



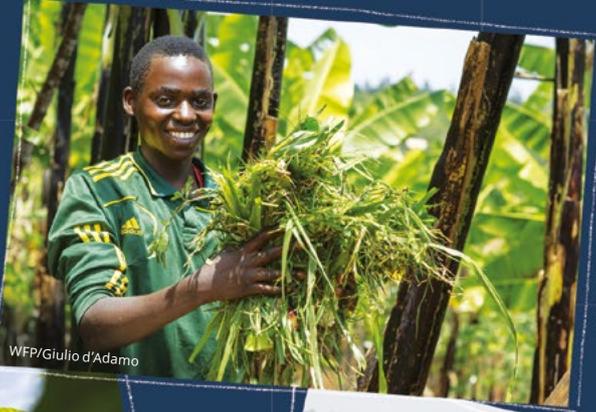
World Food Programme

SAVING
LIVES
CHANGING
LIVES

Forecast-based Financing in eastern Africa

An anticipatory approach to climate emergencies

August 2021



WFP/Giulio d'Adamo



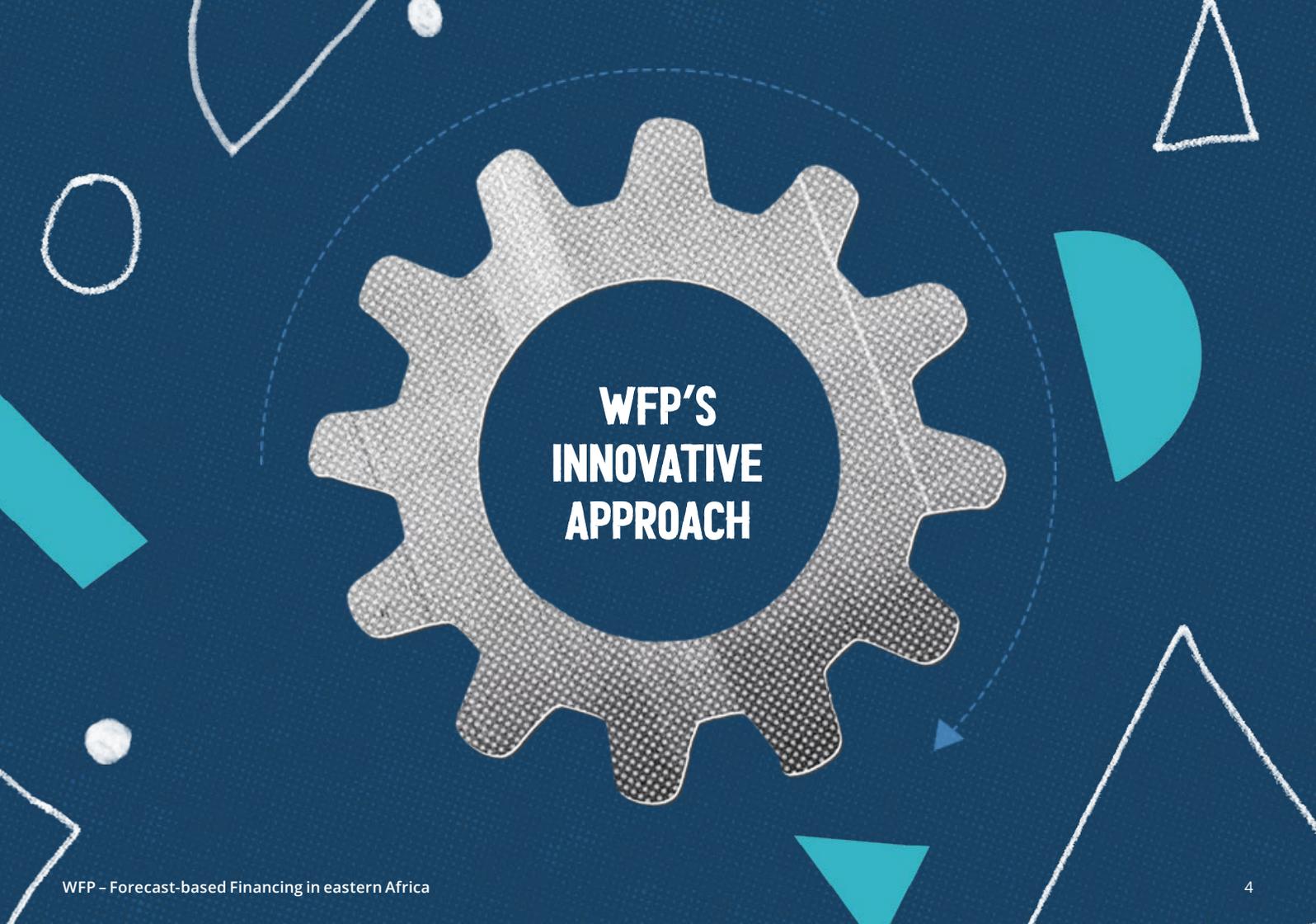
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**WFP'S
INNOVATIVE
APPROACH**

1. Introduction

An anticipatory approach to climate emergencies

Extreme weather events are one of the leading causes of hunger around the world, yet climate-induced emergencies can no longer be considered surprise, a one-off phenomenon.

In fact, the opposite is closer to reality: such events have become increasingly predictable. As such, more can be done to anticipate, mitigate and prevent the impact of climate emergencies on the food security of the world's most vulnerable people.

Throughout the world, capabilities in crisis forecasting, early warning, vulnerability assessments, disaster preparedness and climate risk financing have been honed over decades. However, they continue to be used to deliver response, rather than to enable prevention and mitigation of risk. These tools are essential for a better-informed and more forward-looking approach to crisis management. But they need to be customized to support decision-making and implement anticipatory actions ahead of climate-related humanitarian crises.

In Africa, Asia and Latin America WFP is working with national and sub-national governments to implement the Forecast-based Financing (FbF) approach which links early-warning systems with contingency plans and pre-positioned finance to mitigate and/or prevent the impact of predictable emergencies on the most vulnerable. This brochure is specifically focused on how the FbF approach in eastern Africa is enabling risk-informed systems to reduce increasing food insecurity due to extreme weather and climate events.

“AS WELL AS SAVING LIVES BY SUPPORTING PEOPLE IN EMERGENCIES, WE’RE ALSO CHANGING LIVES BY INTERVENING BEFORE THE CRISIS HITS TO SET FAMILIES ON THE ROAD TO GREATER RESILIENCE.”

David Beasley, WFP Executive Director

2. Climate risk: a major challenge to food security in eastern Africa

Food insecurity is rising fast

Eastern Africa is one of the most food insecure regions in the world. Climate change has worsened the situation with the number of people subjected to acute food insecurity rising from 23.8 million in 2016 to 32.4 million people in May 2021¹.

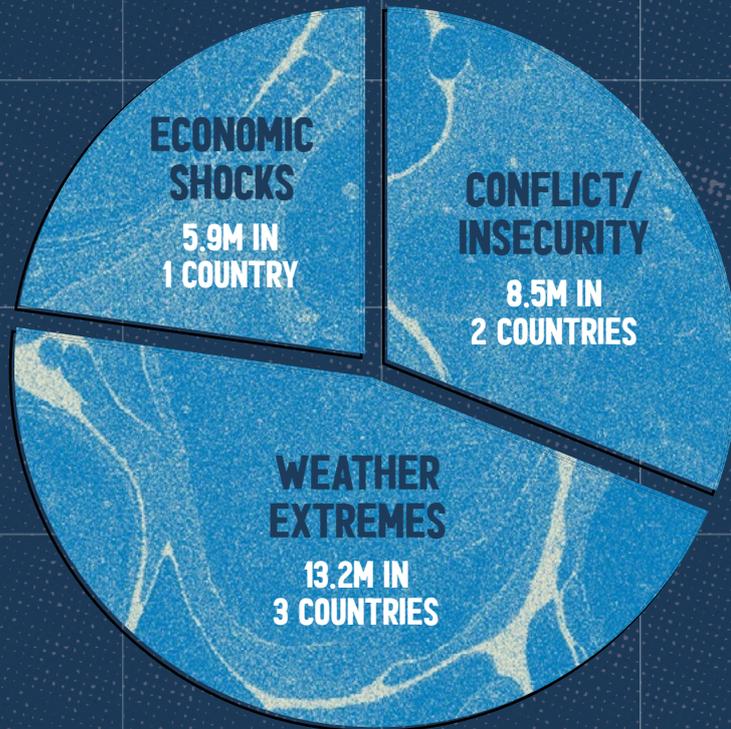
This rise is largely attributed to an increased number of droughts – characterised by successive seasons of below average rainfall – since 2015. In the last 20 years, droughts in the region have occurred every two to three years². Heavy rainfall has also resulted in millions of people being affected and caused damage to infrastructure and livelihoods, as well as causing significant food shortages. Due to climate change, the frequency and intensity of drought and flood events are on the rise, increasing the risk of rising numbers of food insecure people.



1. FSNWG Climate Alert May 2021

2. EM-DAT

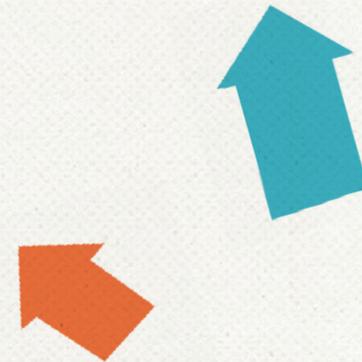
Climate is compounding other risks to food insecurity



NUMBERS OF ACUTELY FOOD INSECURE PEOPLE IN CRISIS OR WORSE [IPC/CH PHASE 3 OR ABOVE] BY KEY DRIVER.

Source: FSIN, GRFC 2020

WFP – Forecast-based Financing in eastern Africa



In a region where livelihoods and development are dependent on rainfall, climate shocks are exacerbating the impacts of other key drivers of food insecurity such as conflict, pests, disease, and socio-economic shocks. All the while, natural resources are being degraded. Combined, these factors pose a big threat to WFP's strategic objectives of ending hunger and improving nutrition and food security in the region.

3. Forecast-based Financing in eastern Africa

Forecast-based Financing (FbF) is a climate-risk financing approach that can be integrated with other disaster risk-financing initiatives to mitigate potential impacts of a severe weather and climate event. The overall objective of the FbF approach is to proactively reduce the impact of climate hazards by connecting early-warning systems to prepositioned anticipatory finance and pre-agreed anticipatory actions that protect lives, livelihoods and development gains of the most vulnerable populations in the eastern Africa region.

The FbF approach achieves this by building flexible-finance mechanisms and anticipatory actions into existing humanitarian and government disaster risk-management protocols and connecting them with early warning systems, social protection, food systems programming and other complimentary programmes that provide safety nets for the most vulnerable.

With financial support from DANIDA, IFAD, ECHO, USAID and other donors, WFP is scaling up anticipatory actions for food security in the eastern Africa region. This is done together with host governments through the co-development and co-implementation of anticipatory actions that, when triggered by early warning systems, reduces humanitarian response needs and costs, mitigates the impacts on lives and livelihoods, and provides a more dignified approach to humanitarian assistance.

early-warning systems



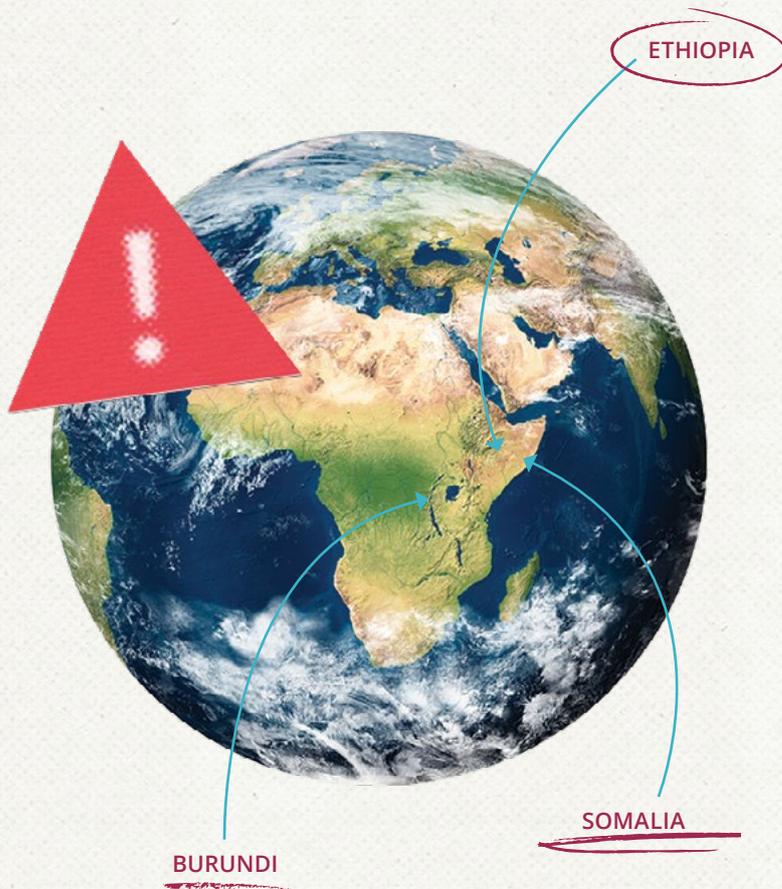
prepositioned
anticipatory finance



pre-agreed
anticipatory actions



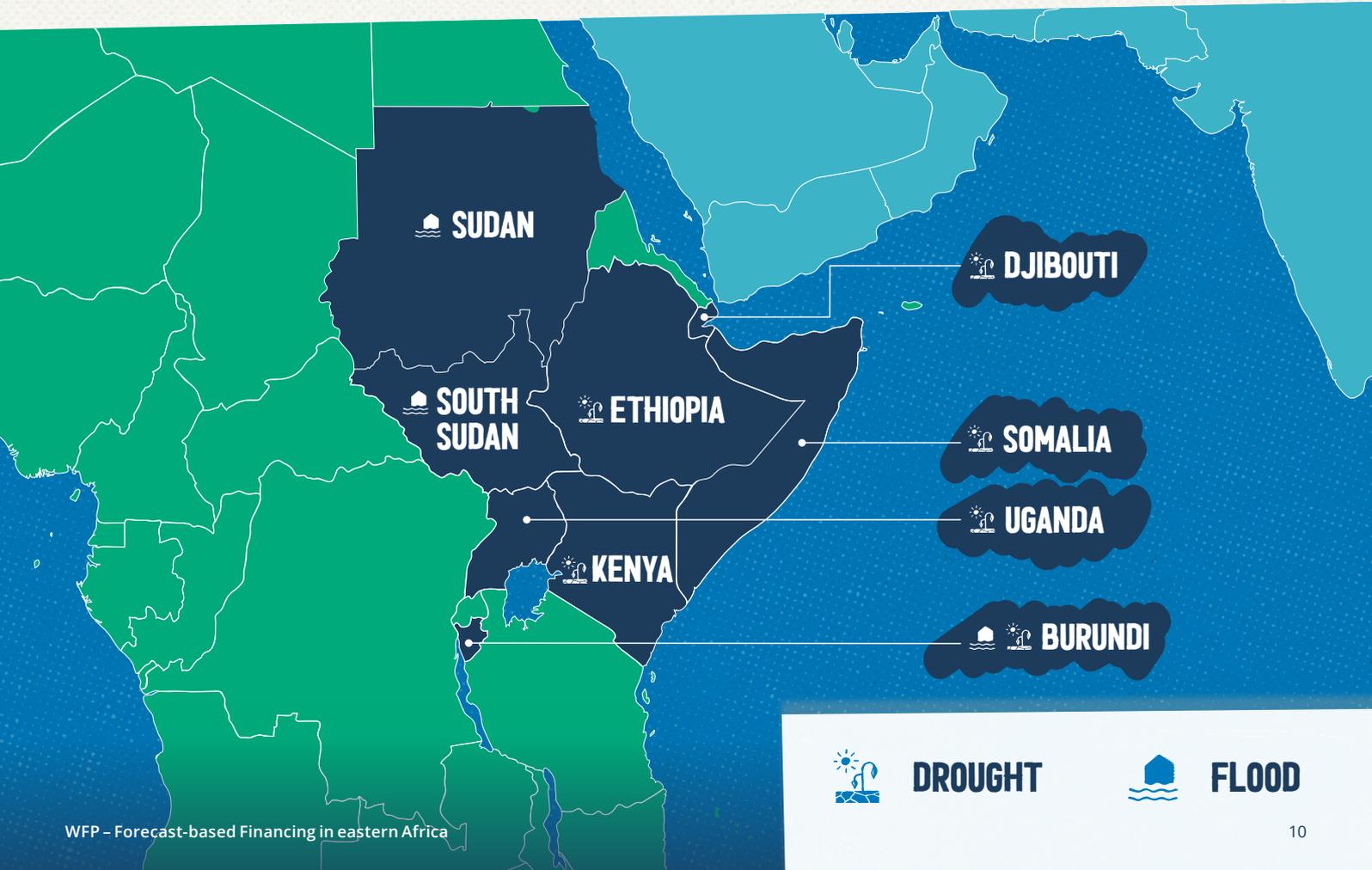
Delivering anticipatory cash transfers



So far 21,806 households have received anticipatory cash transfers in eastern Africa through WFP's national offices:

- WFP Burundi has prepositioned finance to cover 11,885 vulnerable people (2,377 households) in anticipation of impacts from flooding due to the rising water levels on Lake Tanganyika, which has been exacerbated by the seasonal rains.
- WFP Ethiopia has reached 14,625 people (2,925 households) with unconditional cash transfers to help them to mitigate potential drought impacts on their livestock and stabilize their purchasing power to provide access to nutritious food.
- WFP Somalia, with support from the UN Central Emergency Relief Fund (CERF) anticipatory action (AA) pilot, has reached 16,504 households with conditional and unrestricted cash to mitigate any potential impacts of emerging drought.

Our FbF presence in eastern Africa



DROUGHT



FLOOD

Utilizing existing early warning weather and climate systems

To prepare for climate shocks and transition from repetitive and costly emergency response to forward-looking and anticipatory risk management actions, **stakeholders need to ensure the availability of reliable and tailored forecasts** that are developed by an authoritative national source and can trigger early action at national, sub-national and community-levels.

WFP considers a forecast useful/ useable when it:

- Has an acceptable level of scientific accuracy
- Is co-developed with the intended users
- Supports the national, sub-national and community decision-making processes and actions
- Is accessible by communities and relevant national and sub-national institutions such as in the sectors of disaster risk management and agriculture.

While existing capacities on forecasting vary depending on the countries, it is generally observed that **existing national early warning systems are often not associated with pre-determined anticipatory action** to allow for relevant and timely interventions when an early warning is issued, nor are funds available to support these activities days, weeks and sometimes months before a climate shock occurs.

THE THREE PILLARS OF THE FbF PROGRAMME

- 1. Enhancing national forecasting and early warning systems, defining anticipatory actions**, and creating linkages with prepositioned financing to support their implementation based on early warning alerts.
- 2. Scaling up the FbF approach** through partnerships, and integration into government and humanitarian risk management and financing systems to support an increased reach of anticipatory action.
- 3. Generating a robust knowledge and evidence base** across the region to ensure sustainability of the approach and increased support for robust and flexible finance mechanisms that adapt to the changing nature of climate shocks and the dynamics of risk.

A. The main FbF activities in the eastern Africa region



1. ANALYSIS OF CAPACITY NEEDS AND GAPS

This activity enables the integration of FbF into national frameworks for disaster risk management through the mapping of complimentary programs, local actors, and existing systems to anticipate, communicate, co-ordinate and implement anticipatory actions at scale.

2. CO-DESIGN OF TAILORED FORECASTS, TRIGGERS, THRESHOLDS, AND ANTICIPATORY ACTIONS

These activities are co-developed in partnership with national meteorological and hydrological services, government disaster risk management institutions, and implementing partners to ensure the rapid operationalization of anticipatory action SOPs when a forecast trigger has been achieved.

3. PREPOSITIONING OF ANTICIPATORY FINANCE

Through the design of robust early warning and targeting systems, and operational reach, WFP is supporting countries in the region to access anticipatory finance provided by multilateral and bilateral donors to mitigate the impacts of climate hazards. These financial mechanisms are crucial towards action at scale and a strong evidence base on impact.

4. IMPLEMENTING AN EVIDENCE-BASED APPROACH

This activity supports the building of a strong evidence-base on impact of anticipatory actions across the region, to promote sustainable investments and influence change in risk management systems. This evidence-based approach effectively captures and communicates the impact of a broad variety of forecast-based actions against a conventional response on the lives and livelihoods of those affected.



Examples of how FbF is being integrated in CO programmes and activities

The design of FbF systems and anticipatory actions is being integrated into existing WFP strategies, programmes and operations across the region. FbF contributes to an adaptive food systems lens, enhancing programmatic use of early warning information for more climate resilient outcomes.

Examples include:

IN BURUNDI

WFP is integrating the procedures for anticipatory cash transfers into their **operational cash-based transfer systems** in the country.

IN DJIBOUTI, KENYA AND ETHIOPIA

WFP jointly with governments has identified priority geographical areas to implement anticipatory actions for drought by using WFP's **Integrated Context Analysis (ICA)** tool, which considers areas of convergence in trends of historical food insecurity, natural shocks and land degradation.

IN ETHIOPIA AND SOMALIA

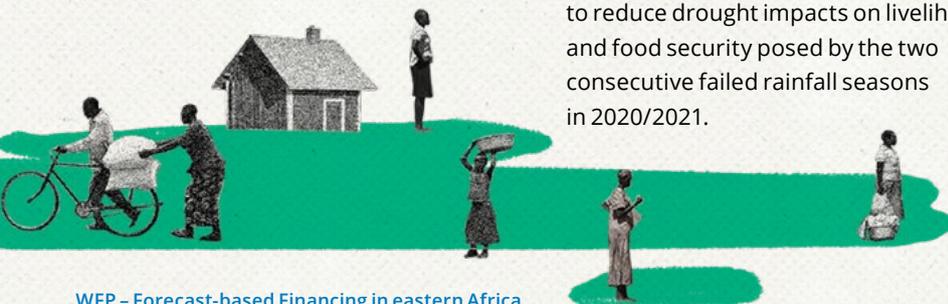
WFP Country offices are distributing anticipatory cash transfers to help vulnerable households – especially pastoralist households – to take **risk management actions**. The actions aim to reduce drought impacts on livelihoods and food security posed by the two consecutive failed rainfall seasons in 2020/2021.

IN UGANDA

WFP is exploring the potential to deliver anticipatory actions through a **government-led shock responsive social protection system**.

The calendars developed using the **Seasonal Livelihood Programming (SLP)** approach are being used to identify windows of opportunity to implement anticipatory actions before drought impacts manifest. An initial list of potential anticipatory actions to be implemented has been developed with stakeholders in the Karamoja Region.

The FbF approach can be layered with other climate risk-financing mechanisms such as parametric insurance schemes – in cases where adaptive capacity is overwhelmed and absorptive capacity is needed, such as when the impacts of a climate shock are of an extremely higher magnitude than originally anticipated.



B. Partnership for joint action at scale

Collaboration and partnerships with regional and national government institutions, humanitarian and development organisations, as well as research and science-based institutions, is critical for the strengthening of robust early warning systems and implementation of anticipatory actions at scale. Each of the main FbF activities is bringing together experts in country-based technical working groups to collaborate on both system design and implementation of cross-sectoral anticipatory actions.



- 1 Responsible for implementing the anticipatory actions with support from WFP and other national governmental departments.
- 2 Responsible for generating the forecasts that trigger anticipatory action based on agreed thresholds.
- 3 Include institutions such as the International Research Institute for Climate and Society (IRI), the IGAD Climate Prediction and Applications Centre, the Norwegian Research Centre and the UK Met Office who are supporting NMHSs in the region to enhance capacity to tailor forecasts.
- 4 Bring together cross-sector and cross-discipline actors from government and humanitarian and development organisations to co-design the FbF system and plan for joint action.
- 5 Leading the development and implementation of the FbF approach around the world and includes WFP, the Red Cross Red Crescent Movement, FAO and the START Network among others.

C. Country example: Anticipatory Action pilot in Ethiopia

In the Somali Region of Ethiopia there is a saying “Abaar laba jir bay kugu dishaa” that roughly translates to “drought kills you in two consecutive season failures”. With La Niña phenomenon leading to below-average rainfall in the Somali Region during the October-December 2020 season – with a similar forecast for the consecutive March-June 2021 season – the worst was feared. Such an event would reduce cereal production and rangeland conditions and further compound crop and pasture losses attributable to the desert locust pest.

As a pre-emptive measure, collaboration was key to protecting livelihoods and food security by supporting agropastoral and pastoral households.

Firstly, finance from the International Fund for Agricultural Development (IFAD) funded the development of an FbF system for drought in the Somali Region in Ethiopia, that would detect and mitigate against the impact of two consecutive droughts and strengthen needed capacities. Through this and drawing from the national Technical Working Group co-chaired by the National Disaster Risk Management Commission and the Ethiopian Red Cross Society's, anticipatory actions for drought were identified.

Secondly, in December 2020 and February 2021, the UN Office for the Coordination of Humanitarian Affairs (OCHA) activated the CERF Anticipatory Action framework in the country, which enabled WFP Ethiopia to use the national level trigger mechanism developed under that framework to activate implementation of the defined anticipatory action in the Somali Region.

And **thirdly**, the WFP regional Anticipatory Action contingency fund, established with support from DANIDA, provided finance to WFP Ethiopia to implement the actions.

The anticipatory action pilot in Ethiopia has delivered

- A monthly distribution of US\$42 to each of the targeted 2,925 pastoral households between March and July 2021.
- The dissemination of early warning information and related advisories to the targeted 16,002 people living in Dolo Ado and Bokolomayo Woredas in the Somali Region.

These actions aimed to protect livelihoods and food security in the Somali Region from potential adverse impacts of drought.

Combined, the system-strengthening support from IFAD, the use of a trigger mechanism developed under the CERF AA pilot, and contingency funding supported by DANIDA has enabled the leveraging and layering of funding for targeted implementation of anticipatory actions before drought impacts occur. It has also brought about a big learning opportunity that will help set up and operationalize a corporate WFP Anticipatory Action Account.



4. What needs to happen next



Climate driven humanitarian impacts are growing in eastern Africa. The increased number of expected extreme events due to climate change in the coming years and decades means that we need to do more than prepare for more and bigger responses to climate disasters. Governments and humanitarian organisations critically need to frontload investments into more forward-looking humanitarian systems, which prevent and mitigate predictable climate related emergencies from becoming humanitarian disasters.

Investments in anticipatory humanitarian (or risk management) systems need to be made now

PARTNERSHIPS WITH REGIONAL BODIES

Governments in member states need support in integrating anticipatory actions in policies and disaster risk management systems. This requires partnerships with regional bodies, supported by the Horn of Africa Partnership for Early Warning and Early Action, involving the Inter-Governmental Authority on Development (IGAD) and its Climate Prediction and Applications Centre (ICPAC), UNDRR and WFP (to name a few) with a view to expanding partnerships to other key actors in the region.

CAPACITY STRENGTHENING OF NMHS AND DISASTER RISK MANAGEMENT AGENCIES

Strengthened capacity in NMHS and disaster risk management agencies in eastern African countries is required to sustainably develop and maintain impact-based forecasting, multi-hazard early warning services and SOPs for anticipatory actions. This requires multi-year support and long-term partnerships with regional and international institutions, such as the ongoing work with the IRI, UKMET and the Alliance for Hydromet Development³ (which aims to increase the effectiveness and sustainability of hydromet investments).

PREPOSITIONING FLEXIBLE FINANCING TO SUPPORT ANTICIPATORY ACTION

Implementing anticipatory actions at scale – and for multiple hazards – calls for flexible, prepositioned financing to be made available. This involves pre-allocation in existing financial mechanisms such as the newly established IGAD Regional Disaster Fund and the Disaster Risk Financing strategy. It will also involve setting up new contingency financing mechanisms such as the planned WFP corporate Anticipatory Action Account and encouraging donors to support them.

JOINT ACTIONS AT SCALE

Implementing successful anticipatory actions at scale calls for regional coordination and collaboration such as through the Early Warning Early Action group under the Food Security and Nutrition Working Group, and linking with regional initiatives such as the EU-funded Co-production of Climate Services for East Africa (CONFER)⁴ project.

3. The [Alliance for Hydromet Development](#) brings together major international development, humanitarian and climate finance institutions that are committed to scaling up and uniting efforts to close the hydromet capacity gap by 2030.
4. CONFER is a consortium of science partners including the Norwegian Research Centre (NORCE), ICPAC, University of Cape Town, Karlsruher Institut fuer Technologie, Met Office United Kingdom, Stiftelsen Flyktninghjelpen Norway, Kenya Red Cross Society, Norsk Regnesentral and University of Leeds.

WFP/Theresa Piorr

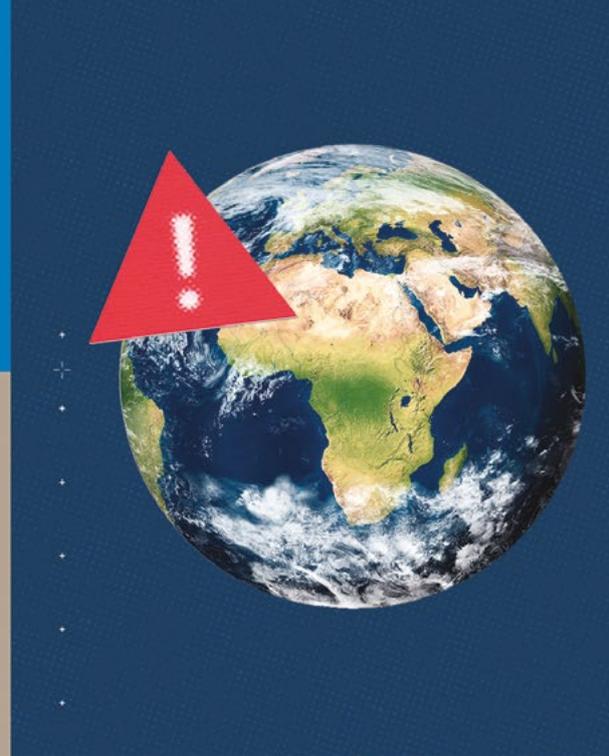
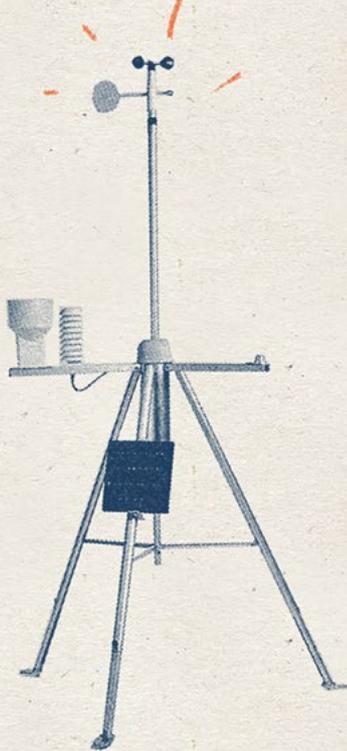


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