

PRACTICAL INFORMATION



**FOR NATIONAL SOCIETIES ON
FORECAST-BASED FINANCING
AND
FUNDING FROM THE DREF**



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FORECAST-BASED FINANCING



What is forecast-based financing?

Forecast-based Financing (FbF) is a methodology which uses forecasts for extreme weather events, combined with risk and impact data to identify early action activities which can be implemented in advance of a predicted hazard. FbF enables National Red Cross Red Crescent Societies to anticipate disasters, and prevent or mitigate their impact, with the aim of saving lives and protecting livelihoods. Funding for early action activities is automatically allocated once a specific pre-agreed threshold or trigger is reached.

In Ecuador, the Ecuador Red Cross have an Early Action Protocol for volcanic ash. The Early Action Protocol, which was approved in 2019, covers 5,000 people with a budget of CHF 246,586.

The early action activities, which are done with a lead time of three days in advance of accumulated volcanic ash, include:

- Distributing cash to at risk communities via visa debit cards, which aim to protect livelihoods and enables communities to evacuate livestock and harvest crops
- Distributing plastic sheets and tool kits which can be used to construct animal shelters
- Distributing personal protective equipment, including masks and goggles, to prevent eye and respiratory infections.

The Early Action Protocol was activated in 2020.

The FbF methodology includes a number of steps, starting with a feasibility study, engaging FbF stakeholders, making a National Society FbF ready, setting the trigger and selecting early actions, and designing the monitoring framework. FbF promotes coordination and relationship building among key actors in the intersection of practice, research, and policy, FbF also aims to build National Society capacity to adopt and deliver anticipatory humanitarian action. The output of the FbF process is an **Early Action Protocol**.

THE EARLY ACTION PROTOCOL

The **Early Action Protocol** is the 'plan' that guides timely implementation of early action activities and is based on a clear weather or climate forecast and combines Impact-based Forecasting.

The Early Action Protocol describes the early actions selected to reduce the impact on vulnerable communities, which are feasible given the local context and culture, the time available and capacity of the National Society.

It outlines roles and responsibilities in the maintenance (readiness and prepositioning) and activation of the early actions when a trigger is reached. The trigger is determined based on analysis of forecast and risks, historical impact and vulnerability data which enables decision makers to identify where and when early actions will be targeted.

The Early Action Protocol is accompanied by a budget, outlining costs for prepositioning of stock and annual readiness activities as well as the budget for the early action activities. The budget indicates where funds will be allocated: to the National Society, the Partner National Society, or the IFRC for maintenance and activation of the Early Action Protocol.



In 2021, Ethiopia Red Cross, Kenya Red Cross and Uganda Red Cross had their Early Action Protocols for flood hazards, approved by Forecast-based Action by the DREF which is the IFRC's dedicated funding mechanism.

These Early Action Protocols were developed by the National Societies with support from the Netherlands Red Cross and the NLRC 510 Initiative as part of the IARP project.

The early action that target at risk communities with activities that include:

- Early warning and evacuating at risk communities
- Activating mobile health teams to at risk locations
- Distributing prepositioned essential shelter material to prevent damage to houses
- Distributing of WASH material in order to prevent outbreaks of waterborne diseases
- Vaccinating at risk livestock

THE EARLY ACTION PROTOCOL

What's inside an Early Action Protocol?

A National Society planning to apply for an allocation from the Forecast based Action by the DREF must develop an Early Action Protocol using the FbF Early Action Protocol template, guided by the FbF Practitioners Manual. Each Early Action Protocol refers to one hazard; however, a National Society may develop multiple Early Action Protocols covering a range of different hazards.

The Early Action Protocol include the following sections:

- Description of the development process
- Risk, vulnerability and hazard analysis
- Trigger model development process
- Justification of selected early actions
- Selection of target areas and targeted communities
- Budget including annual readiness activities, one off prepositioning of stock and early action activities
- Overview of the National Society's capacity
- Early action activation process
- Monitoring, Evaluation, Accountability and Learning (MEAL)
- National Society leadership endorsement



Mongolia Red Cross has an Early Action Protocol for Dzud, which is an extreme coldwave.

The Early Action Protocol aims to target up to 4,000 vulnerable herders within a six weeks leadtime in advance of the Dzud.

The early action activities include:

- Procurement and distribution of animal care kits
- Distribution of unconditional cash for vulnerable herder households

The Early Action Protocol has been activated twice so far, in January and December, 2021.

THE EARLY ACTION PROTOCOL

The development process

The development of an Early Action Protocol can be initiated by a National Society using its own resources, with support from a Partner National Society or through multilateral financial support via the IFRC annual operational plan.

The Early Action Protocol must be validated by the National Society leadership, as well as national- based government and non-government stakeholders. The Red Cross Red Crescent Climate Centre and the Netherlands Red Cross' 510 Initiative may provide technical support, specifically on impact-based forecasting, the risk analysis and trigger development.

The timeframe required to develop an Early Action Protocol depends how quickly the National Society can move through the steps of the Forecast-based Financing methodology (including the feasibility study, risk analysis, inventory of forecasts, trigger development and selection of early actions). A comprehensive Forecast based Financing process can take anywhere between 12 and 36 months to complete, and aims to building on the IFRC's Preparedness for Effective Response methodology.



The Mozambique Red Cross, with support from German Red Cross, has developed two Early Action Protocols, one for cyclone and one for floods, with another for drought under development.

Tropical cyclones pose a serious threat to Mozambique's population, as demonstrated by the devastating damage caused by Tropical Cyclone Idai in March 2019.

The cyclone Early Action Protocol aims to target 7,500 people with a leadtime of 72 hours. The early action activities include:

- Distributing shelter kits to reinforce houses made of local or natural materials
- Distributing school reinforcement kits to strengthen school buildings against winds
- Distributing chlorine tablets and buckets to assist households to keep access to clean water

ANTICIPATORY PILLAR OF THE DREF



Peru Red Cross has developed three Early Action Protocols, one for coldwave and one for floods, and one for El Niño.

In the high Andes, coldwaves can bring temperatures below -16°C , accompanied by massive snowfalls. These coldwaves predominantly occur in June, July and August.

The Early Action Protocol provides direct support to 625 families, including 100 children younger than 5 years, 200 elderly and people with chronic and infectious diseases, and is triggered five days before the coldwave peaks.

Early action activities include:

- Distributing veterinary kits
- Distributing warm clothing to vulnerable people, as well as a waterproof tarpaulin for home insulation
- Disseminating early warnings and health advice via radio and community meetings

The Anticipatory Pillar of the Disaster Response Emergency Fund (DREF) is the IFRC's dedicated funding mechanism for Early Action Protocols. The Anticipatory Pillar of the DREF is managed by the IFRC Secretariat. While the Anticipatory Pillar is part of the Disaster Response Emergency Fund (DREF), it has its own procedures, eligibility criteria and templates separate from the Response Pillar.

A key element of the Fund is the guaranteed funds for annual readiness activities, prepositioned stock and then early action activities, once the trigger is reached.

The Early Action Protocol has a five year life span. Funds are dispersed once the project agreement has been signed for the 'one-off' prepositioning of stock and on an annual basis for readiness activities. The financial allocation for early actions is done when the pre-agreed forecast trigger is reached.

Any National Society with a developed Early Action Protocol can access funding for maintenance of the Early Action Protocol.. At this stage IFRC does not provide financial resources to develop an Early Action Protocol, rather the DREF supports the maintenance and activation of the developed Early Action Protocol.

ANTICIPATORY PILLAR OF THE DREF



Heatwaves in Kyrgyzstan occur during July and August. In peak summer, the temperatures in the northern and southern regions of Kyrgyzstan can reach 44 °C.

Heatwave forecasts and warnings will be provided by Kyrgyzhydromet, and the Early Action Protocol will be activated when the probability of an extreme heatwave exceeds 75%.

The early action activities include:

- Conducting information campaigns on heatwave
- protection measures, including SMS messages and animated videos to be broadcast on local TV, as well as through the Kyrgyzstan Red Crescent website and Facebook page.
- Distributing food and hygiene products for vulnerable families
- Installing of air conditioning in nursing homes

The Heatwave Early Action Protocol was approved for funding from the DREF in 2021 and the Kyrgyzstan Red Crescent is currently working on an Early Action Protocol for Coldwave.

Eligibility criteria for an EAP

Eligible: for extreme one in five-year events

Target: minimum 10,000 people per activation

Budget: maximum CHF 500,000 for all **three components - prepositioned stock, readiness and early action activities.**

– Maximum 65% of the budget combined for **readiness activities and prepositioned stock.**

Readiness activities: any activity that is deemed indispensable to ensure a successful activation of an Early Action Protocol. These costs can be spread out over the five-year lifespan of an Early Action Protocol and are allocated annually. For example, eligible readiness costs include salaries for staff, refresher training for staff and volunteers, annual simulations, coordination meetings, renewal of framework agreements, or any activity required to ensure that the National Society is ready to act early.

Prepositioned stock: specifically, relief items which can be stored over the lifespan of the Early Action Protocol ensuring adequate storage facilities, suitable transport links and appropriate insurance. Relief items with a shelf life shorter than the Early Action Protocol lifespan are not eligible for prepositioning. Examples of prepositioned stock include shelter kits, aqua tabs, jerry cans, household items such as blankets, sleeping mats which could be used in evacuation centres, etc.

FORECAST-BASED ACTION BY THE DREF



Eligibility criteria for Early Action Protocols

– The third component and the balance of the budget is allocated for **early action activities** which are done once the agreed trigger is reached, within the lead time in advance of a hazard. Examples of early actions will be dependent upon the hazard, but could include evacuating people, livestock, early harvesting of crops, reinforcing houses, and sandbagging to prevent flooding, etc.

The Bangladesh Red Crescent is one of the pioneers in Forecast-based Financing. The BRCS have developed two Early Action Protocols, the first for cyclones and the second for floods.

The Early Action Protocol for cyclones covers the 13 sea-facing coastal districts in Bangladesh. The pre-identified early actions can reach up to 20,000 people in the affected area with a lead time of 30 hours; this means that the early actions need to be implemented in the 30 hours between a reliable forecast and the cyclone's landfall.

The early actions include:

- Evacuating vulnerable people (who cannot self evacuate) and their livestock to the cyclone shelters
- Distributing food and water at cyclone shelters
- Providing basic first aid at cyclone shelters

The cyclone Early Action Protocol was activated in 2020 and was revalidated in 2021.

Once an Early Action Protocol is finalized, the National Society can submit it to the IFRC for funding through the DREF. The complete acceptance process can take up to 30 days (excluding the time taken by the National Society to incorporate feedback from the Validation Committee).

To date, the DREF has only received Early Action Protocols related to hydro-meteorological events, however the DREF is looking at other non-weather related hazards, such as epidemics and population movement. At this stage, there can only be one Early Action Protocol per country per hazard, however a National Society can have multiple Early Action Protocols funded by the DREF.

All relevant templates can be found on the IFRC's **FedNet**.

ANTICIPATORY PILLAR OF THE DREF



The Niger Red Cross has developed two Early Action Protocols, for floods and drought hazards. The Early Action Protocol for drought is the first for this hazard to be funded by the DREF.

The drought Early Action Protocol has a longer leadtime than a sudden onset hazard and features two triggers in successive phases:

The first trigger anticipates a poor rainfall and activates early actions preceding the rainy season. The early action activities include:

- Distributing drought-adapted millet and snow pea seeds

The second trigger anticipates a future food crisis and will trigger the second set of early action activities, which will be done over the coming five months. These activities include:

- Replenishing reserves at local cereal banks, which will reduce the price and ensure availability of grain until the next harvest
- Cash transfers, for the most vulnerable households to afford the cereal.

IFRC Validation Committee

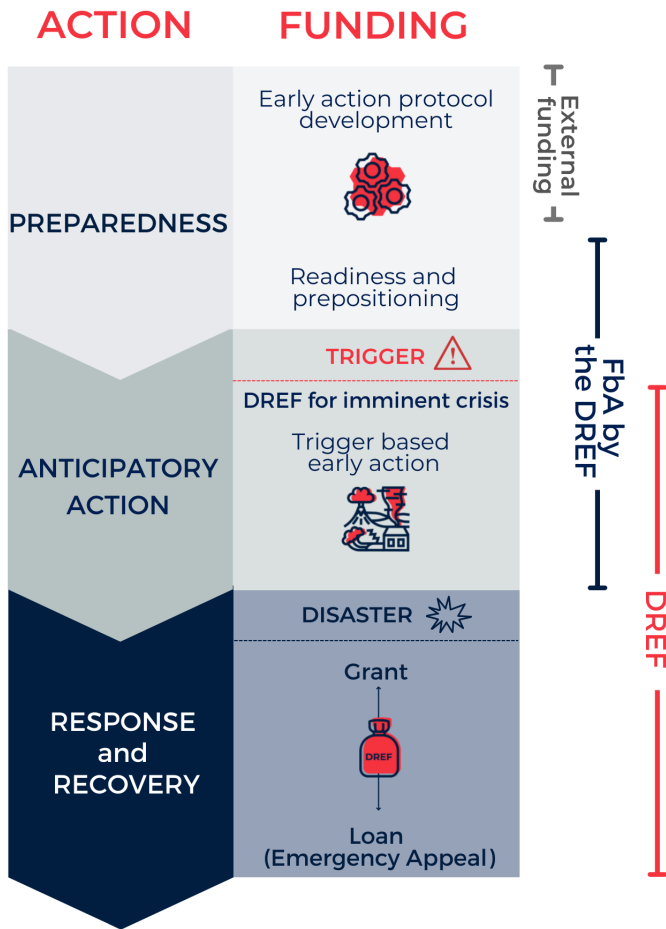
The DREF is supported by a Validation Committee. The Validation Committee is responsible for assessing Early Action Protocols that are submitted for approval using clearly defined quality criteria. The Validation Committee also ensures the coherence and integration of the anticipatory pillar of the DREF with other IFRC tools and approaches for early action, preparedness, and response. The Validation Committee is made up of stakeholders from IFRC, the RCRC Climate Centre, the RCRC Livelihoods Resource Centre and Partner National Societies with expertise in Forecast-based Financing.

No Regrets and Stop Mechanism

The Forecast-based Financing methodology recognized that there may be instances when the trigger is reached and the early actions implemented, but the disaster does not materialize. The Anticipatory Pillar of the DREF acts under a “**no regret**” principle, assuming that communities will still benefit from the activities even if we 'act in vain'.

Where Early Action Protocols with a longer than three days lead time should include a '**stop mechanism**' to avoid taking extra action if the forecast changes and the risk diminishes. If the stop mechanism occurs, the National Society will only return unspent funds to IFRC.

LINK BETWEEN IFRC FUNDING MECHANISMS



The Anticipatory Pillar of the DREF is a separate fund from the Response Pillar of the DREF, as a result, the Anticipatory Pillar has separate procedures and templates. This means that response DREF procedures and eligibility criteria do not apply to allocations for Early Action Protocols.

National Societies can use the approved Early Action Protocol as the basis for developing a DREF Emergency Plan of Action (as the basis for scalable contingency planning), as the work has been done to develop trigger, rigorous analysis of historical impacts and vulnerability of target communities.

In the case where the magnitude of the hazard forecasted will have greater impact than the Early Action Protocol, the early actions may be scaled up with a grant allocation from DREF. Alternatively, if the hazard will result in a disaster with larger than anticipated humanitarian consequences, the the National Society can request a grant from the DREF for response activities, or an Emergency Appeal with a start-up loan from the DREF.

For example, a National Society has planned for a stronger than normal cyclone, however if the forecast indicates a super cyclone or super typhoon, a National Society may want to scale up the early action activities to reach more at-risk communities in advance of the cyclone or typhoon making landfall.

If a hazard is forecasted but will not reach the trigger threshold of the EAP, the National Society may request DREF support for anticipatory action, to a lesser extent than the EAP.

ANTICIPATORY PILLAR OF THE DREF



The Philippines Red Cross has developed two Early Action Protocols, the first for cyclone and the second for floods.

Both Early Action Protocols are fairly sophisticated, covering multiple locations across the Philippines and a range of different activities, depending on the season when the Early Action Protocol is activated.

The floods EAP covers four river basins: covering the Cagayan river basin; the Bicol river basin; the Panay river basin; and the Agusan river basin.

With a leadtime of just 72 hours, and targeting 1450 households, the Early Action Protocol aims to reduce the economic impact of extreme floods on most vulnerable groups.

The early action activities include:

- Early harvesting of matured crops or fish
- Evacuating livestock & assets
- Temporary relocation of small businesses in urban areas

Revalidation of a triggered Early Action Protocol

After a National Society has activated its early action activities, the Early Action Protocol can be revised and resubmitted to the IFRC's Validation Committee. The revised Early Action Protocol should clearly demonstrate learning from the previous activation and take into account changes in the operating context as well as updates in forecasts.

The revalidation process follows the same process as the acceptance procedure, and it can take up to 30 working days.

More information:

If you would like more information on:

[Disaster Response Emergency Fund \(DREF\) Preparedness for Effective Response](#)

If you would like to see more examples or support, or events related to anticipatory action or engage in the conversation, please visit the [Anticipation Hub](#)

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THE INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES (IFRC) IS THE WORLD'S LARGEST HUMANITARIAN NETWORK, WITH **192 NATIONAL RED CROSS AND RED CRESCENT SOCIETIES** AND AROUND **14 MILLION VOLUNTEERS**. OUR VOLUNTEERS ARE PRESENT IN COMMUNITIES BEFORE, DURING AND AFTER A CRISIS OR DISASTER. WE WORK IN THE MOST HARD TO REACH AND COMPLEX SETTINGS IN THE WORLD, SAVING LIVES AND PROMOTING HUMAN DIGNITY. WE SUPPORT COMMUNITIES TO BECOME STRONGER AND MORE RESILIENT PLACES WHERE PEOPLE CAN LIVE SAFE AND HEALTHY LIVES, AND HAVE OPPORTUNITIES TO THRIVE.