



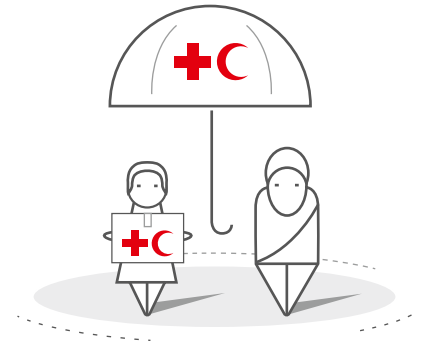
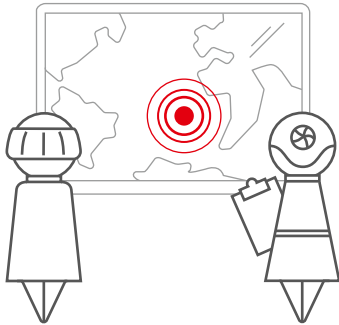
International Federation
of Red Cross and Red Crescent Societies



German
Red
Cross

Forecast-based Action

by the DREF



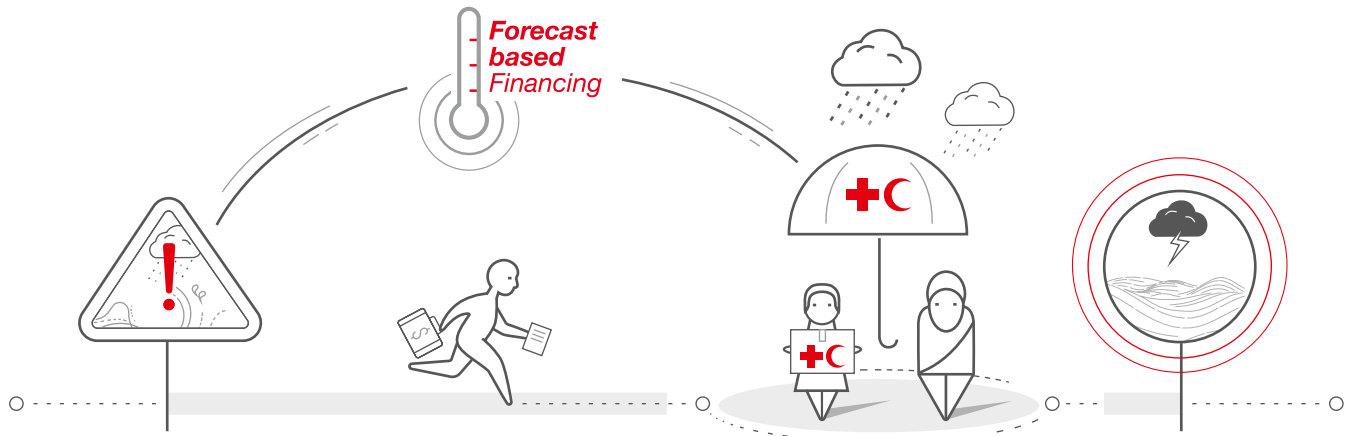
About Forecast-based Financing (FbF)

FbF is a programme that enables **access to humanitarian funding for early action** based on in-depth forecast information and risk analysis. The goal of FbF is to anticipate disasters, prevent their impact, if possible, and reduce human suffering and losses. The Forecast-based Action mech-

anism is integrated into the Disaster Relief Emergency Fund (DREF).

A key element of FbF is that the **allocation of financial resources is agreed in advance**, together with the **specific forecast** threshold that triggers the release of those resources for the im-

plementation of early actions. The roles and responsibilities of everyone involved in implementing these actions are defined in the Early Action Protocol (EAP). This ensures the full commitment of implementation among the involved stakeholders.



Three components of Forecast-based Financing

Triggers

Region-specific “impact levels” are identified based on the detailed risk analysis of relevant natural hazards, impact assessments of past disaster events, and vulnerability data. A trigger model is subsequently developed according to an impact-based forecasting approach. It determines priority areas where the impact of an extreme weather event is anticipated to be most severe.

Early actions

A pre-agreed set of early actions will be implemented at the time of a triggering forecast, with the aim of reducing the impact of the predicted event on human lives. Such early actions provide assistance to people at risk and help them take action to protect their families and livelihoods. This can include, for instance, providing veterinary kits, tying down house roofs, providing food and clean water, as well as transferring cash.

Financing mechanism

An ex-ante financing mechanism automatically allocates funding once a forecast trigger has been reached, enabling the effective implementation of the early actions.

These three components are summarised in an EAP. The EAP serves as a guideline for National Societies and partners which delineates roles and responsibilities for quick action.

FBF has three components that are summarized in Early Action Protocols (EAPs)



+



+



=



Developing a financial mechanism for early action

Given the **innovative potential** of FbF and the necessary funding for the increasing number of EAPs within the Red Cross Red Crescent Movement, a **dedicated, scalable financing mechanism** was required. This ensures that donor funds are used efficiently and that vulnerable communities and National Societies **have access to im-**

mediate, reliable and sustainable funding in case of an EAP activation.

The establishment of a dedicated financial mechanism **provides a predictable supply of funding for the implementation of EAPs** and addresses the restrictions that annual humanitarian aid budgets impose on

projects in terms of scale, flexibility and accessibility. A financing mechanism also **strengthens the visibility and highlights the collective efforts to support early action**, thus encouraging the mobilisation of additional funds from various sources that are needed to boost early actions.

Integration into the Disaster Relief Emergency Fund

In December 2017, the IFRC established **Forecast-based Action as a dedicated and sustainable financial mechanism**, providing a vehicle for donors to support the FbF concept by extending the scope of the DREF. Connecting the new mechanism to the DREF strengthens links, data sharing

and decision-making between the different phases of intervention in the disaster management cycle. The DREF is a well-established and well-known response tool and has a proven track record of managing multi-donor funds. Since the Forecast-based Action mechanism is set up as a fenced compo-

nent, it gives donors the flexibility to allocate contributions according to their mandate.

The mechanism **serves National Societies and focuses on the funding of EAP implementation and maintenance**. The mechanism concentrates

on EAPs for hazards that can be scientifically forecast based on hydro-meteorological risk data and observations. The acceptance of EAPs by the fund solely depends **on their quality, which is based on transparent eligibility criteria.**

The fund uses **a trigger-based, decision-making process.** Once an EAP has been accepted, the funding of early action is guaranteed, as well as the maintenance of the EAP itself during its lifecycle.

To overcome the key barrier to efficiency, the fund's disbursement is not de-

pendent on multi-layered and drawn-out decision-making processes or political considerations. The mechanism has flexible cash reserves to **facilitate fast cash transfers, guaranteeing the timely availability of funding** for the direct benefit of recipients.

Disaster Relief Emergency Fund (DREF)

The DREF was established by the IFRC in 1985 to provide immediate financial support to National Red Cross and Red Crescent Societies, enabling them to carry out their unique role as first responders after a disaster. All requests for DREF allocations are reviewed on a case-by-case basis. Funds can be authorised and released within 24 hours. The DREF is available to all 190-member National Societies of the IFRC, and has two main purposes:

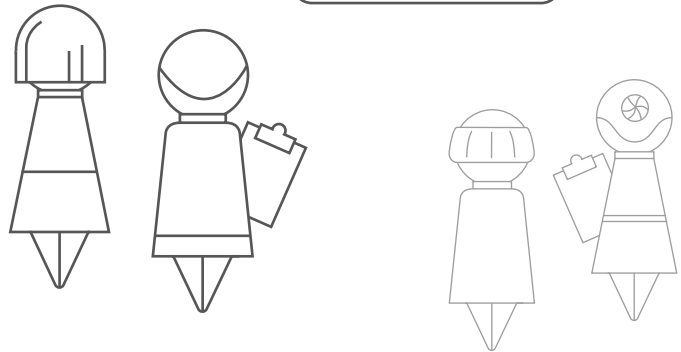
- Start-up funding for the IFRC and National Societies to respond to large-scale disasters – the “loan facility”
- Funding for National Society responses to small- and medium-scale disasters and health emergencies with no international appeal or no support from other actors – the “grant facility”

Advisory groups supporting Forecast-based Action

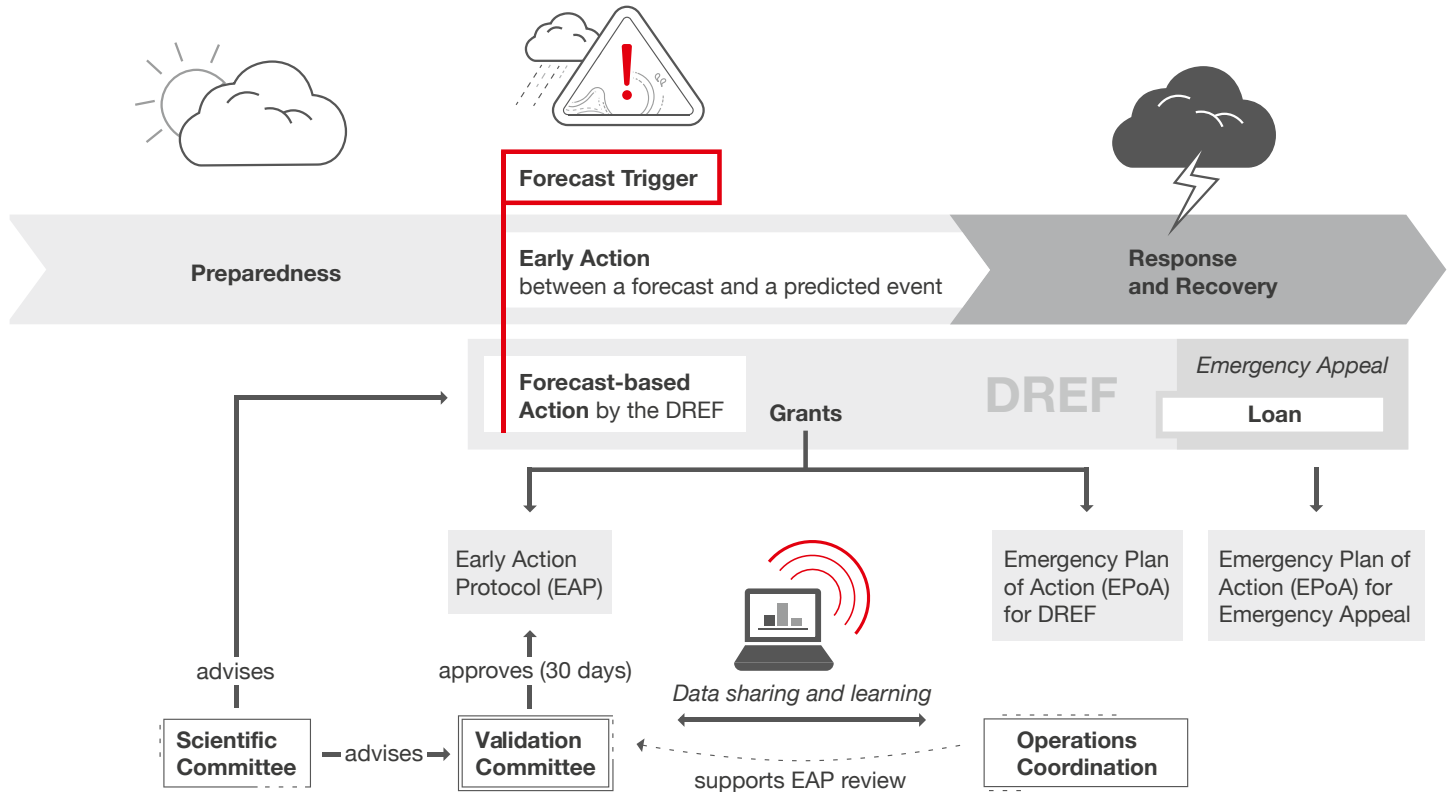
Due to the complexity of the task and the significant potential benefit of sharing game-changing ideas, the Forecast-based Action mechanism is **supported by two Advisory groups comprised of distinctive experts:**

- A *Scientific Advisory Committee* enhances the efficiency and credibility of the Forecast-based Action mechanism through advice and peer-review on the latest developments in forecasts, risk analysis, effective early action and financing.

- A *Validation Committee* assesses new EAPs that are submitted for acceptance against the quality criteria and support decision-making. It also ensures the coherence and integration of the Forecast-based Action mechanism as IFRC tool for early action with other IFRC-related preparedness and response mechanisms.



Forecast-based Action by the DREF: the mechanism



Improving anticipation

Since 2007, Red Cross Red Crescent National Societies and partners have been working on **developing the FbF approach** with technical guidance from the Red Cross Red Crescent Climate Centre. The knowledge builds upon our expertise in disaster management and on years of experience in developing early warning systems for communities.

Starting in 2013, the IFRC has been able to **strengthen the operationalisation of anticipatory humanitarian assistance** by testing and refining the approach through the design and implementation of FbF pilot projects with support from the German Red Cross and the German Federal Foreign Office. In collaboration with a growing number of other partners, a total of

16 National Societies in Africa, the Americas and Asia-Pacific are currently implementing FbF pilot projects in various stages. With the FbF methodology, forecasts have successfully triggered early action by **National Societies in Peru, Togo, Uganda, Bangladesh and Mongolia**.

Case study: How FbF came into action in Bangladesh

Extensive rainfall in July 2017 caused severe flooding along the Jamuna river in Bangladesh. Many people had to leave everything behind, houses were badly damaged, the belongings of poor families were destroyed. Five days before the flooding was at its worst, Bangladesh Red Crescent and German Red Cross had already activated the FbF mechanism. The population received early warning messages and

cash was distributed to 1,000 vulnerable households. This cash allowed the families at risk to buy what they needed to survive and to bring themselves and their livelihoods to safety. A recent evaluation on the impact of this FbF pilot showed that the rate of people who had to take up loans and of those who had lost livestock during the flood was significantly lower in the FbF communities than in the neighbouring areas.

Policy advances on Forecast-based Financing

The IFRC committed to **expand its engagement** in FbF in the framework of the **World Humanitarian Summit in 2016** by pledging to increase the use of FbF and its integration in the financing of global disaster risk management. Building on these commitments, in 2017 the IFRC finalised its **Framework for Climate Action towards 2020**, identifying FbF as a key

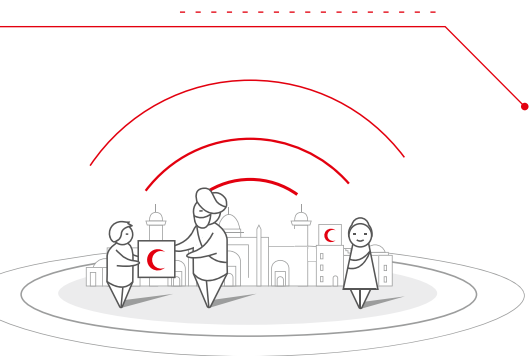
priority in reaching targets to address climate change.

“**Communities are better prepared for predicted weather events and new extremes, with preventative measures and resources for implementation ahead of impact.**”

duction, the Sustainable Development Goals, the Paris Agreement, the World Humanitarian Summit and the Agenda for Humanity, as well as in several humanitarian resolutions of the United Nations General Assembly.

Thanks to the execution of an anticipatory humanitarian approach and the carrying out of early warning and early action through FbF, “Communities are better prepared for predicted weather events and new extremes, with preventative measures and resources for implementation ahead of impact”, the IFRC reports.

The need for better early warning, early action, anticipation of disasters and crises, enhanced preparedness and investing in risk reduction has been recognised in various global policy processes such as the **Sendai Framework for Disaster Risk Re-**



Forecast-based Action by the DREF: key features

The Forecast-based Action mechanism is structured in a concise and efficient manner, allowing a start with the limited number of EAPs currently available. It **increases fundraising efforts in line with the envisaged main-**

streaming of the early action approach. The fund is also open to receiving private-sector contributions.

The Forecast-based Action mechanism is ambitious, requiring **visionary**

stakeholders who are willing to learn and become forward thinkers in supporting the paradigm shift towards anticipatory humanitarian action.

Key features of the fund

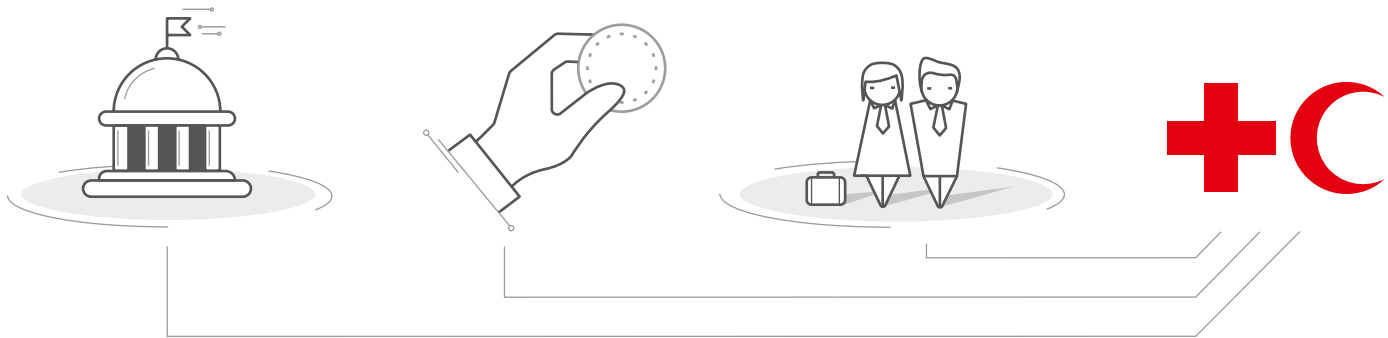
- Automatic trigger-based decision making process
- Covers costs that are indispensable for preparing and implementing early action
- Focuses on natural hazards

Who can apply?

- Any of the 190 National Societies with developed EAP

How does IFRC decide on funding?

- It is based on quality criteria of scientific trigger, early action and implementation capacity
- It is validated by a group of experts in advance of a potential trigger



The International Federation of Red Cross and Red Crescent Societies (IFRC) is the world's largest humanitarian network and the voice of local communities. We comprise 190 National Red Cross and Red Crescent Societies and around 12 million volunteers united in a mission of saving lives, promoting dignity, and leaving no one behind.

The development of Forecast-based Action by the DREF is supported by German Red Cross, German Federal Foreign Office, Frankfurt School-UNEP Collaborating Centre for Climate and Sustainable Energy Financing, and the Red Cross Red Crescent Climate Centre.



For more information, please contact:

Kara Devonna SIAHAAN
Senior Officer, Forecast-based Financing
Disaster & Crisis Prevention, Response and Recovery

International Federation of Red Cross and Red Crescent Societies

Route de Pré-Bois, 1 | 1214 Vernier | Switzerland
Phone: +41 22 7304349
Email: kara.siahaan@ifrc.org

Saving lives, changing minds.

Find out more at
www.forecast-based-financing.org
and www.ifrc.org