

# Practical information on Forecast based Action by the DREF

## for Red Cross and Red Crescent National Societies



### Difference between Forecast based Financing (FbF) and Forecast based Action by the DREF

#### Forecast based Financing (FbF)

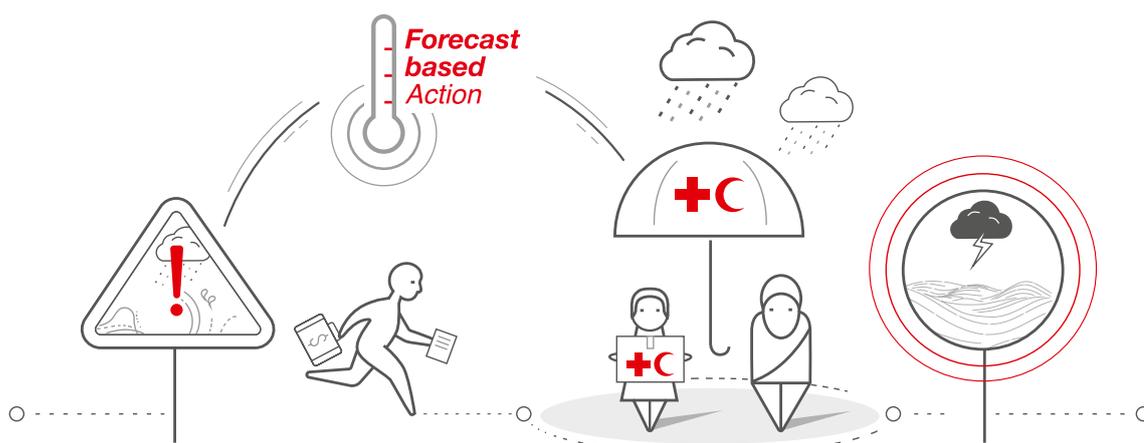
FbF is an approach which enables access to humanitarian funding for early action, that can be taken based on meteorological forecast information, combined with risk analysis, to prepare for extreme weather events. The goal of FbF is to anticipate disasters, prevent their impact, if possible, and reduce human suffering and losses. The forecasts to be monitored, the risk analysis and the related early actions as well as roles and responsibilities of the different stakeholders are described in an **Early Action Protocol (EAP)**.

Detailed information on FbF can be found on [www.forecast-based-financing.org](http://www.forecast-based-financing.org)

#### Forecast based Action (FbA) by the DREF

Forecast based Action by the DREF is an IFRC funding mechanism specifically designed to fund Early Action Protocols (EAP) developed by National Societies. The Forecast based Action by the DREF is managed by the IFRC Secretariat as a central fund.

A key element of the FbA by DREF, is the guaranteed allocation of funds for early action, once a National Society has an EAP that has been approved by the validation committee. Financial allocations will be done automatically by the FbA by DREF according to a pre-agreed forecast trigger, that indicates the potential for severe negative impacts on the most vulnerable population.



Any National Society can develop an Early Action Protocol and apply to the FbA by the DREF – in some cases with support from Partner National Societies.

## Early Action Protocols (EAP):

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. Determining the trigger for Forecast based Financing, includes an analysis of risks, forecasts and potential hazard impact which allows decision-makers to visualize when and where early action should be implemented.

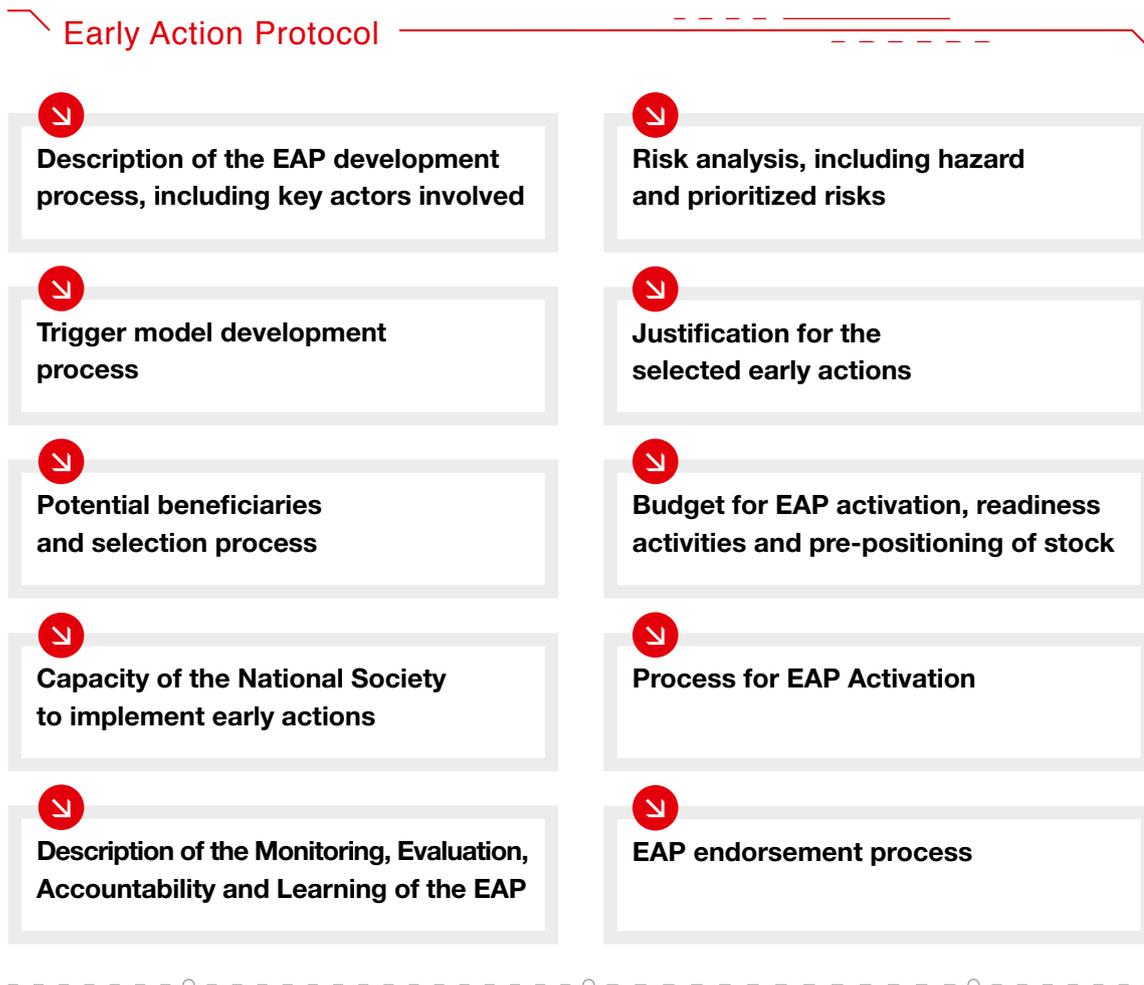
An EAP also describes the early actions which are feasible given the particular circumstances, time available and capacity for implementation to help reduce the prioritized risks. The EAP is also accompanied by a budget that describes the costs of getting ready for the early action, the costs of the stock to be pre-positioned for the early action and the costs of the early action itself.

For more details see the FbF **trigger methodology**

### Contents of an Early Action Protocol

A National Society planning to apply for an allocation from the FbA by the DREF must develop an Early Action Protocol following the guidelines in each of the sections of the FbF **EAP template**. The EAP should include the following content:

For more details see the FbF **Early Action Protocol template**

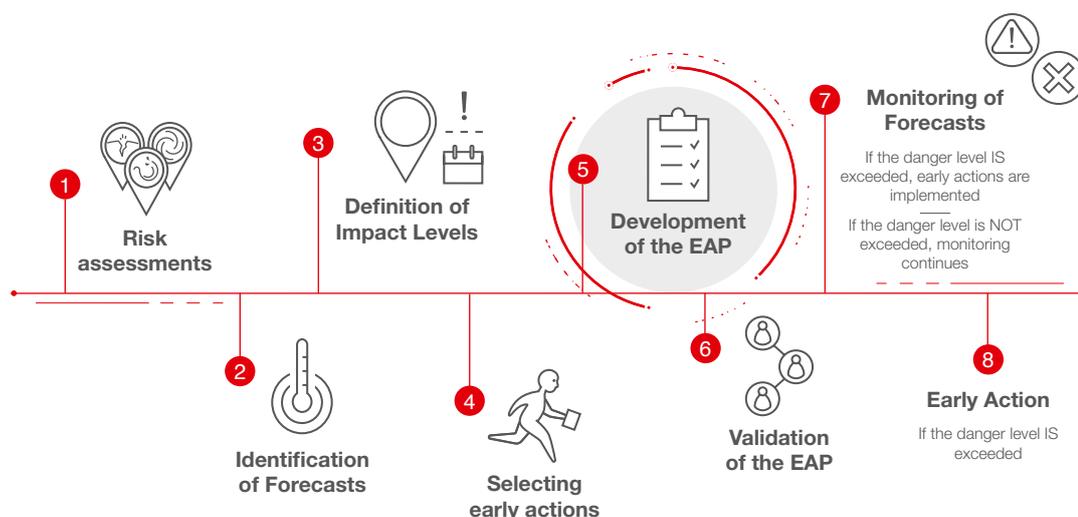


## EAP development process

The development of an EAP is one of the steps in the implementation of the Forecast based Financing approach, also its contents are based on information gathered during the FbF implementation process. **The FbA by the DREF will focus on funding Early Action Protocol activation and maintenance only. It will not provide funding for the development of Early Action Protocols or to set up the FbF system.**

Each EAP refers to one hazard and a National Society may develop multiple EAPs for different hazards. **At this time the FbA by the DREF is only accepting EAPs related to hydro-meteorological events.**

The development of the EAP should be led by the National Society and a focal person assigned to oversee its development, implementation, monitoring and reporting. The EAP must be validated by the National Society management, as well as by the National Technical Committee. In most of the cases the Red Cross Red Crescent Climate Centre offers technical support for the development of the EAP.



Each Early Action Protocol is developed and agreed by a National Technical Committee, that includes designated National Society focal points, external stakeholders, scientists and national/local authorities, including national hydro-meteorological services and disaster risk management agencies. The IFRC's Country Offices/Country Cluster Support Teams should also be involved early in the EAP development process. This range of participants ensures clear knowledge and commitment among the involved parties.

The stakeholders will jointly decide the structures to use (i.e. to use already existing technical forums or groups or to create new technical working groups) for the process. These groups will be used to discuss, review and validate issues, such as the trigger design, selection of actions, roles and responsibilities etc.

The time frame for the development of the EAP depends on the collaboration with the relevant stakeholders and the completion of the steps in the Forecast based Finance process (risk analysis, inventory of forecasts, trigger development and selection of early actions) and could take more than a year to develop.

### Example

In Zambia, stakeholders recommended using the Government's Early Warning Sub-Committee as the technical working group to review and validate the process. Within the EWS Sub a smaller, seven-person team from Zambia Red Cross, Zambia Meteorological and hydrology Unit, the Ministry of Agriculture and the Disaster Mitigation and Management Unit worked on the development of the trigger.

The development of an EAP can be initiated by a National Society using its own resources, through a bilateral partnership or through multilateral financial support from the IFRC through the annual operational plan.

## Key considerations for an Early Action Protocol to be submitted to the Forecast based Action by the DREF

- Extreme events of a magnitude that would require humanitarian assistance
- Minimum criterion of a 5-year return period
- Target at least a 1000 households per activation
- 250,000 CHF maximum budget:
  - Maximum 25% of the budget for readiness activities: any ongoing costs and services (human resources and logistics) that are deemed indispensable for subsequent trigger-based activation of an Early Action Protocol. These costs could be spread out over the lifespan of an EAP.
  - Maximum 40% for pre-positioning of stock: relief items which can be stored over the lifespan of the EAP ensuring adequate storage facilities, suitable transport links and appropriate insurance. Relief items with a shelf life shorter than the EAP lifespan (certain nutrition, medical items) are not eligible for pre-positioning funding.
  - Forecast triggered activation: Early Action activities which will reduce the impact of an extreme weather event.

Once an EAP has been finalized by the National Society it should be submitted to the IFRC to apply for funding through the Forecast based Action by the DREF. The complete acceptance process can take up to 30 days.

As part of the submission process the Early Action Protocol should be put in into the Early Action Protocol summary format which will be posted on the IFRC website.

All relevant Forecast based Action by the DREF templates can be found here:

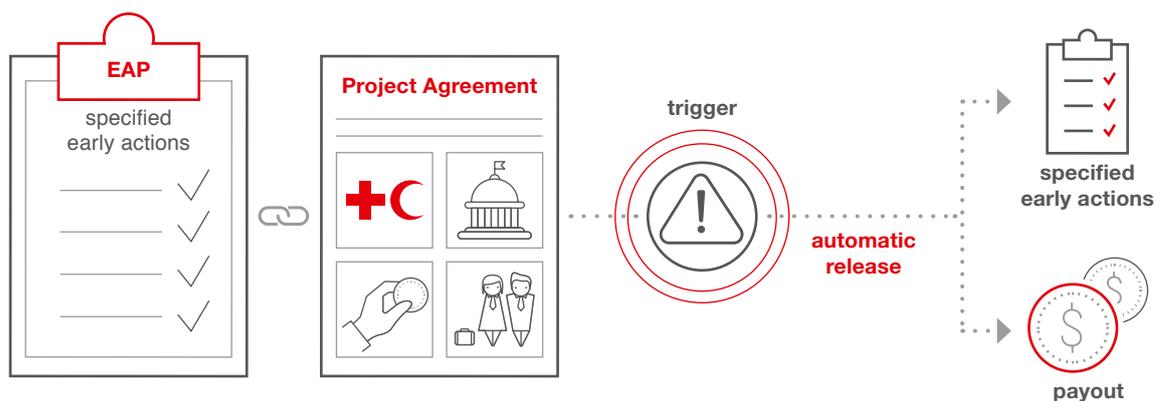
<https://fednet.ifrc.org/FbA>



## What happens after the Early Action Protocol is accepted

Once an EAP has been accepted and a project agreement has been signed, the National Society and its implementing partner (if there is one) will receive the funding for the readiness activities for that first year and the one-off pre-positioning costs, as stated in the EAP.

If during the EAP lifespan the FbF system is triggered, then the National Society and its implementing partner can rely on the automatic release of the guaranteed funding and should immediately initiate specified early actions included in the EAP. The actual modality for the cash disbursement will vary depending on different factors, such as the IFRC presence in country, the National Society's own financial resources, the CO/CSST financial capacity and available support from implementing Partner National Society. The modality will have already been established during the signing of the Project Agreement to ensure clarity for all parties on roles and responsibilities and to ensure the timely disbursement of funds as soon as there is a triggering forecast.



Continuous improvement to EAPs is encouraged, with the acknowledgement that this is time and resource intensive and will depend on lessons learnt from the activation of comparable actions or on developments on the ground.

If a National Society wishes to adjust elements of an EAP, it may submit such changes to the DREF FbA Senior Officer. Any significant changes would normally involve a review by the validation committee.

## Advisory groups supporting FbA by the DREF

Due to the complexity of the task and the potential benefit of sharing ideas, the Forecast based Action by the DREF is supported by two Advisory groups comprised of internal and external experts:

- A Scientific Advisory Committee enhances the efficiency and credibility of the FbA through advice and peer-review of the latest developments in forecasts, risk analysis, effective early action and financing.
- A Validation Committee assesses new EAPs that are submitted for acceptance against quality criteria and supports decision-making around the approval of EAPs. It also ensures the coherence and integration of the FbA with other IFRC tools and approaches for early action, preparedness and response.

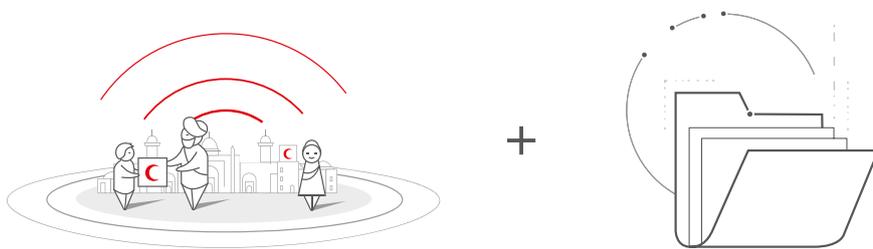


## What if the early actions were triggered and the weather event does not materialize?

In the event that the EAP is activated and the disaster event does not materialize, **the National Society will not have to return the funds to IFRC**. Within the FbF system, it is recognized that there may be times when the trigger is reached and the early actions implemented, but the disaster does not occur. The FbA acts under a “no regret” principle, however EAPs with more than three days lead time should include a “stop mechanism to avoid taking extra actions if the forecast reduces or changes and no further actions are required.

### Validation of the EAP after a triggered early action

After a National Society has triggered the forecast-based early actions in its EAP, it can subsequently re-submit a revised EAP and have it re-validated. The revised EAP should clearly show learning from the first application of the FbA funded early actions. The re-validation process follows the same process as the acceptance procedure and it can take up to 30 days.



### Lessons learned from triggered action

Given that FbF is a new approach within the Red Cross Red Crescent, each EAP should include a planned lessons learned workshop after each activation. During this workshop, the National Society should analyze the good practices and challenges experienced during the implementation of the early actions and should consider the feasibility of implementing the actions in relation to the available forecast lead-time, the effectiveness of the beneficiary selection, the cooperation with local stakeholders etc.

The workshop can be internal or involve external partners and should determine clear action points for improvement, for both the readiness and activation activities.

After each EAP activation, an impact evaluation of the actions may be required by the IFRC (if funded by the FbA by the DREF), to contribute to the evidence-base on the effectiveness of forecast-based early actions. It is important that National Societies consider how they might measure whether the expected risks were effectively reduced or not.

For more details see the **Monitoring, Evaluation, Accountability & Learning (MEAL) guideline**

# DREF and FbA by the DREF

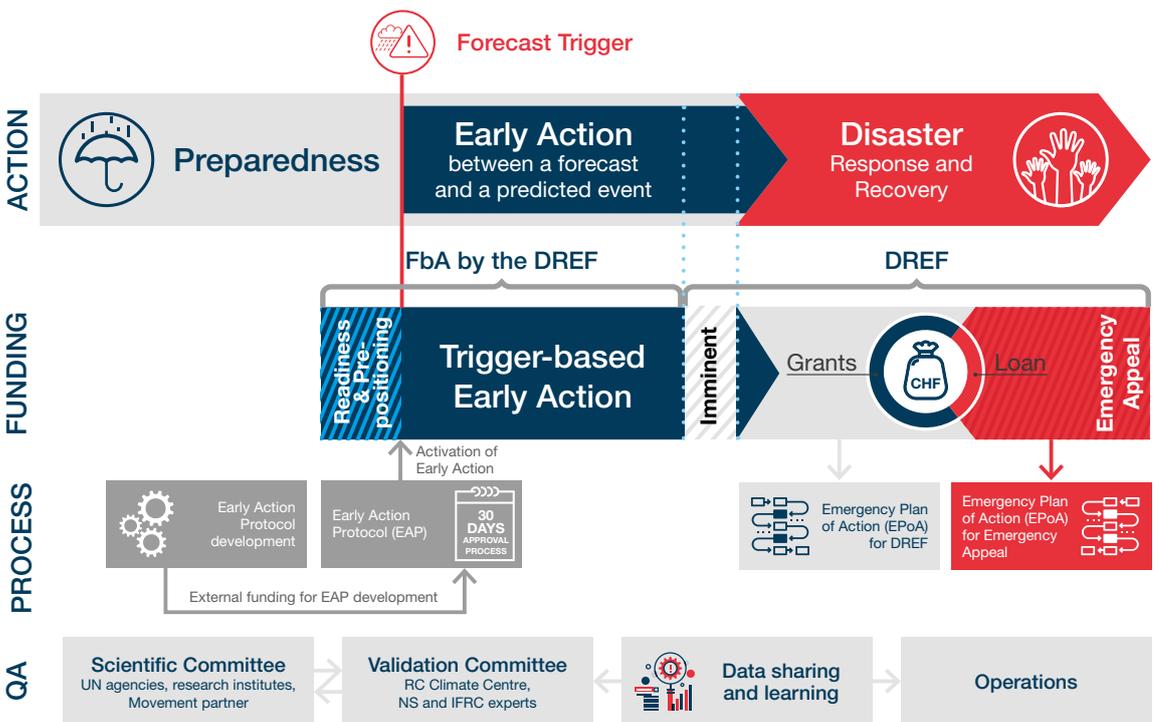
The FbA by the DREF has been launched as separate fund under the DREF, making use of specific FbA procedures and templates. **This means that normal DREF procedures and eligibility does not apply to applications for FbA allocations submitted through an EAP.**

In cases where the magnitude of the event surpasses the forecasted impact and humanitarian needs, the early action may be followed by response activities funded through a grant from the DREF or an emergency appeal with a start-up allocation from the DREF.

## What is the difference between the FbA by the DREF and a DREF allocation for imminent crisis?

**1. When planning takes place:** In preparation for a request for a DREF allocation for imminent crisis, the planning of the actions takes place only once a forecast has been issued, hence limiting the time for planning and implementation of the action. With the FbA by the DREF, the planning and approval of allocation takes place before the forecast has been issued, based on the Early Action Protocol, giving the National Society additional time to include actions that may need more long-term work and pre-positioning of assistance. Additionally, the Forecast based Financing process that results in an EAP includes a much more rigorous analysis of the historical impacts and vulnerability of the population leading to a more targeted and potentially effective intervention.

**2. Commencing the early actions:** To initiate the early actions with an imminent DREF the National Society has to wait until an EPoA has been developed and approved as it does not have the certainty that it will comply with all the requirements for approval. With the FbA by the DREF the National Society can initiate the early actions stated in the EAP as soon as the forecast shows that the pre-defined trigger has been met. There is no need to go through any additional approval processes, thereby gaining valuable time in reducing the impact of a disaster. The financial support is automatically released.



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