

A black and white photograph of three men in outdoor gear. The man on the left wears a cap and a vest with a logo, pointing at a map. The man in the middle holds the map, which features diagrams and text. The man on the right wears a wide-brimmed hat. They are standing in front of a rocky, uneven terrain.

# CONNECTIONS BETWEEN NATIONAL SOCIETY PREPAREDNESS FOR EFFECTIVE RESPONSE AND FORECAST-BASED FINANCING

## INTRODUCTION

Strengthening disaster preparedness at global, regional and national levels is critical to save lives, protect livelihoods and strengthen recovery from disasters and crises. To guarantee the coordination of its National Societies' (institutional and community) preparedness efforts the IFRC is supporting the integration of existing approaches, methodologies and tools as well as emerging innovative solutions under the Preparedness for Effective Response approach.

This guidance note seeks to help implementers and decision makers in National Societies understand the connections that exist between the Preparedness for Effective Response (PER) approach and the Forecast-based Financing mechanism (FbF).

This guidance note is not meant to be a detailed explanation of either the National Society Preparedness for Effective Response approach or Forecast based Financing. This guidance note assumes the reader is familiar with both concepts and it just trying to identify their connection. For more info on the PER go [here](#) and for FbF go [here](#).

## NATIONAL SOCIETY PREPAREDNESS FOR EFFECTIVE RESPONSE (PER)

Disasters, crises and human-induced climate change are placing additional pressure on National Societies to meet their mandate given ever-increasing service demand. In response, various initiatives are being driven from within the Movement aimed at strengthening National Societies capacity to predict, prevent, mitigate, respond to and deal with the consequences of disasters and crises.

In order to give coherence to those initiatives that seek to support National Societies in strengthening their capacity to fulfil their auxiliary role, by *strengthening local preparedness capacities to ensure timely and effective humanitarian assistance*, the International Federation of the Red Cross and Red Crescent has developed the National Society Preparedness for Effective Response (PER) approach. PER it's not a new approach, but rather an improved one, drawing on lessons from two decades of learnings. Also, is based on foundational RCRC documents including the National Disaster Preparedness and Response Mechanism (NDPRM), the Principles and Rules for RCRC Humanitarian Assistance, and the IFRC NS Development Framework.

The PER, with its 37 components in the areas of 1) policy, strategies and standards, 2) analysis and planning, 3) coordination, 4) operational capacity, and 5) operations support, provide coherence and guidance to National Societies on all elements and its interconnections which comprise a robust National Disaster Preparedness for Response Mechanism.

PER is a cyclical approach for a National Society (NS) to systematically assess, measure, and analyse the strengths and weaknesses of its response system, and to construct a work-plan accordingly.

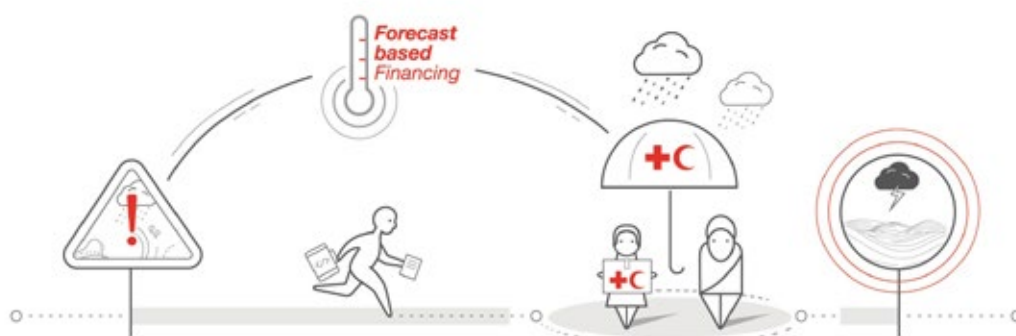


## FORECAST-BASED FINANCING

Forecast-based Financing (FbF) is an anticipatory action mechanism that can be set up at different levels by governments, non-governmental organizations, UN agencies or Red Cross National Societies.

Setting up an FbF system strengthens the National Society's ability to implement early action<sup>1</sup> by including an early action plan into their response system and by improving their capacity to use high confidence weather forecast and detailed risk analysis to determine when and where early action should be implemented prior to a disaster. FbF seeks to reduce the disaster's impact and increase community resilience before the disaster strikes.

Forecast-based Financing (FbF) also ensures funding is available for the defined early actions based on pre-agreed automatic triggers before an extreme weather event materializes.



## CONNECTION BETWEEN NATIONAL SOCIETY PREPAREDNESS FOR EFFECTIVE RESPONSE (PER) AND FORECAST-BASED FINANCING (FbF)

Having an Early Action system in place is one of the 37 components of the National Disaster Preparedness and Response mechanism under the operational capacity area, which highlights one of the direct contributions from FbF to the National Society Preparedness for Effective Response approach. But additionally, Forecast-based Financing projects build up other aspects of the National Society response mechanism such as analysis, planning, coordination, technical sectors, beneficiaries for affected population selection, logistics, financial management and accountability, hence its close link to many of the components of the Preparedness for Effective Response (PER).

Disaster risk management is the application of disaster risk reduction policies and strategies to prevent new disaster risk, reduce existing disaster risk and manage residual risk, contributing to the strengthening of resilience and reduction of disaster losses. The FbF mechanism contributes to the disaster risk management continuum and should be part of National Societies Disaster Risk Management strategy and policy.

<sup>1</sup> Early actions are those actions that are implemented between a forecast (trigger) and the impact of the event. These actions seek to mitigate certain risks and ensure the national Society is ready to effectively respond to the potential disaster.

Forecast based Financing projects helps National Societies set up/strengthen an Early Action system through the development of Early Action Protocols (or Early Action Plans). The Early Action Protocol is a formal plan that guides timely and effective implementation of early actions when a severe weather or climate forecast shows a high likelihood of critically impacting people in a target area. It serves as a guideline to delineate the roles and responsibilities for each actor involved in the early action, when a trigger is reached.

However, the feasibility of implementing the early actions in the short time window between a trigger and the impact of the event is highly dependent on the operational and administrative capacity of a National Society. To make sure that this capacity is assessed in an integral manner, it is important to look at the National Society's entire Preparedness for Response mechanism, which can be done when applying the PER approach. For those countries that are starting the PER process, the *Orientation phase* allows the NS leadership and management to understand it, make an informed decision on its application and how it can be linked with other ongoing or planned initiatives, such as FbF.

The *PER assessment* phase provides FbF projects with systematic, evidence-based information on the National Society's ability to conduct timely anticipatory action (looking also at support areas) and would avoid conducting partial assessments that do not provide the full picture of their preparedness and response mechanism.

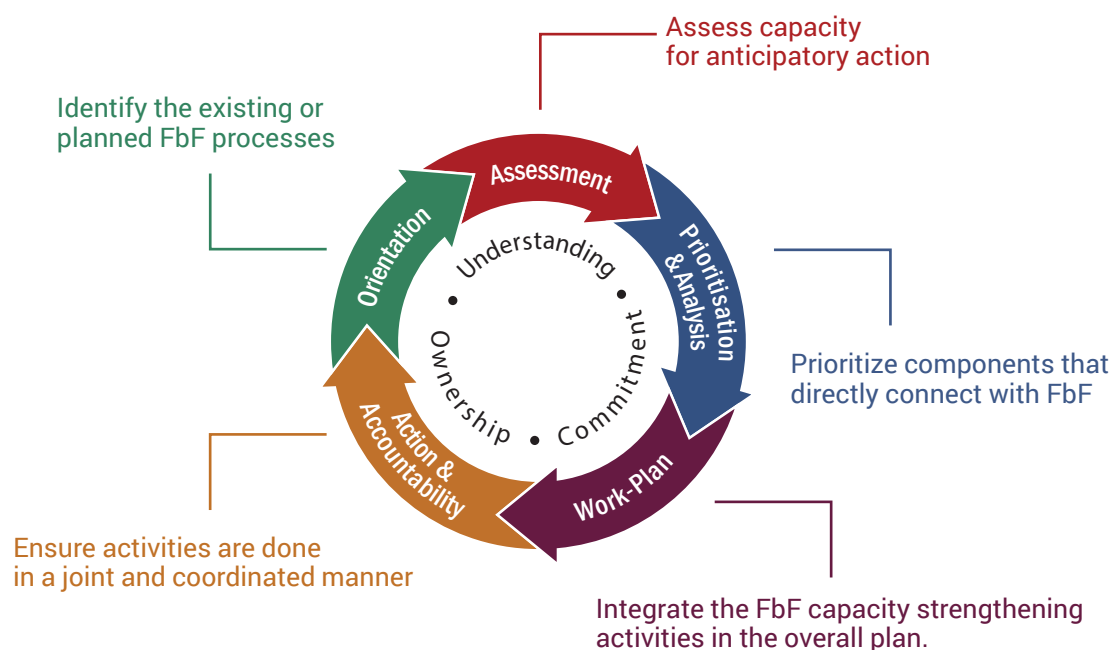
Another direct connection between the Preparedness for Effective Response approach and the FbF may result from the *analysis and prioritization* phase. With the information collected during the assessment phase, the National Society, based on its experience, mandate and strategy, decides on which components to prioritize for the first cycle of their capacity enhancement work plan. In some cases, it might be that one of the components prioritized by the National Society is the "Early Action Mechanism" one, which would provide a direct link for the FbF project to insert itself at the core of the preparedness work but would also grant part of the technical and financial resources the National Society requires to achieve the results desired in that component.

The *PER work plan phase* outlines the preparedness actions the National Society wants to undertake to strengthen the prioritized components. These identified capacity strengthening activities are key elements of the FbF implementation process as they will bring the National Society to the readiness level needed for timely anticipatory action. The capacity strengthening activities in most cases are not necessarily limited to operational areas but can also refer to coordination or support services of the National Society.

In cases where the National Society already has gone through the initial phases of the Preparedness for Effective Response and the implementation of a workplan is underway, the capacity strengthening activities that are to be undertaken as part of the FbF project need be reflected in the plan, as well to make sure the National Societies has an overview of all its preparedness initiatives. This will also prevent duplications and can help identify synergies between new and existing activities.



Thus, the FbF mechanism from the onset contributes to the work plan that the National Society has developed as part of the PER approach, and is vital that these capacity strengthening activities for early action are reflected in the National Society overall plan.



Recognizing there is now a lot of donor interest in early action and Forecast-based Financing but on the other hand mobilizing funding for National Society institutional disaster preparedness activities and specifically the workplans that come out of a PER process is often challenging, FbF readiness projects can be an opportunity to fund many activities sometimes under the PER workplan that will benefit the overall National Society preparedness and response capacity.

## THE NATIONAL PREPAREDNESS FOR RESPONSE MECHANISM AND ITS PLANNING TOOLS

The Preparedness and Response Mechanism from which the PER stems, contains several components that comprise analysis and planning tools, such as response and contingency plans, that are also closely connected to the FbF mechanism.

A national disaster response plan takes into account and assesses all possible threats at the national level and defines the strategic response approach to be taken in emergencies, disasters and crises, i.e. it acts once the risk has materialized.

*Contingency planning* is a partial process of response planning aimed at a *specific hazard* based on events or known risks at the local, national, or regional level. A contingency plan is normally *developed using scenarios and it establishes clear operational actions* to respond to the event for which it has been developed, *it acts on unrealized risk to reduce and mitigate the impact but also on materialized risk to respond to the impacts.*

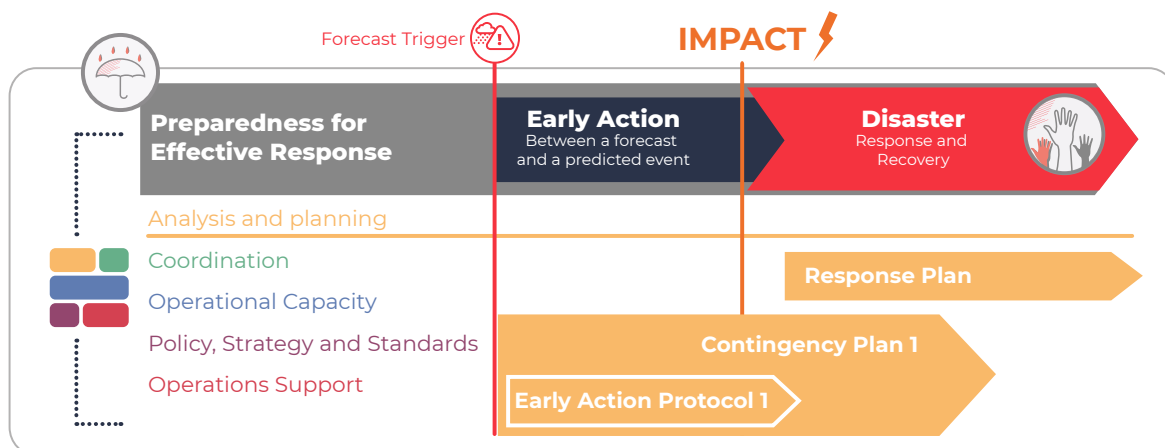
In the Americas the Regional FbF Program adapted its FbF Feasibility study methodology to be fully aligned and integrated in the PER assessment phase. By linking both it is assured that all areas of the National Society fully participate in setting up and implementing Preparedness and Response Planning. Connecting FbF and the PER process promotes that the action plans that result from the FbF feasibility study and the PER assessment are integrated at the National Society level and can look for common strategies of implementation.

An *Early Action Protocol* (that result from a Forecast-based Financing process), is *hazard specific* and ensures the *triggering of pre-agreed early actions* based on a *high-confidence forecast*, i.e. it acts on an unrealized but mitigable risk.

As these 3 plans have sections that are common (e.g. risk and vulnerability analysis, National Society's capacity, triggers and risk mitigation activities) it is important that they are well connected, aligned and build upon each other's data and information. EAP development is not based on a fictional scenario but on historical impact information, which provides an more evidence-based approach than contingency planning. On the other hand, contingency planning allows for a more expansive planning that deals with several different scenarios for the same hazard covering a broader spectrum of possibilities. Also, contingency plans include activities for early action activities as well as response whereas Early Action Protocols only include activities that take place in the window of time between a forecast and the impact of the hazard.

Another practical difference between FbF and contingency planning is the type of hazards they address, because FbF uses scientific forecasts as the basis for the decision-making process (trigger) it can only address hazards where forecasting is possible, which excludes some sudden onset hazards such as earthquakes which science is not yet able to predict.

The figure below graphically represents the phases when these three planning instruments act in the disaster risk management continuum, seeking to ensure efficient management of actions to deliver timely and effective assistance to vulnerable populations.



## ANNEX 1

### Considerations on the operational relationship between the PER approach and Forecast-based Financing

In addition to the more strategic connection between FbF and the PER approach, direct connections exist between the FbF process and some of the 37 components of the Preparedness for Response Mechanism, which highlight how FbF contributes to making a National Society better prepared to anticipate and respond to disasters. Please consider that these examples listed below try to illustrate how FbF is part of a National Society's Preparedness for Response Mechanism, but the list is not exhaustive.

### POLICY, STRATEGY AND STANDARDS



**DRM laws, advocacy and dissemination:** The FbF process creates links with the government to advocate for early action. FbF aims to be integrated into the National Society DRM Strategy and into its DRM policies

**Quality and Accountability:** FbF mechanisms ensure that the populations living in the most at-risk areas are involved in defining early actions so that these are adequate and meet their needs and priorities. This work at community level it's not done in every community but just in some sample communities.

## ANALYSIS AND PLANNING



**Hazard, context and Risk analysis, monitoring and early warning:** A comprehensive risk analysis is crucial to determine FbF triggers but also to prioritize forecast-based action. An FbF mechanism focuses on reducing disaster risk, therefore it is essential to know clearly what are those priority risk that the National Society can tackled based on the understanding of historical disaster events, exposure, vulnerability and also future climate trends. Many FbF mechanism have a IM/data team that supports the collection of risk analysis data. The development of triggers and monitoring of forecasts greatly improves the early warning component

**Scenario Planning:** Early Action Protocols determine their intervention map and strategy based on one scenario, this scenario is built using historical evidence, risk data, vulnerability, exposure analysis and forecast. This scenario (and the information used to build it) should be part of inputs used in the preparation of contingency plans.

**Risk management:** When defining EAPs, the National Society systematically identifies, assesses and mitigates any potential operational risk in early action implementation. An example is mitigating the risk to volunteers by withdrawing them from impact zones before the event occurs.

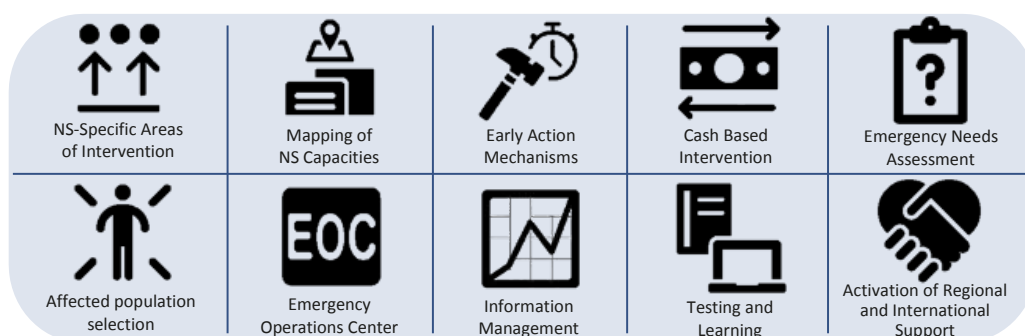
**Preparedness Plans and Budgets:** FbF helps the NS identify preparedness gaps based on risk analysis and their early action intervention strategy. Based on that analysis remedial actions are put in place to achieve the required preparedness level.

**SOP.** Within its EAPs, FbF establishes different roles and protocols (Communications, CTP, FbF implementation, among others) for all staff. Each have their own diagrams for easy comprehension and contribute to National Society SOPs during the early warning and early action stage. FbF also incorporates a “stop mechanism” that allows reducing or halting the intervention if the forecast changes.



**Response and recovery planning:** Within its EAPs, FbF establishes different roles and protocols (Communications, CTP, FbF implementation, among others) for all staff. Each have their own diagrams for easy comprehension and contribute to National Society SOPs during the early warning and early action stage. FbF also incorporates a “stop mechanism” that allows reducing or halting the intervention if the forecast changes.

## OPERATIONAL CAPACITY



**NS- Specific Areas of Interventions:** The FbF mechanism is connected through community preparedness and DRR, in addition to the implementation of early actions that are part of the National Society’s lines of intervention, e.g.: water and sanitation, livelihoods, health, distribution of household items, among others.

**Early Action mechanism:** This component is specific for early action, so FbF contributes to achieving most of its benchmarks. Fulfilling the benchmarks on this component can be an initial guide for FbF to assess what resources the National Society has in place already to work on early warning and early action.

**Cash Based intervention:** CBI is a commonly used tool for the implementation of early action. Early actions through CBI contributes to National Societies’ preparedness to implement that same modality in response and recovery programmes.

**Emergency Needs Assessment:** Risk data collected as part of the development of the FbF intervention map can inform and feed into the Emergency Needs assessments. As this information can be used as a baseline of the situation of the communities prior to a disaster. Also, EAPs may include some initial data collection activities during the early action phase, which is valuable for Emergency Needs Assessment specially if access to communities is reduced after the impact.

**Beneficiary selection:** The FbF mechanism establishes evidence-based criteria and processes for selecting at risk population and defining the most vulnerable ones.

**Information Management:** FbF places a high value on Information Management as it relies on different types of data to design its intervention (available forecast, threshold, historical impact, risk analysis, vulnerabilities, capacities). This contributes to the National Society's capacity to compile, process, visualize and share information beyond early action.

**Testing and learning:** FbF includes a biannual review of the mechanism as well as an assessment of its impact, which contributes to the NS institutional learning. Tabletop simulations or drills are conducted regularly to test the FbF scenario and early action intervention strategy.

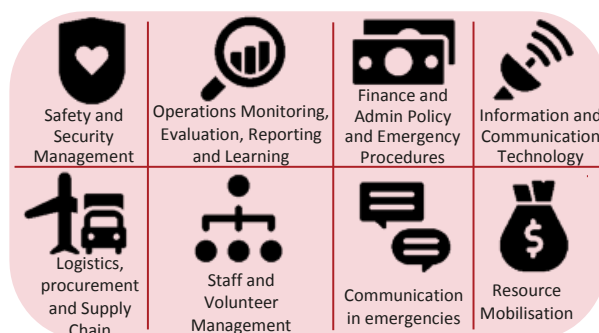
## COORDINATION



**Coordination with authorities:** FbF initiatives identify or create coordination spaces to work with local and national authorities and scientific government agencies (for example meteorological services). This contributes to guaranteeing the National Society is formally recognized by the government and has clearly identified areas within early action and response to fulfill their auxiliary role.

**Coordination with external agencies and NGOs:** Within the framework of FbF initiatives, the signing of agreements/partnerships with other partners is formalized and established to set joint trigger, design interventions and implement early actions in a together at country level. This strengthens the role the Red Cross in the national humanitarian coordination system.

## OPERATIONS SUPPORT



**Safety and security Management:** The FbF mechanism draws up security plans for the performance of early action within a safer access framework, which contributes to the National Society's culture of safety and promotes reporting of security issues and risks by staff and volunteers.

**Operations monitoring, evaluation, reporting and learning:** The Early Action Protocols include a Monitoring Evaluation Learning and Accountability (MEAL) section that is aligned with/strengthens the National Society's functional area responsible for MEAL.

**Finance and admin:** For FbF financial requests need to be processed in a timely manner to be able conduct the early actions within the lead time, therefore FbF support the NS to make sure it has trained personnel in Finance and Admin emergency support procedures. The EAPs normally include a clear section on the activation of Finance and Admin emergency procedures linked to the early action.

**Logistics:** The FbF mechanism is connected to the supply chain (procurement, transport, storage, distribution), especially in initiatives that require pre-positioning of materials to implement early action. FbF help guarantee the NS has a secure, dedicated and appropriate space with 24/7 access to receive, store and dispatch supplies needed for the early action.

**Staff and volunteer management:** making sure responders are trained in quality and accountability standards. Also FbF makes sure that volunteers have appropriate visibility and response equipment.

**Communications in emergency:** The EAP includes a communications protocol, which clearly defines the communication flow within the teams on from the trigger monitoring to the early actions. This protocol also establishes communication products to be generated at different stages for the different audiences: warning and awareness messages, reports, press releases...etc.