

New impetus to address the climate crisis:

Anticipatory humanitarian action meets disaster risk finance risk

Workshop Report, Berlin 30.03.2022



# Key takeaways

## Outcomes and Next Steps

All readers are invited to see the outcomes of the workshop and further contribute and brainstorm on

→ MIRO board: [Collaborative stakeholder mapping](#) (*living document*)

## World Cafe - Key points

### Table 1: New partnerships to address climate change impacts

- Much communalities and potential for cooperation, role of donor demands
- More cooperation and exchange are needed, but no new fora
- Shared analysis, collective outcomes - risk analysis as shared entry point

### Table 2: National strategies against the climate crisis

- Support a comprehensive and inclusive risk management strategy
- Increasing investment through evidence
- Incentivize collaboration for synergies

### Table 3: International momentum to support vulnerable people

- Joint risk assessments
- Implementing and coordination partners
- Finance

## Panel Discussion - Key Points

**Addressing the impacts of climate change. From the G7 Summit in Elmau to COP27 in Egypt, what are the opportunities and possibilities in 2022 (and beyond)?**

- German G7 presidency plans of FFO and BMZ
- Strengthening of localization and subsidiary structures need to be a priority
- Difference of mandates and a chance for new cooperation on topic of climate impacts
- More cooperation needed but no additional structures
- More and sustained finance and update of financing modalities needed
- Strong connection to Loss and Damage

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# About the event

## Background

Climate change is no longer a distant threat. Extreme weather and climate events such as storms, heatwaves, droughts, flooding and wildfires have become more frequent and intense. In addition, climate change is also causing more gradual changes with severe humanitarian consequences: Warmer temperatures enhance evaporation, which reduces surface water and dries out soils and vegetation, endangering grazing land and, thus, food security in certain contexts. Climate-related impacts are felt first and foremost by people in some of the poorest regions of the world, and especially by those who are already affected by fragility, political instability and conflict.

2022 offers an opportunity to rethink the way we prepare for and address the impacts of climate change. On February 28 the Intergovernmental Panel on Climate Change (IPCC) published a report that assesses the consequences of climate change and outlines adaptation options, based on rigorous research. In November, at the 27th Conference of the Parties to the Framework Convention on Climate Change (COP27) in Egypt, climate change adaptation will be a key topic of the negotiations. At the same time, Germany has declared climate change to be one of the main priorities of its G7 presidency, and seeks to strengthen anticipatory action approaches and the global climate and disaster risk financing architecture to minimize, reduce and avert loss and damage caused by climate change.

Humanitarians and the climate and development community have a key role to play to help communities at-risk to prepare for climate-related disasters. Over the past decades, a suite of new climate and disaster risk financing (CDRFI) tools has been generated across the humanitarian and development community. One of the key instruments that have been developed and are promoted in the humanitarian community are *anticipatory action* approaches. Anticipatory action approaches seek to reduce human suffering, losses and damage by enabling relevant actors, especially affected communities, to act ahead of a potentially harmful event. They typically link robust forecasts and risk assessments to action plans and are ideally supported by a pre-arranged financing agreement. A key tool promoted in the climate and development community are insurance solutions, as offered, for instance by regional risk pools. They provide states, communities and other actors swiftly with funds to allow them to better cope with the impact of extreme climate and weather events. The two instruments share many commonalities: they are based on hazard and vulnerability analyses, use climate and weather data, triggers and pre-agreed financing modalities. Moreover, both approaches are being promoted by Germany, with the BMZ and GFFO acting as key supporters. Despite their commonalities and complementarity, these innovative instruments have been developed and promoted largely in isolation of each other, also in the German context. This results in untapped potential and a loss of synergies that risks leaving behind those who need the financing the most. Given the steadily rising

impacts of climate change, it is time to work across silos and explore first ideas and opportunities for a closer engagement across the humanitarian-development nexus.

## Purpose of the event

The event connected relevant German stakeholders from the humanitarian, climate and development community to explore opportunities for closer collaboration across silos to strengthen climate and disaster risk financing instruments. Central questions included: How can the division of labor look like? Which instruments, collaborations and partnerships are needed? What are the obstacles that need to be overcome? What impulses need to be set at national and international level?

## Terminology

### What is Climate and Disaster Risk Financing and Insurance?

Climate and disaster risk finance refers to pre-arranged financial arrangements and instruments aimed at strengthening financial resilience or providing financial protection for climate and disaster risks, including non-climate-related disaster risks such as earthquakes.

The central goal of climate and disaster risk finance is to assist more rapidly and reliably to those in need when a disaster strikes by using an array of quickly disbursing financial instruments. In addition, financial instruments like insurance can also strengthen long-term reconstruction after disasters by covering physical damages to both public and private assets, incl. climate-related crop losses. Beneficiaries of these schemes may include sovereign and sub-sovereign governments' disaster-related contingent liability schemes, and schemes for individuals, households and MSMEs. Common examples include budget ex-ante instruments such as reserves, contingency reserves, contingent credit, shock-resistant loans, and risk transfer in all forms (Sovereign Risk Pools, Sovereign Cat Bonds, insurance for agriculture, MSME income and property losses), but can also include ex-post instruments such as budget reallocations or post-disaster borrowing (adapted from [IGP Glossary](#)).

See further: [MCII - CDRFI Instruments Overview](#)

### What is Anticipatory Action?

Anticipatory action is an innovative humanitarian approach to minimize the loss and damage caused by different hazards, including those being exacerbated by climate change. The Anticipation Hub describes anticipatory action as “a set of actions taken to prevent or mitigate potential disaster impacts before a shock, or before acute impacts are felt. The actions are carried out in anticipation of a hazard impact and based on a prediction of how the event will unfold”.

Various organizations implement and promote anticipatory action around the world, including the Red Cross Red Crescent Movement, the Start Network, the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

Anticipatory action takes different forms and happens on a range of scales, depending on the mandate, the context, the hazard that people are facing, and the available forecasts. There are common parameters, however:

- the actions to be taken, and the roles of each stakeholder, are agreed in advance
- actions are based on forecasts of when and where a hazard will occur
- there is pre-agreed financing in place to allow these actions to be implemented

Importantly, anticipatory action should not be seen as a substitute for longer-term investment in disaster risk reduction; instead, it aims to strengthen people's capacity to manage risks.

See further: IFRC Video - [What is anticipatory action?](#)

## Expert Inputs: The consequences of the climate crisis globally and locally

### Briefing on IPCC WGII Report, Prof. Dr. Marteen van Aalst

[See Prof. Aalst AR6 WGII Presentation](#)

Prof. Aalst gave an impressive overview of the IPCC WGII report, developed by 270 authors, 675 contributing authors and summarizing over 34000 scientific papers. The scientific evidence is unequivocal: climate change is a threat to human well-being and the health of the planet. Any further delay in concerted global action will miss the brief, rapidly closing window to secure a livable future. Although a grim outlook, the report also offers solutions to the pressing problems. Key points are:

1. The impacts are already dangerous and widespread - including disruption in nature and impacts on the lives of billions of people, despite efforts to adapt.
2. Climate risks are strongly shaped by other trends including poverty and inequality, unsustainable use of natural resources and urbanization. 3.3 – 3.6 billion people live in hotspots of high vulnerability to climate change, and climate change is already contributing to humanitarian crises.

*“...Climate and weather extremes are increasingly driving displacement in all regions (...). Flood and drought-related acute food insecurity and malnutrition have increased in Africa and Central and South America” - IPCC report*

3. We are seeing more complex and compound risks:

- A. Combinations of multiple risks that are more difficult to manage
- B. Risks cascading through sectors and regions
- C. Responses are becoming risks

4. Risks are worse than we thought before and every small increase in warming increases future risks. Several severe risks to human well-being include:

- Heat stress: Exposure to heat waves will continue to increase with additional warming.
- Water scarcity: At 2°C, regions relying on snowmelt could experience 20% decline in water availability for agriculture after 2050.
- Flood rise: About a billion people in low-lying cities by the sea and on Small Islands are at risk from sea level rise by mid-century.
- Food security: Climate change will increasingly undermine food security.

5. Action on adaptation has increased but progress is uneven and we are not adapting fast enough. Even effective adaptation cannot prevent all losses and damages - especially for the most vulnerable.

- Above 1.5°C some natural solutions may no longer work.
- Above 1.5°C, lack of fresh water could mean that people living on small islands and those dependent on glaciers and snowmelt can no longer adapt.
- By 2°C it will be challenging to farm multiple staple crops in many current growing areas.

*“There are increasing gaps between adaptation action taken and what’s needed. These gaps are largest among lower income populations. They are expected to grow.” - IPCC report*

7. Key cross-cutting solutions: Local knowledge, Adequate capacity (information, funding, tools), Engagement of policymakers & involvement of residents in decision-making, Institutional change (accountability, commitment, transparency), Early warning systems and Social protection

8. Action is urgent: Starting today, every action, every decision matters. Worldwide action is more urgent than previously assessed.

*“To avoid mounting losses, urgent action is required to adapt to climate change. At the same time, it is essential to make rapid, deep cuts in greenhouse gas emissions to keep the maximum number of adaptation options open.” - IPCC report*

## **A V20 perspective by Sara Ahmed, V20 Secretariat**

The financial impacts of climate change are already severe in V20 countries, but at the moment, there is a disconnect with financing tools and resources. V20 countries need to use their fiscal space in a sustainable manner while having access to immediate liquidity, new investment and low cost of capital.

Ms. Ahmed stressed 5 points that will determine the quality of investment and action and the cost-effectiveness of time and resources:

1. Having access to long-term precision channeled resources and to timely support.
2. Preparing vulnerable country government institutions as they are major risk managers.
3. Focusing on early finance and quickly deployed response and delivery structures. The architecture gets confusing when programs that are actually similar are positioned differently. Improved coordination and collaboration mean that the gaps in the service and resources provided can be made clear. We have much to gain with complementary benefits of preparedness and climate and disaster risk financing and insurance tools.
4. Building domestic, regional and international markets in order to avert, minimize and address losses and damages.
5. Including the demand side in decision making for better results, and paying attention to smaller markets as well.

## Climate impacts and response in Kenya,

### Dr. Asha Mohammed, Kenya Red Cross

Dr. Asha highlighted the severe reality of climate impacts in Kenya. Kenya currently suffers from drought due to three failed rainy seasons which affected over 3 million people this year and have killed 1.5 million livestock so far. The drought has also led to resource-based conflicts, both human to human, human to animal and even between animals.

Women and girls are a particularly vulnerable group, even more so during climatic disasters - indirect impacts can be gender specific violence, malnutrition and school dropouts in order to help with housework. Any action must be gender-sensitive in order to reach its full potential. Some development gains have already been taken back and more needs to be done.

The Kenya Red Cross Society (KRCS) has been responding to the crises with food distribution, cash to promote local markets and buying off cattle and giving it back to local farmers to provide both. While KRCS has reached 18000 households, this is but a drop in the ocean. In the long run, water sources must be rehabilitated and health services improved, e.g. through mobile health centers.

Kenya has early warning systems and EA protocols, yet action is often not triggered or the appeals do not get sufficiently funded. If solutions are discussed but not matched, then communities will get more vulnerable. The amounts needed are not achievable. But it is also paramount to get it to the right communities: this is the concept of localization. The Red Cross has a strong volunteer workforce to actually reach the affected communities and necessary on-the-ground knowledge.



# World Cafe Discussion - Key Outcomes

## Table 1: New partnerships to address climate change impacts

*What might collaboration between anticipatory humanitarian action and CDRFI look like at the implementation level (=project/program level)?*

### Communalities, potential for cooperation and donor demands

There is great potential for cooperation since insurers and CDRFI providers ensure a quick payout, while humanitarian actors focus on impact. Donors should cooperate among them and across ministerial silos and align access criteria for different funds and pools to facilitate cross-sectoral collaboration and uptake. Donors should demand synergies, localization and ex-ante approaches at the project level.

### More cooperation and exchange needed, but no new fora

Despite a multitude of international fora, there is still a lack of exchange and common standards. Existing structures should be finetuned, there is no need to create new ones. The national or local level requires special attention. Coordination is lacking among national and local actors but also among donors that target and overload the same (few) government representatives and implementing partners. Therefore, coordination and a strategic level of engagement need to be chosen. It is important to be inclusive and ensure that language barriers do not exclude local perspectives. .

### Shared analysis, collective outcomes - risk analysis as shared entry point

Potential for cooperation is immense since both CDRFI and FbF conduct risk, hazard and vulnerability analyses, but there is little awareness of what already exists in the different sectoral silos. Joint challenges include, for instance, lack of data and difficulties to quantify damage. Shared analyses could be an entry point for collaboration and national governmental agencies should be in the driving seat for their elaboration. A joint in-depth feasibility study with stakeholder analysis at national level, which also explicitly addresses what is not working well so far (e.g. scale, reach, scattering, coordination) was suggested.

## Table 2: National strategies against the climate crisis

*How to strengthen the collaboration between actors of anticipatory humanitarian action and DRF at country level? What are problems & how could they be overcome?*

### Support a comprehensive and inclusive risk management strategy

No single instrument can address all risks. However, national AA and DRF programs are often designed separately from one another. By jointly advocating to national governments to consider both approaches as complementary, stakeholders can encourage governments to integrate the appropriate solutions across their strategy and programs e.g. DRM plan, National Adaptation Plans, National DRF Strategy. Such efforts must put people at the center. Local actors and communities - including women and minority groups - must not only have to be given a seat at the table, but they should inform design and approaches of programs from the very beginning to assure that we deliver the most appropriate and impactful solutions at scale.

### Increasing investment through evidence

Government and national actors must be able to assess the impacts and cost-benefits of AA and DRF to understand their trade-off and allocate resources accordingly. There are many examples of where DRF and AA initiatives work successfully and where they do not cross the different contexts. Yet the analyses are often done in sectoral siloes. Stakeholders must continue to support research and studies to demonstrate the value of both solutions and the benefit of working collectively. Conducting a cross-sectoral country-level feasibility study as a prerequisite for a joint pilot program, will be key in operationalizing the collaboration.

### Incentivize collaboration for synergies

Politics, mandates and competing priorities are all contributing to fragmentation and hindering a joined-up approach between AA and CDRFI. Yet, there is an increasing recognition to work together to effectively tackle the challenge of rising climate risks. In addition to building a common language, more clarity is needed on both the division and connection of the various roles and responsibilities of agencies working on AA and CDRFI at the country level. To embed DRF and AA within national DRM systems and NAP, donors can encourage synergy building through introducing cross-sectoral assessment and planning requirements in their programs. Funding facilities could be made more accessible to a different category of actors based on their mandates and expertise through such an approach. Multi-donor / multi-partner partnerships in-country can help accelerate collaboration.

## Table 3: International momentum to support vulnerable people and communities

*Which demands are needed at the global level? Which instruments/ partnerships/ co-operations can help to better link anticipatory humanitarian action and CDRFI?*

### Joint risk assessments

Joint risk assessments should build up from the local to national level through a bottom up approach, and not trickle down from the national to local levels.

### Implementing and coordination partners

It is important to find a strong network of partners at local, sub-regional, national or regional level (esp. If national actors are weak) to link anticipatory action and CRFI. Regional risk pools can play an important role as vehicles, since they promote preparedness, support disaster risk reduction, and act as efficient and established delivery channels of insurance payouts. In more general terms, speaking a common language is important to overcome the sectoral divides.

### Finance

New money and instruments are necessary to accommodate the growing financing needs. The Allocation of funds should prioritize the most vulnerable. Climate vulnerable and affected countries should be empowered and consulted during the decision-making process in how and where funds are directed, e.g. through the V20. Existing national mechanisms should be further strengthened and utilized to allow CDRFI instruments to reach scale. Generally, the financing space needs to be re-organized in a coherent and coherent way. Access to CDRFI funding needs to be eased and be made accessible for a wider range of stakeholders.

# Panel Discussion: Addressing the impacts of climate change - From the G7 Summit in Elmau to COP27 in Egypt, what are the opportunities and possibilities in 2022 (and beyond)?

*Panelists:* Centre for Humanitarian Action (CHA), German Federal Foreign Office (GFFO), Federal Ministry of Development Cooperation (BMZ), Germanwatch, Facilitators (MCII & Anticipation Hub)

## German G7 presidency plans

**Foreign Office** works towards strengthening Anticipatory Action. Goals:

1. Common language between donors and communities
2. Foster commitment, networking and localization
3. More and sustained funding for EAP, SOP etc.

**BMZ** works towards a global shield against climate risks. Goals:

1. Strengthen cooperation within CDRFI architecture by reforming the IGP Program Alliance
2. Set up a financing vehicle
3. Endorse SMART premium and capital support principles

## Strengthening of localization and subsidiary structures

- Better and more involvement of national and local actors is necessary, a successful example for local cooperation are Multi-Actor Partnerships.
- Funding needs to actually reach actors on the ground, even though this can be a difficult process (administratively overwhelming).
- The Adaptation Fund provides a good example of a direct access modality. Fund distribution can draw upon strengthened social safety nets.

## Difference of Mandates and chances for cooperation on climate impacts

- Mandates between development actors and humanitarians are different for a reason - humanitarian neutrality and independence.
- Need to clarify who does what and cooperate closely on that basis.
- Development should put states in the position to act on, humanitarian aid comes in when national actors are overwhelmed. Nevertheless, actors on the ground are often the same.
- Climate impacts is a field of intersection for development and humanitarian actors that might allow for new corporations and financing modalities.

#### More cooperation needed but no additional structures

- There is a general ‘initiative fatigue’, thus it is better to reform existing initiatives instead of creating new ones. The cooperation structures need to be resilient to withstand crises to come.
- Reality is far from real risk layering including different instruments and actors. There is still a lot of work to do.
- Development-humanitarian nexus: the problems between organizations and silos are mirrored in the organization themselves, here intra organizational change is necessary (e.g. prevent knowledge loss through staff turnover, connect departments etc.)

#### More and sustained finance and update of financing modalities needed

- Humanitarian needs are already not covered and anticipatory action funding should not reduce the budget for humanitarian response.
- International and local actors are competing for finance which depends on politics, election periods etc. which can hinder cooperation in some situations - cooperation must be strengthened on a structural level to withstand obstacles.
- Payouts based on forecasts may require an update on financing modalities (touches German budgetary law) and thus constant advocacy for the benefit of anticipatory action approaches.

#### Connection to Loss and Damage

- Both climate risk financing and anticipatory action contribute to the ‘avert’ and ‘minimize’ principles of L&D in the Paris agreement.
- Need for a comprehensive disaster risk management, including risk analysis and underpinned by funding e.g. through the requested L&D financing facility. The needs are enormous, and non-economic losses and L&D by slow onset disasters need to be considered as well.

# Annex

## Participating organizations

CDRFI	Humanitarian	Government	Think Tanks
ISF	German Red Cross	Foreign Office	Centre for Humanitarian Action
KFW	Handicap International	Ministry for Economic Cooperation and Development	Climate Analytics
MCII	MSF Germany		DGAP / Columbia University
Willis Tower Watson	Welthungerhilfe		DWD - German Meteorological Service
Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH	Aktion gegen Hunger		United Nations University
Germanwatch			

## World cafe tables photo documentation

Table 1 - Partnerships

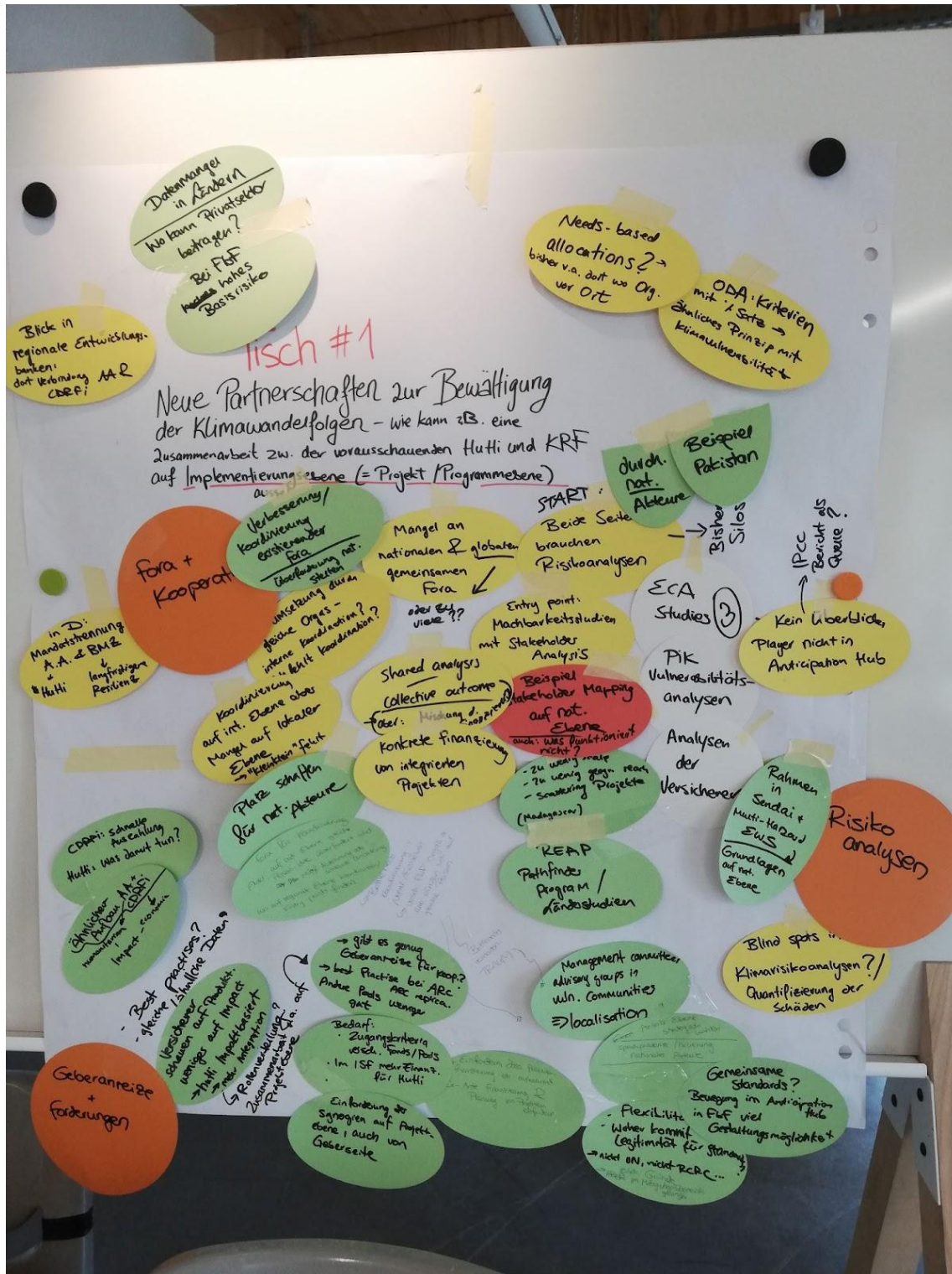
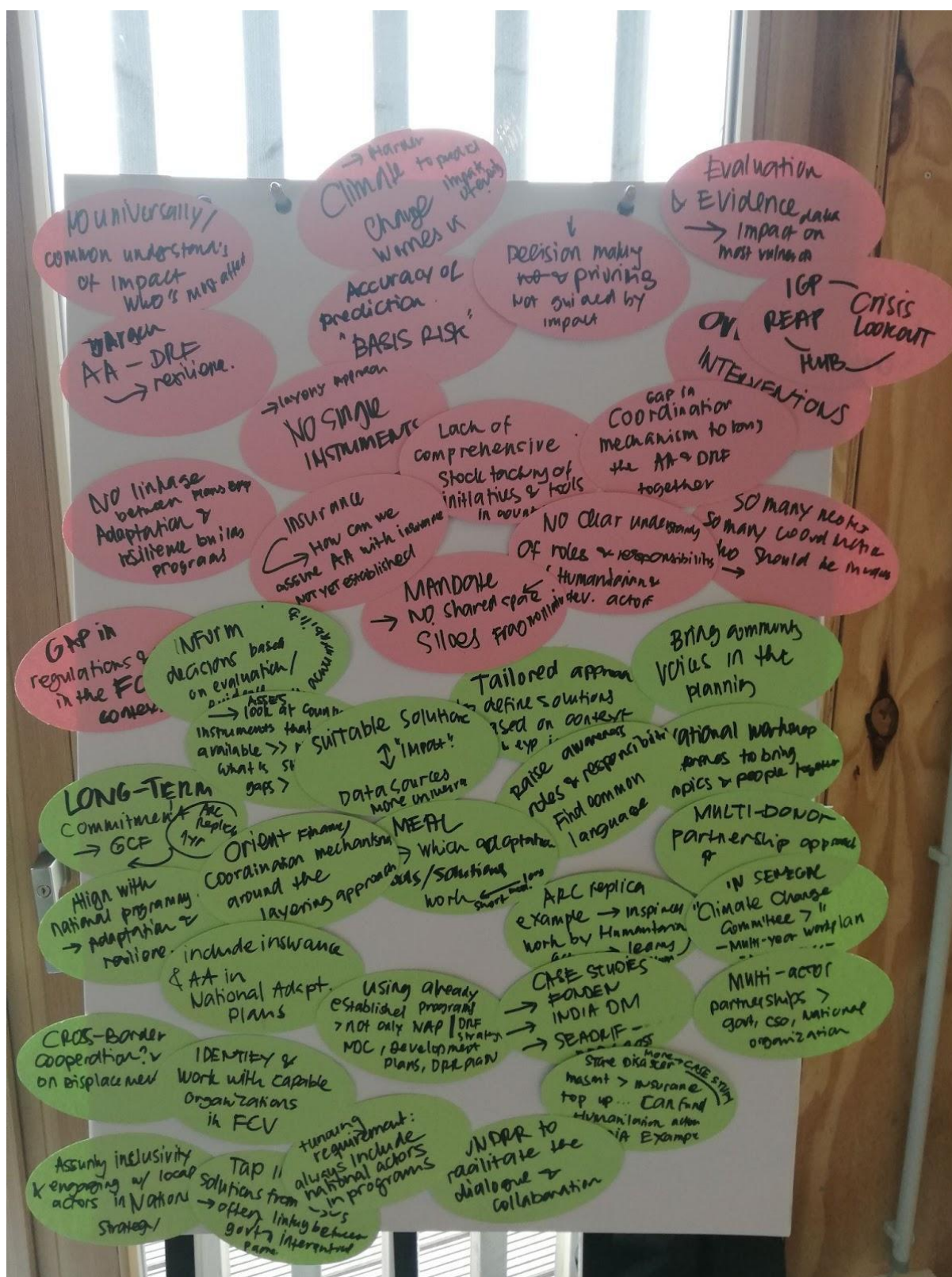




Table 2 - National cooperation





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The Munich Climate Insurance Initiative was initiated as a non-profit organization by representatives of insurers, research institutes and NGOs in April 2005 in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the UN Framework Convention on Climate Change and the Kyoto Protocol. This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS). As a leading think tank on climate change and insurance, MCII is focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.



The Anticipation Hub is a platform to facilitate knowledge exchange, learning, guidance, and advocacy around anticipatory action both virtually and in-person. The Anticipation Hub is a joint initiative between the German Red Cross (GRC), the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross Red Crescent Climate Centre (Climate Centre). The Anticipation Hub brings together partners across the Red Cross Red Crescent Movement, universities, research institutes, (i)NGOs, UN agencies, governments, donors, and network initiatives. The German Federal Foreign Office (GFFO) is the primary and founding funder of the Anticipation Hub.

