

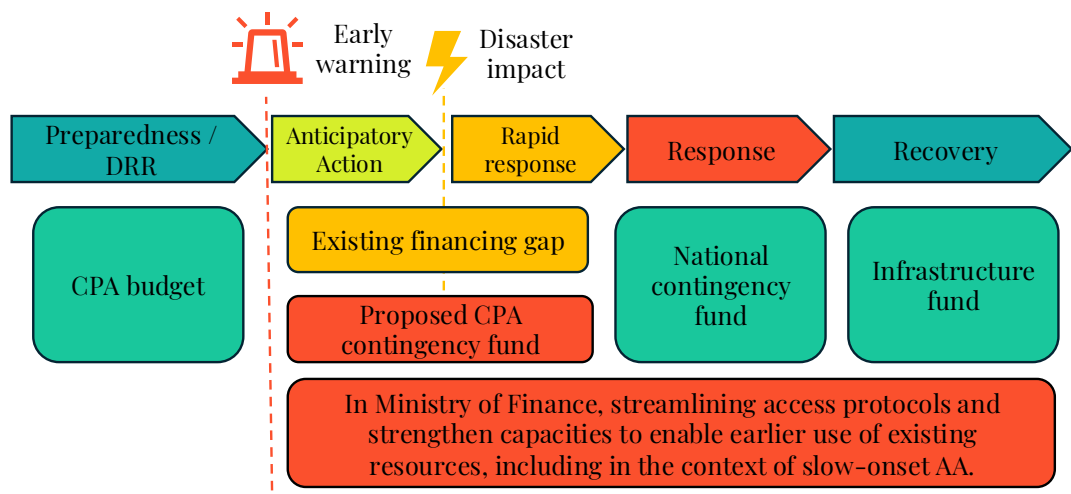
Policy brief

National financing mechanism for AA in **Timor-Leste**

The Government of Timor-Leste is strengthening its early warning systems and forecasting capabilities through the Green Climate Fund (GCF) project ‘Enhancing early warning systems to build greater resilience to hydrometeorological hazards in Timor-Leste’. This investment is a critical opportunity to integrate anticipatory action (AA) into Timor-Leste’s disaster risk management (DRM) approach. AA is a set of interventions that are taken before an anticipated disaster to mitigate its impact on people, assets and infrastructure. AA builds on preparedness efforts but remains distinct from them, as anticipatory actions are always undertaken for a specific and imminent threat. Due to the rapid timelines for AA, pre-arranged finance is vital to ensure that actions can be taken in time.

This report strongly recommends that the country’s Civil Protection Authority (CPA) creates a new contingency fund to finance Anticipatory Action, which sits alongside but is separate from the CPA’s annual budget. The procedure to access the existing national contingency fund is too cumbersome and lengthy for AA, particularly for rapid-onset hazards. The proposed new contingency fund would ideally integrate two functions, anticipatory action and early response, while ensuring greater coherence between the two. Establishing such a national financing mechanism for AA is the clearest way to enable the Government of Timor-Leste to take ownership of AA and act quickly, enhancing its DRM.

Figure 1: Illustration of existing and proposed national DRF instruments across Timor-Leste’s DRM cycle. Red mechanisms are proposed, while green are existing.



To accompany an AA financing mechanism, integrated within the national disaster risk finance (DRF) framework and policy, Timor-Leste’s Government should create an enabling environment for AA through strong policy alignment and buy-in from leadership. This should start with the adoption of the national AA roadmap, which brings together diverse stakeholders to articulate a common vision for Timor Leste’s AA practice. In the AA roadmap, integration of AA into the country’s national disaster risk management policy and Decree-Law No. 3/2016 is a priority

action for Timor-Leste's AA stakeholders. Doing so is a critical step to enabling a national financing mechanism for AA, as it would empower the CPA and relevant line ministries to set aside budgets in their contingency funds. In addition to including AA in DRM policy, AA should be integrated explicitly into standard operating protocols (SOPs) for disaster response. This would entail a full reflection of AA in the forthcoming DRM strategy as well as in the national and municipal emergency response plans. It is also key to clarify roles, responsibilities and priority actions across different levels. The Ministry of Agriculture, Livestock, Fisheries and Forestry (MALFF) already has experience of developing a SOP for AA, which can serve as an example for other ministries and hazards.

To equip and operationalize a national AA financing mechanism, additional resources will likely be needed from development partners such as the GCF as well as by the Government of Timor-Leste itself. In many cases and across nations within the Association of Southeast Asian Countries (ASEAN), national AA mechanisms are still financed by donor initiatives. AA pilots are new to Timor-Leste and there is not yet country-specific evidence of AA's effectiveness to galvanize governmental support for AA. Directly supporting the Government of Timor-Leste with finance to establish such a contingency mechanism, along with evidence of the benefits of AA, would enable it to build capacity and ownership in delivering AA for climate-related hazards.

By creating a CPA contingency fund for AA and rapid response, Timor-Leste could host one of the most advanced anticipatory action mechanisms at the national Government level. The momentum built through AA pilots and the GCF's investment in Timor-Leste's meteorological capabilities could be enhanced with a financing mechanism for AA at the national Government level. This would require support from development partners and donors, who can lend expertise and direct financial support to the CPA (and potentially others, such as the MALFF) contingency fund(s). Given the critical juncture at which Timor-Leste's DRF practice now stands with the development of a national DRF framework and policy, this is a timely opportunity. On page 3 we make specific recommendations for different stakeholders to help the Government of Timor-Leste achieve this vision:



Recommendations for the Government of Timor-Leste

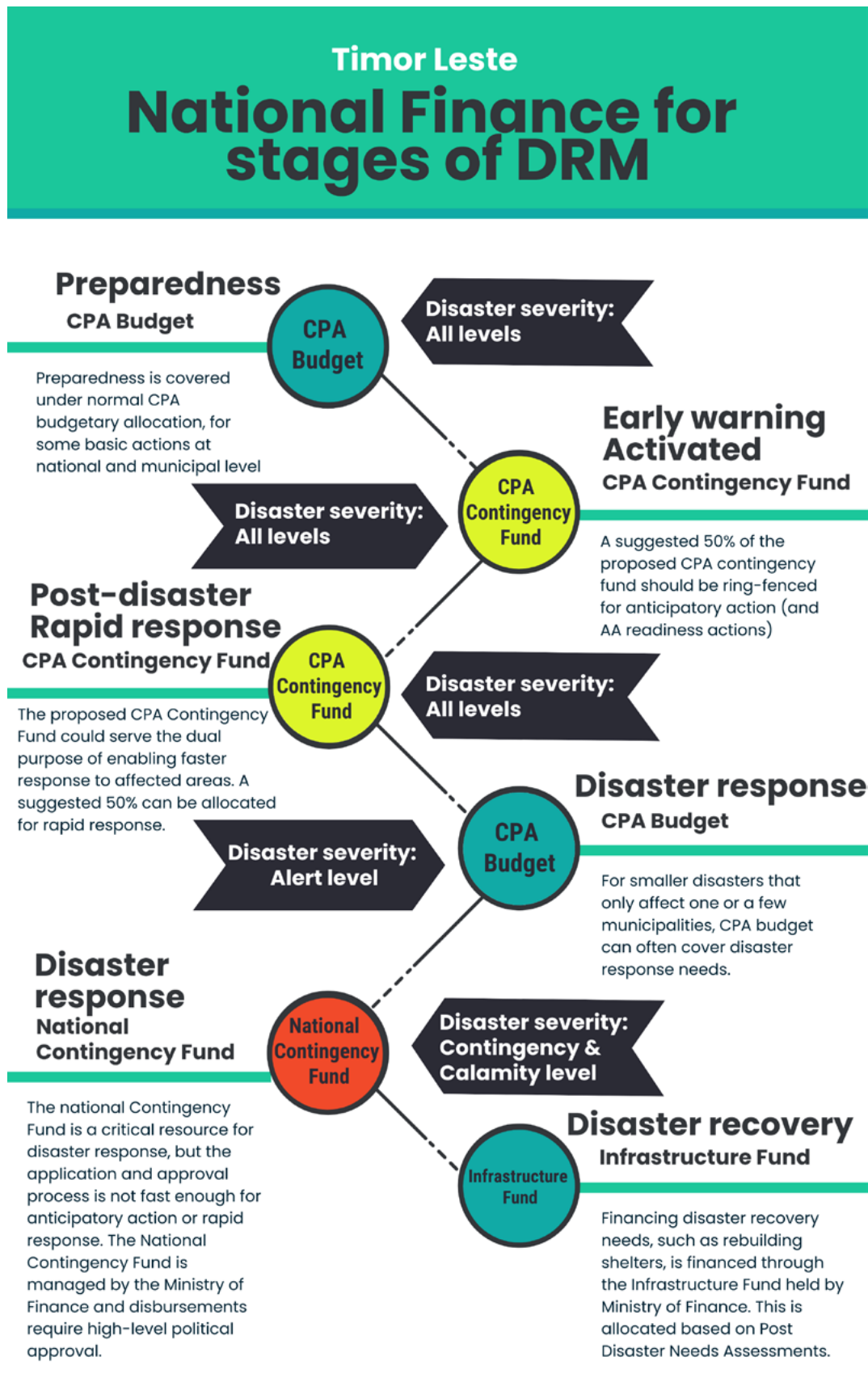
- Integrate AA financing into the developing national DRF framework and policy, including through the:
 - creation of a CPA-level contingency fund for AA and rapid response (with the potential for replication with the MALFF and other ministries)
 - clarification of, along with capacity-building on, access protocols for the existing MoF-held contingency fund
- Endorse the national AA roadmap
- Include AA in the national DRM policy and Decree-Law No. 3/2016 as well as the forthcoming national DRM plan
- Integrate AA into SOPs for disaster response, in particular the National Civil Protection Emergency Plan and Municipal Civil Protection Emergency Plans
- Revise procurement regulations to ensure compatibility with AA timelines
- Clarify institutional roles for AA and rapid response at the municipal and *suco* levels and resolve ambiguities regarding the roles of Disaster Management Committees, the Municipal Service for Civil Protection and Natural Disaster Management and municipal CPA commanders.



Recommendations for climate finance institutions and donors

- Support the Government of Timor-Leste by donating directly to the proposed CPA contingency fund or via the existing CPA bank account for donor contributions
- Fast-track Timor-Leste's 'direct access entity' accreditation to the GCF by providing dedicated support and capacity building, which could result in financing a second phase of the existing GCF early warning system project to enable the CPA, MALFF and other relevant ministries to begin to take protective action for vulnerable people in anticipation of disasters
- Investigate the potential of innovative financing mechanisms such as parametric sovereign insurance or resilience bonds to sustainably source finance for the Government of Timor-Leste's AA strategy, and support the country in the integration of AA into DRF policy and practice.

Figure 2: Outline of funds for different DRM stages for consideration in the national disaster risk framework and policy



This study was commissioned by Red Cross Red Crescent Climate Centre and the United Nations Food and Agriculture Organization as a part of the project 'Enhancing Early Warning Systems to build greater resilience to hydro-meteorological hazards in Timor-Leste'. The project is a USD 21.7 million initiative, led by the United Nations Environment Programme (UNEP) and funded by the Green Climate Fund (GCF), to establish integrated climate information services covering oceans and impact-based Multi-Hazard Early Warning System (MHEWS) for sectors (including health, agriculture, disaster risk reduction, water and environmental management) and communities in Timor-Leste.

