

# Popular Scientific Summary

Linking Forecast-based Financing to Shock-Responsive Social Protection Programmes to

Scale Up Assistance against Climate Hazards

Challenges and Opportunities, A Case Study of the Philippines

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**This study introduces a groundbreaking system that has the potential to reform disaster risk management globally, by transitioning away from a reactive to a proactive attitude to prevent natural hazards from turning into large-scale disasters. In the center of the focus to establish such a system are forecast-based financing (FbF) and social protection (SP) programmes that are traditionally set up in countries to support the poorest households. The former relies on forecasting information to predict hazards and their potential impacts on communities in order to act before they would occur, while the latter can be expanded in times of crisis to assist not only already enrolled beneficiaries, but those affected by hazards as well. The research offers an in-depth analysis of existing challenges and opportunities related to the operationalization of a system that links FbF's anticipatory capacity to SP programmes for faster and more effective disaster risk reduction.**

As the climate is changing, more disasters affect people's lives and livelihoods. The Intergovernmental Panel on Climate Change (IPCC) predicts that extreme weather events will continue to increase in their frequency and intensity. They already disproportionately affect countries with limited resources, while budget is also becoming insufficient to meet the growing needs. Traditional disaster response looks something like this; a disaster strikes, countries declare a state of emergency and, if not able to recover from national resources, they request international humanitarian assistance. The delivery of humanitarian aid is often delayed because of various factors, leaving communities in a state of despair for an extended period of time, which jeopardize their ability to quickly recover from shocks and move on with their lives. However, it does not have to be like that!

Fortunately, today's technology allows to forecast many types of natural hazards (e.g. flooding, typhoons, drought). Forecast-based financing (FbF), an innovative disaster risk management (DRM) tool relies on this forecasting capacity to anticipate hazards and the geographic areas that are

most likely to be impacted if they occur. The financing part refers to the already prepositioned funding that allows to undertake the early actions previously defined in an early action protocol, in order to mitigate or prevent large-scale impacts. Early action includes for instance evacuation of livestock, provision of hygiene kits or medication or cash assistance, which is the focus of this research. Besides FbF, several countries are exploring how social protection (SP) programmes, which are traditionally designed to provide long-term assistance to the poorest households, can be leveraged to deliver assistance immediately after disasters strike by being more shock-responsive. This can happen by using the available list of beneficiaries enrolled in social safety net programmes and by channeling the cash through existing delivery mechanisms, such as local banks. This makes response much faster and more coordinated under national supervision.

Recently, discussions are ongoing around how to enable SP programmes to deliver cash assistance not only immediately after the hazards had occurred, but also in anticipation, which refers to *linking forecast-based financing to shock-responsive social protection (SRSP)*. It sounds very logical to use an already established system, such as social protection, and to act in anticipation if hazards can be forecasted, but why is this then not the main approach for disaster response? The research tries to answer this question by exploring challenges and enabling factors related to sustainable use of anticipatory cash assistance through SP programmes in emergencies.

To find out these factors, the study relies on a qualitative methodology of a single case study, applying methods of (i) secondary data review and (ii) semi-structured key-informant interviews. The former means the review of relevant published documents, while the latter refers to interviewing people who work with these concepts in the field in the selected case, which is the Philippines. The Philippines was chosen because the country is extremely exposed and vulnerable to all types of climate hazards, and therefore the leadership is interested in innovative approaches that can reform the way disasters are managed.

The results show that local ownership over the design of FbF is missing, which can cause distrust towards projects and is a reason why anticipatory action is problematic. Secondly, the current institutional and policy structures are set towards response as opposed to early action, and therefore do not allow the release of funds in anticipation of hazards. Countries need to see the tangible losses first, and how much it costs to fix the damage in order to prepare the budget. Thirdly, there are problems with the national database on beneficiaries, because even though it

covers the poorest households, they are not necessarily the ones whose lives and livelihoods are the most exposed as well as vulnerable to climate hazards. Furthermore, the government does not have a sustainable, national source of funding for anticipatory action and for expanding the coverage of SP's beneficiary list in crisis situations. Conclusively, linking FbF to SRSP is well-established theoretically, however problems at design and policy levels, and limited fiscal envelopes indeed restrict successful operationalization and sustainable use of such a system.

On the bright side, some very important enabling factors were also discovered. These include an established leadership, political will and interest in both anticipatory action and the potential utilization of SP programmes for disaster response. A platform for advocacy and coordination between national and international stakeholders, a so-called Technical Working Group also exist. Most importantly, the government has endorsed a 5-year Roadmap to establish an adaptive and shock responsive social protection (ASRSP) system to transform the theory of anticipatory humanitarian relief using national SP programmes into practice.

In conclusion, this study contributes to the fields of disaster risk management and humanitarian assistance in two ways. Firstly, the list of existing cases analyzing the values and benefits of FbF as well as the previous examples of using SP programmes for shock-response are now expanded by an extra case study that showcases lessons learnt from a new perspective of challenges and opportunities. Secondly, the thesis serves as a guidance for both national and international stakeholders to look for constraining and enabling factors at design and policy level when working on operationalizing an anticipatory SRSP in other country contexts as well. The paper encourages further research on how to pre-plan systems, harmonize programmes and amend institutional and policy frameworks to make countries suitable for anticipatory action.