# Innovative Humanitarian Health Financing for Humanitarian Emergencies

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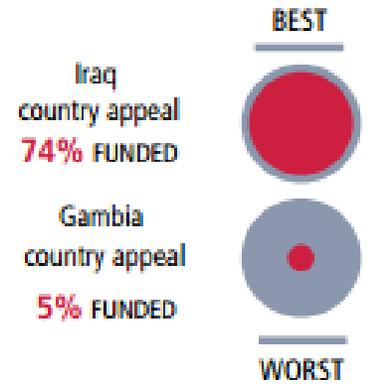
# Refugee Contexts

| Phase | Location | Host Income Level | Social Welfare System |
|---|---|---|---|
| <ul><li>Preparedness (pre-emergency)</li><li>Acute emergency</li><li>Protracted</li><li>Durable solutions<ul><li>Voluntary repatriation</li><li>Local integration</li><li>Resettlement</li></ul></li></ul> | <ul><li>Camp, out of camp</li><li>Urban, rural</li></ul> | <ul><li>Low income country (LIC)</li><li>Middle income country (MIC)</li></ul> | <ul><li>Functioning</li><li>Non-functioning</li></ul> |
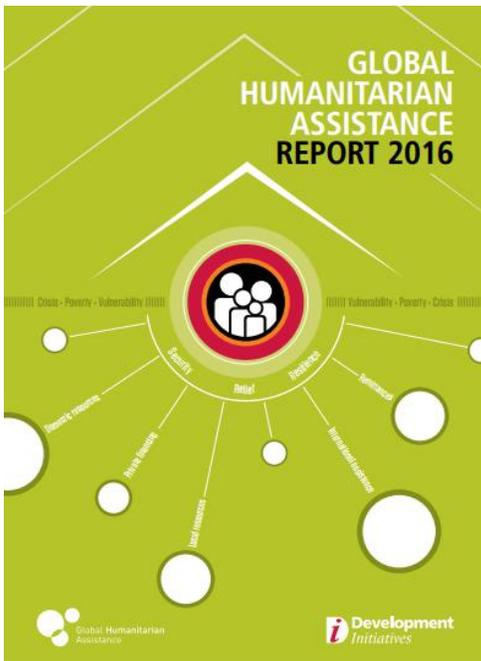
# Funding for Humanitarian Assistance

GLOBAL HUMANITARIAN ASSISTANCE REPORT 2016

Global Humanitarian Assistance

Development Initiatives

UN-coordinated appeals, 2015

**45% SHORTFALL**
Largest to date

BEST

Iraq country appeal
**74% FUNDED**

Gambia country appeal
**5% FUNDED**

WORST

❸ Total international humanitarian assistance*

US$20.2bn
2011

US$18.0bn
2012

US$20.8bn
2013

US$25.1bn
2014

Third consecutive increase in overall spending

US$28.0bn
2015

HIGHEST RECORDED

# Traditional Humanitarian Financing

- Predominantly from <u>risk retention</u> and <u>ex-post emergency</u> instruments such as budget allocations from primarily Western governments to UN, international organizations and NGOs
- Twenty (20) government donors contributed 97% of all international government contributions (2015)
- Humanitarian funding increasingly concentrated in relatively small group of emergencies (2015)
  - Five crises - Syria, Yemen, South Sudan, Iraq and Sudan – accounted for >50% of all funding allocated to specific emergencies

# Innovative Financing

**Innovative financing mechanisms** defined as*:

- Non-traditional applications of overseas development assistance (ODA)
- Joint public-private mechanisms
- Flows that either support fundraising by tapping new resources or deliver financial solutions to problems on ground

- Improving financing for humanitarian emergencies requires paradigm shift:
    - more risk transfer and more pre-emergency planning

* World Health Organization. Taskforce for Innovative International Financing for Health Systems. Working Group 2: Raising and Channeling Funds. Progress report to Taskforce. 2009

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# Available Financing Instruments - RISK

- **Risk-retention** tools hold <u>host countries responsible for risk</u>
  - Doing so provides more flexible payments, as can spend at discretion
  - These tools include contingency funds, budget allocations, contingent credit, budget reallocations, tax increases and post-ER credit

- **Risk-transfer** tools allow host countries to <u>transfer risk to another entity</u>
  - Doing so provides more security by having another party shoulder risk
  - These tools include insurance, indemnity reinsurance, indexed reinsurance, catastrophe bonds, catastrophe swaps, and donations

Clarke D, Dercon S. Dull disasters: how planning ahead will make a difference: Oxford University Press; 2016.

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# Available Financing Instruments - TIMING

- **Ex-ante instruments** <u>depend on planning</u> for ERs
  - Include reserves, contingency funds, budget contingencies, contingent debt facilities, and risk-transfer products
- **Ex-post instruments** do <u>not depend on planning</u> for ERs
  - Include donations, budget reallocation, loans, and tax increases

Clarke D, Dercon S. Dull disasters: how planning ahead will make a difference: Oxford University Press; 2016.

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# Instruments for Disaster Risk

|  | Ex-ante (depends on planning) | Ex-post (not dependent on planning) |
|---|---|---|
| **Risk retention** (host countries responsible for risk) | • Contingency fund or budget allocation: set money for ER relief aside prior to the event<br>• Taxes and subsidies to alter incentives for providing funding<br>• Line of contingent credit: loan that will be disbursed under certain circumstances | • Budget reallocation<br>• Tax increase<br>• Post-disaster credit<br>• User fees<br>• Taxes and subsidies to alter incentives for providing funding<br>• Use tariffs to reduce prices of goods during disaster (subsidies) |
|  |  |  |
| **Risk transfer** (host countries transfer risk to another entity) |  |  |

# Instruments for Disaster Risk cont

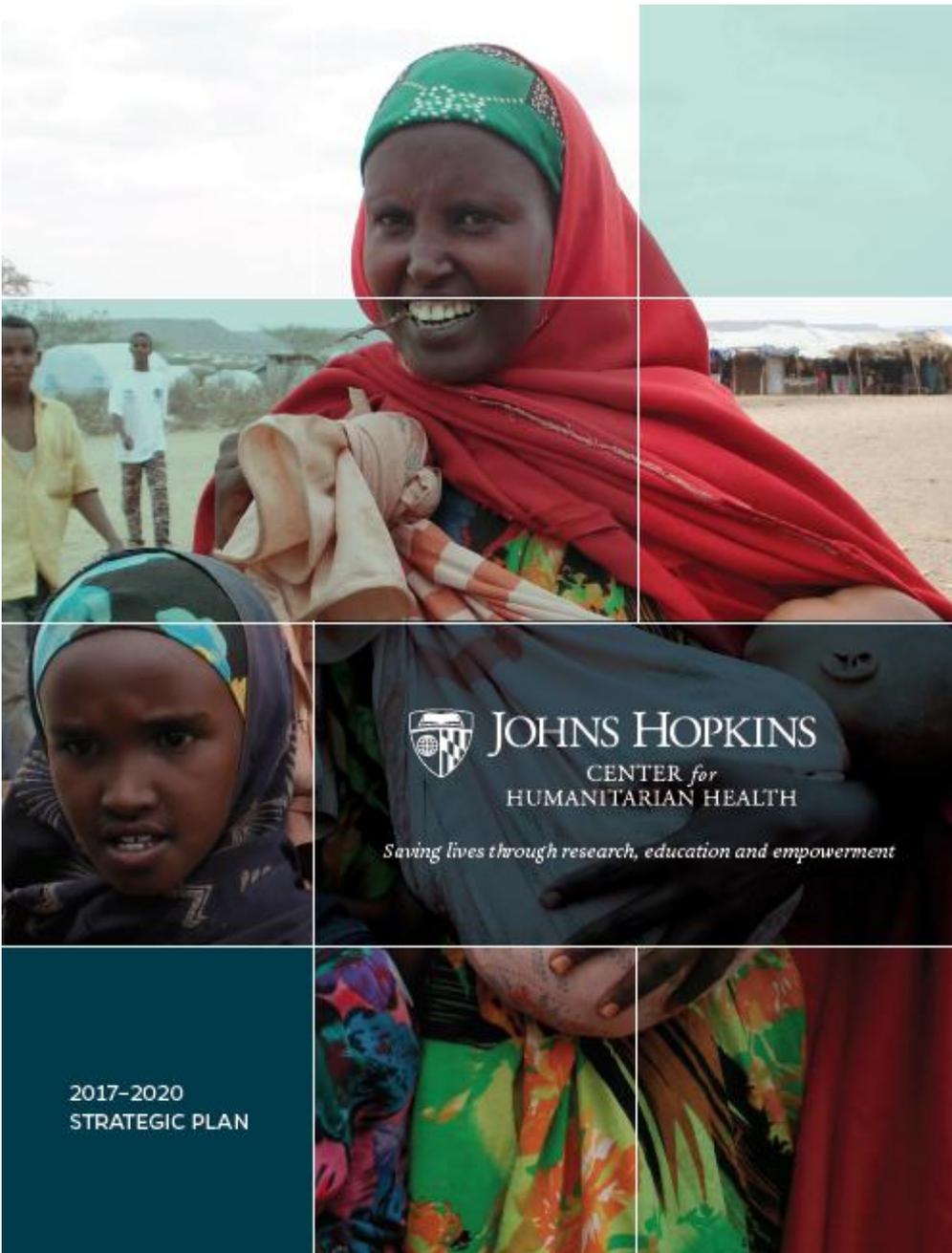| | Ex-ante (depends on planning) | Ex-post (not dependent on planning) |
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| | | |
| **Risk transfer** (host countries transfer risk to another entity) | • **Traditional insurance or reinsurance:** contract where insured pays insurer a premium, and insurer agrees to pay for pre-specified and post verified losses<br>• **Indexed insurance, reinsurance, or derivatives:** insurance contract where insurer makes payments based on certain external, measurable parameters or an index<br>• **Capital market instruments:** financial instruments that act like insurance, but investors shoulder risk, includes catastrophe bonds and swaps<br>• **Privatize and deregulate services** | ● Discretionary post-ER aid |

# Discussion

- What is feasible for humanitarian emergencies and specifically for refugees according to context?

    1. Remittances

    2. Traditional insurance or reinsurance

        o Health insurance for refugees?

    3. Indexed insurance, reinsurance, or derivatives

        o Refugee indexed insurance for governments?

    4. Capital market instruments

        o Refugee bonds?

# Acknowledgements

- Rebecca Chanis, MPH, JHSPH
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# Vision

To pursue new knowledge and disseminate this learning to save lives and reduce human suffering and the consequences of humanitarian emergencies and disasters

http://hopkinshumanitarianhealth.org/

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