Mongolia. Herder household receives animal care kit to avoid loss of their animals as a result of extreme weather. © Mongolian Red Cross Society | 2020

# Mongolia
# Forecast-Based Financing to Avoid Disaster Displacement

## 1. Context

Over the last twenty years, Mongolia has witnessed significant rural to urban migration, as nomadic herders seek alternatives to their traditional livelihoods as they become increasingly difficult to sustain due to the impacts of climate change combined with intensified livestock production and diminishing pasture for grazing.[1] In particular, herders struggle to prepare for sequential "dzuds," a natural hazard common in Central and East Asia that results from summer drought followed by extreme winter temperatures accompanied by heavy snowfall and strong winds. The lack of water in the summer makes it difficult for herders to store fodder to help their livestock survive freezing winter conditions. For example, following three consecutive dzuds between 1999 and 2002, Mongolian herders lost a combined 25 per cent of the nation's livestock, with some 11 million animals dying because of bitterly cold temperatures.[2] Ultimately, at least 12,000 families lost the totality of their herds, with thousands of others falling into poverty.[3]

Disaster displacement related to slow-onset hazards is often a gradual, multi-causal process of impoverishment and dispossession.[4] Consequently, it can be difficult to distinguish displaced herders' specific vulnerabilities and needs from those of the larger urban poor seeking better employment or educational opportunities.[5] The Mongolian National Emergency Management Agency (NEMA) and IOM are using the Displacement Tracking Matrix (DTM) to develop a baseline study on displacement in Mongolia associated with climate change and disasters to inform future emergency response efforts.[6]

With insufficient or no livestock to sustain them, most internally displaced herders have no option other than to leave behind the countryside to live in impoverished, informal tent settlements on the outskirts of urban areas. Many of these IDPs lack the necessary national identity cards that allow them to access essential government educational and health services. Displaced children also face anxiety and fear associated with being forced to leave their homes.[7] In addition to addressing these protection and assistance needs, aid agencies are helping displaced herders in urban areas to diversify their livelihood options.[8]

Enhanced climate change and DRR activities are also seeking to build the resilience of herders, which can contribute to reducing the risk of future displacement. In 2019, the Government of Mongolia received USD 3 million from the UNFCCC Green Climate Fund to implement a three-year climate change adaptation project encompassing animal husbandry and arable farming.[9] The Mongolian Red Cross Society helps vulnerable herders through projects that build shelters for animals, encourage the stockpiling of hay and feed for the winter, and support the development of alternative income streams, such as the production of dairy and leather products.[10] Over recent years, herder collectives , known as "pasture user groups," have also been pooling their resources[11] to strengthen their capacity to

adapt to changing climatic conditions that are expected to intensify in the future.[12]

## 2. Description of the practice

Despite significant efforts to build herders' resilience to dzuds, many vulnerable families face a real risk of livestock loss that could contribute to subsequent poverty and potential displacement to urban slums. Recognizing the predictable nature of dzuds, the Government of Mongolia has partnered with Mongolian Red Cross Society, supported by the British Red Cross and the Red Cross Red Crescent Climate Centre (RCCC), to use Forecast-based Financing (FbF) to reduce livestock loss by releasing humanitarian funds before extreme winter weather conditions arrive.

In 2017, Mongolia was one of the first countries to pilot FbF, which relies on the International Federation of the Red Cross's (IFRC) dedicated Forecast-based Action fund managed within the Disaster Relief Emergency Fund (DREF). Implementing FbF began with the drafting of a multi-stakeholder strategy, called an Early Action Protocol, which sets out the objectives of the early action and assigns roles and responsibilities to each actor well in advance of a potential dzud. The National Agency for Meteorology and Environmental Monitoring of Mongolia (NAMEM) collaborates with the Red Cross Red Crescent Climate Centre to develop a trigger model based upon NAMEM's data to assess when and where an extreme dzud event is likely.[13] Once the trigger is reached, the predetermined level of funding is automatically authorized for release by the DREF for the readiness and early action activities set out in the Early Action Protocol. The Mongolian Red Cross Society then works with the National Emergency Management Agency to inform the "soums" (municipal authorities) and local Red Cross branches about the potential dzud conditions and the imminent release of funds. These local actors

*"I received MTN 240,000 from the Mongolian Red Cross Society when I had nothing to feed my livestock with. It really helped me, thank you."*

Shurentsetseg D., Bornuur som, Tuv province[1]

1    IFRC, 'Forecast-Based Financing for Vulnerable Herders in Mongolia' (n 15).

are asked to select the most vulnerable beneficiaries and assist with carrying out the activities required. Thus, the whole practice requires a concerted effort by multiple stakeholders at all levels to ensure a timely and efficient response.

Mongolia's June 2019 Early Action Protocol for dzuds, which is valid for five years, establishes a budget of CHF 250,000 to provide 1,000 vulnerable households with livestock nutrition kits and unconditional cash grants. Notably, the Khan Bank distributes the cash grants directly to the households, who have the freedom to decide how to best meet their needs, whether that be buying hay or fodder for their animals or medicine for a family member. Early actions target the most severely affected provinces across Mongolia, and must be completed over a two-month period.[14] At the time of writing, Forecast-based Financing had been released twice in Mongolia prior to the onset of dzuds, with early actions benefiting a total of 3,000 herder households in 2017-2018 and 2019-2020. Notably, the Food and Agricultural Organization (FAO) jointly implemented the second set of early actions.

## 3. Results for internally displaced persons and others

Some 4,050 people from 1,000 vulnerable herder households in Mongolia received unconditional cash and animal care kits that reduced the number of animal deaths in their herds, which are their sole source of income

and food. While the interventions did not avoid all livestock deaths, they did have a modest impact during the first intervention. An evaluation of the second release of funds, and what the impact may have been without the combined contributions of both sets of interventions alongside other ongoing humanitarian and development interventions, is not available.

## 4. IDP participation

Community participation is an essential component of developing the Early Action Protocols used in Forecast-based Financing. In the case of Mongolia, mid-level branches of the Mongolian Red Cross Society worked with the local "soum" authorities to conduct community-led risk assessments. Through interviews with potentially affected herders, the assessments were able to identify the primary impacts from previous dzuds and document how these impacts evolve over time. For instance, even though previous emergency response efforts to dzuds had included fodder, by the time it was provided, the health of the animals had deteriorated to such an extent that they were unable to digest the food.

The herders also explained the challenges they faced in storing adequate levels of fodder to make it through the harsh winters, and emphasized that livestock mineral and vitamin supplies were critically important to helping livestock survive. They said that cash assistance would help them to buy additional forage and other essential supplies, including for their personal

needs, from local suppliers.[15] A complaint-line number also facilitated continuous feedback and community engagement throughout project implementation. Recognizing the communities' priorities and the reasons behind them, the Early Action Protocol designed interventions to reduce the negative dzud impacts by focusing specifically on these identified needs.

# 5. Challenges

Despite its success, one of the biggest challenges for early action in Mongolia is responding to the scale of the dzud impacts, which far exceed current capacity. In January 2020, some 70 per cent of the country was affected by severe winter conditions and faced negative impacts of varying degrees. The Mongolian Red Cross Society sought additional financial support from the DREF. However, to ensure that the most vulnerable households have the tools they need to avoid potential poverty and subsequent displacement, other actors need to integrate early action into their existing programming and to open up new funding streams.[16] At the same time, early action measures need to be accompanied by resilience-building measures, such as livelihood diversification, to ensure a longer-term impact.

More generally, attempting to prevent disaster displacement is complex given its multi-causal nature and the fact that resilience, particularly in the context of slow-onset or cyclical events, may gradually erode over time. Displacement is also not always recognized as a specific risk in disaster risk reduction and climate change strategies, resulting in missed opportunities to tackle underlying issues that could help avoid disaster displacement.[17] Even when displacement is recognized, it is difficult to assess to what extent displacement has been avoided.

# 6. Lessons learned

FbF is more than just the early release of humanitarian funding. The programme architecture contributes to a better and common understanding of the drivers and underlying factors that affect displacement. Community-led assessments in particular are at the core of the targeted interventions for the Early Action Plan. In Mongolia, this information has helped to determine when early actions should be triggered, and what specific interventions would be most effective. Since pastoral herders in Mongolia graze their animals across vast territories, Red Cross local branches' ability to identify and collect information about beneficiaries, connect with local authorities, as well as distribute assistance, was important to the design and implementation of early action interventions. Recognizing its critical role, the Mongolian Red Cross Society trained over 300 volunteers across the country after the first activation of FbF to ensure that future volunteers were familiar with the operational plan and safety rules and thereby ensured even faster and more efficient delivery of assistance.[18]

Successful and effective, efficient implementation also requires cooperation with relevant authorities at both national and local level. Relying on its strong bond with National Emergency Management Agency, the Mongolian Red Cross Society was able to receive the agency's endorsement and support for the Early Action Protocol. FbF also promoted coordination with FAO on the implementation of early actions based on the same dzud mapping, and fostered information sharing with other partners, such as the World Food Programme (WFP).

Finally, the FbF process allows for review and improvement. Learning from the experience of the 2017-2018 winter, the Mongolian Red Cross Society and the National Emergency Management Agency revised the 2019 Early Action Protocol to refine the activation calculation to ensure that the release of

funds was only triggered by extreme weather conditions. The new calculation requires that at least 20 per cent of three or more provinces to be faced a high risk, as opposed to anytime the threshold is met.[19] To ensure continuity and reduce potential administrative delays, it was also decided that a long-term contract agreement should be concluded with a financial services provider to distribute the cash grants.

## 7. Why this is a good example to share

Most notably, the model's strength lies in its predictability. Many meteorological phenomena are seasonal, and, thus, foreseeable. FbF's pre-agreed planning and financing enable all actors to act quickly prior to a predicted event. In Mongolia, early action measures have enabled actors to anticipate the impacts of dzuds on the basis of scientific information and community assessments. These early actions repeatedly bolstered the resilience of vulnerable herders at risk of displacement by modestly reducing livestock deaths during two successive dzuds over a three-year period. While the impact of FbF should not be overstated given the current lack of available evidence, the example underscores why disaster displacement and rural-to-urban displacement is not inevitable.[20]



Mongolia. A herder feeds her weak cattle with a mineral block in Bornuur soum, Tuv province. © Mongolian Red Cross Society | 2018

# Endnotes

1    Simon Shoening, 'Lessons from Internal Climate Migration in Mongolia' [2020] Forced Migration Review 22. Emily Kwong, 'The Deadly Winters That Have Transformed Life for Herders in Mongolia' (*NPR.org*, 29 July 2019) <https://www.npr.org/2019/07/29/737990796/the-deadly-winters-that-have-transformed-life-for-herders-in-mongolia> accessed 24 March 2020.

2    IFRC, 'Mongolia: Dzud Early Action Protocol Summary' (IFRC 2019).

3    ibid.

4    This example draws on research about internally displaced pastoralists in Kenya, which concluded, "Internal displacement is an impoverishment process characterised by a fundamental disruption of life, and pastoralists are no exception. ... Their displacement is in essence linked to the loss of livestock, but lack of access to land, resources and markets also contributes to the inaccessibility of their natural living space." Nina Schrepfer and Nina Caterina, 'On the Margin: Kenya's Pastoralists' (IDMC 2014) 6 <https://www.internal-displacement.org/sites/default/files/publications/documents/201403-af-kenya-on-the-margin-en.pdf> accessed 4 April 2020.

5    For a discussion on multi-causality, particularly in slow-onset disaster contexts, see Envoy of the Chair of the Platform on Disaster Displacement, 'Internal Displacement in the Context of Disasters and the Adverse Effects of Climate Change' (PDD 2020) Submission to the High-Level Panel on Internal Displacement 16–17.

6    IOM, 'IOM, Mongolia Build Displacement Tracking Capacity to Face Disasters' (*PreventionWeb*, 5 July 2019) <https://www.preventionweb.net/go/66457> accessed 24 March 2020.

7    IFRC, 'Disasters and Displacement in a Changing Climate: The Role of Asia Pacific National Societies' (IFRC 2018) 27 <https://media.ifrc.org/ifrc/wp-content/uploads/sites/5/2018/12/2018-IFRC-Climate-Change-Disasters-Displacement-Report-LR.pdf> accessed 24 March 2020.

8    Victoria Bannon, 'Strengthening IFRC Responses to Internal Displacement in Disasters: Challenges and Opportunities' (IFRC 2019) Summary Report 21 <https://media.ifrc.org/ifrc/wp-content/uploads/sites/5/2019/11/IDP-Summary-Report-Final-LR.pdf> accessed 24 March 2020.

9    UNDP, 'Mongolia Achieves a Milestone in National Adaptation Planning' (*UNDP Climate Change Adaptation*, 21 March 2019) </mongolia-achieves-milestone-national-adaptation-planning> accessed 24 March 2020.

10    Burson and Simperingham (n 5) 18.

11    Nina Wegner, 'Mongolia: Facing Climate Change Collectively' (17 October 2016) <https://www.aljazeera.com/indepth/features/2016/10/mongolian-herders-collectivize-adapt-climate-chag-161004101523157.html> accessed 16 April 2020.

12    UNDP (n 8).

13    As set out in the Early Action Protocol, NAMEM's dzud risk map relies on 11 different criteria, such as a drought index and snow depth, to assess five different levels of risk. If three or more provinces face very high levels of risk in more than 20 per cent of their territory, early action is automatically triggered. For more detail, see IFRC, 'Mongolia: Dzud Early Action Protocol Summary' (n 2).

14    IFRC, 'Mongolia: Dzud Early Action Protocol Summary' (n 2).

15    IFRC, 'Emergency Plan of Action (EPoA) Mongolia: Severe Winter'.

16    ibid.

17    Envoy of the Chair of the Platform on Disaster Displacement (n 5) 27.

18    ibid.

19    IFRC, 'Forecast-Based Financing for Vulnerable Herders in Mongolia'.

20    IFRC, 'How Forecast Based Action Contributes to Prevent the Conditions Leading to Internal Displacement: The Case of Mongolia Dzud' (GP20 Steering Group, Geneva, 9 March 2020).