



# Dare to prepare: taking risk seriously

## Summary

Financing emergency preparedness: from fighting crisis to managing risk

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# Dare to prepare: taking risk seriously

*A sea change is needed in our approach to international aid financing, one that prioritises the management of risk. For development approaches, this means taking measures to avoid potential gains being lost or undermined, while for humanitarians it means being better prepared to deal with the geography of risk in 2015 and beyond. Preparing for current and future risks is a responsibility and a basic prerequisite for effective humanitarian and development work – it is not optional.*

## **Emergency preparedness: the current state of play**

Emergency preparedness has the potential to be truly transformative, a means to reshape the way the aid system approaches crisis. Investment in preparedness seeks to reduce the cost of response over the long term and the ever increasing burden on the humanitarian system – a burden that stretches it beyond its means and, in some cases, its mandate. It offers a marked change to post-crisis ‘business as usual’ and reflects the lessons learnt from decades of humanitarian response, as well as the necessity of building national capacity for preparedness as a fundamental part of a longer-term strategy to reduce pressure on humanitarian finances.

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This study comes 10 years after humanitarian reform helped change the face of financing. It appears at a time when the international community is grappling with ever increasing humanitarian needs, set against a backdrop of continuing pressure on donor financing and, with it, demand from donors that effectiveness and value for money become central to the system. Set in this context, preparedness is being advanced throughout the international community. It is pursued in many forums and at many levels, by agencies in the field, by working groups within the Inter-Agency Standing Committee (IASC) and up to and beyond the IASC Principals. These credible efforts to drive forward the agenda are not a

comprehensive ‘solution’ to address preparedness needs – but neither are they supposed to be. They will – it is hoped – be a catalyst for the far-reaching changes that are required. In many ways the reality is a simple one: in order to be prepared to deal effectively with disasters or crises, preparedness measures need to be put in place before a crisis occurs.

Humanitarian funding clearly contributes towards preparedness. However, this is predominantly either through finance for response released after a crisis or the ‘planned’ humanitarian assistance of consolidated appeals. In addition, discrete ‘preparedness activities’ are undertaken, rather than continuing support to a comprehensive preparedness system. This is symptomatic of a fundamental flaw in the financing architecture. If we were to design channels of funding with a blank slate, then it is likely that funding arrangements would look quite different from those that we see today. This is not to suggest that preparedness should always be top of the agenda; weighting of priorities is a reality in a world where funding is constrained. It is not always feasible to undertake comprehensive preparedness measures for all risks. Moreover, risk and uncertainty present specific budgetary challenges. As a basic minimum, however, it should be possible for the international system to support the creation of national systems of preparedness for the most likely crises (based on a comprehensive assessment of risk within each country).

This is not, however, solely a financing challenge. Getting the financing architecture correct is an important starting point, but it needs to be complemented by improved coherence of preparedness efforts through coordinated decision-making, planning and implementation. This requires a global consensus to make risk fundamental to all aid decisions, and that this translates into prioritised programming and resourcing. The ultimate goal is fully functioning national systems of preparedness, led by national actors capable of responding to the range of risks that a country may face.

In the context of fiscal austerity, donor government signatories to post-2015 agreements will be mindful of the financial implications of those commitments. In these circumstances, the notion of preparedness as a 'no regret' option must be conveyed. The post-2015 development agenda thus marks a critical juncture. Will the international community continue to do more of the same, perhaps under a new banner, terminology or buzzword, or will it take a radically different approach to challenge the inadequacies of 'business as usual' crisis response?

### Key messages

- The ultimate goal should be comprehensive national systems of preparedness, capable of responding to the range of risks that countries face.
- Emergency preparedness has the potential to be transformative, offering a marked change to ex-post (i.e. after the event) 'business as usual'.
- For national and international actors, emergency preparedness presents the specific budgetary challenges of assessing risk and dealing with uncertainty.

### How we understand emergency preparedness

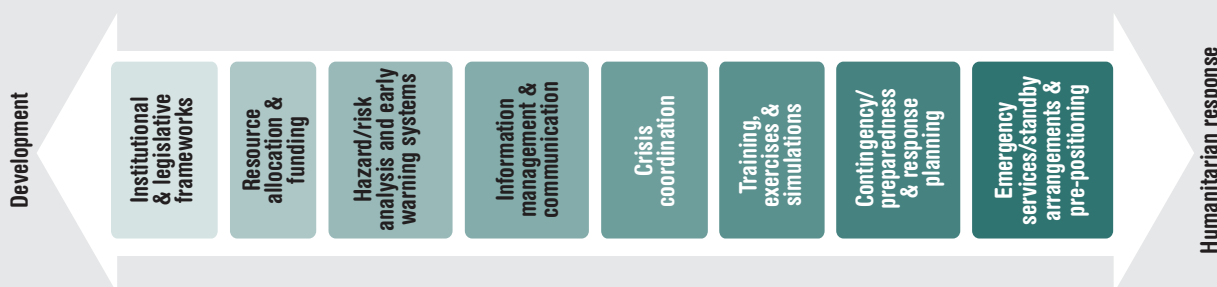
*Emergency preparedness aims to build the resilience of states and societies by strengthening the local, national and global capacity to minimise loss of life and livelihoods, to ensure effective response to crises.*

The activities that comprise 'emergency preparedness' span the responsibilities of both development and humanitarian actors, as part of a portfolio approach (see Figure 1). The suite of activities required to create and sustain a system of preparedness work in tandem and support one other. For example, early warning systems will not be effective unless they are supported by a contingency plan that clearly delineates roles and activities in the case of an early warning, or without the institutional capacity to put this in place. Similarly, pre-positioning and stockpiling are redundant unless there is a system for indicating when and how stocks will be used. As a result, the issue is not what to invest in, but rather a clear imperative to invest in the whole package.

### The preparedness continuum

When made to 'fit' into an institutional and financing architecture that is bifurcated between humanitarian and development activities, the continuum becomes disjointed. The international community faces a challenge: to continue 'feeding' the bifurcated system or to alter and transform it for the better. To split preparedness activities in two would simply be to recreate the humanitarian/development divide. This is problematic because the short- and long-term aspects of preparedness are necessarily interlinked, as the concept of resilience indicates (Harris, 2013). However, to bring together preparedness activities as a discrete set of concerns risks creating (yet) another silo. This is further complicated by the uneven level of attention that is given to some types of shocks and stresses over others. For instance, while preparedness for natural hazard-related disasters is well

**Figure 1: The emergency preparedness continuum**



articulated (though not necessarily funded), there is a dearth of analysis on preparedness for conflict and on the links between the two (Harris et al., 2013).

### Key messages

- Emergency preparedness activities work in tandem with one another to create a holistic system, and span what is conventionally understood to be the bifurcation between development and humanitarian action.
- There remains a lack of connection between strategic engagements with fragile states and natural hazard-related disaster risk.

### Emergency preparedness in context: the architecture

The intentionally illustrative Figure 2 indicates broad trends in the kinds of emergency preparedness activities that each of the main financing tools/mechanisms supports. In practice, the combination of tools and mechanisms present in each country differs greatly. At first glance, the figure may imply that preparedness is adequately supported by various mechanisms. In reality, not all mechanisms are present in every country, leaving gaps in the availability of funding. Moreover, not all mechanisms willingly support emergency preparedness, and those that do may support only specific sectors or types of preparedness interventions, creating a disjointed and fractured system.

### Summary of the key financing mechanisms

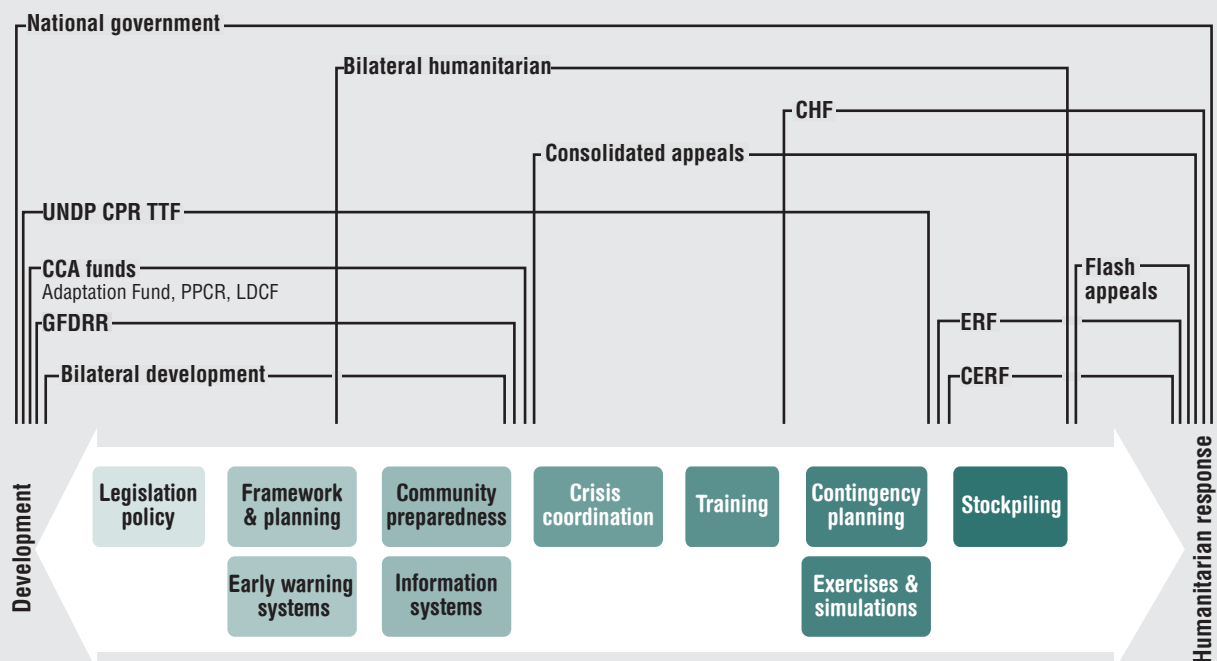
**Central Emergency Response Fund (CERF):** Despite guidance that states clearly that the fund does not cover preparedness, a narrow range of preparedness activities have been financed, most notably health-related, or for stockpiling and warehousing.

**Emergency Response Funds (ERFs):** The least regulated of humanitarian funds, most ERFs do not fund emergency preparedness. Where this has occurred, however, this is highly dependent on context and usually limited to community level activities.

**Common Humanitarian Funds (CHF):** Closely connected to consolidated appeals, CHFs have funded a range of emergency preparedness activities across the more 'humanitarian' part of the continuum: contingency/response planning, training exercises, emergency services/standby arrangements, pre-positioning, information management and communication systems.

**Consolidated Appeal Process (CAP):** Many appeals address preparedness as a theme and official guidance now includes preparedness as a priority. Activities financed are somewhat broader than other instruments, including early warning and hazard risk analysis, legislative frameworks, inter-agency coordination, contingency/response planning, community preparedness, training opportunities and stockpiling.

Figure 2: Mapping the core funding tools/mechanisms for emergency preparedness



**UNDP Crisis Prevention and Recovery Thematic Trust Fund (CPR TTF):** Emergency preparedness features across a wide range of larger initiatives funded by the CPR TTF, including in areas of disaster risk reduction (DRR), conflict prevention and early recovery. Activities financed range from improving legislative frameworks through to crisis coordination.

**Global Facility for Disaster Reduction and Recovery (GFDRR):** Focusing exclusively on disaster risk, GFDRR undertakes emergency preparedness activities, usually as part of a broader package of work. This includes hazard and risk analysis, community-based preparedness, early warning systems, information management systems and legislative work.

**Adaptation Fund:** Preparedness activities supported by the fund – where they exist – are part of climate change adaptation objectives. They are almost exclusively for hazard-mapping and early warning systems from national down to local levels.

**Least Developed Countries Fund (LDCF):** Focusing on adaptation needs of least developed countries, the LDCF finances emergency preparedness through a narrow range of activities: early warning systems, hazard-risk analysis and information/communication systems.

**Pilot Program for Climate Resilience (PPCR):** Its work focuses on the integration of climate risk and resilience into development planning. Emergency preparedness activities are challenging to draw out of larger projects, but where they appear, they are focused on early warning, information management, countrywide planning and legislative work.

## Key messages

- Financing across the ‘preparedness continuum’ needs to be coordinated. In reality, when made to ‘fit’ into the existing institutional and financing architecture, the continuum becomes fractured and disjointed.
- None of the mechanisms examined adequately finances emergency preparedness across the ‘preparedness continuum’, and few have the necessary geographical reach to address priorities globally.

## Lessons from five country case studies

How preparedness is financed from international sources varies considerably across the five countries examined (Haiti, Myanmar, Niger, the Philippines and Sudan) (see Figure 3). It reflects the nature of the relationship with national governments and the current contexts of development, governance and risk, and in each case the aid profile is heavily shaped by both current and past events. In some contexts, especially those involving

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*Despite the evident need, attention to emergency preparedness still coalesces around the existing financing architecture rather than targeting ‘need’ or responding to ‘risk’*

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conflict, the international community is called upon to do much more than it might otherwise do, fulfilling the role and responsibilities of national authorities that may be in one way or other party to that conflict.

**CERF:** There are isolated examples of preparedness activities being funded, but this is largely ad hoc and heavily dependent on the individual context.

**ERFs:** Of the five case study countries, ERFs are present only in Myanmar and Haiti. Evidence shows that funds have been allocated to support preparedness activities in Haiti, largely for cholera-related projects.

**CHFs:** There is no CHF in Myanmar, Niger, the Philippines or Haiti. In Sudan, a CHF has provided preparedness financing through many sector priorities, though it is not labelled as such.

**Consolidated Appeal Process:** Preparedness is found in UN appeals, but almost exclusively within consolidated appeals. Having an appeal that includes preparedness as a core element does not guarantee funding.

**GFDRR:** Funding for preparedness has been received in the Philippines and Haiti, in support of the more developmental part of the preparedness continuum.

**CPR TTF:** Financing for preparedness is found in four of the five case study countries. It includes a rare example of a mechanism funding conflict prevention, of which a portion is believed to be for preparedness.

**Climate adaptation financing (Adaptation Fund, LDCF, PPCR):** Where adaptation financing features, there is evidence that it supports the developmental aspects of emergency preparedness – this is evident in Niger and to a lesser extent in the Philippines. This is only for areas that climate risk shares with risk management in general.

**In-country bilateral funding (humanitarian and development):** Financing from in-country donors occurs in all five case study countries, but it is highly variable and highly dependent on the context.

**Country-specific financing mechanisms:** Heavily dependent on context, in some cases country-specific mechanisms fund emergency preparedness activities, but only as part of a wider set of objectives.

**Core and multi-use funding:** Core funding is difficult to track, with few institutions or agencies separating out emergency preparedness investments. Where there is evidence, preparedness is largely supported through the use of existing human resources, often part of a broader programme of work.

**The Red Cross:** Both the International Federation of the Red Cross and Red Crescent (IFRC) and the International Committee of the Red Cross (ICRC) are heavily involved in emergency preparedness in the case study countries, most often utilising the Red Cross National Societies that exist in each country as implementing partners.

**Multilateral banks:** Multilateral banks' investments in risk management for disasters tend to mirror international engagement in general. Where risk management is high on the agenda, so it is for the banks, often informing their country assistance strategies.

**Private sector:** Private sector investment in preparedness is limited – for various different reasons – in Sudan, Myanmar and Niger. Most evidence is found in the Philippines and, increasingly, in Haiti.

Evidence from the case studies reveals that emergency preparedness regularly 'falls through the cracks' in the international financing architecture – a consequence of

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*International efforts must focus on building the capacity of national actors to prepare for all hazards, natural or man-made*

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the fragmented aid system. This reflects a system that has been grappling with a rapidly changing set of risks to which it is expected to respond, and of a financing architecture that has failed to evolve at the same pace. Investment in systems, processes and projects for emergency preparedness by national and international actors occurs in discrete, concentrated efforts. Yet coverage of all the requirements falls far short of need. Inadequate emergency preparedness is not just about the volume of funding. Across each case study context there is a lack of a shared vision or plan of action that would articulate risks, needs, responsibilities, programmes and activities (with connections to national plans and systems). And, despite the evident need, attention to emergency preparedness still coalesces around the existing financing architecture rather than targeting 'need' or responding to 'risk' (see Figure 4).

National governments, however, appear to have a rational and logical approach to preparedness (if conflict situations are excluded). In all of the case study countries except Sudan, even when overall funding is low, national governments are delivering legislation and policy for creating an adequate system and processes for disaster preparedness, usually as part of a long-term set of DRR measures. However, needs obviously remain, and arguably these could be prioritised by the international system. Technical capacity-building, some of which is already under way, is needed even in the most positive of contexts, i.e. the Philippines, as the recent and devastating Typhoon Haiyan highlights. To an extent, although the contexts are very different, Haiti and Niger are in similar need of support for long-term preparedness. In Sudan and Myanmar, there is much to be done to get even the basics of 'preparedness for response' up and running, and the reasons are largely the same in both contexts, though in different ways: the challenge of aid financing in general and the heavy focus on humanitarian financing. Recent evidence suggests that the international community has some way to go to prioritise financing in the right places in terms of risk, need or bolstering domestic capacity (Kellett and Caravani, 2013).

## Key messages

- Financing for emergency preparedness is complicated, fragmented and piecemeal, especially the international contribution, with an array of separate institutions, mechanisms and approaches determining which parts of the preparedness continuum are funded, and in what ways.
- Despite significant challenges, national governments appear to have a much more rational and logical approach to financing for natural hazard-related preparedness.
- Evidence suggests that the bulk of international funding – where it is available – is not concerned with building the long-term capacity of national systems of preparedness but is reinforcing a piecemeal and project-led approach.

**Figure 3: Overview of the scale and scope of emergency preparedness financing in case study countries**

|                    | Humanitarian funding mechanism/tool   |  |   |   | Direct donor funding   |  |
|--------------------|---|--|---|---|--|--|
|                    | CERF  | CAP  | CHF   | ERF   | Bilateral donor – humanitarian   |  |
| <b>Haiti</b>       | In both 2012 and 2013 the CERF contributed several million dollars for projects that mixed response, preparedness and presentation in relation to cholera.<br><b>Value a proportion of \$1.9 million</b>                                    | The CAP included preparedness as a key issue in 2010, 2011 and 2012. But funding for preparedness remains limited.<br><b>Estimated maximum \$2 million</b>   | No CHF present  | 11 ERF projects specifically identified as having preparedness components in 2011. Ten of these were for cholera. One stand-out project is the funding of a CDAC network in Haiti.<br><b>Estimated value a portion of \$3.5 million</b> | Substantial attention to wider DRR from USAID and ECHO over a long period.<br>Total value to preparedness difficult to track.<br><b>\$3.5 million from ECHO, \$300,000 from USAID minimum values in recent years</b>       |  |
| <b>Philippines</b> | Only two of 40 projects (for WFP) have had partial preparedness objectives.<br><b>Value a proportion of \$2.7 million over two years</b>  | Since 2004 there have been six UN consolidated or flash appeals, with \$394.9 million from 352 projects, of which only 11 have had a partial preparedness objective.<br><b>Total funded \$2.7 million</b>                                | No CHF present  | No ERF present  | Mostly Australia and United States, funding largely humanitarian coordination and preparedness for response.<br><b>Value: \$29.6 million</b>   |  |
| <b>Niger</b>       | Provided \$1 million to WHO and UNICEF to prevent cholera and treat victims. UNHRC received \$2 million for IDPs.<br>Preparedness components exist but remain hidden and rare.<br><b>Emergency preparedness a proportion of \$3 million</b> | Preparedness is central to the CAP, one of three pillars under a resilience 'objective'. Of 83 projects in the most recent appeal, 53 have some preparedness element.<br><b>Emergency preparedness funding estimated at \$14 million</b> | No CHF present  | No ERF present  | A part-humanitarian, part-development SDC support project to the Dispositif  |  |
| <b>Myanmar</b>     | Minor preparedness funding, for UNFPA for health-related preparedness.<br><b>Value unknown.</b>   | The post-Nargis appeal was the only official CAP – a flash appeal.<br>Two projects for 'DRR and preparedness' are traceable.<br><b>Value \$4.5 million</b>   | No CHF present  | Allocated \$8.2 million to national and international NGOs in conflict-affected areas and with IDPs. <sup>1</sup><br><b>No evidence of emergency preparedness activities</b>  | Preparedness features strongly for a few donors, especially ECHO, USAID, AusAID; however, for most except ECHO there is no disaggregation from larger DRR programmes.<br><b>Known value: \$3.15 million over two years</b> |  |
| <b>Sudan</b>       | Funding allocated often for underfunded priorities within the Work Plan.<br><b>No evidence of emergency preparedness in any of these projects</b>   | 2013 Work Plan is appealing for over \$983 million to implement 364 projects, it is estimated about 3% of this overall requested volume.<br><b>Value through the CAP estimated at \$3 million.</b>                                       | The 2013 CHF, used to finance 10% of the Work Plan, includes references to preparedness in the majority of sector priorities.<br><b>Value impossible to gauge</b> | No ERF present  | No financing discovered  |  |

**Key:** No fill indicates no mechanism/tool present or used, light grey indicates minimal emergency preparedness included in the mechanism/tool, darker grey indicates more substantive financial support for emergency preparedness. The

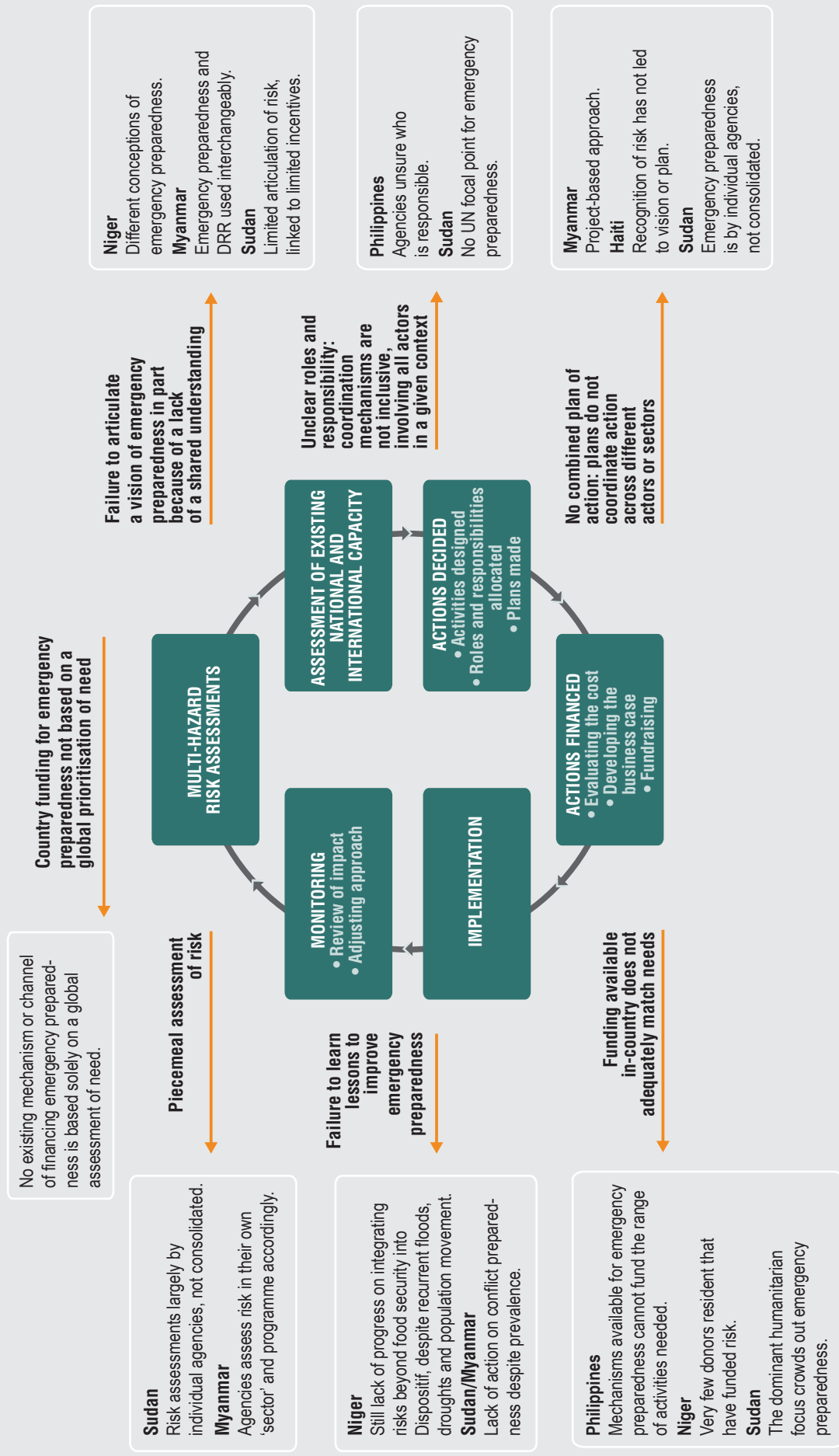


| Bilateral donor – development  | Risk-focused mechanisms   |  | Climate adaptation mechanisms   |                 |   |
|--|---|--|---|-----------------|---|
|  | GFDRR   | CPR TTF  | LDCF  | Adaptation Fund | Pilot Programme on Climate Resilience   |
| None tracked   | Nine projects funded, eight after the 2010 earthquake. Four projects contain elements of preparedness.<br><b>Value a proportion of \$3.2 million</b>                            | \$3.9 million for early recovery, unlikely to have preparedness component.<br>\$219,000 for DRR for co-managed core resources.<br><b>Value a proportion of \$0.2 million</b> | Three projects funded to the value of \$6.4 million. One project in particular references 'reducing disaster risk in agriculture', valued at \$2.7 million and implemented by FAO.<br><b>Value a proportion of \$2.7 million.</b> | No funding      | One project (\$0.4 million) to design a national programme for climate resilience. No clear emergency preparedness component  |
| Japanese development funding for long-term early warning infrastructure and institutional development.<br><b>Value: \$35.3 million</b>       | GFDRR has funded five projects to date: A 'support to the DRM agenda' project will likely have emergency preparedness components.<br><b>Value a proportion of \$2.7 million</b> | \$66,429 from co-managed core resources, for 'response'.<br>No emergency preparedness funding identified   | No funding  | No funding      | No funding  |
| Both the EC and SDC support the Dispositif.<br><b>Total value: around \$16 million</b>   | Not a priority country – no funding   | \$2.1 million for conflict prevention (of which \$600,000 from CPR funds, the rest from UNDP core funding).<br><b>Value a proportion of \$2.1 million</b>                    | Four projects since 2009. The most likely inclusion of emergency preparedness is through \$3.75 million to UNDP for 'scaling up community-based adaptation'.<br><b>Value a proportion of \$3.75 million</b>                       | No funding      | Delivered \$100 million in 2011 and 2012. Preparedness activities are seen in three climate forecasting projects worth \$13.5 million. Emergency preparedness components in the remainder – water resources and community action – very difficult to track.<br><b>Value a considerable part of \$13.5 million</b> |
| No financing discovered  | Not a priority country – no funding   | \$375,000 for early recovery unlikely to have preparedness components, \$53,000 for response.<br><b>No emergency preparedness funding identified</b>                         | One project, solely to develop the NAPA.<br>No emergency preparedness components  | No funding      | No funding  |
| Japan funded FAO for agricultural preparedness in Blue Nile and South Kordofan regions.<br><b>No total figure for preparedness available</b> | Not a priority country – no funding   | No recent funding  | Three projects financed, to a value of just over \$6 million.<br><b>No obvious emergency preparedness components</b>  | No funding      | No funding  |

estimated value of emergency preparedness for each mechanism in each case study is indicated in bold. Where the exact preparedness value is not known, this may be indicated as 'value part of x million.'

1 <http://www.unocha.org/roap/about-us/ocha-asia-and-pacific/myanmar/myanmar-emergency-response-fund>

**Figure 4: The ideal scenario**



## The business case for emergency preparedness: Niger and beyond

In a changing political and economic landscape, a risk-based approach to development and humanitarian work offers significant potential to use official development assistance (ODA) to great effect (Mitchell et al., 2013). A risk-based approach aligns with the recent trend in 'resilience' (Harris, 2013) and with economic analyses that build the evidence base for why ex-ante investment and action are cost-effective (Cabot Venton et al., 2014 forthcoming; Mechler, 2014 forthcoming). Yet this is not just an agenda for the international community. A more risk-informed approach to development, and the ambition to pursue sustainable development, require national ownership and responsibility for preparedness. This necessitates improved national fiscal policy, allocations to preparedness in budgetary processes and improved understanding of the national financial contributions required. International efforts must focus on building the capacity of national actors to prepare for all hazards, natural or man-made (see Figure 4).

### Cost benefit analysis for Niger

A cost-benefit and cost-effectiveness analysis for emergency preparedness in Niger provides indicative evidence that there is a clear financial imperative for greater investment in effective preparedness in the country (Cabot Venton et al., 2014 forthcoming). The monetary benefits of investing in preparedness in relation to drought – assuming that it is implemented in a manner that delivers the expected gains – clearly outweigh the costs. This

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suggests a clear fiduciary duty on the part of donors and the Government of Niger (GoN) to focus more support on emergency preparedness.

The GoN's Annual Support Plan (*Plan de Soutien*) estimates overall needs for food security and nutrition assistance, related to all hazards, allocating an average of \$231 million per year over the six years between 2008 and 2013. In 2013, the *Plan de Soutien* estimated the cost of emergency preparedness at \$14.1 million, equivalent to approximately 6% of the total costs estimated for that

year. In addition, by April 2012 the 2012 consolidated appeal stood at \$487 million. With needs in Niger on a staggering scale, the benefits of emergency preparedness are of heightened importance.

The cost of emergency preparedness meanwhile is described in both the Support Plan and a GoN flood risk management plan, with the total estimated cost of emergency preparedness at \$47.9 million per year. The costs and benefits were input into a 20-year model, to estimate the costs of emergency preparedness compared with the benefits, monetised in terms of avoided costs of aid and disaster losses. Because of the number of assumptions required in the modelling, three scenarios were modelled, varying the assumptions around the absolute level of disaster losses, the potential reduction in disaster losses and the discount rate.

The costs and benefits are positive across all scenarios. In the most conservative scenario, it is estimated that \$3.25 of benefit is generated for every \$1 spent, and this increases as high as \$5.31 of benefit for every \$1 spent in the least conservative. The findings clearly support further investment in emergency preparedness activities, as the benefits in terms of reduced caseloads and disaster losses far outweigh the costs.

### Key messages

- The benefit-to-cost ratios for emergency preparedness in Niger are very positive, regardless of the scenario being used.
- Findings support further investment in emergency preparedness activities, as the benefits far outweigh the costs in terms of reduced caseloads, unit costs of response and disaster losses.
- Evidence is still lacking on the costs and benefits of emergency preparedness, and so what we know of the value of emergency preparedness represents only a fraction of what preparedness could offer.

## Understanding what makes for effective financing of emergency preparedness

The assumption is misplaced that financing mechanisms function exactly as they were designed to. Evidence from the five case studies and the 15 additional background papers produced for this study reveals differences in the way that financing tools and mechanisms operate at the country level. There are also issues that are not strictly financial but which impact on adequate emergency preparedness:

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*Elements of the current system can (and should) be pushed beyond their current comfort zone, with steps taken to ensure that preparedness becomes a core component of all relevant mechanisms managed by the international community*

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**Semantics:** Definitions and meanings of key emergency preparedness terms are not shared across the different actors.

**Knowledge of risk:** There is often a lack of joined-up understanding of all risks. Much is known, but often this knowledge is 'parcelled out' amongst particular actors within their own sectors.

**National systems:** Government frameworks and institutions for risk management are weak and lack capacity and clear policy directives.

**International architecture:** Emergency preparedness is either oriented towards emergencies, humanitarian actors, humanitarian donors and to an extent humanitarian mechanisms, or divided into humanitarian/development 'areas' without adequate coordination. Existing coordinating structures are struggling to address the full range of needs.

**Planning:** There is a lack of a systematic approach and of planning not just for emergency preparedness, but for risk management overall. No case study country approaches the range of emergency preparedness activities comprehensively.

**Roles and responsibilities:** These are often unclear, especially amongst the international community.

**International capacity:** There is a lack of capacity internationally to coordinate risk management issues, especially when part of long-term development.

## Key messages

- The entrenched, bifurcated donor government structure has contributed to establishing an artificial divide between development and humanitarian communities; both provide a partial solution to improved financing of emergency preparedness.
- Simply increasing volumes of funding for preparedness will not overcome the non-financial challenges identified and – as the example of the Philippines suggests – may add confusion to an already complicated preparedness picture.

## Recommendations: a set of options for change

While any mechanism can be adjusted to include a greater focus on emergency preparedness (either solely or as part of a wider-ranging series of objectives), this does not mean that all of them should be. Careful consideration is needed of the investment required to make changes to current models, which means more than just 'artificially' expanding a mandate or a geographical scope to address preparedness needs. The analysis found:

- Humanitarian financing mechanisms and tools are not a 'silver bullet' to financing emergency preparedness. The CERF, ERFs, CHFs and successor to the CAP, the Strategic Response Plan, all offer varied possibilities, but also face a number of constraints to better financing.
- Climate adaptation funds offer considerable potential for expanding into more specific preparedness financing. There are shared weaknesses too, however: none of the funds supports preparedness for non-climate-related risks or conflict.
- The two mechanisms with a specific focus on risk (GFDRR and UNDP CPR TTF) perform strongly on the questions formulated by the research team to determine the 'best fit' mechanism for financing, thus warranting further exploration.

This report's recommendations are broken down into four elements (see Figure 7).

## Expansion where it makes sense: 'no regret' options

There is much that can be achieved within the current system to improve the financing of emergency preparedness that does not require radical overhauls of practice and policy. On balance, there is considerable potential for improving the scope of all of the core mechanisms and tools.

- **Emergency Response Funds:** opportunities should be maximised to include preparedness in the ERFs as part and parcel of good humanitarian practice.
- **Common Humanitarian Funds:** preparedness should be a fundamental part of the work of CHFs, and established within each new and existing set of fund guidelines.
- **The Central Emergency Response Fund:** the inclusion of preparedness should not be inhibited where the case has been effectively made, but the CERF's focus on life-saving response should be maintained.
- **Agencies** should actively utilise other resources in-country for emergency preparedness.

## Maximising opportunities: an enhanced system

Improvements to existing mechanisms are not sufficient; they will, even if all implemented, only patch over existing cracks in financing for emergency preparedness. Elements of the current system can (and should) be pushed beyond their current comfort zone, with steps taken to ensure that preparedness becomes a core component of all relevant mechanisms managed by the international community.

- **Strategic Response Plans:** all plans should be multi-year, and take heed of the latest guidance to include preparedness in longer-term frameworks.
- **Risk-focused financing mechanisms:** emergency preparedness should be made an explicit goal of all country programming.
- **Climate change adaptation mechanisms:** all climate change adaptation financing must be integrated within a wider appreciation of risks in each country context.
- **Pilot Program for Climate Resilience:** the existing entry points to fund emergency preparedness should be maximised through projects that relate to climate services, disaster/climate risk reduction and community preparedness.
- **Least Developed Countries Fund:** funding should be used to support emergency preparedness activities where they have been (or could be) included in National Adaptation Programmes of Action (NAPAs). Future NAPAs should have an obligatory emergency preparedness component.
- **Adaptation Fund:** the already close thematic relationship between the Adaptation Fund and emergency preparedness should be built upon by making the connections systematic.

## Transformational change: solutions beyond the current system

While there are advantages to enhancing existing mechanisms, Kellett and Peters (2012) argue that bolstering existing mechanisms is not sufficient, and at the very least a global solution must be considered. Either an enhancement of GFDRR or the CPR TTF is recommended, expanding the remit of their work in emergency preparedness, or – the preferred option – the establishment of a dedicated mechanism. The rationale for a global solution is as follows:

- Decisions to engage with a particular country are not always determined by an adequate assessment of risk or need; some countries can be 'left behind'.
- Country-level financing is inadequate. Not all countries have enough donors present in-country to adequately engage with emergency preparedness needs. Capacity

to engage with donors directly, either regionally or globally, is limited in many cases.

- Existing funds, whether at country level (most often humanitarian, though in some cases bespoke to that context) or at global level, do not target preparedness specifically.
- As evidence from across the case studies reveals, funding is 'siloed', with limits to the feasibility and willingness of individual fund managers to support preparedness.

In essence, if all we do is improve the preparedness focus of existing mechanisms, no matter how good that is, key questions will always remain. How will underfunded preparedness needs be met? How will priorities across countries be determined? Who will take charge of tackling the neglect of conflict preparedness? A global fund meanwhile could, if designed and directed appropriately, prioritise funding across a range of countries, and make decisions as to the most appropriate contexts for external support (see Figure 5). It could raise the profile of emergency preparedness as an issue for donors and agencies alike, in a way that any country-based fund is simply unable to do. It could also pilot a new way of working and thinking, seeking funds drawn from both development and humanitarian funding streams, where a holistic all-risk approach to emergency preparedness is pursued.

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*The international community needs to get serious about the funding volumes involved in creating sustainable and functioning national preparedness systems*

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## Donor governments: the case for development financing

Donor governments should consider a range of actions to address the current preparedness challenges with, throughout, an emphasis on bringing development financing to bear on underlying risk.

- Re-assess global and country programming priorities. Investment in preparedness should be based on a global assessment of risk, related to capacity and vulnerability, need and exposure. Such an assessment would allow for a concentration of efforts where the need is greatest.
- Ensure that risk is not just part of humanitarian and crisis-related structures, but also becomes the foundation for development investments.

**Figure 5: Criteria for a new global fund for emergency preparedness**

|  | Framework questions  | Suggested parameters  |
|--|--|---|
| <b>Comprehensiveness</b>                                   | Are funding decisions based on a detailed understanding of all risks?  | Decisions will be guided first and foremost on a detailed understanding of combined risks in each country. Without this no funding will be granted.   |
|  | Are funding decisions based on a global assessment of priority countries?  | The fund will distribute according to a global comparison of risks, including slow- and rapid-onset natural hazards, conflict and fragility – such as the forthcoming InfoRM (InfoRM, 2013).  |
| <b>Long-term plans of action and comparative advantage</b> | Are funding decisions for emergency preparedness based on a common plan of action with defined roles and responsibilities? | Funding will only be granted on approval of a combined plan of action. (This will include an analysis of the current capacity of actors, and a review of the work currently underway across the emergency preparedness continuum.) Priority will be given to proposals that look to build on existing initiatives, especially where they cut across traditional boundaries. |
|  | Is funding available to a range of necessary actors?   | All funding decisions will be based on an analysis of the comparative advantage and role/mandate. Favour to partnerships that demonstrate building of national capacity will be favoured.   |
|  | Is the timeframe for emergency preparedness funding proportional to needs?   | Any feasible project length will be considered, dependent on the activity being proposed: projects where they look to build national capacity over a period of time will receive special attention.   |
| <b>National actors and processes</b>                       | Does funding for emergency preparedness align with government plans and national stakeholder priorities?                   | All plans and projects put forward must articulate the current system of national preparedness, and be aligned to national priorities. Government and other national counterpart lead in projects will be especially encouraged.  |
|  | Do preparedness measures target a range of requirements at community, sub-regional and national levels?                    | The mechanism will fund all activities across the continuum, but will look to join up elements into a coherent plan of action, wherever possible.   |
| <b>Strong donorship</b>                                    | Does the mechanism have strong M&E for transparent, accountable tracking in investment, as well as for learning?           | The mechanism itself shall have regular review; individual projects will also be reviewed. Lessons learnt will be built into future fund operation and allocation decisions. All proposals will be required to demonstrate incorporation of lessons learnt from past experience.  |
|  | Can the fund receive funds from a range of sources?  | Funding will be accepted from all sources, public and private, with advocacy for funding built into its management structure.   |
| <b>Feasibility</b>   | Is there sufficient political support behind the inclusion of emergency preparedness in the fund?                          | This will be the major challenge within a new fund; see concluding ‘making the business case’ section for more on this.   |
| <b>Administration</b>                                      | To what extent are there administration costs in expanding work in emergency preparedness?                                 | Relatively little to start up; as low as 1% for administration during the fund’s operation.   |
| <b>Visibility</b>  | Does the mechanism have a high enough profile to push preparedness forward?  | A yearly event, either in New York or Geneva, will bring together donors and partners together to assess the impact of the fund, and advocate for financing.  |

- Flexible financing should be encouraged as a means to support more tailored and adaptable preparedness interventions. Evidence from across the case studies reveals the need to accommodate fluctuations in context, whether conditions of conflict, fragility or risk. There are numerous examples where elements of preparedness are working successfully – e.g. early warning based on assessment of risk – but where a lack of flexibility in existing funding limits a country's ability to prepare.
- Proactive internal advocacy within donor countries, institutions and multi-donor groups is required to ensure that preparedness is part of funding decisions. Vocal support can be sustained in broader international debates only with the backing of key donors. It is suggested that donors invest in understanding the added value that emergency preparedness can have for their own caseloads in terms of effectiveness and efficiency, including value for money, across both humanitarian and development departments.
- Consideration should be given to earmarking funding for emergency preparedness, whether from humanitarian or development sources. The most important advantages of earmarking are that it guarantees some level of funding and that it commits a donor to change. However, on the whole this is not recommended unless a much better global understanding of need can be articulated.
- Emergency preparedness is an inherent part of resilience; making the resilience agenda operational should entail an adequate focus on preparedness. It is recommended that emergency preparedness be embedded into current and future indicators of what makes for a resilient system.

## Key messages

- Much can be done to improve the way that the international system finances preparedness, from 'no regret' incremental changes, to an enhanced system, through to considerable institutional review ('transformational change').
- Incremental changes to current mechanisms will leave gaps. Kellett and Peters (2014) recommend the establishment of a global fund for preparedness: either an enhanced GFDRR or UNDP CPR TTF, or alternatively a new dedicated fund.
- More dedicated funding for preparedness should not result in the 'extraction' of emergency preparedness from existing processes, systems and approaches.
- Donors can and should do more to address preparedness through the system and within their own spending priorities: development funding for emergency preparedness is seen as an essential way forward.

## Conclusion: preparing for the foreseeable future

In moving towards a post-2015 era, with evidence pointing towards a world in which disasters are even more frequent than today (Shepherd et al., 2013), the centrality of 'risk' is becoming an essential component of all development and humanitarian work. Beyond the rhetoric, at some point real progress is required. This means making a decision that will cost something, either in terms of political effort, bureaucratic changes or financial resources. Tinkering around the edges with existing mechanisms is not enough: the country case studies undertaken as part of this research have proved that. While increased support will cost in the immediate term, financing emergency preparedness activities has enormous potential to reduce the costs of response and the pressures on the humanitarian system, while transferring responsibility to national actors. Risk therefore needs to be embedded in national and international planning and budgetary frameworks.

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*Fundamental challenges remain, which constrain the ability of international and national actors to pursue integrated approaches to the range of risks being faced. These include the artificial division between efforts to work on different types of risk present in the same location*

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Cost is not limited to the way that we fund. It is also about how much is funded. Increasing the necessary commitment to emergency preparedness clearly requires a coherent business case built on solid incentives and a calculation of the return on investment, something that draws upon methods such as cost-benefit analysis, economics of preparedness and robust, clear messaging. This business case should be tied directly to calls for specific budgets to support emergency preparedness (as well as risk management in general) from national resource allocations. Moreover, the international community needs to get serious about the funding volumes involved in creating sustainable and functioning national preparedness systems. For example, how much has it cost developed country governments in at-risk areas (e.g. Japan, the US, Germany or Australia) to comprehensively prepare? How does this compare with what is being invested by developing country governments and their international partners?

In advocating for emergency preparedness, as part and parcel of a risk-based approach to international aid, a ‘no regret’ narrative should be adopted. Emergency preparedness has relevance not just for humanitarians. In the medium to long term, it will almost certainly save money, lives and livelihoods. The financial responsibility therefore needs to be shouldered by all, firstly by national stakeholders and governments, and supported by both international humanitarian and development actors. Taking this agenda forward will require continued efforts on the part of the IASC and engaged stakeholders to translate the recommendations of this report into action.

### Moving the agenda forward: advancing emergency preparedness

- Deliver the recommendations contained in the report by Kellett and Peters (2014), **secure commitment on the part of representatives** to formulate a plan of

campaign to address the changes required, including **ensuring recommendations on mechanism change feeding into all key debates.**

- Learning from the experiences of the Political Champions for Disaster Resilience group, a **high-profile champion** should be designated to be responsible for promoting action on preparedness.
- Reach out to the international system working on conflict. Make direct contact with the DAC International Network on Conflict and Fragility (INCAF) and influence the **New Deal for Fragile States.**
- In discussions on **post-2015 development goals**, communicate clear messages on the value of preparedness for disasters and conflict, and the links between the two. Ensure stronger inclusion of emergency preparedness in the successor to the **Hyogo Framework for Action.**

**Figure 6: A set of options for future funding of emergency preparedness**

| Expansion where it makes sense: ‘no regret’ options  | Maximising opportunities: an enhanced system   | Transformational change: solutions beyond the current system  |
|--|--|---|
| There is considerable potential in maximising the use of existing mechanisms for financing emergency preparedness more effectively.  | These opportunities will entail considerably more effort from the international system in order to be achieved.  | This represents a considerable change in the way that emergency preparedness is financed, with a new dedicated approach and financing sourced beyond the system.  |
| <p>Bolster existing humanitarian financing mechanisms, so that opportunities for funding emergency preparedness are continually sought – including, for example, within the CHF, ERFs and CERF.</p> <p>GFDRR to make preparedness a priority action within all its selected countries.</p> <p>CPR TTF to prioritise preparedness within its priority countries when it makes new grants.</p> <p>All agencies should investigate how they can utilise other resources for emergency preparedness where they are most appropriate.</p> | <p>Multi-year Strategic Response Plans (SRPs) should be obligatory across protracted complex emergencies.</p> <p>All new humanitarian mechanisms to include a consideration of preparedness, and this should be reflected in the relevant set-up policy documentation and guidelines including, for example, in SRPs.</p> <p>Climate change adaptation financing to be implemented in ways which support a broader preparedness system for risk, including improvement for the PPCR, Adaptation Fund and LDCF.</p> | <p>Significantly enhance either of the existing risk-focused global mechanisms: GFDRR or CPR TTF.</p> <p>Or:</p> <p>Create a new global pooled funding mechanism.</p> <p>Beyond the system: enhanced support for preparedness through private sector and remittances.</p> |

#### Donor support for preparedness

Support preparedness throughout and greatly increase the role of development financing.



- In preparation for the **World Humanitarian Summit 2016**, advocate for emergency preparedness to be included as a central component of one of the four thematic areas. Advocacy is needed for emergency preparedness to be part of the final **Road Map and Plan of Action for Post-2016**.
- In preparation for the 20th session **Conference of the Parties to the UNFCCC** in Lima, Peru, preparedness should be integral to actions required to support climate change adaptation across vulnerable and high-risk contexts.
- **Risk needs to be embedded in international planning and budgetary frameworks.** The potential cost-benefit of investing in emergency preparedness across all sectors should be calculated, informed by a comprehensive assessment of risk, vulnerability, exposure and capacity.

Agencies engaged in bilateral relationships with national governments should emphasise the importance of risk in all humanitarian and development work. Where **national fiscal planning, policy and budgetary processes** are being crafted, preparedness for risk must be embedded.

### Ensuring practical connections: recommendations beyond the purely financial

Effective and efficient financing for emergency preparedness is not just a financial issue. The research team recommend the following supporting enhancements to the system:

- Clear guidance should be developed for the **adequate coding, tracking and reporting** of investments in emergency preparedness.

- The IASC Principals should support the roll-out of the **Common Framework for Emergency Preparedness** and related work of the Sub-Working Group for Preparedness.
- Systematically **integrate emergency preparedness within the UN Development Assistance Framework (UNDAF)**, making use of existing guidelines on DRR/CCA. The positive role that the **Common Budgetary Framework** can play in highlighting (and funding) gaps in preparedness should be investigated.

### Key messages

- In the future disasters will be more frequent than today; the centrality of 'risk' is thus an essential component of all development and humanitarian work and its inclusion in the post-2015 development agenda is paramount.
- While increased support will cost in the immediate term, financing emergency preparedness activities has enormous potential to reduce the costs of response.
- A new international consensus and compact are required between national governments and the international community on the need for countries to be better prepared.
- The IASC must seize opportunities to advance preparedness, with a high-profile champion responsible for ensuring that the cause does not 'fall off the agenda', supported by an appropriate agency or IASC structure.

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The five country case studies and 15 background papers which informed this report will be made available from [www.odi.org.uk](http://www.odi.org.uk) during 2014. Enquiries on the research should be directed to Katie Peters, Research Fellow, [k.peters@odi.org.uk](mailto:k.peters@odi.org.uk) and Jan Kellett, Senior Research Advisor, [j.kellett@odi.org.uk](mailto:j.kellett@odi.org.uk)

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