



CONCEPT NOTE

Title: Parallel session 7, Anticipatory Financing

Date and Time: Wednesday, 3 November 2021 (Day 3)

11:00 AM - 12:00 PM Jamaica time, Eastern Standard Time Zone (Jamaica, Panama, Mexico, Peru)

Venue: Virtual

Lead organization: United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

Co-lead organization: International Federation of Red Cross and Red Crescent Societies (IFRC)

GOALS

1. Identify good practices, lessons learned on the topic of anticipatory and forecast-based social protection systems.
2. Identify how the financing innovations can constitute elements of changes in humanitarian actions in the recent future.
3. Promote and support anticipatory and forecast-based social protection systems as measures to mitigate disaster-based risks and develop programs that increase the resilience of households and communities.
4. Increase and strengthen the understanding of anticipatory and forecast-based social protection systems and their importance in the DRR and humanitarian response.

MEASURABLE OUTCOMES

1. Session moderation allows the exchange of experiences and practical examples from different backgrounds.
2. The audience can contribute to the discussion and resolve their concerns and questions.
3. Session final summary identifies opportunities and challenges on the implementation of anticipatory and forecast-based financing and forecast-based social protection systems.



GENERAL DESCRIPTION

Financing of anticipatory actions requires overcoming significant challenges in the way funding is structured. These challenges include the capacity to invest in early action, the capacity of the service provider to execute the distribution of cash and the availability of funds compared to the scale of the event. To overcome these barriers and to ensure sustainability and effectiveness of anticipatory actions and forecast-based financing, there is a need to embed the approach in broader risk management structures at the country level.

Social protection systems can support increased anticipation, risk mitigation, and overall preparedness and ultimately contribute to resilience. These mechanisms can build anticipatory capacity by integrating forecasts, early action plans, and disaster risk reduction strategies within social protection programs.

The humanitarian system is weak at disaster risk management as it is structured to be responsive, not anticipatory. It has been slow to adapt to the new reality of crises, including pandemics, that require specific skills, approaches, and partnerships to deal with different types of risk. It also includes thinking ahead and impulses actions to mitigate the impact and increase recovery.

In low-income countries with a high risk of natural hazards, existing social protection systems can play a critical role by including an anticipatory dimension.

This could enable actions in advance of a crisis, guarantee funds for those early actions, and maintain a reserve for cash transfer. Such an approach may help increase the timeliness of interventions, likely resulting in improved efficiency and the ability to scale up actions to address avoidable losses and suffering. It could also support more predictable and sustainable anticipation. This can help increase humanitarian action reach and protect development gains from disasters caused by natural hazards.

This action will assess existing social protection systems and promote the feasibility of anticipatory actions and forecast-based financing in a set of targeted high-risk, low-income countries.

The session aims to explore how AA and SPS could be proactively integrated, considering the existing challenges and opportunities.

QUESTIONS THE SESSION WILL SEEK TO ANSWER

1. How can we use insurance products to have funds available exactly when they are needed?
2. How can we use pre-agreed, contingency financing from the UN and multilateral banks to release money the moment disaster strikes rather than ringing around asking for it afterward?
3. How can we share risk with the private sector?
4. How can development and humanitarian financing complement each other?
5. How can we make the existing humanitarian financing system more efficient?
6. How can we learn lessons from the innovation and experimentation going on?



7. What are the gaps in terms of information seen in the region that have to be overcome to refine the calculations of the provisions of anticipatory financing mechanisms?
8. What challenges and opportunities have organizations implementing anticipatory and forecast-based financing mechanisms encountered?
9. What is the economic and social impact of the implementation of forecasting in terms of social protection systems?
10. What are the primary conditions that allow a process to be successful?