

## BACKGROUND

In its [2023-2026 Strategic Plan](#), OCHA commits to “support and facilitate a systemic shift to coherent and embedded anticipatory approaches, including anticipatory action. OCHA will use its own financing tools to facilitate, generate evidence for and scale up collective anticipatory action.” OCHA implements this strategy, inter alia, by continuing to facilitate and expand [coordinated, collective anticipatory action \(AA\) frameworks](#) supported by CERF.

**Building on a gradual expansion of pilot initiatives since 2019, CERF has been leading the way in advancing AA in the humanitarian system and continues to be the biggest financier of formalized AA frameworks.** Starting with the establishing of a framework in Somalia in 2019 for an initial \$15 million<sup>1</sup>, CERF’s level of commitment to anticipatory action has consistently grown over the past five years. CERF is currently guided by a 10 per cent (minimum) anticipatory action [average](#) expenditure ambition set by the Emergency Relief Coordinator (ERC).

**Today, CERF’s pre-arranged funding for AA frameworks amounts to more than \$100 million and covers 14 countries, with additional frameworks and financial commitments in the pipeline.** In 2023 alone, CERF provided more than 50 per cent of all global pre-arranged funding for anticipatory action<sup>2</sup>.

### Anticipatory Action Frameworks

**Collective and coordinated anticipatory action is facilitated through the development of country-level multi-partner AA frameworks.** Each AA framework consists of four core components that enable predictable and rapid action ahead of crises:

- (1) a robust forecasting mechanism linked to a clear decision-making process;
- (2) pre-agreed activities;
- (3) pre-arranged funds (from CERF and other sources) that can be released to immediately initiate time-critical activities;
- (4) dedicated learning<sup>3</sup> activities to systematically capture evidence from these efforts.

**OCHA’s support to developing AA frameworks is usually requested by the RC/HC, including requests for CERF financing. Thus, CERF’s support to anticipatory action is field- and demand-driven.** AA frameworks are designed for out-of-the-ordinary shocks that occur roughly every three to five years (i.e., have a 1-in-3 to 1-in-5 return period), and are not meant to address regular seasonal needs. CERF’s support is endorsed by the ERC typically for an initial period of two years, with the possibility of extension and the overall objective to attract increasing co-financing over time to ensure sustainability.

To help ensure a systematic and prioritized investment of resources, OCHA has developed a set of principles and considerations to guide the selection of countries for the development of OCHA-facilitated and CERF-funded collective AA frameworks. These considerations include:

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<sup>1</sup> The framework was endorsed in 2019 but activated in 2020.

<sup>2</sup> Anticipation Hub, 2023 [Global Overview Report 2023 WEB VERSION.pdf \(anticipation-hub.org\)](#).

<sup>3</sup> All evidence generated from OCHA-facilitated AA frameworks (as well as all frameworks) can be found at [Anticipatory action | OCHA \(unocha.org\)](#).

- Exposure and vulnerability to the risk; the anticipated humanitarian caseload;
- Field commitment and capacity to lead anticipatory action;
- Feasibility of predictive analytical model (the “trigger mechanism”);
- Commitment to maximize learning;
- Integration of the framework into the country-level emergency planning or humanitarian programme cycle;
- Availability of CERF funding vis-à-vis overall anticipatory action portfolio;
- Past CERF allocations for the country and hazard in question;
- The likelihood of crowding-in or mobilization of additional/complementary resources.

**CERF’S CURRENT ANTICIPATORY ACTION PORTFOLIO AND FINANCIAL COMMITMENT**

Since 2019, OCHA and CERF have supported anticipatory action in 20 countries.



\* On the map, Yemen reflects an anticipatory allocation by the Yemen Humanitarian Fund/CBPF and the frameworks for Mozambique and Madagascar are in early preparatory stages.

To date, the ERC has committed \$102.3 million in pre-arranged funding from CERF for OCHA-facilitated AA frameworks. This represents the total funding amount currently endorsed by the ERC for active AA frameworks and those frameworks under development for which pre-approval from the ERC has been obtained. The table below provides an overview of these frameworks, covering 14 countries.

Country	Shock	Status	Amount
AA frameworks currently active or under development			<b>\$102.3M</b>
Bangladesh	Storms/Floods	Active since 2020	\$7.9M
Burkina Faso	Drought	Active since 2022	\$15.0M
Chad*	Drought/Floods	Framework for drought active since 2022 and framework for floods in development	\$15.0M

DRC*	Cholera	Active since 2022	\$1.5M
El Salvador	Drought	Active since 2024	\$2.5M
Ethiopia	Drought/Floods	In development	\$15.0M
Fiji	Storms	Active since 2023	\$2.4M
Guatemala	Drought	Active since 2024	\$4.0M
Honduras	Drought	Active since 2024	\$4.0M
Nepal*	Floods	Active since 2021	\$6.5M
Nicaragua	Drought	Active since 2024	\$2.0M
Niger*	Drought/Floods	Framework for drought active since 2022 and framework for floods in development	\$15.0M
Philippines	Storms	Active since 2021	\$7.5M
Haiti	Storms	In development	\$4.0M

\*Frameworks expiring in 2024, for which extensions will likely be presented to the ERC for consideration.

In addition to existing commitments, active field consultations and preparatory analysis work is underway for potential future AA frameworks in Nigeria (floods and cholera), Mozambique (cyclones and cholera) and Madagascar (cyclones).

### AA framework activations and disbursements

To date, CERF has disbursed \$89.4 million <sup>4</sup> to seven countries in support of coordinated AA frameworks, after pre-agreed trigger thresholds were met (see below). In 2023, only one framework was triggered. CERF released \$750,000 for anticipatory activities in the Democratic Republic of the Congo (DRC) for cholera in July 2023, following an earlier activation of the framework at the end of 2022.

Country	Year	Shock	Amount disbursed
Bangladesh	2020	Floods	\$5.2M
DRC	2022/23	Cholera	\$1.5M
Ethiopia	2020	Drought	\$20.0M
Nepal	2022	Floods	\$3.2M
Niger	2022	Drought	\$9.5M
Somalia	2020/21	Drought	\$35.0M
South Sudan	2022	Floods	\$15.0M
<b>Total disbursed</b>			<b>\$89.4M</b>

### Complementary early action approach

In addition to supporting formal AA frameworks, CERF continues to be forward leaning by increasingly allocating funding for early action (or anticipatory allocations outside of formalized frameworks), based on forecasts and other global analyses, to ensure that people exposed to crises receive assistance as early as possible. In 2023,

<sup>4</sup> This includes an anticipatory allocation to South Sudan for flooding in 2022 that was based on a forecast without a formalized frameworks in place.

**CERF provided around \$124 million for early action<sup>5</sup>** to get ahead of rising food insecurity, disease outbreaks, flooding and drought, including \$22.1 million for crises driven by El Niño.

## LOOKING AHEAD: SUSTAINING CONTINUED CERF ANTICIPATORY ACTION SCALE-UP

**Maintaining the current trajectory of growth of the anticipatory action support may require certain changes to ensure that CERF can adequately manage the growing financial exposure and the associated risk.**

Anticipatory action funding is unique in that it is pre-committed for disbursement against the risk of a possible disaster taking place over an agreed period of time. This creates a financial liability for CERF that is different from CERF's traditional funding modalities that are reactive and largely discretionary.

By pre-arranging more funding for more AA frameworks over time, guided by the 10 per cent (minimum) average expenditure ambition for anticipatory action, CERF's financial exposure has continuously increased since 2019. This financial support is being handled through dynamic cashflow management and by carefully considering exposure versus cash availability during the year, supported by analysis of seasonal activation probabilities and related financial commitments in each AA framework.

However, to support the scale-up that OCHA has committed to in the coming years<sup>6</sup>, concrete measures to ensure sustainability and risk management of the AA portfolio for CERF will be a priority. This includes pursuing the three possible avenues outlined below.

### I. Growing CERF's funding level

CERF's anticipatory action portfolio has grown from around \$48 million pre-arranged in 2020 to more than \$100 million by mid-2024. In the same period, CERF's annual income has decreased from \$624 million in 2020, to \$559 million in 2023, and is currently projected at \$530 million in 2024. **It is paramount to reverse this trend and for Member States to increase their investment in CERF towards reaching the \$1 billion funding set by the General Assembly and allow for a continued scale up of CERF's support to humanitarian action, including to collective anticipatory action.**

**In addition to pursuing an increase in 'regular' contributions to CERF from humanitarian donor budgets, this can also happen through additional dedicated climate-related contributions to the new [CERF Climate Action Account](#)**, which, among other, will help CERF increase investments in anticipatory action for climate disasters.

### II. Increased co-financing for AA frameworks

For individual AA frameworks, OCHA has been increasingly seeking to **crowd-in other funding and encourage donors, agencies and other partners to commit funds to the frameworks**. This reduces the reliance on CERF as the only funding source and is a pathway to a gradual reduction in CERF's financial commitment to each individual framework. This would enable to use CERF's financing in a catalytic way, by freeing funds for other anticipatory action investments. Out of the active frameworks, **four frameworks in three countries (Bangladesh for floods**

<sup>5</sup> To the global overview report on anticipatory action in 2023 this amount is considered as AA in line with practices by other major AA actors ([Global Overview Report 2023\\_WEB\\_VERSION.pdf \(anticipation-hub.org\)](#)). If counted as anticipatory action, CERF funded 70% of all anticipatory action globally in 2023.

<sup>6</sup> For example, at COP28 OCHA committed to continuing scale up of CERF's AA support to climate-related emergencies (<https://www.cop28.com/en/OCHA-package-of-solutions>)

and storms, Fiji for storms, and Niger for drought) have crowded in \$13.3 million in complementary funding for anticipatory actions from other sources<sup>7</sup>.

Country	Total Funding	CERF	Co-financing	Co-financing by
Fiji	\$3.8M	\$2.4M (63%)	\$1.4M (37%)	6 UN agencies
Niger	\$21.1M	\$15.0M (71%)	\$6.1M (29%)	3 UN agencies
Bangladesh	\$13.7M	\$7.9M (58%)	\$5.8M (42%)	3 UN agencies / 7 partners

Other pooled funds, notably IFRC's Disaster Response Emergency Fund (DREF), as well as the START Fund, have provided complementary funding for the Bangladesh framework for monsoon floods. Previous frameworks, now expired, also included co-funding (e.g., financing from Qatar to FAO in Somalia and Bangladesh).

**Country-Based Pooled Funds (CBPF) also represent a potential co-financing source as they are increasingly using forecasting and early warning mechanisms for funding decisions.** For instance, in 2023, the Yemen Humanitarian Fund (YHF) committed \$8 million towards a country-level AA framework for flooding, with \$5 million allocated for preparedness measures and the remaining \$3 million designated specifically for anticipatory action. In addition, CBPFs in Somalia and South Sudan have supported anticipatory action financially in 2023 and 2024.

Ongoing collaboration with other partners and financing mechanisms is underway (e.g., Education Cannot Wait fund, the World Bank and some private sector entities) to identify opportunities for joint and complementary anticipatory action.

### III. Financial risk transfer for the AA portfolio

In addition to pursuing increased core CERF financing to fuel a scale up of anticipatory action, the predictive and infrequent nature of this portfolio also presents opportunities to explore risk transfer mechanisms. **As each framework supported by CERF roughly carries a 1-in-3 to 1-in-5 probability of being triggered in any given year, CERF can in a normal (average) year support a large anticipatory action portfolio without having the cash at hand to fund the full total commitment.** However, as funds for AA frameworks are pre-committed, CERF needs to be able to manage the unlikely outlier year where many or most of the frameworks trigger, for instance, due to a global climate phenomenon. If such extraordinary situations are to be handled through cash-flow management alone, it will set a natural ceiling for the cumulative anticipatory action portfolio liability that can safely be taken on. Above that ceiling, the financial risk may not be practically manageable, and CERF may, in the worst-case scenario, have to either default on its anticipatory action commitments or jeopardize regular Rapid Response or Underfunded Emergencies allocations.

To that end, OCHA is currently exploring the potential benefits and feasibility of **a risk transfer/insurance solution for the most extreme (and unlikely) situations, where the risk that is beyond what CERF can manage is taken on by a third party for a premium.** This would enable CERF to significantly increase its ability to pre-arrange anticipatory action funding for predictable crises without having a comparable increase in income levels. Initial analysis and exploratory work are underway in collaboration with the Center for Disaster Protection.

<sup>7</sup> Partners have invested own resources into the build and preparatory phases of the AA frameworks.