems could be backstopped by global actors and financing mechanisms, such as FbA by the DREF, the CERF or a global Start financing facility. They could also incorporate localised risk financing mechanisms, such as contingency budgets or replica insurance with the government to secure wider benefits.

Inevitably, there is complexity in this kind of multi-layered approach (something the current humanitarian financing is criticised for), but that complexity may, to some degree, be necessary to cope with the realities, to empower local actors and to foster innovation.

FINANCING ARRANGEMENTS FOR DRF IN CONCERT – LOCALISED OR CENTRALISED?

There are three models for financing coordinated DRF arrangements of humanitarian actors.

- 01 Centralised global risk financing architecture** *a handful of joint, centralised financing vehicles to provide pre-arranged financing to a community of partners.*
- 02 Disaggregated global risk financing architecture** *similar to the Start Financing Facility, FbA by DREF and OCHA CERF, all servicing their own ecosystem of actors.*
- 03 Locally-based DRF instruments** *including individual contingency funds, insurance, crisis modifiers, contingent financing, etc. servicing particular countries or regions.*

The strongest solution for any country is likely to involve a mix of all three. Together they create a DRF toolkit that can be used flexibly to suit local circumstances depending on the type of crises and likely risks and needs. Over the past five years this sort of 'mix and match' approach – using different instruments at different scales for different risks – has developed organically. One might conclude that this emerging structure is fragmented and therefore inefficient (financial efficiency will always be greater with

mechanisms that pool risk globally). However, there are disadvantages to an overly centralised approach:

- *Were a single global financing mechanism allowed to dominate, it would likely struggle to respond to the individual complexities of crises on the ground, and could miss opportunities that would otherwise be exploited by more locally-tailored solutions*
- *Highly-centralised mechanisms would entrench the position of a few big players and disempower both local actors and national governments. Bigger players calling the shots on design and triggers could result in systems that undermine the localisation agenda and work poorly for smaller and more local actors.*
- *A centralised approach might also lead to systemic basis risk with many actors relying on a single system and any failure therefore affecting the ability to respond globally.*

Arguably, given the novelty of risk financing approaches, one can also conclude that the system is not ready for a single global mechanism and trying to force one at this point would risk curtailing essential innovation and learning.

STRENGTHENING RESILIENCE AND EFFECTIVE RESPONSE THROUGH ACTING IN CONCERT

If designed well, coordinated DRF systems have the potential to deliver a range of benefits that strengthen long-term resilience and are aligned with the objectives arising from the World Humanitarian Summit:

- *Greater coordination and joint planning between governments, humanitarian partners and CSOs, pre-event and post-event, leading to more effective disaster response and recovery*
- *Sustained strengthening of national systems for response and recovery (including local civil society), including through enhancing capacity, knowledge-sharing, understanding of risk, access to information, and stronger and better-utilised early warning*
- *System-wide shift toward more proactive risk management and behavioural change at all levels: builds understanding and acceptance of the benefits of earlier action, risk financing and wider ex-ante preparedness and planning*
- *Empowering and increasing accessibility to finance for local and national humanitarian actors so that national delivery capacity and preparedness could be enhanced.¹¹*

¹¹ https://www.agendaforhumanity.org/sites/default/files/resources/2017/Jul/FINANCING-INVESTING_IN_HUMANITY.pdf and https://www.agendaforhumanity.org/sites/default/files/resources/2017/Jul/NATURAL_DISASTERS_AND_CLIMATE_CHANGE_MANAGING_RISKS_%26_CRISES_DIFFERENTLY.pdf.

However, design is crucial. There are a number of qualities and behaviours that effective coordinated DRF systems will share (Box 2). Poorly-designed systems could amplify limitations in data and triggering, and poor decision-making under uncertainty, if all actors use triggers that fail to fire when they should or leave risks uncovered. There is also a risk of tensions between actors if systems are too inflexible, systems are not communicated, or trust and governance are weak.

Governments could potentially be incentivised to under-invest in risk finance instruments if they perceive that humanitarian agencies/CSOs are taking explicit responsibility.

Concerns have also been expressed over how the humanitarian impartiality principle is safeguarded when there is closer coordination with government on triggers and response plans. Humanitarian actors already tread a delicate line between partnering with government on an equal footing and strengthening national capability while also maintaining humanitarian principles, including holding government to account. A DRF in Concert approach, with government and humanitarian actors working closely together, may require that humanitarian principals are coordinated and articulated more explicitly. It is critical that humanitarian space is maintained for the benefit of vulnerable people at risk.

BOX 2: CHARACTERISTICS OF SUCCESSFUL COORDINATED DRF SYSTEMS



▶ TRANSPARENCY AND OPENNESS

Including, at a minimum, a willingness to develop a shared understanding of risk, to pool information on triggers, and to share response plans.¹²

▶ JOINT DATA

Effective coordinated disaster risk financing is likely to require parallel investments in joint data, monitoring, early warning systems and analytical services at local regional and global scales so that DRF mechanisms are triggered effectively.

▶ LOCALISATION

The most successful coordinated disaster risk financing systems will be as local as possible, but supported by diverse global and/or regional funding. Push decision-making and financing to the most local level possible. This shift in influence will empower national and local actors to strengthen joint planning and coordination.

▶ FLEXIBILITY

Each country will be different; financing mechanisms and partnership arrangements will vary according to local contexts.

▶ PREPAREDNESS

The success of DRF action also relies on strengthening preparedness (capacity to fulfil those plans, pre-positioning, etc), so that the impact of the financing can be maximised.

▶ LEARNING

It is essential to invest in learning so that DRF systems evolve on the basis of feedback and analysis of what has worked and what has not.

▶ RISK LAYERING

No one instrument can address all risks - structure a risk financing strategy that ensures comprehensive, cost-effective coverage using a mix of instruments, including contingent finance, contingency budgets and insurance as appropriate analysis of what has worked and what has not.

¹² Outside of ARC Replica, the authors are currently unable to identify any examples of DRF systems based on open-source data models that allow for wider actors to build complementary systems. Challenges to navigate include the intellectual property associated with such models. Inspiration could be drawn from the INFORM global risk index as a methodology for cross-organisational collaboration to develop shared understandings of risk.

WHAT'S NEEDED FOR SUCCESSFUL COORDINATED DRF?

Coordinated systems between one or two actors are beginning to emerge, such as ARC Replica or through informal working arrangements between responders such as the IFRC, FAO, WFP, OCHA and Start Network. This gradual approach is appropriate given the need to build trust and capacity for this new approach. But over time, coordinated DRF approaches, recognising the role of all actors in disaster response, must become the norm rather than the exception. Progress can be unlocked through investment in the necessary global, regional and local building blocks for DRF in Concert and importantly, through financiers creating the right incentives for collaboration when they establish funding mechanisms (e.g. pooled funds, programmes and financing facilities). This includes supporting pilots and making multi-year financing available to support the development of coordinated DRF systems that are embedded within national disaster risk management strategies. Priorities include:

- ***A substantial part of the investment will be needed at local level to develop national DRF systems, including risk data, analytics, tools and monitoring systems, and supporting space for collaboration and DRF capability building. Joint risk assessments and monitoring systems, as well as joint training and capability building provide a foundation for coordination.***
- ***Financing DRF mechanisms. Financing is a critical gap at present in integrating DRF in humanitarian systems. At this early stage it can be difficult for humanitarian responders, particularly local responders, to justify putting funds up-front. There is a role for donors and other international humanitarian financiers to provide or guarantee emergencies funds up-front, e.g. in the form of contingent financing, or by changing to more ex-ante ways of allocating crisis funds, to encourage the development of coordinated DRF systems or contingent financing.***

- ***Global, regional and local platforms for collaboration and knowledge sharing and investment in monitoring, evaluation and learning, including building upon existing platforms such as the Start Network and its hubs, the IFRC's global and regional dialogue platform, the World Bank's Understanding Risk Community and the InsuResilience Global Partnership.***

At a country level, the first step will be to identify opportunities to begin to build coordinated DRF systems. Partners can then develop joint national disaster risk diagnostics and financing strategies to establish a common understanding of the risks and needs. Disaster risk financing diagnostics assess the risks and needs in financial terms and identify gaps and opportunities. These diagnostics would build upon existing government-focussed analyses, expanding them to include the whole national disaster response architecture, including local CSOs and international humanitarian responders (drawing on existing humanitarian fora such as the UN cluster system). The diagnostic would inform a multi-agency national disaster risk financing strategy that identifies how risks of different types and intensity will be covered, and explicitly recognises the role of government and other humanitarian actors. This would form the blueprint of a DRF system.

Regional and global mechanisms will also play a critical systemic role in providing both global public goods, such as risk data, analysis and early warning systems, cross-cutting evaluation and learning and financing where needed. The World Bank's Global Risk Financing Facility (GRIF), funded by BMZ (Germany) and DFID (UK), provides a useful model of this type of mechanism designed to support governments. GRIF provides co-financing for DRF instruments and investment in public goods embedded within financing for disaster risk management. The facility is also piloting ways of working with the UN and CSOs.

PROGRESS CAN BE UNLOCKED THROUGH
INVESTMENT IN THE NECESSARY GLOBAL, REGIONAL
AND LOCAL BUILDING BLOCKS FOR DRF IN CONCERT



GLOBAL CAPACITY SUPPORT FOR COORDINATED DRF SYSTEMS



Public goods: Risk data & analytical services, tools, early warning systems, impact-based forecasting, knowledge, research, tools to support contingency planning (monitoring, HEA etc), monitoring, evaluation & learning (MEL) systems



Disaster preparedness investment & capacity strengthening



Coordination platforms



Risk financing instruments



Contingency plans/early action protocols



Triggers and decision making processes

At a global level, local DRF systems can be supported by existing technical hubs and fora, such as the OCHA Data Centre, the Centre for Disaster Protection, the World Bank's Disaster Risk Financing and Insurance Program, the Red Cross Red Crescent Climate Centre, the WMO's Global Framework for Climate Services, INFORM and the Start Network Anticipation and Risk Finance unit and FOREWARN early warning group.

Importantly, DRF will only be as good as the systems, capability and delivery channels in place to implement it at country-level. Alone, DRF is not a silver bullet. Where plans, local capability and systems are weak, DRF systems will encounter many of the same delivery challenges as occur with 'traditional' humanitarian action. It is particularly critical to consider this in the

case of more fragile and conflict-affected states: without proper planning and delivery systems in place, it is possible that supply of earlier and higher volumes financing could create new risks.

We propose that financing for coordinated DRF systems should package both preparedness and risk financing into one initiative. Preparedness is an essential foundation for earlier or timely action. Where possible, financing should also be embedded within, or linked to, multi-year investments to strengthen national capability and systems for response over the long-term. This includes not just planning, readiness and capability but core investments in building national systems for response, such as shock-responsive social protection systems, humanitarian surge capabilities and early warning systems architecture.

NEXT STEPS IN CONCERT

FOR HUMANITARIAN RESPONDERS (GOVERNMENTS, CSOS AND INTERNATIONAL HUMANITARIAN RESPONDERS):

- ▶ Identify opportunities to develop coordinated systems at national-level, including joint risk assessments, planning, monitoring systems and protocols for action
- ▶ Develop joint disaster risk diagnostics and financing strategies for identified target countries, working jointly across government, local CSOs and international humanitarian responders
- ▶ Develop joint/coordinated protocols for action and link these to pre-arranged financing
- ▶ For global actors, expand and build upon existing protocols for multi-country risks, such as the El Nino protocols, and link these to pre-arranged financing.

FOR DONORS AND INTERNATIONAL AGENCIES:

- ▶ Support the development of country-level coordinated DRF systems, including providing financing and platforms for convening actors
- ▶ Ensure existing and new finance for DRF systems provides appropriate incentives to encourage the development of coordinated approaches and makes available, in an unbiased way, a toolkit of instruments to enable actors to use the most appropriate financial instruments for the context (e.g. layering insurance, contingency financing and/or reserves)
- ▶ Ensure core humanitarian financing mechanisms provide support for early action and create incentives for planning, joint risk assessments and preparedness
- ▶ Invest in the internal preparedness and delivery systems of identified actors responsible for delivering actions linked to pre-arranged plans
- ▶ Invest in providing global and regional public goods needed for coordinated DRF systems
- ▶ Invest in strengthening national systems for response and recovery.

This paper provides one potential vision for what *DRF in Concert* could look like and how to get there. We hope this initial perspective catalyses further debate that will develop these ideas. DRF in Concert is about working together locally, regionally and globally to plan, prepare and put in place systems for response that deliver more effective, coordinated, earlier action to save lives and cut the costs of disasters. We hope you agree that the vision is simple and uncontroversial. The finance is just the glue.¹³

¹³ Further discussions on the technical underpinning of this potential in concert approach will be released as part of the Impact Before Instruments series, due for release in Autumn 2019 by Start Network and the IFRC.



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