FINANCIAL FLOWS MAPPING
THE POTENTIAL FOR A RISK
FINANCE FACILITY FOR CIVIL SOCIETY

PAPER 02
ANALYSING GAPS
IN THE HUMANITARIAN
AND DISASTER RISK
FINANCING LANDSCAPE

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KEY MESSAGES

PREDICTABILITY: Analysis of previous UN appeals suggests that at least 55% of crises are somewhat predictable. This means that they are ‘known knowns’ or ‘know unknowns’ whereby risks could be managed and planned for to some extent in advance. Despite this, it is estimated that predictable funding released based on pre-agreed triggers or plans through regional risk pools and early action systems is equivalent to less than 1% of the UN appeals funding channelled to these crises.

SEVERITY: Analysis suggests that smaller crises affecting less than 1 million people make up the vast majority of natural hazard related disasters. However, the available data indicates that they were responsible for only 6% of reported crisis-affected people. We know that numbers of people affected are not well captured for smaller crises. It is also difficult to capture funding flows to smaller and under-the-radar events as they tend not to feature in UN appeals. From what information is available, between 9% and 32% of humanitarian assistance went to countries experiencing ‘forgotten’ or ‘under the radar’ crises during this period. For those countries most affected, needs clearly surpassed humanitarian funding.

TIMING: The vast majority (over 90%) of humanitarian funding is allocated to response, versus less than 1% to anticipation 3.8% to preparedness, and 5.5% to recovery and reconstruction. This is despite growing evidence of the benefits of investment in preparedness, anticipation and early response, representing a significant gap in best practice versus actual practice.
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1 INTRODUCTION

A global mapping of humanitarian and disaster-related financing in the preceding paper has highlighted the range of flows received by countries experiencing crisis. Whilst this has demonstrated a varied landscape of financing mechanisms, further analysis has also drawn attention to the potential gaps in the current humanitarian system. The following paper explores such gaps between the global humanitarian caseload and existing financing flows along the dimensions of predictability, severity and timing, in order to understand the potential for a new risk finance facility for NGOs.

2 METHODOLOGY

This analysis spans the period January 2014 to July 2019. It draws on a number of key datasets: for financing flows it uses UNOCHA’s Financial Tracking System (FTS) and the OECD’s Creditor Reporting System (CRS) along with data on humanitarian funding and disaster risk financing instruments compiled from additional institutional sources1. Because reporting to FTS is voluntary, flows recorded on the database are an underestimate of actual flows. In contrast, reporting to CRS is mandatory for donors under the Development Assistance Committee (DAC). Both databases have limited information on private flows and underreport on non-traditional and non-Western donors (AidData, 2018). Existing data may thus suffer from bias in amounts of flows; and in geographic and sectoral allocations where this differs between well-recorded and less well recorded flows.

PREDICTABILITY: The humanitarian caseload is assessed using humanitarian appeals data from the FTS. For this purpose, appeals are classified into three categories: ‘known knowns’, ‘known unknowns’ / ‘unknown knowns’ and ‘unknown unknowns’ (see chapter on predictability below for definitions). These categories are related to the predictability of crises and the extent to which these can be planned for. How an event will be classified is also related to where and when it occurs, for instance a category 4 hurricane may be a ‘known unknown’ during the Atlantic Hurricane Season in the Caribbean, but a storm with similar windspeed may be unprecedented in another region, making it an ‘unknown unknown’ for that geographic location. Events with appeals across several years to address an evolving crisis are classified based on the type of event at the outset, not by the predictability of follow on appeals once the crises has started. An exception are countries with long-term annual appeals. These are classified as long-term crisis situations, i.e. known knowns. Inevitably, assigning appeals to each of these categories includes some level of subjective judgement. To reduce potential bias in this process, cross checks were carried out on a few events with judgement on predictability reported by Start Network members through the Start Fund reporting system and with the INFORM Risk Index.

SEVERITY: To assess the severity of crises, this analysis uses the number of people affected from the EM-DAT CRED dataset for natural hazard related disasters (including geophysical, meteorological, hydrological, climatological, biological and extra-terrestrial) and estimates of battle-related deaths and conflict intensity from the Uppsala Conflict Data Program (UCDP)2. The number of people affected in EM-DAT CRED describes ‘people requiring immediate assistance during

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1 For a more detailed overview of additional data sources and the different windows of opportunity for action see Paper 1: Mapping financial flows to humanitarian crises.
2 Conflict intensity is classified into ‘minor’ for conflicts between 25 and 999 battle-related deaths and into ‘war’ for over 1,000 battle-related deaths in any given year (Gleditsch et al., 2002; Petterson et al., 2019; Petterson, 2019).
an emergency situation’ (CRED, n.d.). Due to the diversity of actors involved in generating and using this data and the ambiguity in definitions, this data can be varied in its quality for different countries and limited in comparability across countries (ibid.). With increasing information technology and news coverage, the number of events and detail of reporting has risen in recent years, especially for smaller events (Kron et al., 2012), but their impacts are still considered underreported. The 2015 Global Assessment Report on Disaster Risk Reduction, for instance, concluded that disaster-related losses were underestimated by about 40 percent, in part due to the difficulty of picking up smaller events (UNISDR, 2015).

To establish how much funding is directed to ‘under the radar’ crises this analysis primarily uses ECHO’s Forgotten Crisis Assessment (FCA). This measure uses a combination of the INFORM Index, media coverage, public aid per capita and a qualitative assessment of DG ECHO geographical units and experts to determine what is a forgotten crisis. For that reason, this measure reports at the individual crisis rather than national level, which becomes problematic when trying to operationalise the FCA with UN OCHA’s FTS. This is due to the prevalence of multiple crises in countries where only one or some of the total could be classified as forgotten. It then becomes difficult to isolate specific funds channelled to forgotten crises. As yet, the information provided through the existing databases is not always sufficient enough to disaggregate funding flows by crisis. Therefore, all humanitarian funding flows reported to a country in a given year are considered funding to under the radar crises if that country experienced at least one forgotten crisis in the respective year. This means, figures for funding of forgotten crises are likely overestimated in the analysis, but greater disaggregation was not possible due to limitations in existing data.

**TIMING:** To show the proportion of humanitarian funding that is currently allocated to the different windows of opportunity for disaster risk reduction, early action / anticipation, response, and recovery / reconstruction, data from the OECD Creditor Reporting System (CRS) was used and complemented with data from additional institutional sources of information on crisis funding, in particular for the early action / anticipation window, which is not considered as a separate window of humanitarian assistance in the CRS3. This approach risks overlap and thus double counting with the CRS category of funding for ‘disaster prevention & preparedness’, so instead of an absolute value, a range is calculated for this window. The analysis is restricted to 2014-2017 because of the biannual release of data from the DAC.

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3 The CRS disaggregates humanitarian funding into (1) disaster prevention and preparedness, (2) emergency response, and (3) reconstruction relief and rehabilitation.
3 PREDICTABILITY OF FINANCIAL FLOWS IN THE CURRENT HUMANITARIAN SYSTEM

3.1 ‘KNOWN UNKNOWNS’ VERSUS ‘UNKNOWN UNKNOWNS’

Different types of crises allow for various levels of advance planning and pre-agreed financing, based on how predictable they are. This also has consequences for the availability of funding throughout the different windows of opportunity for action as events unfold (Clarke and Dercon, 2019). To assess the predictability of past humanitarian crises and to understand how planning and financing mechanisms could be improved to better address them, it helps to consider how much we knew about these crises in advance. For the purpose of this analysis, the following categories are used to describe the predictability of crises:

- **‘known knowns’**: events where we know what will happen, when, and what the impact will be, meaning they are highly predictable and allow for extensive advance planning.

- **known unknowns’ / ‘unknown knowns’**: events that we generally know are possible, but at least part of the critical information about timing, location or impact are missing. These events are partly predictable and allow for some level of advance planning.

- **‘unknown unknowns’**: events where all critical information is missing, meaning they come as a surprise, have impacts beyond what was previously thought possible, or are difficult to plan for in advance for other reasons.

Analysis of UN-coordinated appeals suggests that close to 20 percent of response plans between 2014 and 2017 can be classified as ‘known knowns’ and a further 35% as ‘known unknowns’ / ‘unknown knowns’, while 45% are ‘unknown unknowns’. Translated into funding, this means that about one fourth of UN appeals funding during this period, totalling almost US$1.8 billion, was allocated to crises that are at least somewhat predictable. The high number and share of funding to unknown unknowns is primarily driven by ongoing conflict in Syria, Yemen and South Sudan, which make up US$ 38.4 billion alone.

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This loosely follows definitions from Clarke and Dercon (2019) and Vaughn et al. (2015).
This analysis is restricted to UN appeals to get a sense of the humanitarian case load in different categories. A more detailed analysis could be carried out for a broader range of crises that were not addressed by official UN appeals. This would shed further light on the potential for pre-planning and pre-arranging financing to address crisis impacts, especially for natural hazard related, smaller-scale and under the radar crises that are not picked up by the appeals process or conflated with larger crisis situations through annual appeals. However, this would require coding of a much higher number of events at global level, which was beyond the scope of this analysis.

### 3.2 PRE-AGREED HUMANITARIAN FINANCING

There is little available data on the volumes or proportions of humanitarian funding that is delivered according to pre-agreed trigger thresholds or release protocols. Where information is available, analysis shows that about US$160 million were released in this way through regional risk pools (ARC, CCRIF and PCRIC) and early action / anticipation systems between 2014 and 2019. This equals less than one percent of UN appeals funding channelled to at least somewhat predictable crises (i.e. to known knowns and known unknowns / unknown knowns), though it is acknowledged that regional risk pools and anticipatory action funds only represent a small sub-set of crisis and disaster risk financing instruments. Not all crises that are somewhat predictable can or should necessarily be financed based on pre-agreed criteria, plans and triggers, but in some scenarios doing so could help with reliable and timely provision of funding when needed, improving coordination and cutting out lengthy decision-making and approval processes that may delay action (Clarke and Dercon, 2019).

Beyond these examples, it is likely that much more funding is released in such ways, but the full extent is not known and not systematically captured in any global reporting mechanisms. As yet, it is not possible to distinguish such flows from other humanitarian flows reported to UN OCHA’s FTS and initial key word search provided little evidence for such mechanisms. Likely to be captured by the FTS, although not easily extractable, are examples of contingent financing such as the WHO’s Contingency Fund for Emergencies (CFE) (WHO, 2019). So far in 2019, this fund has allocated US$65 million to disease outbreaks and humanitarian crises with health consequences. Efforts are also underway to enhance the flexibility of longer-term development programmes through innovative risk financing instruments, or ‘crisis modifiers’, so programmes can access reliable funding for quicker response to shocks and stresses where these arise. One example is the Providing Humanitarian Assistance for Sahel Emergencies (PHASE) programme, which entails a £28 million contingency fund. Of this, £1.5 million were directly linked to the Building Resilience to Climate Extremes and Disasters (BRACED) programme, allowing consortia working in the Sahel to use funds for rapid response to humanitarian needs (Peters and Pichon, 2017). Related to limited recording of financial flows released through disaster risk financing instruments, there is a question about how to account for payouts through commercial (re)insurers, as well as for premiums paid for by donors or development organisations.

Pre-agreed financing mechanisms can make funding more predictable to help organisations plan better, but they are not the only means of achieving this. In a protracted refugee setting, for example, predictability could be achieved simply through a multi-year funding commitment. Given the number of medium- or long-term humanitarian recipients and the number of protracted crises in the current humanitarian system, multi-year funding is an important consideration for donors and funding mechanisms to enhance the predictability of funding streams, though little is known about the volumes of such flows to date (Development Initiatives, 2018). Discussions and the push for multi-year funding, especially to UN agencies, are ongoing. However, this is not automatically translated into multi-year sub-agreements with implementing partners, including CSOs, so some of the gains in predictability may not be passed on further down the funding channel.

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5 This information is primarily available for the data collected from alternative sources and used in the analysis in the first report, these sources include: African Development Bank, African Risk Capacity, Asian Development Bank, Caribbean Catastrophe Risk Insurance Facility, FAO SNERA Annual Reports, IFRC GO (DREF FBA), Pacific Catastrophe Risk Insurance, Start Fund, World Bank and IMF.
4 SEVERITY OF CRISSES AND UNDER THE RADAR EVENTS

4.1 HUMANITARIAN NEED

Smaller crises affecting less than 1 million people make up the vast majority of natural hazard related disasters, as shown in the figure below. On average, they represent about 72.5% of all such disasters between 2014 and 2019. Despite their large share in numbers of events, the available data suggests that smaller scale crises make up a much smaller portion of the overall number of people affected, ranging between 3% and 16% each year in the study period.

Whereas the number of events for such smaller crises has fluctuated over the past years, there has been a recent decrease in the number of severe natural hazard related disasters, those affecting at least 1 million people. It should be recognised that a proportion of the crises reported on the EM-DAT CRED database used for this analysis do not have figures related to the number of people affected, and so this may not represent an accurate picture. Even where such figures are present, the database highlights the potential for undercounting the number of people affected.

Protracted conflict and displacement have increased substantially over the past years. Recent crises are characterised by prolonged humanitarian emergencies, funding deficits and an additional need for support to host increasing numbers of refugees in low- and middle-income countries (Sova, 2017).

These developments are reflected in an increase in the volume of UN coordinated appeals requirements shown in Figure 4. UN coordinated appeals set out the humanitarian needs and priorities for countries experiencing crisis. In order to respond to these needs, agencies submit costed projects and activities that are totalled for the appeal requirements (EBA Swithern, 2018). The majority of such appeals respond to on-going humanitarian contexts through Humanitarian Response Plans (HRPs). However, in times of sudden-onset emergencies flash appeals are occasionally launched. On average, between 2014-2019, 1% of appeal requirements were for flash appeals.

FIGURE 2:
NUMBER AND SEVERITY OF NATURAL HAZARD RELATED DISASTERS, 2014–2019

Number of Events

<table>
<thead>
<tr>
<th>Year</th>
<th>Severe: 1,000,000+</th>
<th>Smaller-scale: &lt;1,000,000</th>
<th>Data on affected numbers not available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>341</td>
<td>73</td>
<td>33</td>
</tr>
<tr>
<td>2015</td>
<td>401</td>
<td>288</td>
<td>35</td>
</tr>
<tr>
<td>2016</td>
<td>349</td>
<td>63</td>
<td>25</td>
</tr>
<tr>
<td>2017</td>
<td>367</td>
<td>60</td>
<td>22</td>
</tr>
<tr>
<td>2018</td>
<td>327</td>
<td>53</td>
<td>51</td>
</tr>
<tr>
<td>2019</td>
<td>75</td>
<td>59</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: EM-DAT CRED.

6 Flash appeals (emergency plans) are the response strategy to sudden onset emergencies and normally address acute needs in a three- to six-month timeframe. (…) The decision to develop a flash appeal is based on a rapid appraisal of a disaster’s scale and severity, compared to available government capacity.

The Resident and/or Humanitarian Coordinator (RC/HC) triggers the process in consultation with the HCT and the affected government (UN OCHA FTS, n.d.).
It is well recognised that these appeals are likely to represent an underestimation of humanitarian needs because the UN-coordinated appeals process does not capture smaller and ‘under the radar’ crises nor do all organisations participate. However, it is important to note that humanitarian needs, as measured by the appeal process, consistently have unmet funding requirements. For the 5-year analysis period where full data is available, on average 60% of funding requirements are met. Although some projects that are not accepted or prioritised through the appeals process may still receive funding through bilateral channels, underfunding of UN coordinated appeals remains a serious issue.
4.2 FUNDING TO COUNTRIES WITH UNDER THE RADAR CRISES

Between 9% and 32% of humanitarian assistance was directed towards countries experiencing ‘forgotten’ or ‘under the radar’ crises from 2014 to 2019 (Figure 6).

In 2017, total humanitarian funding to the 26 countries with such crises amounted to US$ billion 2.1, according to the lowest estimate. Nine of these countries are also amongst the 30 countries with the largest number of people in need for support in the same year: Cameroon, Chad, Mali, Niger, Burundi, Sudan, Ukraine, Colombia and Pakistan. In total, these nine countries account for 35 million people in need due to conflict, displacement and natural hazard related disasters. The response plan requirements for these nine countries with forgotten crises alone were close to US$ 2.3 billion in 2017; clearly surpassing the reported humanitarian funding of US$ 1.5 billion to these countries that year (authors’ calculations based on data from Development Initiatives, 2018 and UN OCHA FTS).

A number of metrics have been used to categorise crises as ‘under the radar’ or ‘forgotten’. These include ECHO’s FCA, Care International’s Suffering in Silence reports and NRC’s Neglected Displacement crises lists, which are used for analysis in this report. Because most entries in the FTS database are missing detail on the destination emergency to which they were allocated, flows are aggregated as flows to countries experiencing forgotten crises in a given year, rather than attributed to individual crisis events. A more specific attribution of funds to individual events was not possible as part of this analysis. This means, not all funding going to these countries necessarily goes to forgotten crises. This is especially true in countries experiencing several crises in one year, some of which might have received more attention and funding than others.

Nonetheless, it should be recognised that the nature of ‘forgotten’ or ‘under the radar’ crises mean that some of these will go un- or under-reported and related needs might actually be larger than currently known.

FIGURE 7:
HUMANITARIAN ASSISTANCE TO COUNTRIES WITH FORGOTTEN CRISES, 2014–2019

For a more detailed discussion of different definitions and their relevance to the Start Network, see Taylor and Assefa (2018).
Alternative measures of under the radar or forgotten crises, available from 2016 onwards, have shown greater levels of funding channelled to such crises, particularly NRC’s Neglected Displacement list. The increased figures and sharp decline in 2018 can be attributed to the inclusion of South Sudan and Yemen who both received significant amounts of funding in these years.

Lastly, the UN CERF uses the ‘Underfunded Emergencies Methodology’ to support allocations for underfunded emergencies. One third of all CERF grants are earmarked for this purpose. In April 2019, the CERF released US$125 million – its largest fund disbursement to date – to sustain aid operations for more than 9 million people in forgotten crises in Cameroon, Chad, Colombia, the Democratic Republic of Congo, Djibouti, Haiti, Honduras, Madagascar, Niger, the occupied Palestinian territory, Tanzania, Uganda and Ukraine. Nine of these countries also appear on ECHO FCA for the same year.

### TABLE 2:
ALTERNATIVE MEASURES FOR HUMANITARIAN ASSISTANCE (HA) TO COUNTRIES WITH UNDER THE RADAR CRISES (US$ billion)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>UNDER-REPORTED CRISES</th>
<th>OTHER CRISES</th>
<th>NOT SPECIFIED</th>
<th>TOTAL HA</th>
<th>SHARE OF HA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.6</td>
<td>16.9</td>
<td>4.0</td>
<td>23.5</td>
<td>11.1%</td>
</tr>
<tr>
<td>2017</td>
<td>3.2</td>
<td>16.7</td>
<td>1.8</td>
<td>21.7</td>
<td>14.7%</td>
</tr>
<tr>
<td>2018</td>
<td>3.2</td>
<td>19.0</td>
<td>1.6</td>
<td>23.9</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NEGLECTED DISPLACEMENT CRISES</th>
<th>OTHER CRISES</th>
<th>NOT SPECIFIED</th>
<th>TOTAL HA</th>
<th>SHARE OF HA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.7</td>
<td>12.8</td>
<td>4.0</td>
<td>23.5</td>
<td>28.5%</td>
</tr>
<tr>
<td>2017</td>
<td>6.9</td>
<td>13.0</td>
<td>1.8</td>
<td>21.7</td>
<td>31.8%</td>
</tr>
<tr>
<td>2018</td>
<td>3.0</td>
<td>19.3</td>
<td>1.6</td>
<td>23.9</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Source: UN OCHA FTS; Care International Suffering in Silence reports; NRC Neglected Displacement Crises

Note: Data is in constant 2017 prices.
Various windows of opportunity for action exist to prevent, mitigate or address impacts from humanitarian crises. These include disaster risk reduction, preparedness, early action / anticipation, response, recovery and reconstruction. How much funding should be allocated to each of these windows – and what share of that should be made available through humanitarian funding – is difficult to quantify and will vary considerably by hazard and context. For instance, the window for early action / anticipation to reduce expected future impacts from a drought induced food crisis might be several months long, whereas the time to act based on early warnings ahead of a storm or flood can be as short as a few days or hours (Wilkinson et al., 2018). It should also be noted that the transition from one window to another is often not very clear cut, especially for slower onset events where impacts evolve incrementally.

On average, 4% of all humanitarian funding from DAC members was spent on disaster prevention and preparedness projects in the 2014-2017 period. In terms of volume, this average represents between US$446 million and US$671 million across the four years. The majority of humanitarian funding (91%) was allocated towards emergency response and has increased from US$11.4 billion in 2014 to US$14.5 billion in 2017. The remaining proportion of official humanitarian assistance was reportedly distributed for reconstruction and rehabilitation efforts in crisis-affected countries.

**FIGURE 8:**
THE TIMING OF FUNDING TO HUMANITARIAN CRISIS, 2014–2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Disaster prevention and preparedness</th>
<th>Emergency response</th>
<th>Reconstruction relief and rehabilitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.4</td>
<td>11.4</td>
<td>0.6</td>
</tr>
<tr>
<td>2015</td>
<td>0.6</td>
<td>12.2</td>
<td>0.8</td>
</tr>
<tr>
<td>2016</td>
<td>0.5</td>
<td>13.3</td>
<td>0.8</td>
</tr>
<tr>
<td>2017</td>
<td>0.7</td>
<td>14.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**KEY**
- Disaster prevention and preparedness
- Emergency response
- Reconstruction relief and rehabilitation

**Source:** OECD DAC Creditor Reporting System (CRS).

**Note:** Figures are in constant 2017 prices. Funding flows are from DAC members only. Due to limitations with the data source, analysis of funds was only possible between 2014 and 2017.
Beyond the data reported to the OECD DAC CRS, US$138 million was released in insurance pay-outs to governments through CCRIF, ARC and PCRAFI over the same 2014-2017 period for early response to crisis. A further US$4.2 million was reported during the same time from mechanisms offering anticipatory or early action / anticipation funding including the Start Fund Anticipatory Window, IFRC DREF Forecast-based Action and the FAO SFERA Early Action Fund.

**FIGURE 9:**
WINDOWS OF HUMANITARIAN FUNDING, 2014–2017

**5.1 EXAMPLES OF MECHANISMS REALISING FUNDS IN DIFFERENT WINDOWS OF OPPORTUNITY FOR ACTION**

**BOX 1:**
START FUND ANTICIPATORY ALERT WINDOW

On 14 March 2018, the Start Fund were alerted to the flash flooding in parts of Southern Malawi and the resulting risk for an extensive cholera outbreak in affected communities. In the first response of its kind, the Start Fund’s anticipatory window provided Help Age International and their partners (Malawi Network of Older Persons Organisations (MANEPO), World Vision, local tribal leaders and district level governments) with £49,688 to meet the unfolding need. The response trained medical professionals on the appropriate treatment for cholera patients and acquired the necessary medical supplies. Furthermore, a mass chlorination campaign was conducted which reached at least 730,000 people as well as providing additional shelter for patients, supplementary food and community advocacy in order to prevent the spread of cholera.

Start Fund, 2018
BOX 2: FORECAST-BASED ACTION (FBA) BY THE DREF

Forecast-based Financing (FbF) systems such as FbA by the DREF have been piloted in a number of disaster-prone countries. In Bangladesh, the National Red Crescent Society put in place EAPs for Cyclones and Floods, with each event activating a context-specific response through varying implementing partners. Within the 30 hours between a reliable forecast and cyclone landfall, the following actions should be taken: food and water are to be distributed at cyclone shelters, provisions of basic first aid at shelters and evacuation transportation for people and their movable assets and livestock to the cyclone shelters. For anticipated floods, there is a two-stage trigger process with 10- and 5-days lead time. In this time, unconditional cash grants are provided to affected households and resources are gathered for boat evacuation at the community level.

IFRC, 2019; Bangladesh Red Crescent Society, n.d.

BOX 3: AFRICAN RISK CAPACITY (ARC) AND ARC REPLICA

The African Risk Capacity established to improve the capacity of African Union member states against natural hazard related disasters and extreme weather events by improving the resilience of vulnerable populations. Using early warning mechanisms, contingency planning and parametric insurance for governments, ARC allows actors to better respond to crisis in a more timely and cost-effective manner (African Risk Capacity, 2017). Through the ARC Replica mechanism partners, such as the Start Network and the World Food Programme, are supported by donors to pay matching insurance premiums, in order to access proportional pay-outs at the same time as the government, in times of crisis. These funds will allow partners to deliver a planned, coordinated and timely emergency response (Start Network, n.d.). In Senegal, Start Network’s ARC Replica pilot has established a pre-agreed contingency plan in the case of drought, which quantifies the potential financial loss to households and determines the geographical focus of the response and the appropriate interventions that align with planned government activities.

Start Network, 2018
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IFRC (2019) Practical information on Forecast based Action by the DREF for Red Cross and Red Crescent National Societies.


UN OCHA FTS (n.d.) Humanitarian response plans and appeals/ What are they? (https://fts.unocha.org/content/guide-funding-response-plans-and-appeals)


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