

INTERNATIONAL



FEDERATION



German  
Red  
Cross



Climate  
Centre



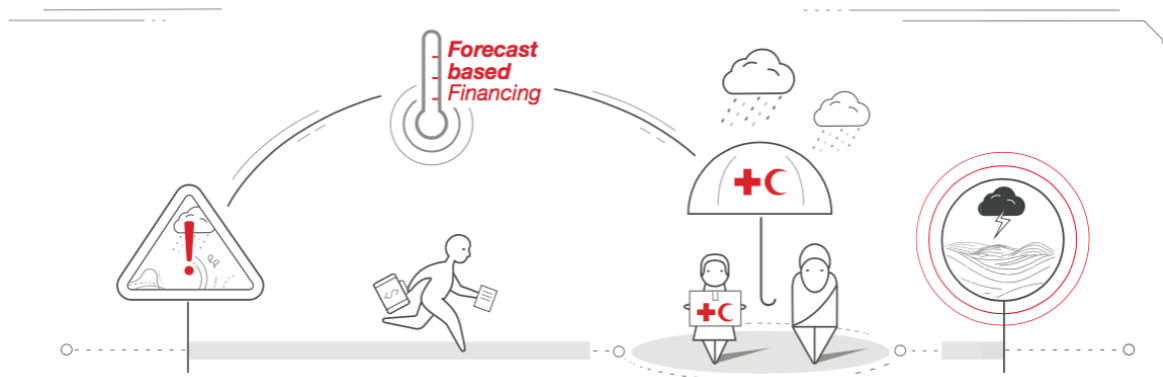
german  
humanitarian  
assistance

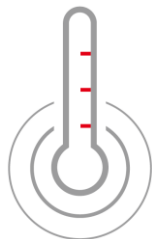
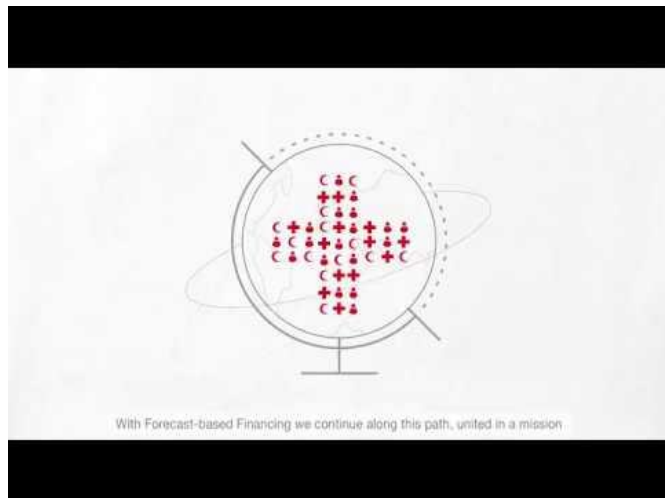
DEUTSCHE HUMANITÄRE HILFE

# Forecast-based Financing

GCF International Technical Workshop on Adaptation Rationale

16 November 2018, Cebu Philippines





What is FbF? —

<https://www.youtube.com/watch?v=UjhFfbQpPf8>

Forecast based action by the DREF —

<https://www.youtube.com/watch?v=FcuKUBihHVI>

# What is Forecast-based Financing?

# Key components of Forecast-based Financing:



Triggers

Matching forecasts and risks



Selection of Actions

Reducing the impact



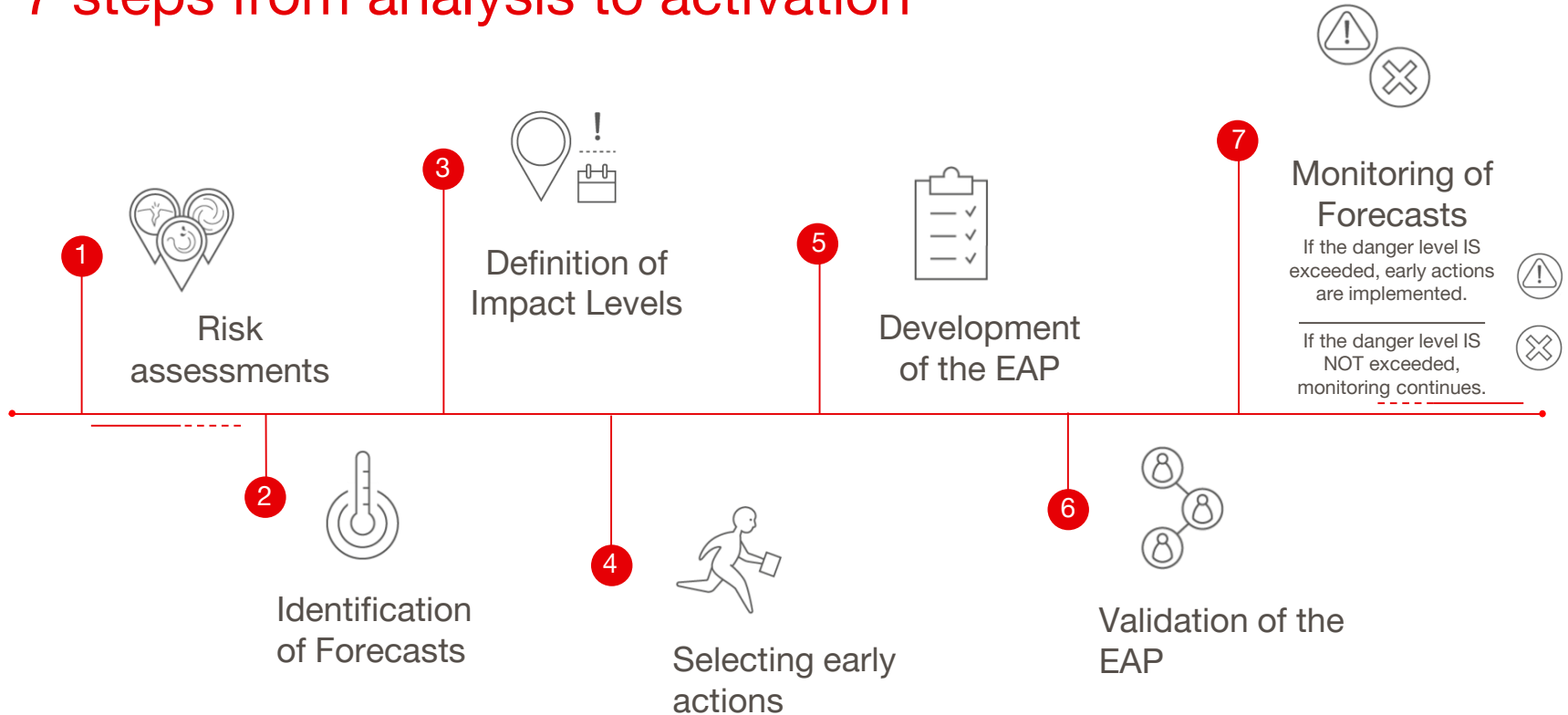
Financing Mechanism

Automatic allocation of funds

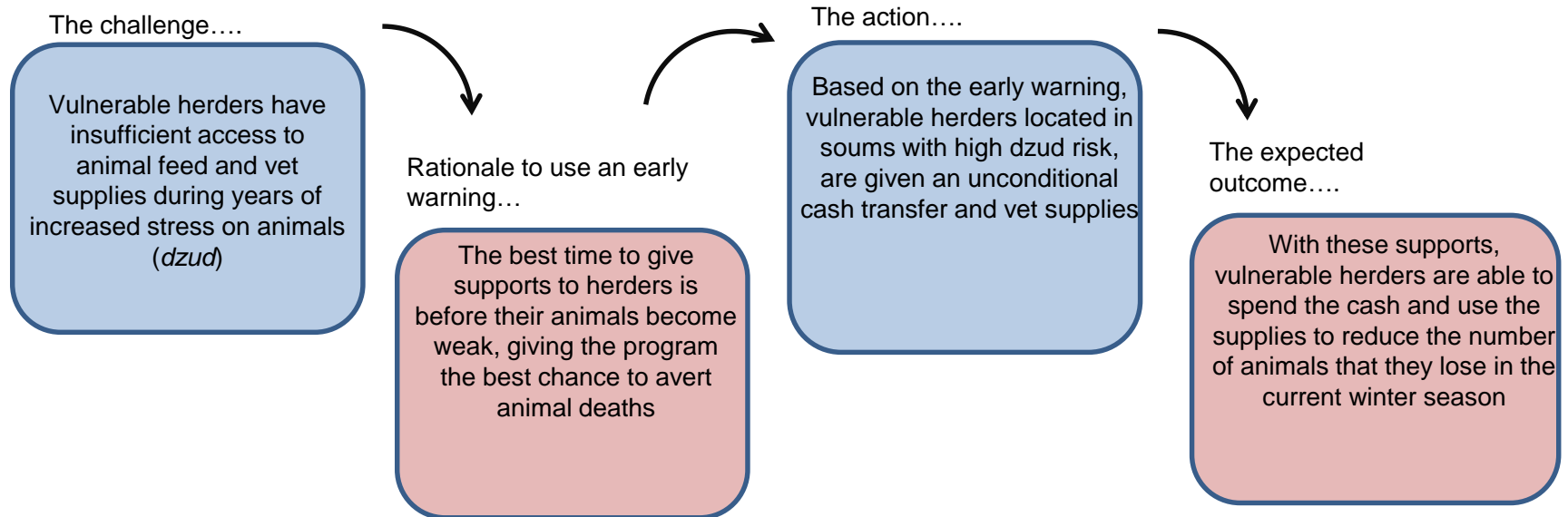


Early Action Protocol (EAP)

# The implementation mechanism: 7 steps from analysis to activation



# 2017 Pilot: Action Theory of Change



# FBF as a tool for CCA

- ❑ A critical component of Adaptation is to increase our capacity to act on extremes using information on shorter timescales
- ❑ To be effective, Adaptation investments need to build up early warning systems as well as improve the capacity to act when an early warning arrives
- ❑ FbF is a part of a continuum of climate change adaptation solutions, complementing long-term investments in risk reduction

# FBF is a Mechanism to Trigger Early Action Based on Early Warnings

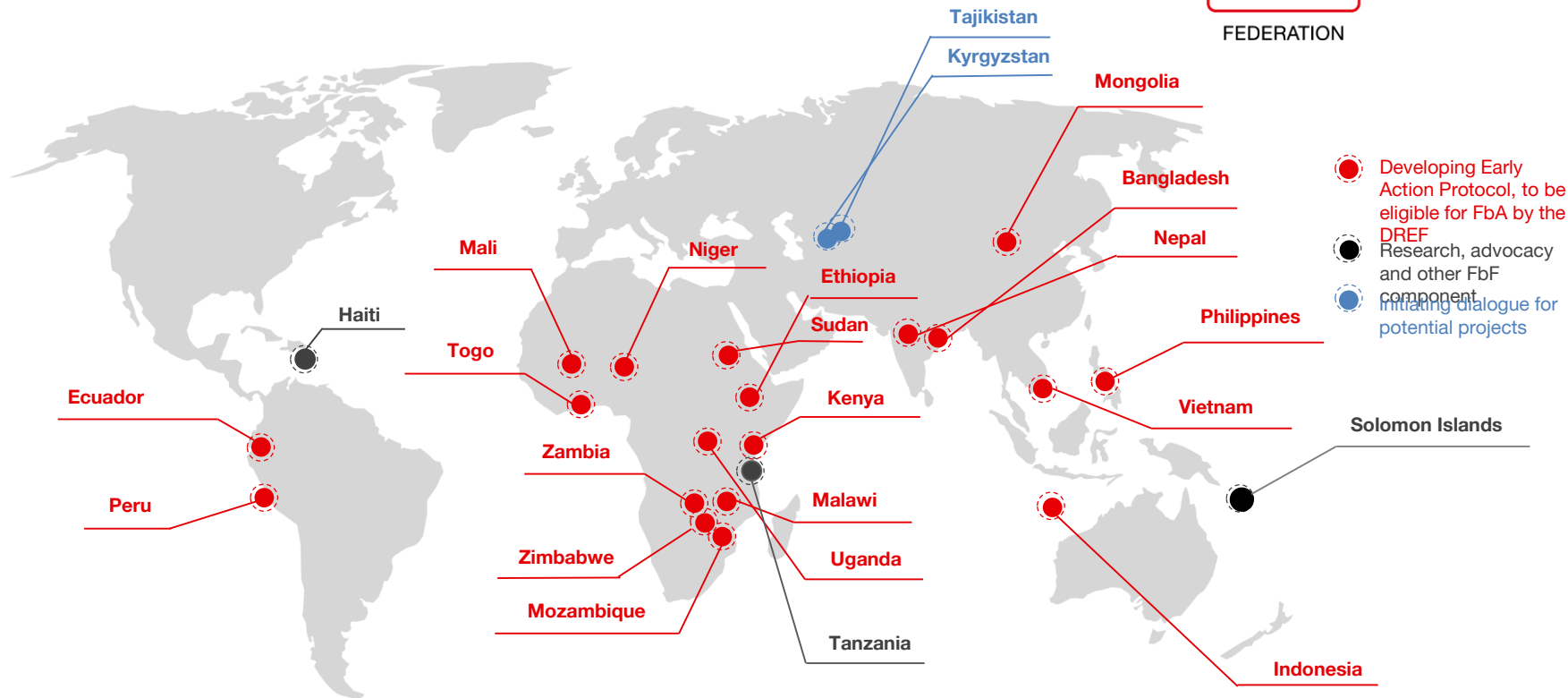


# Updates: FbF worldwide

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Our partners: American Red Cross, Australian Red Cross, Belgian Red Cross, British Red Cross, Danish Red Cross, German Red Cross, Finnish Red Cross, Netherlands Red Cross, the Red Cross / Red Crescent Climate Centre, WFP, FAO, WMO, OCHA, Welthungerhilfe, GFDRR, ODI and research initiatives (WISER, SHEAR; FATHUM, ForPAC)

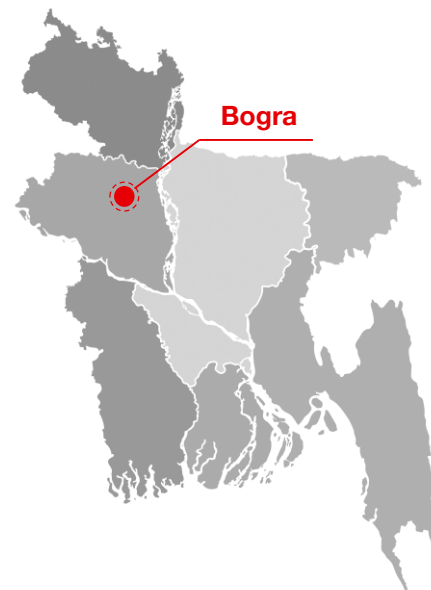




# Pilot project: Bangladesh Floods 2017



- Bangladesh is extremely prone to disasters due to its geophysical setting. The country is low-lying and flat with huge inland water bodies, including some of the biggest rivers in the world.
- Flooding is an annual recurring event. While the population knows how to deal with the impact of those annual rainfalls to some extent, in some years the floods are so extreme that millions of households are severely affected.
- The floods impact water and sanitation, and increase the risk of spreading diseases. Many families are forced to sell their livestock in order to pay for the evacuation, rations and healthcare.



1039  
families



4  
communities



# Pilot project: Bangladesh Floods 2017 Bogra



## 5-day forecast

Thresholds exceeded  
for Rainfall in Kamalpur,  
Kazla, Bhandarbari 3,  
6/7



## Activation of EAP

Early warning messages  
issued to the population

1039 families receive  
cash transfers of 5000  
Taka



# Pilot project: Mongolia

<https://www.youtube.com/watch?v=UwGKH Aelhbo&feature=youtu.be>



Targeted groups	Vulnerability Criteria	Total no. targeted	Notes
<b>Group 1: Official list of vulnerable herders created and validated for the 2016 response (post-winter)</b>	< 200 animals And meet at least one of the following criteria <ul style="list-style-type: none"> <li>- Be single headed (male or female)</li> <li>- Have a high dependency ratio</li> <li>- HH includes an elderly person</li> <li>- HH includes a disabled person</li> </ul>	1000 HHs (from multiple soums)	List is already prepared with bank accounts verified.
<b>Group 2: New list to target vulnerable herders at risk of falling into Group 1 due to cyclical losses</b>	200-400 animals And meet the following criteria <ul style="list-style-type: none"> <li>- Be an active herder</li> </ul>	1000 HHs (from multiple soums)	List to be prepared by branch level staff post-trigger.

# Red Cross Red Crescent Forecast-based Financing Initiatives in the Philippines

- 2 EAPs (Typhoon, Floods)
- 10 target provinces
- to be tested and finalized in Oct. 2018
- Targeted activation during the Northeast monsoon season (Nov-Jan).

Flood EAP: Panay river  
basin  
EA: cash



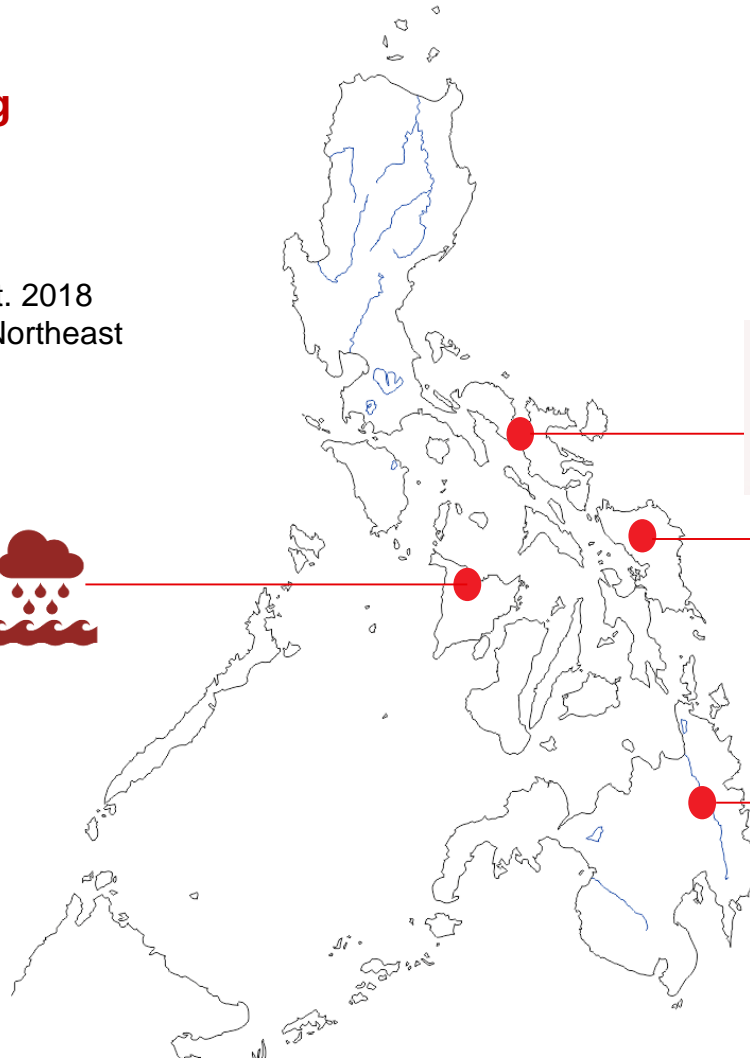
Typhoon EAP: Bicol  
region  
EA: cash for work

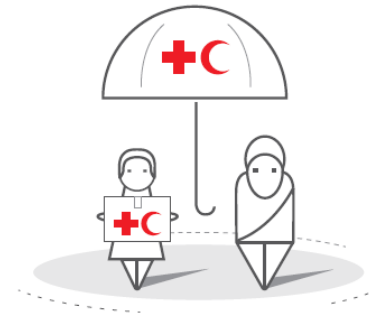
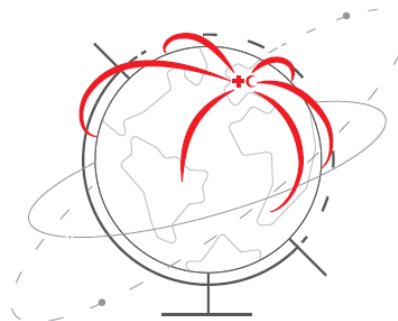


Typhoon EAP: Samar  
island  
EA: house  
strengthening



Flood EAP: Agusan  
river basin  
EA: evacuation of  
livestock



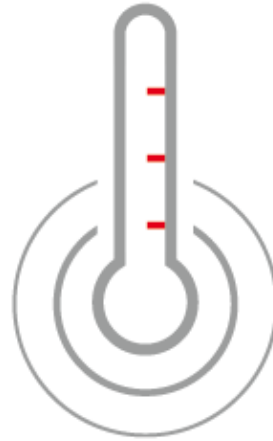


## Integrating Forecast-based Action into the DREF

# Key features, eligible applicant and funding decision

## 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 – directly or with support from Partner National Societies



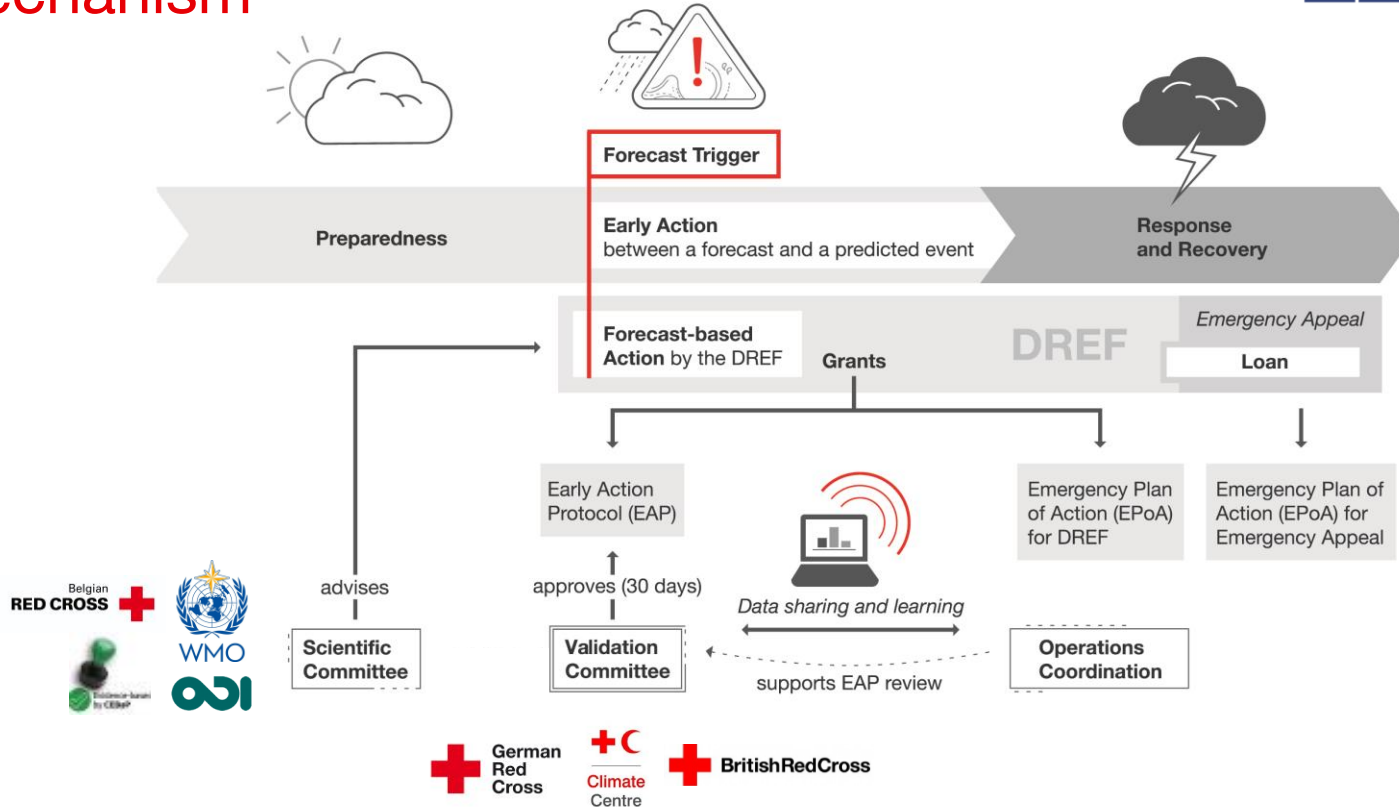
## How does the IFRC decide on funding?

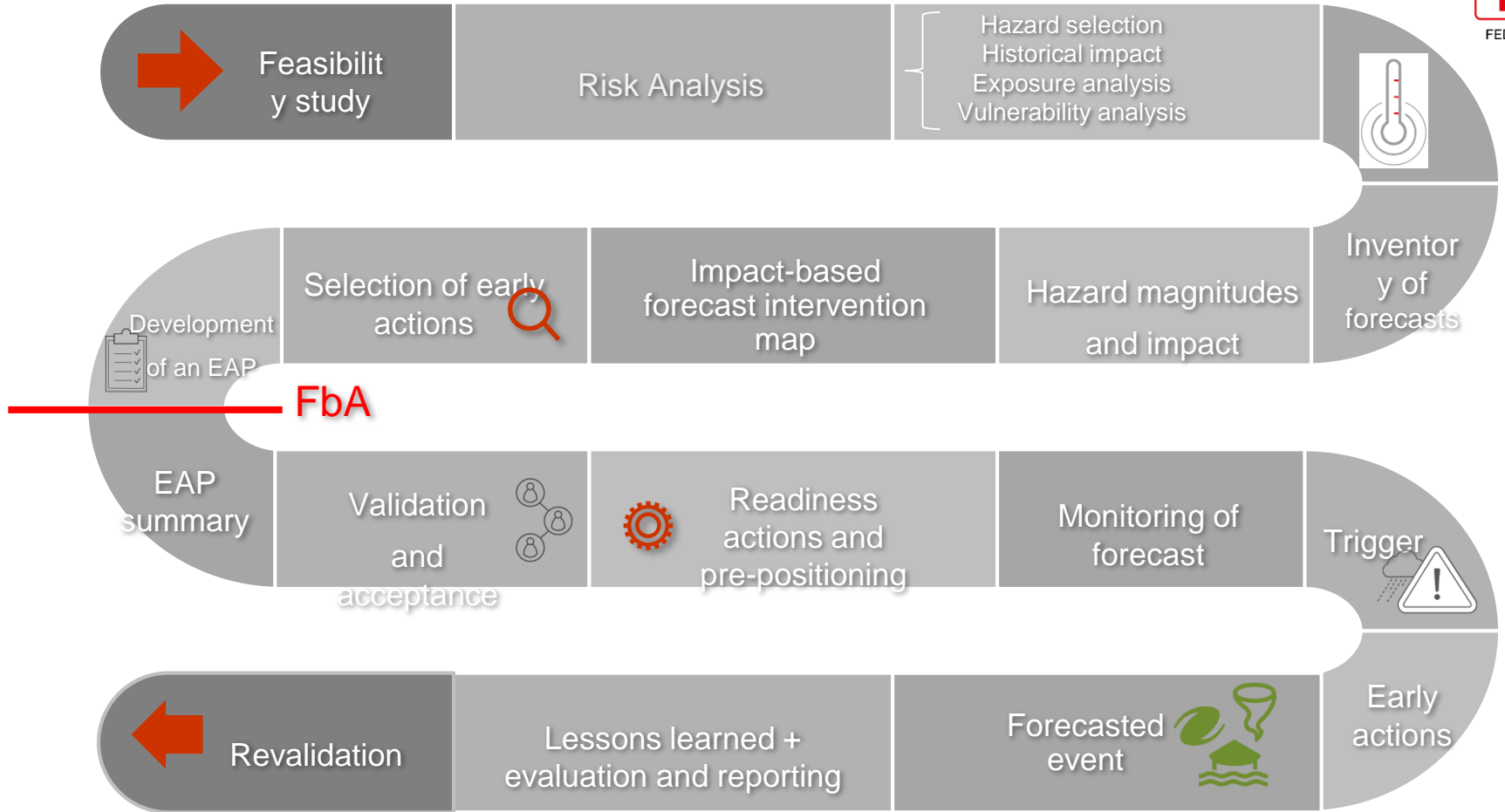
- Based on quality criteria of scientific trigger, early action and implementation capacity
- Validated by a group of experts in advance of a potential trigger

# Forecast-based Action by the Disaster Relief Emergency Fund (DREF): a global mechanism



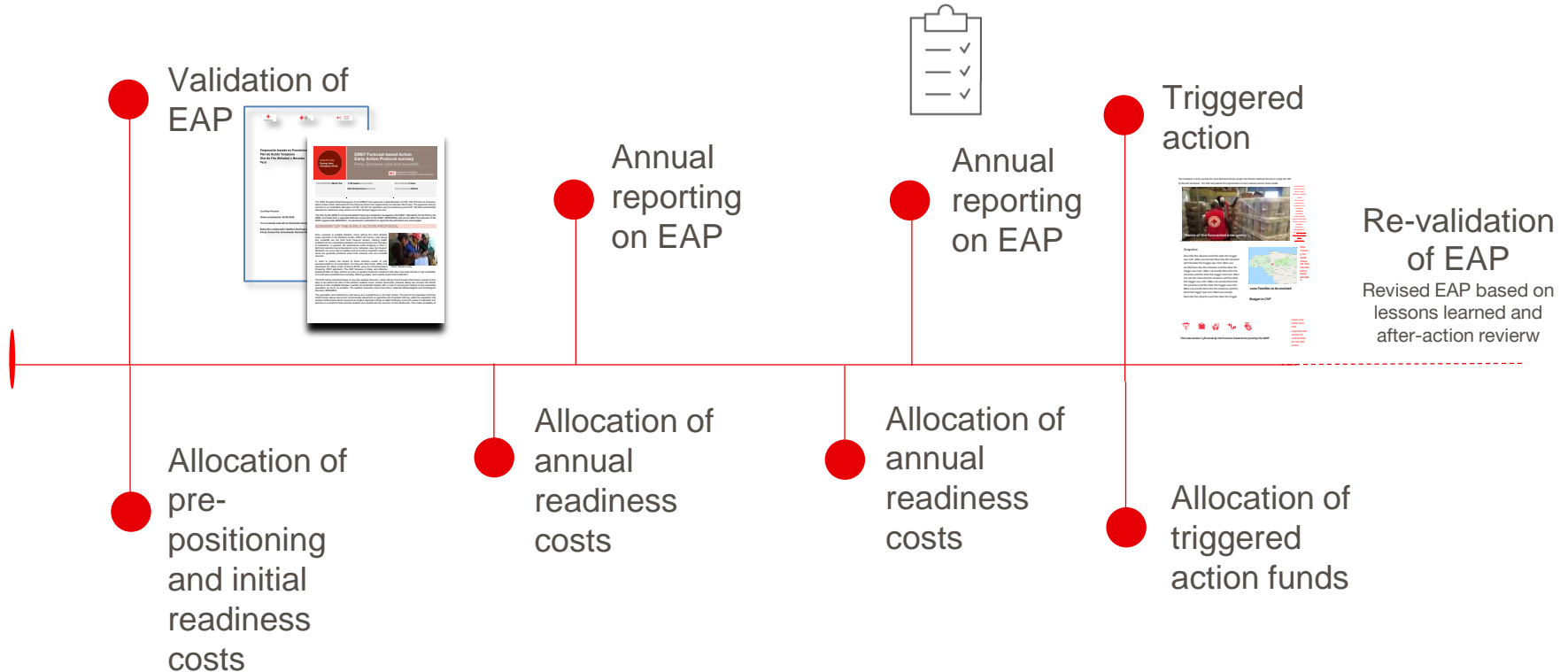
Frankfurt School  
FS-UNEP Collaborating Centre  
for Climate & Sustainable Energy Finance





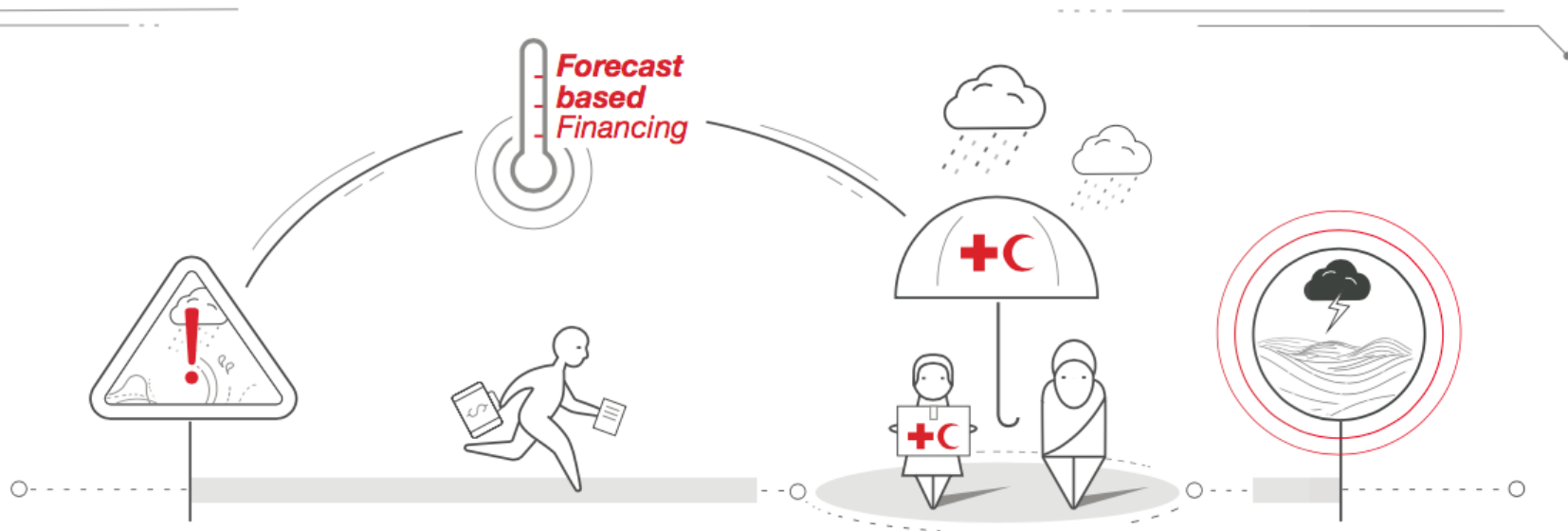


# EAP activity and related fund action



# FbA by the DREF – validation process

What information are you missing to start accessing the fund?



# FbF: A Game-Changing Approach to Risk Management

- ☐ FbF is about shifting from response to anticipation – a shift that could save lives and dramatically reduce costs
- ☐ FbF is about the timely use of resources based on heightened risks, based on forecasts
- ☐ With FbF, the amount of money allocated for early action is agreed in advance and distributed automatically – there is no time lost in negotiation or sign-off
- ☐ FbF is a key element of IFRC's plan to adapt to extreme and slow onset events due to the changing climate
- ☐ FbF can be instrumental in reducing vulnerability and help communities deal with climate shocks through its application in social protection mechanisms
- ☐ The FbF mechanism allows us to coherently implement the global agendas on SDG, Sendai Framework for Disaster Risk Reduction and the Paris Agreement

Thank you!

*For more information on forecast based  
financing, please visit*

**[www.forecast-based-financing.org](http://www.forecast-based-financing.org)**

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