



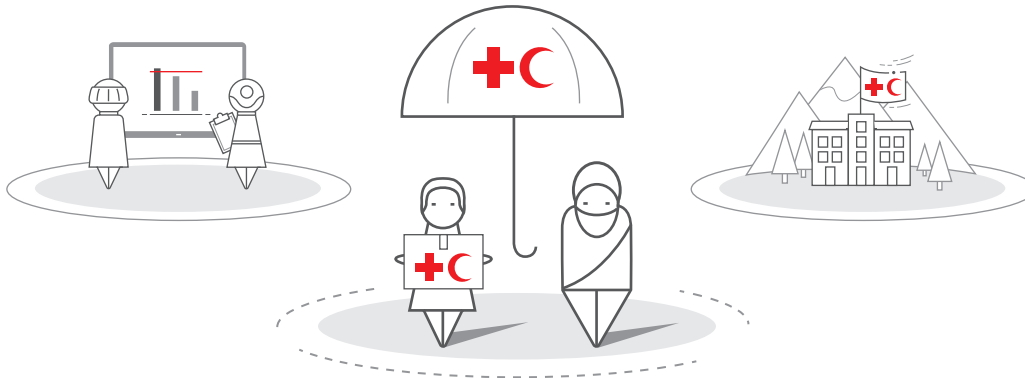
International Federation
of Red Cross and Red Crescent Societies



German
Red
Cross

Forecast-based Financing

A new era for the humanitarian system



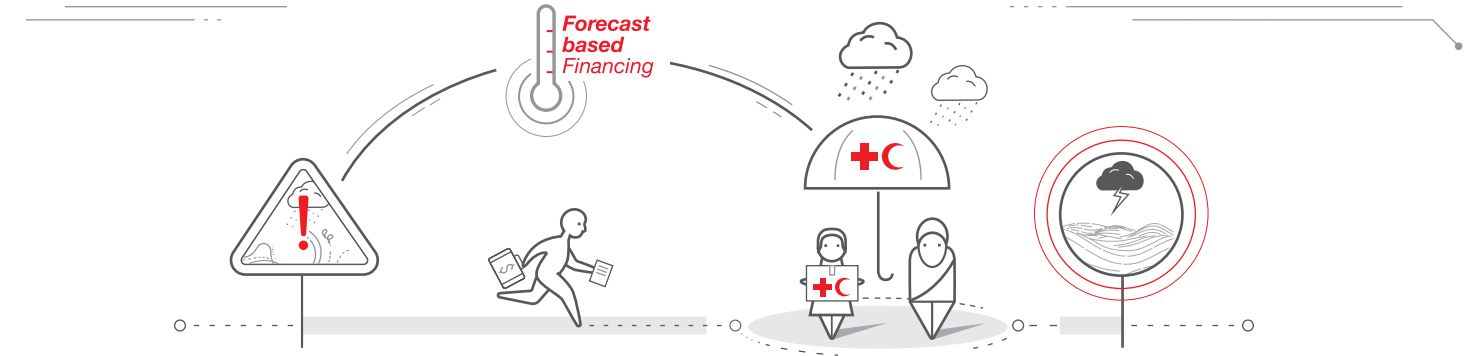
How Forecast-based Financing is changing the humanitarian world

Anticipation instead of reaction: with Forecast-based Financing (FbF), the International Red Cross and Red Crescent Movement is reshaping the future of the humanitarian system. **Protecting lives and livelihoods** in the event of a disaster – by using **innovative technologies**, data and weather forecasts and working in a **global network**. The

aim: to forecast extreme weather events, take early action and thereby prevent human suffering. How does it work?

Based on forecast information and risk analysis, FbF releases humanitarian funding for pre-agreed activities. For early actions to be performed quickly and efficiently before disaster strikes,

funds are allocated **automatically when a specific threshold is reached**. The key to this is the so-called **Early Action Protocol (EAP)**, which clearly defines the most important tasks and responsibilities.



How FbF works

Trigger

Where and when funds will be allocated and assistance will be provided is decided according to **specific threshold values based on weather and climate forecasts**, so-called triggers, which are defined **for each region**. To establish these, experts analyse the relevant natural hazards, assess the impacts of previous disasters and look at vulnerability data.

Early actions

As soon as a forecast reaches the specified threshold value and activates the trigger, early actions are initiated. These **predefined measures** aim to minimise the **impacts of extreme weather events and save human lives**. This way, the populations at risk are able to protect themselves, their families and their livelihoods.

Financing mechanism

A dedicated financing mechanism is the key for taking fast and effective action before disaster strikes. This is why **Forecast-based Action** was set up – a fund which automatically allocates resources when a trigger is activated and early actions are necessary. The fund is available to all Red Cross and Red Crescent societies, which have successfully developed an EAP.

Early Action Protocol (EAP):



Development and vision of FbF

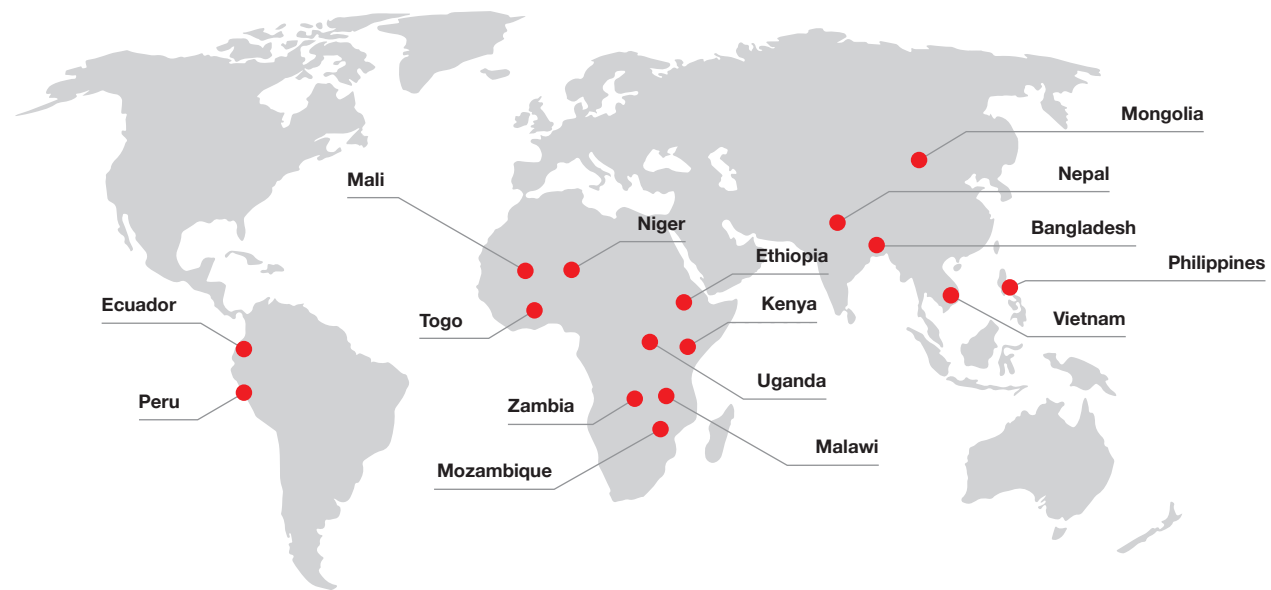
FbF has seen **significant advances** over the past years. The Red Cross and Red Crescent Movement has been working on the approach with partners since 2007 with the Red Cross Red Crescent Climate Centre taking the scientific lead.

The work on FbF can build on the **Movement's many years of experience in disaster relief and extensive expertise in disaster preparedness**. In 2013 the German Red Cross initiated the first FbF pilot projects; today, **16 Red Cross and Red Crescent societies across the world** are involved, working successfully in countries such as Peru, Togo or Bangladesh.

FbF is one of the most important programmes in the battle against the humanitarian impact of climate change. The new approach is needed. As extreme weather events are increasing in frequency and intensity, a rethink of the humanitarian system is necessary so that assistance can be provided to all those who are particularly affected.



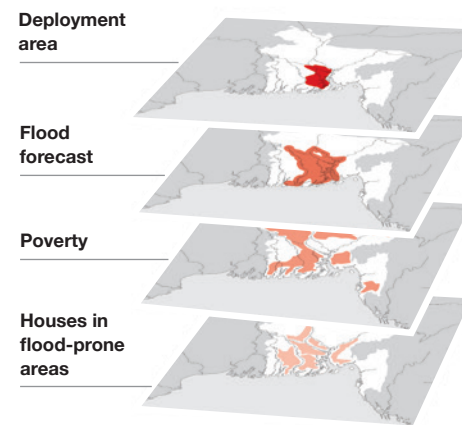
FbF worldwide – overview of the pilot projects:



Natural hazards:



Bangladesh case study: floods endanger millions of people



extreme that millions of households are severely affected. Tropical storms, droughts and heatwaves are additional hazards that the country's population is facing.

To anticipate where assistance will be most needed, FbF overlays forecast information with data on poverty and other risk factors. For example, in the **Bogra District**, four communities were selected which had been particularly affected by floods in the past.

Worldwide, Bangladesh is one of the most disaster-prone countries. Here – Bangladesh is very low-lying and flat with huge inland water bodies – the consequences of climate change can already be felt intensely. In some years during rainy season, **floods are so**

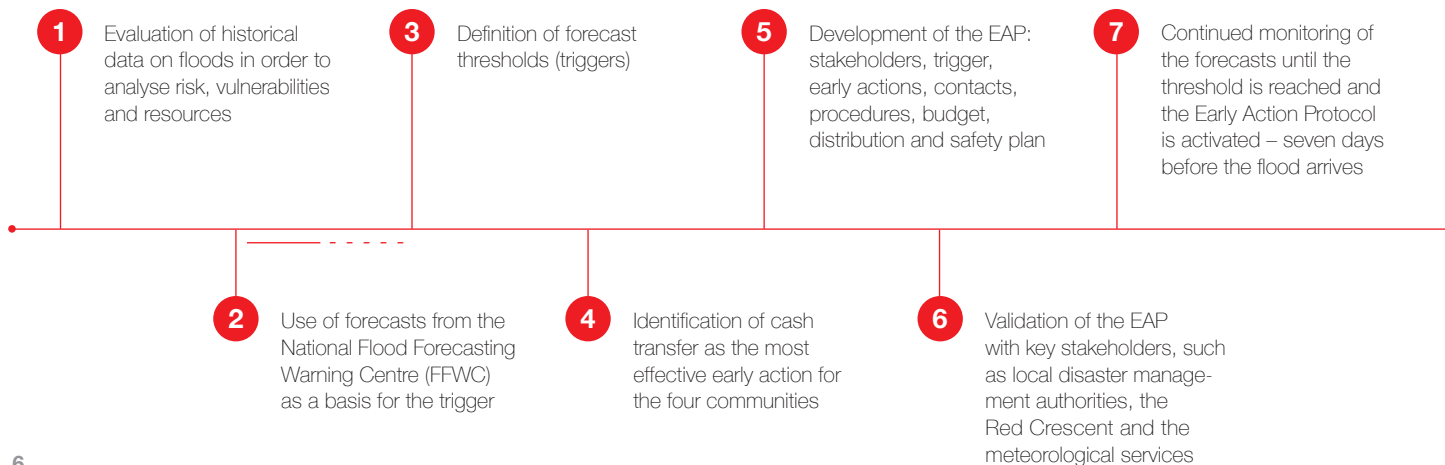


The FbF process in practice



The **flooding in the Bogra District in July 2017** shows how the FbF methodology works in practice and how early actions can actually prevent people from suffering hardship. The principal early action was **cash**

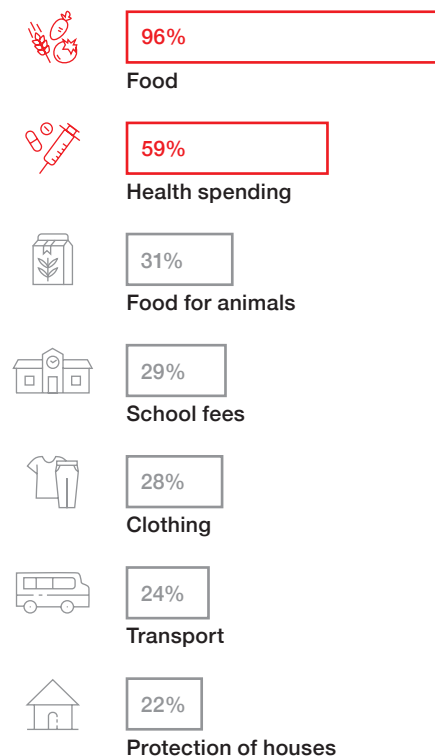
distribution. 20 employees of the Bangladesh Red Crescent and 100 volunteers distributed cash to 1,039 families in four communities in Bogra.



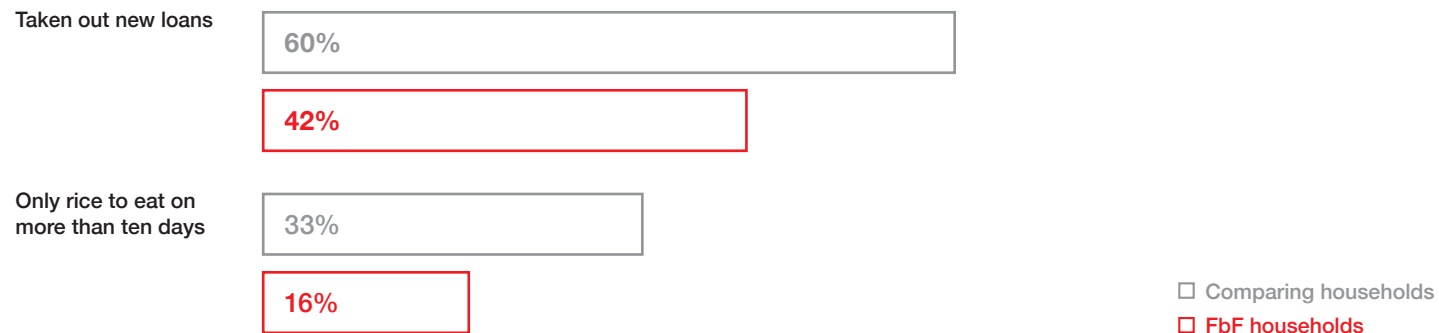
What the money was used for

Many people were assisted with the money. People like Alefa Katun who, thanks to receiving an **early warning and cash assistance** (approx. EUR 50) through FbF, was able to evacuate both of her cows before the flood reached her community. By using her cash grant for evacuating and feeding her cows, she **avoided having to sell the animals** which, due to the flood, would have only

brought her half of the usual price and would have taken away an important source of food for her family. In the case of a flood, people are often forced to take out loans in order to buy food for the family, feed for livestock, or medical care. Thanks to the cash grant, Alefa **did not need to take out a high-interest loan.**



What FbF has achieved in Bogra



Outlook:

- Based on the lessons learned so far, we are able to **expand the scope of our work in Bangladesh** and cover larger areas by working flexibly in the new project phase; this way, we can help more people.
- During tropical storms, we work with the National Cyclone Preparedness Programme in order to **support people in extreme situations**.
- In addition to cash grants, we are working on **additional early actions** which will better help the population to protect their lives and livelihoods.

This is how FbF is financed



FbF is trying to solve a fundamental problem of the humanitarian world: that funding is, generally, only available once a disaster has happened.

For this reason, a **dedicated funding mechanism** was developed. This fund, named **Forecast-based Action**, releases funds before disaster strikes,

thereby enabling early action to prevent and reduce human suffering.

Private and public donors can contribute to the fund or finance the EAP development in high-risk countries and the further development of FbF at the programme level.

More than 30 years of experience

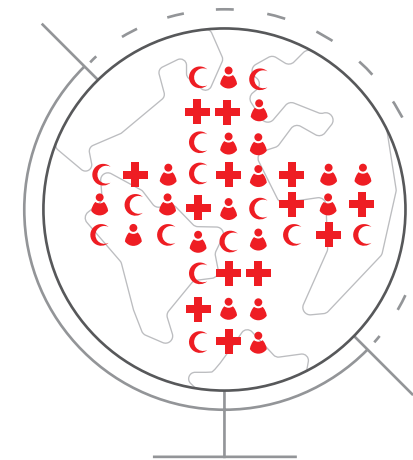
The **Disaster Relief Emergency Fund (DREF)** was established in 1985 by the International Federation of Red Cross and Red Crescent Societies (IFRC) in order to provide access to immediate financial support to all 191 national Red

Cross and Red Crescent societies. In the event of a disaster, they are able to act quickly and be the first on the ground providing help to those in need. Funds can be released and distributed within just 24 hours.

Trust in the FbF concept

Without the support of numerous partners, the programme would not be so successful:

- Thanks to a **large network of renowned scientists**, FbF can work on the basis of numerous and reliable sources of data. Experts who want to contribute with their research can support a programme with significant added value for vulnerable populations.
- The German Red Cross coordinates the development of FbF with the support of the Federal Foreign Office and **important institutional partners, such as the Red Cross Red Crescent Climate Centre, IFRC, World Food Programme, UN OCHA or Welthungerhilfe.**
- **Partnerships with businesses and foundations** are of crucial importance – not only in order to support the programme financially, but also in terms of expertise, for example with technologies, knowledge or logistics.
- At present, **16 Red Cross and Red Crescent national societies** are working on the implementation of FbF pilot projects. More are joining them.



The Red Cross Red Crescent Movement is the pioneer in disaster response worldwide. With Forecast-based Financing, we continue along this path, united in a mission of saving lives, promoting dignity and leaving no one behind.

For more information, please contact:

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Saving lives, changing minds.

INTERNATIONAL



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In cooperation with:





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