



Foreign, Commonwealth
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The
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Wilton Park



Report

Financing for Early and Anticipatory Action

Wednesday 12 – Thursday 13 October 2022 | WP3132



Risk-informed
Early Action
Partnership





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In partnership with the Risk-informed Early Action Partnership and Centre for Disaster Protection

Introduction

1. In June 2022, the Risk-informed Early Action Partnership (REAP) and Wilton Park – co-sponsored by the UK and Germany – convened a discussion for early action donors aiming to take stock of the findings of a REAP-commissioned report titled *Finance for Early Action: Tracking Commitments, Trends, Challenges and Opportunities*. This first, virtual workshop provided the space for institutional donors to share initial reflections on the findings of the Finance for Early Action report and to identify key priority actions to take the recommendations forward.
2. A summary of the first roundtable, as well as a summary of the priority actions, can be found here: <https://www.early-action-reap.org/report-financing-early-and-anticipatory-action>
3. On October 12th and 13th 2022, REAP – this time in conjunction with the Centre for Disaster Protection (CDP), again co-sponsored by the UK and Germany and facilitated by Wilton Park, convened a follow-up in-person event to discuss progress since the last discussion and to explore in greater depth the practical next steps to be taken in increasing financing for early action. This second event was open to a wider group of stakeholders by invitation, including private sector actors, Multilateral Development Banks (MDBs) and other disaster risk finance initiatives.
4. The overarching objectives of this two-day workshop were to:
 - Consider the opportunities and possible actions for donors and financial institutions in developing support for and scaling up funding for early and anticipatory action;
 - Consider and identify how REAP, CDP and others could support this endeavour.

Opening Remarks

5. It was noted that the discussion was taking place at a time when the risk of multiple famines in 2022 and 2023 is greater than it has been for decades, driven by conflict, climate change, the Covid pandemic and conflict in Ukraine. The number of people living one step from famine has grown from 25 million to 49 million since September 2020, and almost 1 million people in Somalia, South Sudan, Ethiopia, and Yemen are already at risk of famine. Despite these record levels of humanitarian need, there is a growing gap between needs and available funding. It is clear that a new approach to tackling crises is required.

6. As the G7 Foreign Ministers' Statement notes, commitments to scale-up anticipatory action must entail efforts to apply it in situations of protracted crisis and conflict. Given that countries experiencing conflict and protracted crises are among the most vulnerable to climate change, we must therefore commit to strengthening synergies between anticipatory and climate action. More effectiveness and efficiency in tackling humanitarian crises requires a shift towards more anticipatory action and preventive instruments, including in crisis-affected countries. This means working with the international system to act ahead of conflict and climate shocks, and ensuring greater coordination between humanitarian, development and climate actors to scale-up these approaches. It would also include drawing on innovative finance and disaster risk finance mechanisms.
7. As the Finance for Early Action report highlights, there is still a significant mismatch in terms of expenditure between pre-arranged, proactive, anticipatory funding, and reactive funding. This is exemplified by this year's situation within the Horn of Africa. Donors must be encouraged and supported to have the financial regulations in place to provide sufficient flexibility of funds, so that they can be prepositioned effectively and used where most needed.

Overview of Discussions

8. All sessions throughout the course of the two days were strongly underpinned by two guiding questions to participants:
 - How could your organization / government increase its commitment to funding or enabling anticipatory and early action?
 - What can the Risk-informed Early Action Partnership (REAP), Centre for Disaster Protection (CDP) and other actors do to support you in taking the next steps?
9. Day 1 tackled the challenging issues of achieving scale and sustainability. Using an analysis of evidence available on the current food crisis in the Horn of Africa, participants discussed what are the main barriers to scaling early action and what, therefore, are the priority areas to address?
10. Participants discussed two critical factors necessary for creating sustainability in financing for early action - private sector engagement and supporting government leadership. A partner presentation helped frame the discussion focused on government engagement by outlining approaches taken on disaster risk reduction and how they might be replicated or adapted in working with governments to enable their leadership of anticipatory action.
11. Private sector representatives from the Risk-informed Early Action Partnership put themselves forward for an intensive round of questioning by moderators and participants. The intention of this session was to identify both common ground and entrenched differences, building a more comprehensive picture of how the private sector can contribute to sustainable early action at scale.
12. Having tackled the testing issues of Scale and Sustainability, Day 2 saw participants get to grips with the practical questions and challenges, namely:
 - How do we demonstrate and drive good practice in finance for Anticipatory and Early Action?
 - How can donors, government and financial institutions be supported to "move up the pyramid" or increase the amount of funding that is pre-arranged and anticipatory?

13. The sessions considered practical tools developed by both REAP and CDP, such as the Checklist for Finance for Early Action, the Pre-Agreed Finance methodology and analysis of the Global Protection Gap. These tools were used to initiate reflection and discussion on how existing portfolios and programmes are faring in terms of enabling anticipatory action and what tangible steps could be taken to further increase or mainstream commitment to funding early action.

Key Reflections and Takeaways

14. Whilst there was good engagement from donor governments and some relevant private sector partners within the group convened, it is clear that IFIs – and particularly the MDBs – are a key stakeholder group that need to be involved in this discussion moving forward. Therefore, future meetings should aim to include that constituency and consideration should be given to developing a specific workstream (engaging key partners) to ensure such engagement bears fruit looking forward.
15. Similarly, in future gatherings it will be important to include the governments of climate vulnerable countries. Local and national agency and access to finance is a critical issue on this agenda and therefore we need to hear directly from affected countries their experience of what does and doesn't work in terms of adapting financial instruments to become more anticipatory.
16. It became apparent that there is still work to do in terms of providing a compelling case for acting early at scale. Whilst the evidence base is growing, advocacy materials (based on political economy analysis) need to be developed for different audiences if we are to see the conversation truly 'mainstreamed' and early action adopted across the board.
17. There is also technical assistance that can be provided on the 'HOW' to implement financing for early action for specific instruments. The Centre for Disaster Protection, the InsuResilience Global Partnership and the Insurance Development Forum (amongst others) all have valuable expertise that could be leveraged by government partners to inform application. It will be important that going forward donors continue to ensure that lessons are shared through the partnership and with other interested parties.
18. Finally, the important role that donors can play in influencing the boards of relevant stakeholders / initiatives to move the dial on this agenda was noted.
19. Each group work session of the workshop resulted in one key statement per group, all of which were compiled in the final session and can be found on the Wilton Park portal.

Next Steps

20. The top line recommendations or key points emerging from each group work session are now being analyzed along with the detailed session notes. In addition, follow-up bilateral conversations are taking place with participants and other stakeholders that are highly relevant to the area of finance for early action but were unable to attend the event. In addition, consultations will be carried out with other key groups and initiatives relating to the agenda.
21. This will result in the sharing of a draft workplan that will shape the Partnership's direction on finance for early action going forward. This workplan will be shared with participants and the wider finance for early action stakeholders in early 2023, before work commences to fine-tune the workplan into a living document, with roles, responsibilities, actions and milestones clearly delineated.

22. A third roundtable will be scheduled for mid-2023 to bring stakeholders back together, including those stakeholder groups who have not been present to date but are highly recommended to be included per the reflections above, to discuss progress to date and priority actions towards COP28 and beyond.

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