



Invest According to Risk

Analytical Paper on WHS Self-Reporting on Agenda for Humanity Transformation 5B

This paper was prepared by:¹



Executive Summary:

Transformation 5B of the Agenda for Humanity is a commitment to 'Invest more in crisis prevention and building community resilience in the areas most at risk, including from disasters and the impacts of climate change.'² The majority of the 41 stakeholders who pledged commitments to this transformation at the World Humanitarian Summit are Member States, along with a limited number of UN agencies, NGOs, faith-based organisations and others. This paper reflects progress on these commitments using self-reports from stakeholders available on the Platform for Action, Commitments and Transformations (PACT).

A total of 62 report records were considered for this analysis.³ While both disaster risk reduction (DRR) and greater cohesion of resilience elements feature as part of the rationale of those stakeholders reporting, the actions themselves are (for the most part) distinctly focused on one area or the other, with very few bridging mechanisms. The humanitarian-development divide continues to pose challenges in overcoming this gap.

The commitments focus mostly on financing with some concentrating on policy, operational and capacity strengthening. Significant progress can be noted on the volume of funding for disaster and climate change and in the investment in financing mechanisms such as insurance. A few prominent examples of institutional changes to better bridge humanitarian and development work, such as those undertaken by France, offer models to emulate.

In taking transformation 5B forward, a greater common understanding of resilience will play a key role. Standard progress markers need to be developed to ensure that allocated funds are best put to use. Finally, the funding commitments may need to be fine-tuned to the practicalities and realities on the ground. This is best driven by local leadership to ensure effective implementation. Consideration should be given to using funds to strengthen local capacity to support the involvement of national and local actors in this work.

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² See Core Responsibility 5, Transformation 5B of the Agenda for Humanity.

³ The overlap with Transformation 4B - Anticipate, do not wait for crises - is evident and many actions fall into both categories.

Most significant progress made across reporting on transformation 5B – Invest according to risk

The number of stakeholder activities reported is a positive sign. Key themes that have emerged within this transformation area are:

- Investment in innovative financial mechanisms, particularly various types of insurance. The Food and Agriculture Organization (FAO) reported working closely with its partner the Red Cross Climate Centre and the German Red Cross in advancing forecast-based financing (FbF), including through participation in the FbF Global Dialogue Platform and plans to pilot various FbF initiatives in 2017. The United Kingdom and Switzerland reported funding the African Risk Capacity, a risk transfer mechanism created as a specialized agency of the African Union.

“Prioritization of crisis prevention rather than crisis reaction needs to be made clearly visible in programming priorities and substantially increased funding for clearly marked crisis prevention programming.”

Germany
- Increase in volume of funding allocations for disaster and climate related work, although most is still done through the ‘preparedness silo’. Denmark and Ireland reported contributing DKK 156 million and EUR 1 million respectively to the Least Developed Countries Fund under the UN Climate Convention for 2016-2018 to address climate change and climate-related risks.
- Institutional changes to bridge the humanitarian and development divide, increasing coordination between relevant ministries or adopting a common risk analysis to view projects. During the reporting period, the Organisation for Economic Co-operation and Development (OECD) stepped up efforts to support Development Assistance Committee (DAC) members and their partners in developing common risk-informed programming, integrating resilience approaches into strategy development and programming. Sweden reported increasing risk and resilience in development cooperation and strengthening synergies between humanitarian assistance and development cooperation in order to reduce future humanitarian needs.
- Increased investment in ongoing resilience initiatives such as the G7’s InsuResilience financing scheme for risk and the OECD’s Resilience Systems Analysis. In particular Germany pledged an additional EUR 45 million to support InsuResilience in 2016; this is in addition to EUR 150 million it previously contributed.
- Linking commitments (and reports) to the Sendai Framework for Disaster Risk Reduction. This is a welcome move to aid consolidation and integration of various independent processes. Some stakeholders also referred to their commitments to broader initiatives like the New Way of Working.
- National level investment. Turkey, for example, drafted a new zoning law and the Turkey Building-Earthquake Regulation. Others stakeholders focused on national level capacity building, training and multi-hazard risk profiling.

The main barriers/ challenges to progress

Stakeholders reported challenges which ranged from the very specific (such as weak partner organisations) to the very broad (increased number of disasters and humanitarian crises every year). However, two challenges stood out as overarching and were frequently cited:

1. Despite engagement with broader initiatives such as the New Way of Working, the divide between development and humanitarian actors continues to be felt as a major barrier to progress in this area. Stakeholders feel variance in the principles, culture and ways of working between the two sectors. While an increased focus on joint planning and analysis is required to drive this transformation forward, the silos between humanitarian and development actors limit interaction. At the same time, concerns were noted about the potential to compromise humanitarian principles in complex crises if there was further interaction.
2. The other overarching barrier that emerged was capacity limitations - from the ability to support work at scale to staff capacity on risk-informed planning to increased DRR analysis capacity at both global and national levels. Mainstreaming DRR funding within donor grant portfolios has some advantages but this has meant standalone DRR projects are no longer being funded substantially, if at all. Maintaining expert DRR staff has therefore become difficult. This is intensified by the lack of multi-year funding for capacity development efforts.

Measuring progress

Stakeholders are mainly measuring progress using their own internal strategic plans, financial targets or organisational scorecards.

A small number of stakeholders have begun to align measurement of progress with global frameworks. France, for example, is assessing progress through both financial targets (EUR 1 billion in 2020 for climate adaptation) and monitoring mechanisms that it has helped design to measure progress towards the targets of the Sendai Framework. The World Food Program (WFP) is in the process of implementing a new multi-annual strategic plan (2017-2021) against which all outputs and activities will be measured; this new framework will include specific indicators that align with their commitments to Sustainable Development Goals 2 and 17 as well as the Grand Bargain commitments.

“Building resilience means to be able to think about what will be going on after the emergency services have left, and how affected populations will recover their livelihood. Engagement in a long term period is necessary to make sure that people do not fall back into extreme poverty.”

Spain

Gaps between the actions of stakeholders and advancing the transformation

Crisis prevention continues to receive limited investment and attention by both donors and agencies alike. Where taken up, the focus tends to be on emergency preparedness and response. This narrow focus reinforces the need for a common understanding of the concepts of risk and resilience. Resilience in the broader sense needs to take into account and reduce underlying vulnerabilities, chronic poverty and everyday risks. It is not simply about response. Learning from initiatives like the International Federation of the Red Cross and Red Crescent Societies’ (IFRC) One Billion Coalition and the United States Agency for International

Development's (USAID) Building Resilience to Recurrent Crisis may serve as positive examples of how to define and action resilience into programming in a more holistic manner.

Highlights of good practice

A few examples of stakeholder action stood out as models to emulate.

- Bridging the humanitarian and development divide: France reported filling the humanitarian and development gap through institutional changes by creating a Post-conflict and Stabilization Unit within the Ministry of Foreign Affairs (MFA) and a Crisis and Post-conflict Unit within the French Development Agency (AFD). Coordination between the MFA and AFD on response to crises has been formalized through regular meetings. The creation of an Anticipation Unit within the MFA also enables better joint analysis. Finally, France allocated new funding to transcend the divide: EUR 100 million per year to a “Vulnerability Fund” created within AFD to fund multi-year programs focusing on protracted crises. As another example, Sweden reported using an integrated analysis based on risk and resiliencies as the basis of programming and the means to create synergies between humanitarian aid and development cooperation.
- Forecast-based financing: Germany is using forecast-based financing as a comprehensive approach to manage climate hazards. This innovative mechanism is based on scientific extreme weather forecasts. Pilots are being carried out by the German Red Cross. As soon as risk thresholds are reached, preparedness measures are automatically financed in order to reduce the anticipated risks in pilot countries.
- Common evidence basis for risk analysis: The United Kingdom is providing up to GBP 500,000 over three years for an international, multi-stakeholder index for risk management (InfoRM). It is a global, open-source risk assessment for humanitarian crises and disasters. It can support decisions about prevention, preparedness and response. The United Kingdom is using the index to support early warning and resource allocation processes.

Recommendations

Based on an analysis of current reporting on transformation 5B, three recommendations are proposed to strengthen progress in this area.

1. Progress markers / indicators: Measurement of progress in investing more in crisis prevention and building community resilience is still uneven and disparate. Considering that in the medium term success of funds will depend on how well they are deployed, some consistency on this is needed. Alignments to existing indicators – like the Sendai Framework indicators being developed by the Open Ended Intergovernmental Working Group or those of the Sustainable Development Goals – may aid efforts.
2. Synergy to complement the ‘resilience’ aim: The various elements that need to be addressed for transformation 5B – disasters, climate change, crisis – continue to be considered in isolation. Early warning and preparedness remain the key focus areas. There is a pressing need to widen the scope and deepen the understanding of resilience

to reflect inter-linkages. This includes focusing on underlying vulnerabilities and day-to-day risks that threaten progress in resilience-building.

3. Local leadership: The funding commitments of donors are a welcome investment. Consideration should be given to using these funds to strengthen local capacity to support the involvement of all stakeholders in this work. Local leadership should be included in determining priorities based on the practicalities and realities on the ground.

About this paper

All stakeholders who made commitments at the World Humanitarian Summit (WHS) in support of advancing the Agenda for Humanity were invited to self-report on their progress in 2016 through the Platform for Action, Commitments and Transformation (PACT) (agendaforhumanity.org). The information provided through the self-reporting is publicly available and forms the basis, along with other relevant analysis, of the annual synthesis report. The annual synthesis report will be prepared by OCHA and will highlight trends in progress, achievements and gaps that need more attention as stakeholders collectively work toward advancing the 24 transformations in the Agenda for Humanity. In keeping with the multi-stakeholder spirit of the WHS, OCHA invited partners to prepare short analytical papers that analyze and assess self-reporting in the PACT, or provide an update on progress on initiatives launched at the World Humanitarian Summit. The views expressed in this paper are those of the authors and do not necessarily reflect the views of the United Nations Secretariat.

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