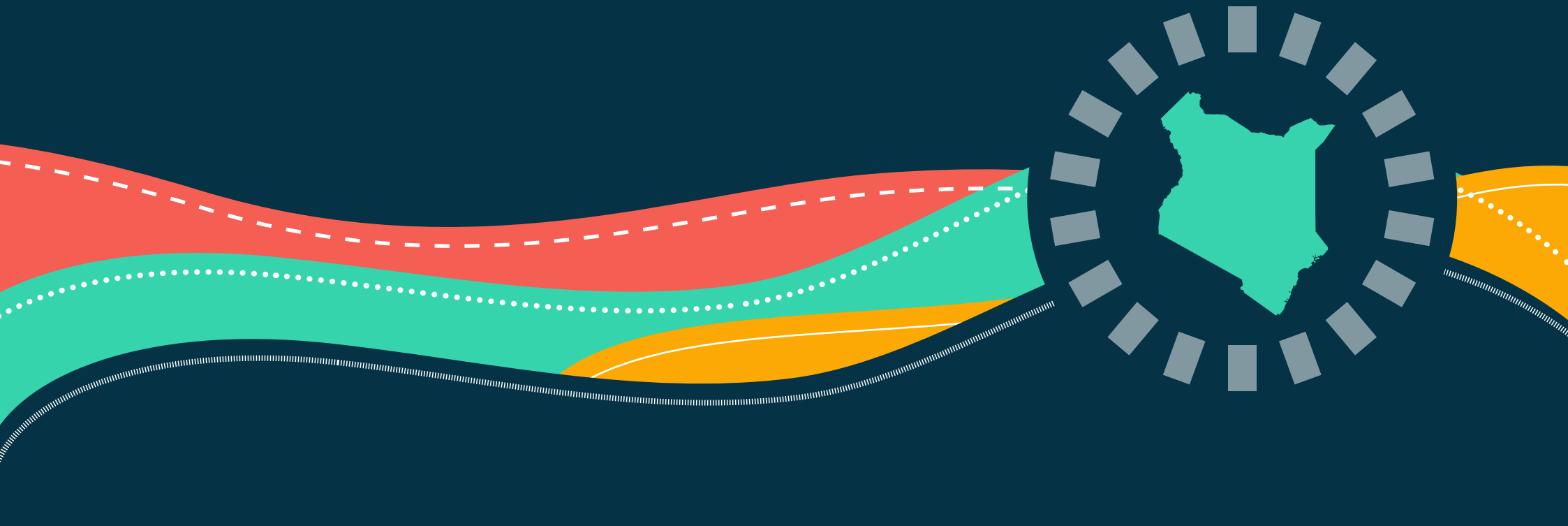
START NETWORK | KENYA

FINANCIAL FLOWS & GAPS ANALYSIS:

DISASTER RISK FINANCING IN KENYA, 2016-2022



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START Network Report.

CONTENTS

01 EXECUTIVE SUMMARY

IN RECENT YEARS KENYA HAS EXPERIENCED AN INCREASE IN THE SEVERITY AND FREQUENCY OF CLIMATE EXTREMES. COMBINED WITH OTHER CRISES SUCH AS THE COVID-19 PANDEMIC AND RISKS TO CROPS THROUGH LOCUST INCURSIONS, THIS HAS POSED A SIGNIFICANT CHALLENGE FOR DISASTER FINANCING SYSTEMS.

The disaster risk management and risk financing architecture in Kenya has made significant progress since the 2008 to 2011 prolonged drought that affected 3.7 million people.[1] However, current mechanisms still struggle to reach large numbers of people affected by multiple, often concurrent, and compounding hazard events.

Because of the diversity and number of different financing mechanisms that are operational in Kenya, which sit across the disaster risk management (DRM) cycle, and are implemented by a range of different agencies from multilaterals to the Kenyan government, it can be difficult to assess and understand the remaining gaps and challenges for Disaster Risk Financing (DRF). However, this is critical to ensure new resources are targeted at areas of highest need and to avoid duplication.

This report analysed financial flows for DRF in Kenya, focusing on more anticipatory mechanisms at the earlier stages of the Disaster Risk Management (DRM) cycle, between disaster mitigation and resilience to early action and timely response. It is informed by a desk-based review of operational DRF mechanisms, combined with secondary data from the International Humanitarian UN OCHA's Financial Tracking System (FTS) and manually collated data on the key DRF mechanisms identified through the review.

KEY FINDINGS

- Even when you focus on 'early phase' financing within the DRM cycle, anticipatory financing receives a tiny minority of overall financial flows. More resources are still needed for anticipatory financing.
- The vast majority of 'early phase' DRM funding is directed towards drought. However, this is not in proportion to the numbers of people affected by other crises - most notably flooding. Recent years have also shown a marked increase in concurrent and compounding hazards, such as drought coinciding with locust incursions, or followed shortly by other hazards like flooding. It is important that DRF mechanisms are developed to serve different hazard types, or can be used flexibly, and that flooding in particular is not overlooked as a hazard type.
- The geographical coverage and reach of risk financing mechanisms is very uneven across counties in Kenya. For example, there are several ASAL counties which are not served by any of the main DRF mechanisms. Disaster management agencies should be conscious of the geographical distribution of DRF mechanisms and improve flows to under-served counties.

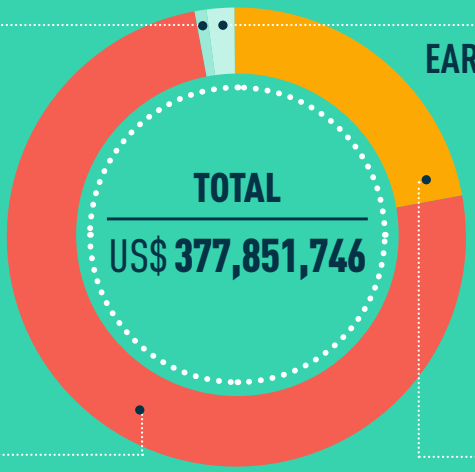
1 Government of Kenya. (2012). Kenya Post-Disaster Needs Assessment (PDNA): 2008–2011 Drought. *Prepared with support by the World Bank.*

FIGURE 1

BREAKDOWN OF TOTAL FLOWS BY PHASE OF DRM CYCLE

%GT Amount (US$)

EARLY ADAPTIVE ACTION
US$ **3,127,709**
1%



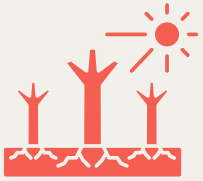
EARLY PROTECTIVE ACTION
US$ **7,821,974**
2%

DISASTER MITIGATION AND RESILIENCE
US$ **283,720,328**
75%

TIMELY RESPONSE
US$ **83,181,734**
22%

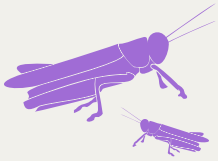
BREAKDOWN OF FLOWS BY DISASTER TYPE (TOP 5)

%GT Amount (US$)



DROUGHT
92.9%

FLOOD
2.4%



LOCUSTS
2.1%

MULTI-DISASTER
1.4%

COVID-19
1.3%

02 INTRODUCTION & BACKGROUND

CLIMATE CHANGE IS ALTERING THE FREQUENCY AND INTENSITY OF WEATHER-RELATED HAZARDS GLOBALLY, ERODING DEVELOPMENTAL EFFORTS AND INCREASING THE VULNERABILITY OF EXPOSED ECONOMIC SYSTEMS AND COMMUNITIES.[2]

Governments, humanitarian organisations, and development actors allocate substantial resources to prepare for and respond to disasters. Part of this effort involves Disaster Risk Financing (DRF), adopting proactive funding approaches, which entail providing pre-arranged financing based on predetermined triggers and protocols.[3] These proactive, anticipatory approaches aim to allocate funding ahead of forecasted events or immediately after they occur, thereby mitigating their impacts and speeding response and recovery efforts.

Despite these efforts, the scope of DRF remains limited, leaving significant portions of the population inadequately covered. If this financing gap persists, the vulnerability of at-risk populations will continue to rise, putting a further burden on responsive humanitarian aid.

This report provides an analysis of 'early-phase' climate-related disaster risk financing in Kenya. It explores funding allocation across different types of disasters, within the disaster risk management cycle, among sub-regions (counties) in Kenya, identifies gaps in risk financing, and proposes potential entry points for additional risk financing mechanisms.

02.1 DISASTERS IN KENYA

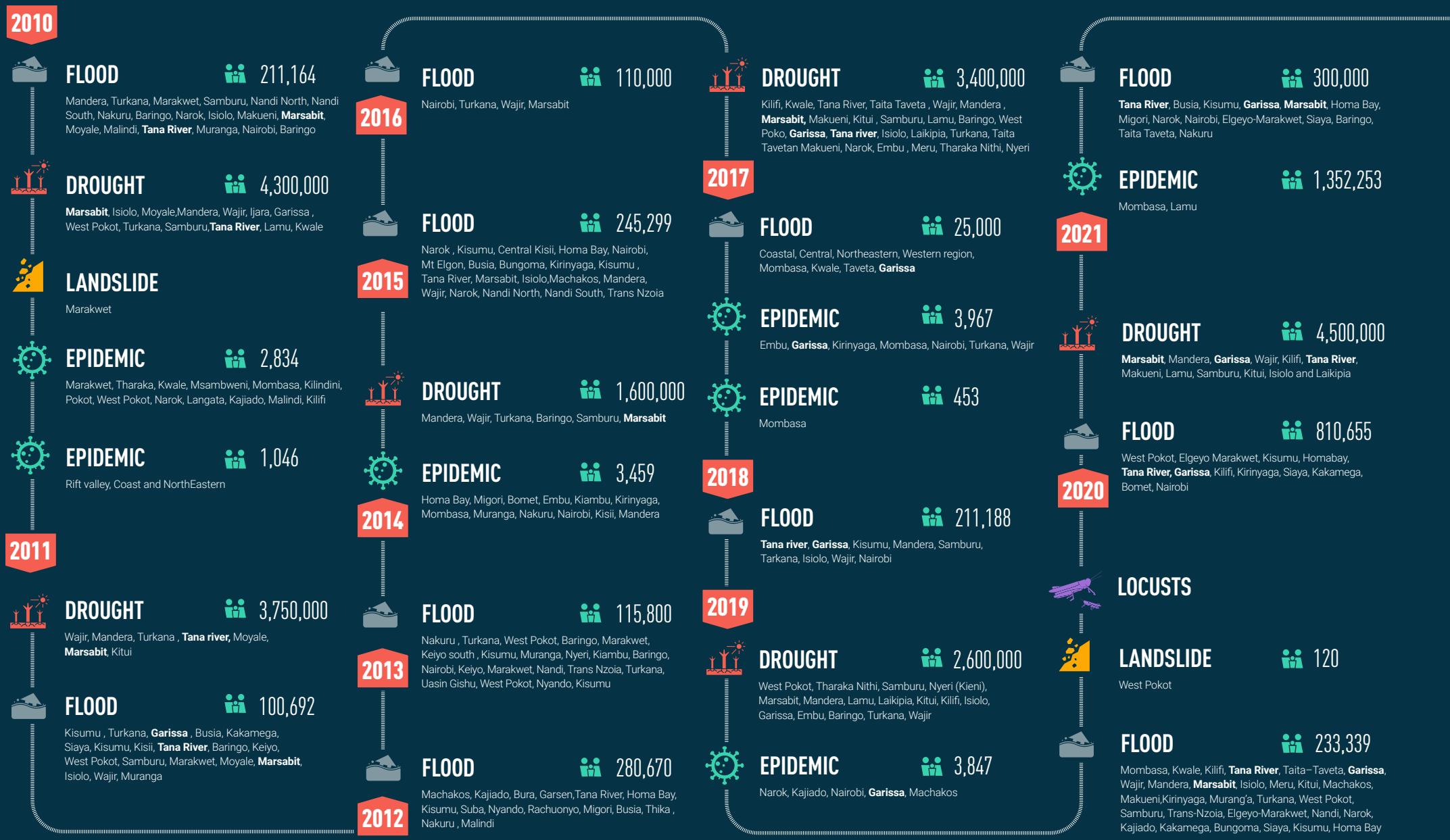
Kenya faces a range of disasters, including floods, droughts, fires, conflicts, landslides, and epidemics, with droughts and floods being the most impactful(*As shown in Figure 2*). The frequency of drought events has increased to every 2-3 years, affecting millions of people, while floods annually affect approximately 100,000 people. The other disasters - conflicts, epidemics, and landslides - are often treated as cascades of droughts and floods and have historically been less resource-intensive and easier to respond to. However, the compounding of the high and low-magnitude disasters, as was observed in 2019/2020, amplifies their impacts, increases vulnerabilities and demand for financial resources.

The frequency and pattern of disasters are changing, with back-to-back disasters affecting the same counties, especially in the Arid and Semi-Arid Lands(*Figure 2, counties in bolded font*). This blurs the lines between disaster preparedness, response, and recovery, making it challenging to differentiate, plan for, and finance these critical disaster risk management phases. Climate change is expected to increase the frequency and severity of these disasters thus increasing the vulnerability of local economies and communities. This underpins the critical need for effective risk financing mechanisms that can address the evolving disaster risk landscape in Kenya.

2 Climate change drives disaster risk. https://www.preventionweb.net/understanding-disaster-risk/risk-drivers/climate-change
3 Montier E., Harris C., And Ranger N. (2019). Disaster Risk Financing in Concert: How Co-Ordinated Disaster Risk Financing Can Save More Lives. *https://www.anticipation-hub.org/Documents/Policy_Papers/20190922_-_Disaster_Risk_Financing_in_Concert_paper.pdf*

FIGURE 2 **DISASTER OCCURRENCE AND MAGNITUDE: KENYA DISASTER TIMELINE 2010 – 2021.** SOURCE: EM DAT

PEOPLE AFFECTED



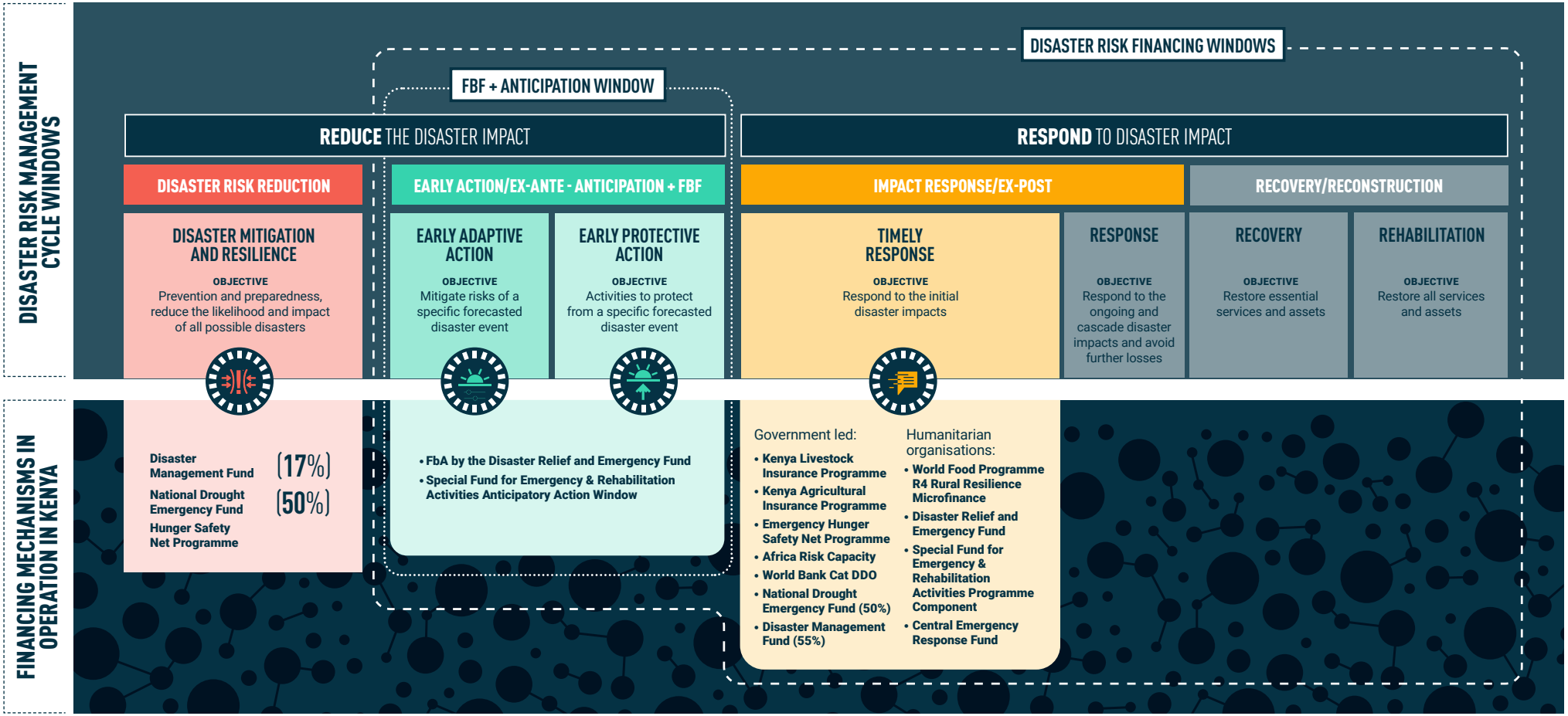
02.2 DISASTER RISK FUNDING STREAMS IN KENYA

In Kenya, disaster risk management and financing have undergone a significant shift that was catalysed by the 2008 to 2011 prolonged drought. This shift led to the establishment of nationally mandated disaster management institutions such as the National Drought Management Authority (NDMA), as well as the development of DRF mechanisms by multilateral and humanitarian agencies.

Key government-led mechanisms include the National Drought Emergency Fund (NDEF), the Disaster Management Fund, and the County Government Emergency Funds. Kenya also accesses other mechanisms through agreements with international partners, such as the Catastrophe Drawdown Option by the World Bank and the Hunger Safety Net Programme which is supported by the UK FCDO and World Bank IDA, combined with agricultural and livestock credit facilities that are drawn post-disaster.

Despite these advancements in DRF, with multiple instruments available across the DRM cycle (as shown in Figure 3), there is still a significant funding gap. This exacerbates humanitarian needs during crises.

FIGURE 3 DISASTER RISK MANAGEMENT CYCLE + KENYA'S DRF INSTRUMENTS



Note: The mechanisms in this figure and those analysed in the subsequent financial flow analysis are not exhaustive. These are the instruments and financial flows that could be identified in FTS and through desk-based search. This serves as a starting point for further identification and analysis of funding mechanisms and flows in Kenya.

03 METHODOLOGY

THIS REPORT IS BASED ON COMBINING DATA FROM AN OPEN-SOURCE HUMANITARIAN DATA DEPOSITORY, UN OCHA'S FINANCIAL TRACKING SYSTEM (FTS), AND COMBINING THIS WITH MANUALLY COLLATED AND STANDARDISED DATA BASED ON A DESK-REVIEW OF THE KEY DRF MECHANISMS IN USE IN KENYA BETWEEN 2016 AND 2022.

As shown in Figure 3, this report focuses on the more anticipatory DRF flows within the wider disaster risk management cycle. The focal areas of this research include; Disaster Mitigation and Resilience; Early Adaptive Action; Early Protective Action and Timely Response. It does not include traditional or 'ex-post' disaster and humanitarian response financial flows. We adopt the definitions provided in Harris and Jaime's 'Impact Before Instrument' report[4] for these phases of the cycle:

DISASTER MITIGATION AND RESILIENCE

Prevention and preparedness, reduce the likelihood and impact of all possible disasters

EARLY ADAPTIVE ACTION

Mitigate risks of a specific forecasted disaster event

EARLY PROTECTIVE ACTION

Activities to protect from a specific forecasted disaster event

TIMELY RESPONSE

Respond to the initial disaster impacts

4 Harris, C. and Jaime, C. (2019). Thinking impact before instruments in humanitarian disaster risk financing. START Network. https://startprogrammes.app.box.com/s/7gcd5ykjdln0kvo53iht5uxnk8z3uini

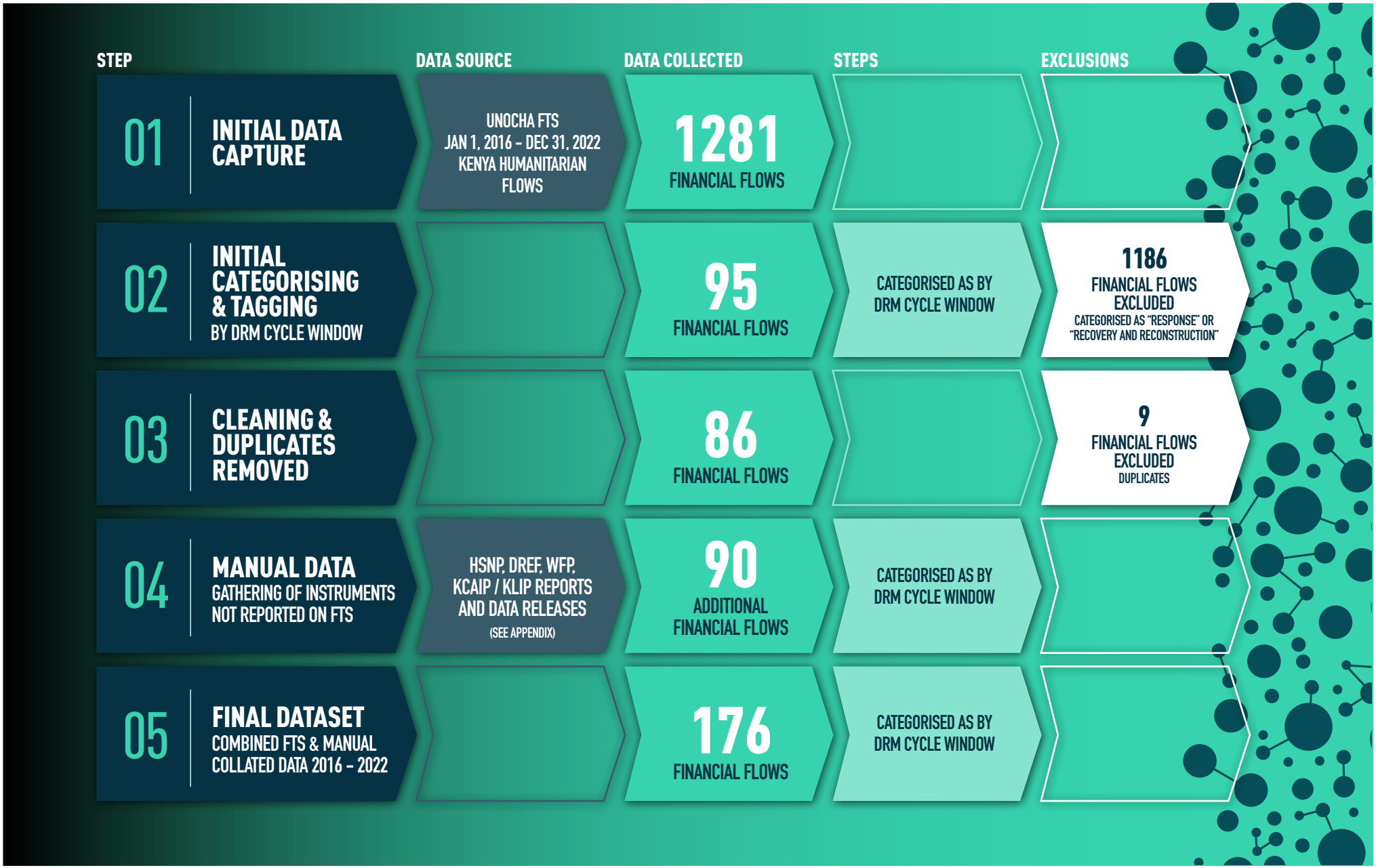
There are several reasons why tracing financial flows for DRF funding, with a specific focus on more anticipatory flows, is not a straightforward task and benefits from a high degree of data processing and collation. These complexities include, among others:

- **The fact that DRF mechanisms span across the humanitarian and development financing spheres, which have separate frameworks for financial tracking;**
- **Existing humanitarian data platforms such as FTS rely on voluntary data deposits, and as such the quality and consistency of data is highly variable;**
- **DRF is a loosely defined policy space, made up of numerous different financial mechanisms operated by different agencies (Taylor, 2022[5]). Identifying common features such as the temporality of the trigger when the additional metadata such as descriptors for each financial flow are not standardised, or are sometimes absent, requires a high degree of knowledge and manual research;**
- **DRF is still a nascent approach in disaster management. It has so far been characterised by relatively small-scale pilot projects, and these are harder to identify in a large dataset.**

There have been a small number of previously published methodologies that aim to better understand disaster funding in relation to DRF (such as Crossley et al. (2021[6]) and Weingärtner and Spencer (2019[7]), but there is no agreed consensus approach. The approach presented in this report is explained in the flowchart shown in Figure 4. It provides more granular detail on mechanism type, hazard type and temporality, by collating and processing secondary data with a manually collated dataset that is specific to the country of focus. Adopting a manual data collation approach enabled both a 'Top-down' and 'Bottom-Up' approach which ensured the key financial mechanisms known to be in operation in Kenya are represented in the dataset. However, there are trade-offs between the granularity and context-specific detail of a manual approach against the benefits of relying on existing datasets. The principal considerations relate to scalability, replicability, and the likelihood of human error. These trade-offs need to be carefully managed in future analyses of DRF financial flows.

5 Taylor, O. G. (2023). The policy landscape and challenges of disaster risk financing: navigating risk and uncertainty. *Disasters, 47*(3), 745-765.
6 Crossley, E., Hillier, D., Plichta, M., Rieger, N., and Waygood, S. (2021) 'Funding disasters: tracking global humanitarian and development funding for response to natural hazards,' Centre for Disaster Protection and Development Initiatives, London
7 Weingärtner, L., & Spencer, A. (2019). Analysing gaps in the humanitarian and disaster risk financing landscape. *ODI and Start Network, London.*

FIGURE 4 METHODOLOGY FLOW CHART – DATA CAPTURE & CLEANING



04 FINANCIAL FLOWS ANALYSIS

04.1 FINANCIAL FLOWS ACROSS THE DRM CYCLE

EVEN WHEN YOU FOCUS ON THE MORE ANTICIPATORY PART OF THE DRM CYCLE, AS WE HAVE DONE IN THIS ANALYSIS, THE VAST MAJORITY OF FINANCIAL FLOWS FALL INTO EITHER DISASTER MITIGATION OR TIMELY RESPONSE.

Out of a total of $377.9 million, only $3.1 million was allocated to 'early adaptive action', the earliest of the anticipatory financing windows, (*Figure 5*) with $7.8 million going to 'early protective action'. This compares with $283.7 million for disaster mitigation and resilience, and $83.2 million for timely response. There is clearly still a gap for scaling up anticipatory financing in Kenya.

It is also noticeable, however, that a proportion of 'disaster mitigation and resilience' flows were for investments into developing mechanisms for early action. These included, for example, the development of Forecast-based action mechanisms across Kenya, including preparation for flood early action in the Lower Athi and Lower Tana River Basins. These investments will build capacity for 'early adaptive action' and increase the amount of funding flowing through this window of the DRM cycle in the future. It is noted that one of the significant benefits of early action is capacity development among national response agencies (Tozier de la Poterie et al. 2023[8]). Such initial investments can build key partnerships and facilitate later scaling-up, but it is important that these are followed through to become fully operational mechanisms to begin to fill the gap for adaptive early action in Kenya.

In terms of mechanism type, it is also noticeable that cash transfers are the most predominant mechanism type across the spectrum of the DRM cycle here, apart from in the 'adaptive action' category, where specialist 'Forecast-based Action' or early action systems, such as the Food and Agriculture Organisation's Anticipatory Action window to the SFERA.

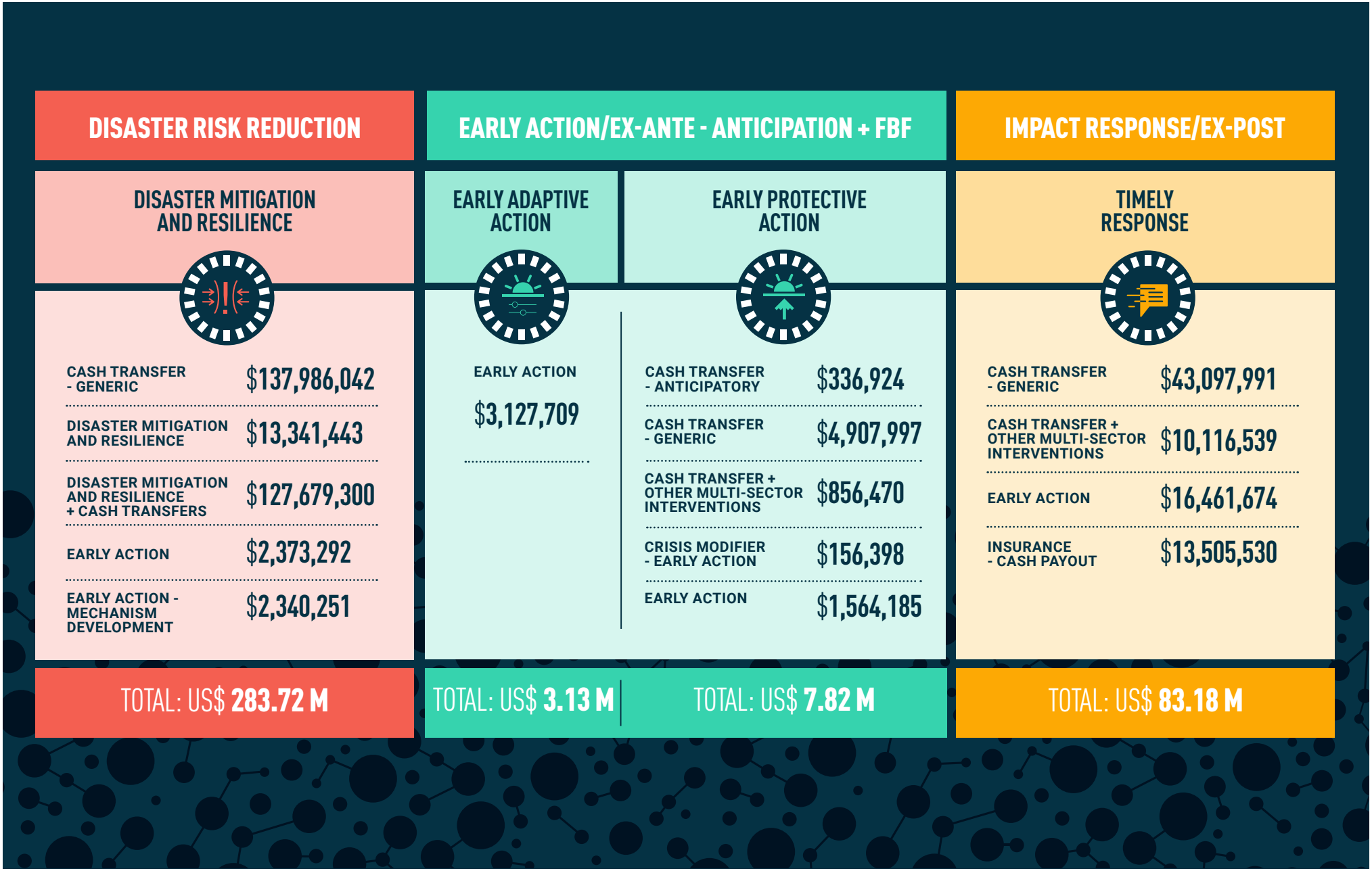
This demonstrates the flexibility of cash transfers as a mechanism type. For example, 'generic' cash transfers here include standard HSNP payments, which fall under the 'Disaster mitigation and resilience' category, while interventions that are combined with other protective actions such as well or water source repair, for example, are categorised as 'Early protective action'. Shock-responsive or scaled-up HSNP payments are categorised as 'Timely response', because they respond to emerging and ongoing food insecurity and drought conditions and respond to these impacts.

While this demonstrates the significant potential for cash transfers to be used flexibly across the DRM cycle, there is a related challenge in ensuring that cash-transfers are used in as timely a way as possible. This is further supported by evidence suggesting that cash transfers when used for climate and disaster response are most effective when delivered earlier (Pople et al. 2021[9]).

8 de la Poterie, A. T., Castro Jr, E., Rahaman, H., Heinrich, D., Clatworthy, Y., & Mundorega, L. (2023). Anticipatory action to manage climate risks: Lessons from the Red Cross Red Crescent in Southern Africa, Bangladesh, and beyond. Climate Risk Management, 39, 100476.

9 Pople, A., Hill, R., Dercon, S., & Brunckhorst, B. (2021). Anticipatory cash transfers in climate disaster response. CSAE Working Paper. *https://ora.ox.ac.uk/objects/uuid:12ea16b2-edc0-4af5-8824-132aba4557bd*

FIGURE 5 FINANCE PER DRF INSTRUMENT, ACROSS THE DRM WINDOWS



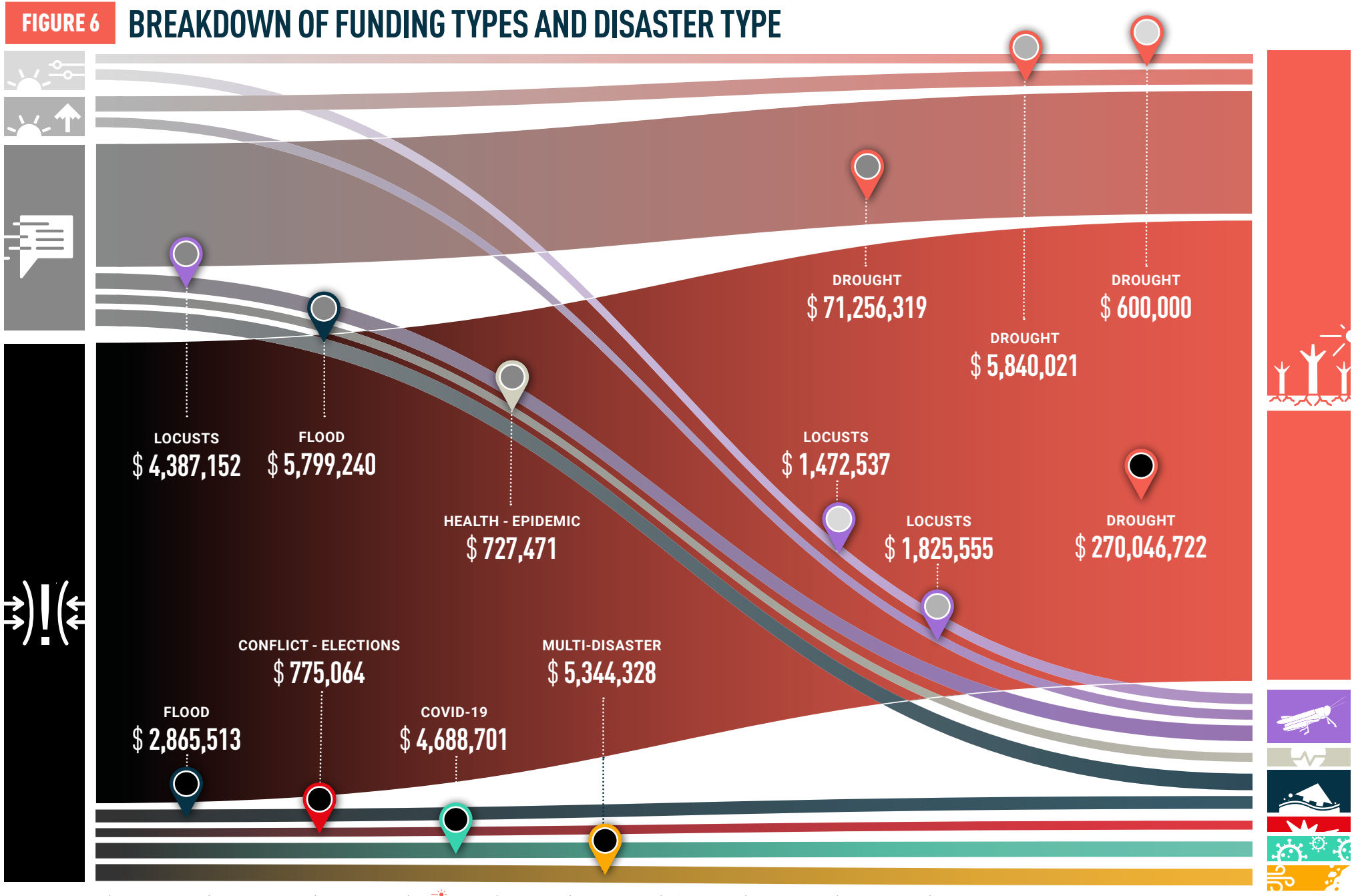
04.2 FINANCIAL FLOWS BY DISASTER TYPE

Analysis of DRF flows by hazard type, as depicted in Figure 6, shows that the majority of financing is directed at drought, mostly at a timescale of 'Disaster mitigation and resilience', although 'Timely response' actions that respond to initial impacts is the second largest financial flow. This demonstrates that across total DRF in Kenya within the scope of this analysis, longer-term investments seeking to prevent drought impacts and build preparedness is by far the most significant financial flow. Whilst this is positive, considering the cost of ongoing drought response and the very substantial impacts that these slow-onset disasters still create, it is clear that these flows are not yet sufficient to meet need.

It is also noticeable that the more anticipatory flows ('Early adaptive action' and 'Early protective action') aimed at drought are not proportionate to the scale of financing directed at drought from the mitigation and timely response phases, and this leaves a gap for anticipatory drought financing. It does, however, potentially reflect the greater complexity of designing anticipatory financing mechanisms for drought hazards, which is technically more demanding than for hazards which have a more clearly distinguishable onset. Finally, *Figure 6* also show the significance of the gap in funding between the top 2 hazards in Kenya: drought and flooding. Cross-referencing with *Figure 2* data, from EM-DAT, shows that the total number of people affected by drought events from 2016 onwards was 10.5 million. Flooding was the 2nd most impactful disaster type by population numbers, affected 1.69 million people from 2016 onwards. However, the proportion of funding for flooding as a hazard type, from any part of the DRM cycle, is a tiny proportion of the overall flows for drought.

5 Taylor, O. G. (2023). The policy landscape and challenges of disaster risk financing: navigating risk and uncertainty. *Disasters, 47*(3), 745-765.
6 Crossley, E., Hillier, D., Plichta, M., Rieger, N., and Waygood, S. (2021) 'Funding disasters: tracking global humanitarian and development funding for response to natural hazards,' Centre for Disaster Protection and Development Initiatives, London
7 Weingärtner, L., & Spencer, A. (2019). Analysing gaps in the humanitarian and disaster risk financing landscape. *ODI and Start Network, London.*

FIGURE 6 BREAKDOWN OF FUNDING TYPES AND DISASTER TYPE



05 DEEP-DIVE ANALYSIS

05.1 2020: MULTI AND COMPOUNDING HAZARDS

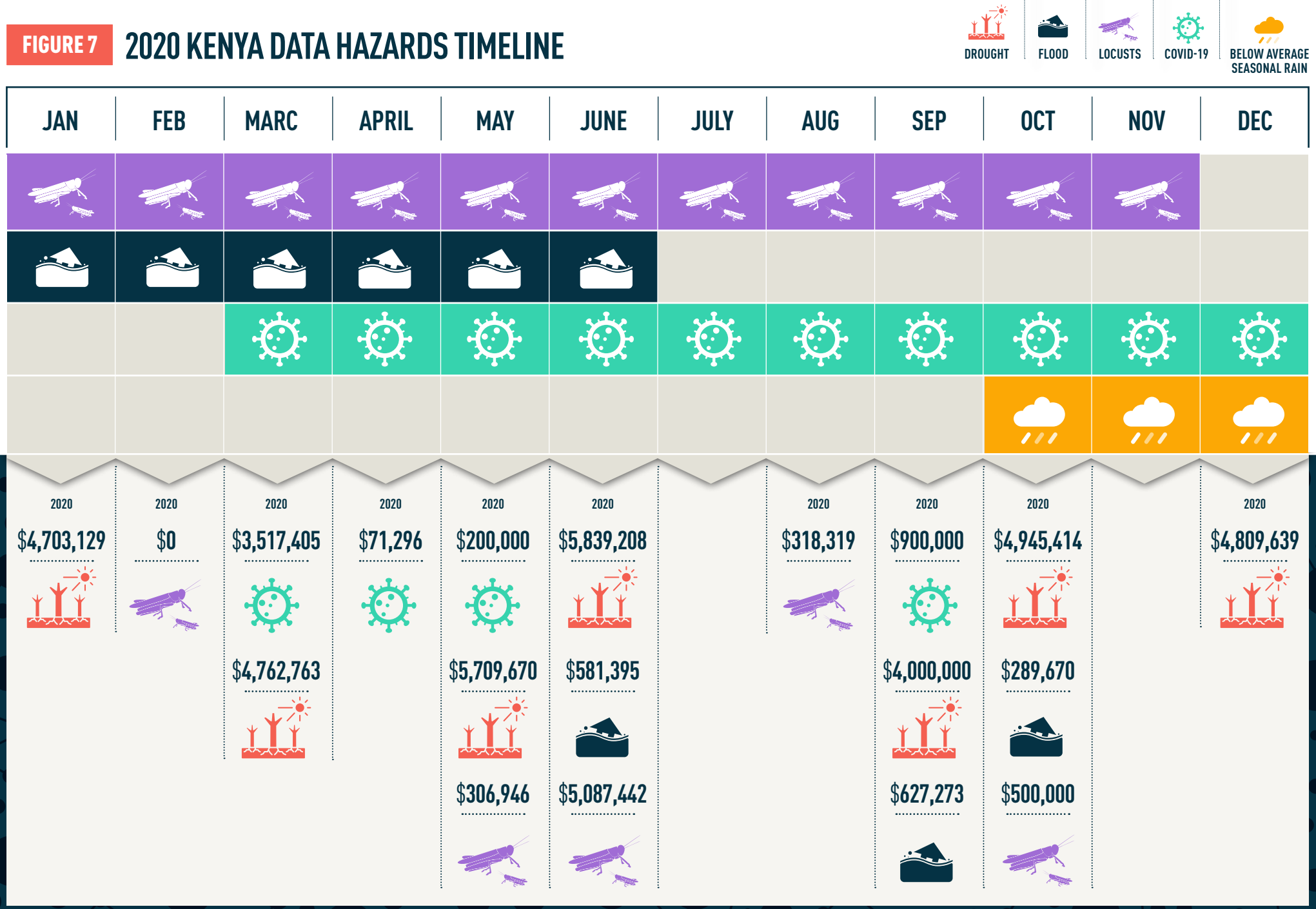
DEEP-DIVE ANALYSIS OF THE CALENDAR YEAR 2020 SHOWS THE CO-INCIDENCE OF MULTIPLE HAZARDS AND CRISES, WHICH WERE EITHER CONCURRENT, WHICH MEANS THEY WERE HAPPENING AT THE SAME TIME, OR COMPOUNDING, MEANING THAT ONE HAZARD LED TO THE WORSENING OF A SUBSEQUENT HAZARD.

This demonstrates the need for a multi-hazard or flexible funding mechanism that can respond to multiple types of crises. The 2020 analysis shows quite a strong coincidence between the onset of disasters and crisis events, such as the beginning of COVID-19, and the timely arrival of funds for COVID-19 response.

While the scale-up of funding for other hazards in 2020, such as for locust activities was a little slow, this analysis of the calendar year for 2020 and the timeliness of funding shows some room for optimism about the arrival of DRF flows in Kenya. Continued funding for drought hazards in a year which was mostly characterised by flooding (until the October-November-December short rains), is a result of mostly long-term investments in disaster mitigation and resilience continuing to arrive throughout 2020. *See Figure 7.*

FIGURE 7

2020 KENYA DATA HAZARDS TIMELINE



05.2 GEOGRAPHICAL COVERAGE OF DRF MECHANISMS

GEOGRAPHICAL ANALYSIS OF COUNTIES AFFECTED BY EACH HAZARD TYPE, MAPPED TO WHERE EACH FINANCIALMECHANISM IS IN OPERATION SHOWS UNEVEN COVERAGE AMONG COUNTIES.

Some counties which are particularly vulnerable, especially to drought, are well covered by multiple mechanism types. These include Turkana, Isiolo and Marsabit. For example, Isiolo has received funding through the following mechanisms: The DREF, WFP Bridging Relief and Resilience in the Arid and Semi-Arid Lands, Danish Red Cross cash transfers, FAO SFERA and British Red Cross cash transfers.

Others, even those which are also ASAL counties, are much less well covered. These counties include West Pokot, Narok and Nyeri. For example, West Pokot county only receive funding from two of Kenya's numerous DRF mechanisms: DREF and British Red Cross cash transfers. It is also notable that Nairobi and Mombasa counties seem to be almost completely neglected, despite being highly vulnerable to flooding, in particular flash-flood events, and to health-related crises which can affect urban areas rapidly. *See Figures 8 and 9.*

30	Baringo	22	Kiambu	10	Marsabit	25	Samburu
36	Bomet	03	Kilifi	12	Meru	41	Siaya
39	Bungoma	20	Kirinyaga	44	Migori	06	Taita-Taveta
40	Busia	45	Kisii	01	Mombasa	04	Tana River
28	Elgeyo-Marakwet	42	Kisumu	21	Murang'a	13	Tharaka-Nithi
14	Embu	15	Kitui	47	Nairobi	26	Trans Nzoia
07	Garissa	02	Kwale	32	Nakuru	23	Turkana
43	Homa Bay	31	Laikipia	29	Nandi	27	Uasin Gishu
11	Isiolo	05	Lamu	33	Narok	38	Vihiga
34	Kajiado	16	Machakos	46	Nyamira	08	Wajir
37	Kakamega	17	Makueni	18	Nyandarua	24	West Pokot
35	Kericho	09	Mandera	19	Nyeri		

FIGURE 8

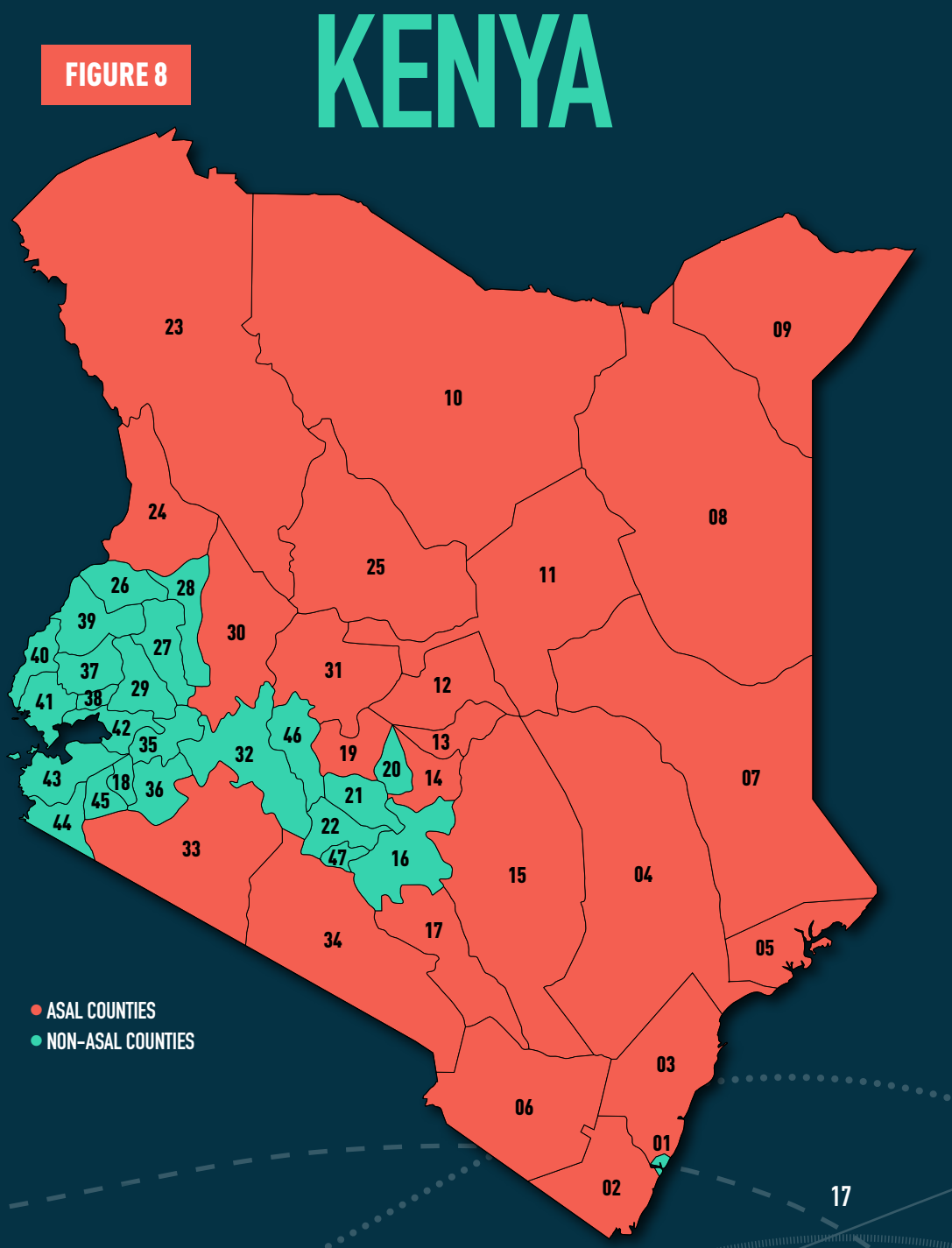


FIGURE 9 GEOGRAPHIC COVERAGE OF FINANCIAL INSTRUMENTS DURING DISASTERS

- ARID + SEMI-ARID COUNTIES
- NON ARID + SEMI-ARID COUNTIES

DROUGHT | FLOOD | DISEASE | LANDSLIDE

30 BARINGO
2016/17 E | F
2018 E
2019 E | J
2021

14 EMBU
2016/17
2017
2019 B

07 GARISSA
2016/17 E | F | I
2017
2017
2018 E
2019 A | E
2019
2019 E
2020 J
2020
2021 E

11 ISIOLO
2016/17 E | F | G | I
2018 E
2019 A | E
2021 E
2021

34 KAJIADO
2018 E
2019
2019 E

03 KILIFI
2016/17 E | F
2018 E
2019 B | E
2019 E
2020
2020

15 KITUI
2016/17 F
2018 C | E
2019 C
2019 E
2020 C
2021 C

02 KWALE
2016/17 E | F
2017
2019 B
2019 E

31 LAIKIPIA
2016/17 E
2019 B
2020

05 LAMU
2016/17 E
2019
2020
2021 E

17 MAKUENI
2016/17 F
2018 E
2019 E
2020 C
2021 C

09 MANDERA
2016/17 E | F | H
2018 D | E
2019 A | D | E
2019 E
2020

10 MARSABIT
2016/17 D | E | F | G | I
2017 D
2018 D | E
2019 A | D | E | J
2019 E
2020
2021

12 MERU
2016/17 D
2017 D
2019 B
2019 E

33 NAROK
2016/17
2019 B
2019
2019 E
2021

19 NYERI
2016/17
2019 B

25 SAMBURU
2016/17 E | F | I
2018
2019 A | B
2019 E
2020

06 TAITA-TAVETA
2016/17 F
2017
2018 E
2019 B
2019 E
2020 J
2021

04 TANA RIVER
2016/17 E | F
2018 E
2019 A | E | I
2019 E
2020
2020 E

13 THARAKA NITHI
2016/17 F
2019

23 TURKANA
2016/17 A | D | E | F | I
2017 D
2017
2018 D | E
2019 A | D | E | I
2019 E

08 WAJIR
2016/17 A | D | E | F | I
2017 D
2018
2019 D | E
2019 A | D | E
2020 E
2021

24 WEST POKOT
2016/17 E | I
2017 E
2019 E
2019 E
2019
2020

36 BOMET
2019 B
2020

39 BUNGOMA
2017 E
2019 B
2019 E

40 BUSIA
2019 B | E
2021 E

28 ELGEYO-MARAKWET
2019 B | E
2019 E
2020
2021

43 HOMA BAY
2018 E
2019 B
2019 E
2020
2021 E

37 KAKAMEGA
2019 E
2020

22 KIAMBU
2019 B

20 KIRINYAGA
2017
2019 B
2019 E
2021

45 KISII
2019 B

42 KISUMU
2018 E
2019 B
2019 E
2020
2021 E

16 MACHAKOS
2019
2019 E

44 MIGORI
2019 B
2021 E

01 MOMBASA
2017
2017
2017
2019 E
2021 E

21 MURANG'A
2019 B
2019 E

47 NAIROBI
2017
2018
2019 E
2019
2020
2021 E

32 NAKURU
2019 B
2021

29 NANDI
2019 E

46 NYAMIRA
2019 B

18 NYANDARUA
2019 B

41 SIAYA
2019 E
2021

26 TRANS-NZOIA
2017 E
2019 B
2019 E

27 UASIN GISHU
2019 B

38 VIHIGA
2019 B

FINANCIAL MECHANISM

- **A** Kenya Livestock Insurance Programme (KLIP)
- **B** Kenya Agricultural Insurance Programme (KAIP)
- **C** WFP R4 Rural Resilience Initiative
- **D** Emergency HSNP
- **E** Disaster Relief and Emergency Fund
- **F** Bridging Relief and Resilience in the Arid and Semi-Arid Lands
- **G** Danish Red Cross - Cash
- **H** FAO - Special Fund for Emergency and Rehabilitation Activities
- **I** British Red Cross - Cash
- **J** Kenya cash consortium

06 GAP ANALYSIS

ANALYSES SHOW THAT MOST OF THE DISASTER FINANCING FOCUSES ON DISASTER MITIGATION AND RESILIENCE (75%), FOLLOWED BY TIMELY RESPONSE (22%). DESPITE THE ADVANCEMENTS IN PROACTIVE FINANCING, THE ALLOCATION OF RESOURCES FOR EARLY ACTION – BOTH EARLY ADAPTIVE AND PROTECTIVE ACTION – IS STILL VERY SMALL (3%).

This can be attributed to the challenges of implementing anticipatory action at scale, resource constraints and the nature of the predominant hazard - drought. Since drought is a slow-onset disaster, it is technically more complex to determine onset and devise triggers for anticipatory mechanisms.

Turning to hazard type, despite the substantial focus on financing drought – over 92% - most of it focuses on mitigation, resilience and timely response. Very limited resources are allocated to early action, which is possibly attributed to the point above about the complexities of defining "early" in the context of a slow onset disaster.

In the case of floods, there is an even more alarming gap in funding, with only 2.4% of the total funding focusing on floods. Additionally, based on the available data, none of the funding was dedicated to early action for floods. Whilst the Red Cross movement has a validated early action protocol targeting FbA by the DREF mechanism, it has not yet been activated or used in practice. Notably, this mechanism primarily covers river basins, while urban areas face a higher risk of annual flooding. Furthermore, the low-magnitude flood events that recur annually during the rainy seasons have been easily covered through budgetary allocation, but the occurrence of floods in regions already affected by other disasters such as drought, as observed in 2020 and 2021, exacerbates the population's vulnerability and the demand for financial assistance.

Extensive, or "under the radar" disasters which occur frequently at lower magnitudes receive much less attention from financial instruments. This may be attributed to several factors, including donor fatigue and reduced resources by the time these events emerge, especially since they often manifest as cascades of floods and droughts. Additionally, certain hazards, such as desert locust infestations, have a relatively low probability of occurrence and thus remain largely off the disaster risk financing (DRF) radar, although the analysis of financial flows throughout 2020 shows multiple flows targeting locust impact mitigation.

Geographically, most instruments operate on relatively small scales, typically spanning several counties. This limited scope is associated with the financial capacity of the instruments, the presence of other operational mechanisms and the availability of risk assessment information. Interestingly, certain counties, particularly those in the northern arid

regions like Mandera, Marsabit, Wajir, and Turkana, are targeted by multiple instruments due to their higher vulnerability and the presence of systems like the Hunger Safety Net Programme (HSNP). However, counties facing similar or even more severe risks, such as West Pokot and Baringo, have fewer instruments focusing on them. As a result, a substantial protection gap remains, amongst those who are vulnerable to climate-related shocks in Kenya.

KEY MESSAGES ON GAPS

01 **More resources are still needed for anticipatory financing.**

02 **DRF for drought dominates Kenya's financial flows, but much of this is made up of 'Disaster mitigation and resilience' investments, and there is still relatively little anticipatory drought financing.**

03 **Flooding is not well funded or catered for by existing DRF mechanisms, and where flood mechanisms do exist, they are almost entirely for river basin flooding, whilst events such as urban flooding are overlooked.**

04 **The geographical coverage and reach of risk financing mechanisms is very uneven across counties in Kenya, even when comparing across ASAL counties.**

07 CONCLUSIONS & RECOMMENDATIONS

THIS REPORT HAS ANALYSED FINANCIAL FLOWS FOR DISASTER RISK FINANCING (DRF) IN KENYA BETWEEN 2016 AND 2022, WITH A PARTICULAR FOCUS ON THE EARLIER STAGES OF THE DRM CYCLE IN ORDER TO IDENTIFY GAPS AND CHALLENGES IN RELATION TO FUNDING ALLOCATION. BASED ON THIS ANALYSIS, WE RECOMMEND THE FOLLOWING ' PATHWAYS' THAT MAY BE PARTICULARLY EFFECTIVE FOR THE DEVELOPMENT OF FUTURE DRF MECHANISMS IN KENYA.

01 A MULTI-HAZARD PATHWAY

There are still significant protection gaps for floods, drought and "under the radar" disasters, especially for 'extensive' hazards which occur frequently. This pathway would also respond to the recent occurrence of multiple different hazard and crisis types, and seek to re-balance funding allocation to better cover flood hazards. It would also work well for concurrent or compound hazard events.

Funds from the mechanism could be drawn i) through the cycle of key disasters based on pre-agreed plans and triggers, and ii) through at least 2 cycles of a disaster - such as early protective action and timely response. The implementation of this staggered approach for multi-hazards can benefit from learning from the DREF and SFERA funds.

However, this would be a resource intensive pathway as it would need to cater for multiple hazards of concern across a geographical region, and the development and harmonisation of triggers and plans to apply to more than one hazard type would be technically challenging.

02 A SINGLE-HAZARD, MULTIPLE 'WINDOW' PATHWAY

To cater for gaps across the DRM cycle, specifically the lack of anticipatory financing, as well as enabling a focus on more extensive, 'under the radar' hazards, a single-hazard, but multiple 'window' pathway may be effective. This could include:

a) A layered budgetary financial instrument that would cater for a specific hazard at a national scale. Layering would allow partners to access a percentage of resources from the mechanism through the cycle of disaster mitigation and resilience, anticipatory action, and timely response.

b) Finally, a mixed financial instrument that caters for the same hazard. This could mean having a budgetary instrument that caters for preparedness and anticipation and a market-based instrument that pays-out to allow for timely response.

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ACTED ACTION AGAINST HUNGER UK ACTIONAID APPUI AUX FEMMES DÉMUNIES ET ENFANTS MARGINALISÉS (AFEDEM) ASSOCIATION FOR GENDER AWARENESS & HUMAN EMPOWERMENT(AGAHE) ASSOCIATION DES FEMMES POUR LA PROMOTION ET LE DÉVELOPPEMENT ENDOGÈNE (AFPDE) AGE INTERNATIONAL AGRICULTURAL DEVELOPMENT ASSOCIATION (PARC) ALIANCEFOR INTERNATIONAL MEDICAL ACTION (ALIMA) ARAB RENAISSANCE FOR DEMOCRACY AND DEVELOPMENT (ARDD) ASOCIACIÓN DE SERVICIOS COMUNITARIOS DE SALUD (ASECSA) AZAT FOUNDATION BRAC INTERNATIONAL BRIGHT STAR DEVELOPMENT SOCIETY BALOCHISTAN (BSDSB) CADENA CATHOLIC AGENCY FOR OVERSEAS DEVELOPMENT (CAFOD) CARE INTERNATIONAL UK CARITAS BANGLADESH CARITAS GOMA CARITAS INDIA CARITAS SRI LANKA CATHOLIC RELIEF SERVICES CHRISTIAN AID COMMUNITY DEVELOPMENT FOUNDATION (CDF) CESVI COMMUNITY WORLD SERVICE-ASIA CONCERN WORLDWIDE CORDAID DEVELOPMENT ORGANIZATION FOR COMMUNITY DOCTORS OF THE WORLD DOABA FOUNDATION DORCAS RELIEF & DEVELOPMENT EHSAR FOUNDATION ENCOURAGE THE HUMAN DEVELOPMENT (EHD) ENVIRONENTAL PROTECTION SOCIETY (EPS) FARMERS DEVELOPMENT ORGANIZATION GOAL HEALTH AND NUTRITION DEVELOPMENT SOCIETY (HANDS) HELPAGE INTERNATIONAL UK HELP FOUNDATION HUMANITY & INCLUSION UK INITIATIVE FOR DEVELOPMENT AND EMPOWERMENT AXIS (IDEA) ISLAMIC RELIEF LASOONA LAAR HUMANITARIAN DEVELOPMENT PROGRAMME (LHDP) MANZIL ORGANIZATION BALOCHISTAN MECHANISM FOR RATIONAL CHANGE (MRC) MEDAIR MERCY CORPS MIDEFEHOPS ASBL MUSLIM AID MUZAFFARABAD POVERTY ALLEVIATION PROGRAMME NARI DEVELOPMENT ORGANIZATION (NDO) NATIONAL INTEGRATED DEVELOPMENT ASSOCIATION (NIDA)-PAKISTAN NORTH-EAST AFFECTED AREA DEVELOPMENT SOCIETY (NEADS) OXFAM GB PEOPLE IN NEED PACIFIC ISLANDS ASSOCIATION OF NON GOVERNMENTAL ORGANISATIONS (PIANGO) PLAN INTERNATIONAL PARTICIPATORY RURAL DEVELOPMENT SOCIETY (PRDS) PRO-VIDA QATAR CHARITY RURAL COMMUNITY DEVELOPMENT SOCIETY (RCDS) RELIEF INTERNATIONAL RURAL EMPOWERMENT AND INSTITUTIONAL DEVELOPMENT (REPID) RURAL DEVELOPMENT ORGINZATION (RDO) BUNER SAMI FOUNDATION SAVE THE CHILDREN UK SOCIETY FOR MOBILIZATION ADVOCACY AND JUSTICE (SMAAJ) SOLIDARITÉS INTERNATIONAL SUKAAR FOUNDATION THARPARKAR SUSTAINABLE ENVIRONMENT AND ECOLOGICAL DEVELOPMENT SOCIETY (SEEDS) - INDIA SANGTANI WOMEN RURAL DEVELOPMENT ORGANIZATION (SWRDO) TEARFUND TROCAIRE VEER DEVELOPMENT ORGANIZATION WAR CHILD WELFARE ASSOCIATION JARED WELTHUNGERHILFE (DEUTSCHE E.V.) WORLD JEWISH RELIEF WORLD VISION YOUTH ORGANIZATION - PAKISTAN YUGANTER