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Remarks on anticipatory approaches: the role of timely
humanitarian financing to save more lives

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As prepared for delivery

I am delighted to be in Berlin again, especially to talk about a topic on which Germany has become the thought leader internationally. I hope I can do it justice!

Humanitarian assistance is effective: every year, under emergency responses my office coordinates, the United Nations and our partner organisations reach more than a hundred million people, unquestionably saving millions of lives and preventing many crises spreading further and becoming even worse.

That is partly because we have become better funded. Not least by Germany. You have become the world's second largest humanitarian donor, providing 2.9 billion euros for humanitarian action in 2018.

This effective system could however be even better if it acted faster.

Sometimes, as with earthquakes, you get essentially no notice of a problem coming. But in others, like droughts, you do.

Take the Horn of Africa, and especially Somalia.

Somalia has a long history of food crises and famine, linked to conflict and climate shocks, combined with absent or limited governance and chronic poverty. That means people have little ability to cope when disaster strikes.

I first went to Somalia in 1992, in the midst of the famine which took the lives of 300,000 people. The collapse of the Siad Barre regime in 1991, clan competition for power, and the destruction of water and agricultural resources as a tactic of war, opened the way to tragedy. The world acted too slowly to stop it – and lacked some of the tools we have now.

I was in Somalia again in 2011, as droughts recurred, civil war took hold and Al Shabaab's power grew. Despite early warning signals in October 2010, the response was too slow. Famine was again declared in July 2011. More than 3 million people were affected. A quarter of a million lost their lives. Action was eventually taken - but too late for too many.

Five years later, in early 2017, four consecutive failed rains brought Somalia to the brink of famine once again.

This time, early warning led to earlier action. Substantial early donor support, combined with a cooperative Government, enabled a massive scale-up of assistance, and we managed to avert famine.

This year, Somalia is again facing crisis. Prolonged drought across the Horn of Africa is putting millions at risk of extreme hunger, as well as worsening humanitarian needs in Ethiopia and Kenya.

Earlier in the year, experts were predicting normal rains and a positive food security outlook. But in March, Cyclone Idai, and other cyclones in the southern Indian Ocean, hampered the progression of the Gu' rains which as a result failed.

By July this year, 5.4 million Somalis will be uncertain of their next meal, and of those, 2.2 million will face emergency and crisis levels of food insecurity.

I don't think the world wants to stand by and watch another famine in Somalia.

That leaves us with two choices.

We can wait until the suffering has reached an extreme level, when images of suffering children reach our TV screens and social media feeds, when people are dying in droves, and tens of thousands are acutely malnourished. And at that point launch a catch-up response. That is the expensive option.

Or, we can anticipate the looming crisis and act now to prevent it from turning into a famine with all the horrors that that will bring. That is the cheaper – and more humane – option.

I recommend the second approach.

There is plenty of evidence that shows how acting early to prevent full-blown crisis saves lives, reduces suffering, supports better programme planning and design, and dramatically cuts costs. To put it in simple terms, it's much better to prevent a child becoming so malnourished that only an expensive therapeutic feeding programme can save her, than to wait until she is within an inch of her life before intervening.

The World Bank estimates that responding early to famine risks can lower costs by as much as 30 per cent. And according to the World Food Programme, the cost of food aid is cut by between a third and a half when it is procured early.

Humanitarian organizations are at the ready to respond to needs in the hardest-hit areas of Somalia.

On 20 May 2019, the UN Humanitarian Coordinator in Mogadishu, in consultation with the Somali authorities, launched a drought response plan calling for \$710 million.

So, today, I am announcing allocations totaling US\$45 million from the UN's Central Emergency Response Fund (CERF) – the fund I manage – to pay for early action to mitigate a problem we now know is on its way. \$30 million will finance early action in Somalia, while the rest will be for Ethiopia and Kenya.

This CERF allocation will make a difference. But it won't be enough. So I am calling on others to respond rapidly too.

The frequency of drought in Somalia and the wider Horn of Africa has increased from once every seven years, to as much as once in every two or three years. That is one of the results we can already see from the combination of climate change and larger numbers of people trying to eke out a meagre living from agriculture or livestock in conditions of depleted environmental resources.

Such frequent droughts do not allow enough time for people to rebuild their livestock herds or grain stocks between droughts.

That means, unfortunately, that while Somalia tries to develop the economy with alternative livelihoods for people, we have to prepare for the probability of more frequent problems like the one we are trying to head off now.

While the 2017 response was successful because it was earlier than in previous cases, and while I hope we will achieve the same this year, I am convinced we can do much better.

Following Germany's innovative piloting of forecast-based funding, we are working on creating in the CERF a capacity for consistently earlier action when we know there is a real problem coming.

The trick is to trigger funding based on forecasting information and early warning data. German support for pilot projects in Bangladesh, Mozambique, Peru, Togo and Uganda, with the German Red Cross and the International Federation of the Red Cross, has helped prove the concept.

We now need to build a system in which data, of a better quality than we have had before, triggers the release of pre-agreed funding to implement a pre-agreed response plan. Under this

anticipatory model, CERF – and other - funding could be released as soon as we reach a pre-established threshold.

An initiative with great promise to drive positive change is the Famine Action Mechanism being developed by the World Bank and the United Nations. Not only does it aim to prevent crisis, it will also try to address root causes that continue to drive humanitarian needs. I welcome the fact that the World Bank has activated early efforts for the Famine Action Mechanism in Somalia. We are working closely with the Bank on data analytics, and the planning and release of finance. And we hope that piloting this approach will lay the foundation for swift preventative action in countries at risk in the coming years.

Many of you here are already involved in your own preventative financing models, including through the Start Network's Anticipation Window. We are very interested to hear about the lessons you are learning.

I do think the CERF can play a very important role in proving some of these innovative concepts. That is only possible because donors have funded the CERF at record levels in the last two years. Germany, as the second largest donor, with increased contributions in recent years, has played a leading role in that. (Feel free, incidentally, to move into first place. I am sure my former British employers will not really mind!).

There are many other tools to be developed to make humanitarian action faster, cheaper and more effective, building especially around the principle of taking action at scale as soon as it is clear there is a problem.

Risk transfer mechanisms such as insurance and parametric financing, have a role to play. To give just one example, the German-supported World Bank Global Risk Financing Facility (GRiF) is being used to strengthen the financial resilience of vulnerable countries, by establishing insurance and other pre-arranged mechanisms to respond early to climate or disaster shocks.

Contingency finance tools, like the Deferred Drawdown Options offered by the development banks, or rapid use of the World Bank's Crisis and Refugee Response Windows have a lot of potential. The IMF can play a role too, as they have done following Cyclone Idai in Mozambique.

We have created a unit in my office to follow these innovations and report on experience with them. The idea is to identify which ones need to be connected and scaled up.

I look forward to working with all partners across the sector to do this. That includes the financial institutions, humanitarian organisations, NGOs, data scientists, academics and governments.



Office for the Coordination of Humanitarian Affairs

By working together, we can make anticipatory and early action become our default approach in addressing vulnerability and reducing the scale of a possible crisis.

Not every problem we face can be tackled through this approach. But a lot of them can. Our efforts will be measured in how many lives we manage to transform – and save.

Thank you.
