

# 5. Approve and Finance

## Summary

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Once an EAP has been developed, tested and approved by the leadership of the National Society, it needs to be ensure that funding is available reliably and quickly, once a trigger has been reached. For Red Cross and Red Crescent National Societies, the key financial mechanism available to fund the activities included in their Early Action Protocols is the Forecast-based Action (FbA) by the DREF, which was launched in May 2018.

The International Federation of Red Cross and Red Crescent Societies (IFRC) has extended the scope of its long-standing global financing instrument, the Disaster Response Emergency Fund (DREF) to include Forecast- based Action. Historically, National Societies were eligible for DREF funding only after the occurrence of a disaster event or in short time frames prior to imminent disaster. However, through piloting, FbF has made the case that anticipatory actions (including readiness and pre-positioning) made possible through automatically allocated funding when forecasts indicate a high likelihood of a disaster have the potential to substantially mitigate suffering and loss.

A National Society can have a robust Early Action Protocol but lack the funding to activate when a trigger is hit. With FbA by the DREF, once their EAP is approved, National Societies have guaranteed financial resources to carry out their early actions in anticipation of a disaster. Having access to a multilateral financial mechanism that secures these resources allows NSs to make robust advance planning, act confidently and quickly to fulfill their role in preventing and reducing human suffering before a disaster happens.

This chapter will explain how a National Society with an already developed Early Action Protocol can access funding from the Forecast-based Action by the DREF and the key features of this funding mechanism.

The main questions that will be answered by this chapter are:

- What are the key features of the FbA by the DREF?
- What criteria does an EAP have to meet to be eligible for funding by the FbA by the DREF?
- How does the approval process work?
- What else needs to be done after the EAP is approved to be funded by the FbA by the DREF?



## Step 1: Reach out to the IFRC's Country Office or Country Cluster Office

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Engaging with the IFRC should happen from the beginning of the EAP development phase. The IFRC can provide technical support, including but not limited to coordination with other in-country preparedness and capacity strengthening initiatives, advice from sectoral experts, IFRC standards and guidelines, lessons learned from past FbF activations, emergency response operations, and information on the current Operational Plan for the country.

Furthermore, the IFRC can provide you with the relevant templates and formats applicable to EAPs under the FbA by the DREF. For the EAP to be approved and financed by the Forecast-based Action by the DREF, the Early Action Protocol and its budget will need to follow the IFRC programme and budget structure). Support on the IFRC programming and budgeting structure can be obtained from the IFRC focal point for Forecast-based Financing at country or regional level, typically with the regional disaster manager, Finance unit and/or Planning, Monitoring, Evaluation and Reporting (PMER) unit. It is recommended that the EAP budget be developed using the IFRC budget template to avoid delays when submitting for approval.



Please consider this not as Step 1 of the submission process but as a step that should happen much earlier in the process of setting up an FbF system. If the IFRC has not been involved early on in the EAP development process, this can result in delays in the approval of the Early Action Protocol.

## Step 2: Familiarize yourself with Forecast-based Action by the DREF criteria

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

The FbA by the DREF was launched in 2018 as a 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. The templates and formats for EAPs and copy of the procedures can be found [here](#).

The FbA by the DREF will provide funding to National Societies whose Early Action Protocols comply with the [quality criteria](#) set up by the IFRC. One of the main conditions to consider is that the Forecast-based Action by the DREF is not meant to be used for recurrent events, but for extreme events of a magnitude that has caused disastrous humanitarian impacts in the past, i.e. where international humanitarian assistance was needed.

The FbA by the DREF focusses on funding Early Action Protocol activation and maintenance only. It will not provide funding for the development of Early Action Protocols or for the set-up of the FbF system (National Societies should look for different sources of funding for these costs).

Each Early Action Protocol refers to one hazard, but 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.

### Examples of the FbA by the DREF quality criteria

- Data must be provided that shows that an event of the magnitude/strength of the event that the trigger is based on has caused disastrous humanitarian impact in the region in the past.

- Selected early actions aim to reduce the expected humanitarian impact on the population.
- The EAP shows that the implementation of the early actions is possible within the lead time available.
- Historical impact information shows the targeted magnitude/strength of the event occurs every 5 years or less (return period of 1-in-5 years).
- Early actions target at least a 1000 households per activation.
- The maximum budget of 250,000 CHF adheres to this distribution:
  - Maximum 25 % of the budget for readiness activities: any ongoing costs and services (human resources and logistics) that are deemed indispensable for the National Society to remain ready 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: available, if the implementation of the early actions requires items that cannot be procured within the lead time once a trigger has been hit. To be used for 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.
  - Funding for activation once trigger has been hit: Funds for early action activities which will reduce the impact of an extreme weather event. This funding will only become available, once a trigger has been reached.

### How does FbA by DREF work in practice?

In the onset of a disaster, when a trigger is reached, the National Society initiates the early actions and notifies the IFRC using the notification template. The IFRC will release the pre-agreed funding for the early actions as stated in the approved budget. As all the administrative processes have been taken care of in the EAP approval phase, the release of funds occurs immediately.



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

- **Timing of planning:**
  - When requesting a DREF allocation for imminent crisis, the planning of the actions takes place only once a forecast has been issued, i.e. an extreme event is already approaching, hence limiting the time for planning and implementation of the actions to a few days at most. With the FbA by the DREF, early actions are planned well in advance of the forecast. The approved EAP and allocated funding gives the National

Society additional time to include actions that require more long-term preparatory work and pre-positioning of assistance.

- **Improved overview of vulnerability:**

- 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.

- **Activations:**

- With an imminent DREF, the NS must wait until an Emergency Plan of Action has been developed and approved. Although this can occur within 24 hours, the drafting process might take longer and there is no guarantee the appeal 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 There is no need to go through any additional approval processes, thereby gaining valuable time to reduce the impact of a disaster. The financial support is automatically released.

## Step 3: Submit your EAP

As is the case with DREF, only a National Society can submit a request to the IFRC to fund an Early Action Protocol, therefore it is important that the EAP has been first internally approved and endorsed by National Society leadership. The complete acceptance process can take up to 30 days, beginning with the submission to the IFRC Country Office or Country Cluster Office (CO/CCST). The EAP will then be checked for consistency with IFRC programming standards by the technical sectors in the CO/CCST and the IFRC Regional Office. The EAP budget is also reviewed by the IFRC finance department.

Following this regional review, the Early Action Protocol is sent to Geneva where it will be shared with the Validation Committee and IFRC's circle of extended reviewers (Ops Coordination, Risk and Vulnerability Unit, and other relevant sectors depending on the EAP content).



In cases where the National Society is receiving support from a Partner National Society (PNS), the submission of the Early Action Protocol can be done by a PNS delegate working with the National Society in-country, but in this case the submission will require an official endorsement/approval from the leadership of the National Society, since they are the main implementers.

## Validation Committee

The Validation Committee assesses new EAPs that are submitted for acceptance against the 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. The Validation committee is comprised by members of the IFRC, the Red Cross Climate Centre and National Societies active in FbF.

## Step 4: Review and resubmit EAP according to feedback

The Validation Committee and the IFRC extended reviewers typically have further guidance in terms of how an EAP may be strengthened to be fully compliant with the quality criteria. IFRC and Validation Committee feedback is consolidated and returned to the National Society, and a call is organized to clarify the questions and comments.

Following the call, the National Society submits a revised version addressing the issues raised and if resolved, the Early Action Protocol is approved.



The approval process takes approximately 30 days, however, the total overall approval time can vary depending on the time the National Society needs to address the comments received and resubmit.

## Step 5: Receive allocation of funds and sign the legal agreement

Once an EAP has been approved, the Forecast-based Action by the DREF will allocate the amount of funds requested in the budget for that specific Early Action Protocol. The EAP summary and its budget are published on the IFRC appeal website.

Once the allocation has been done the IFRC, the National Society, and the Partner National Society (if



applicable), will sign a project funding agreement and they will receive the resources for the readiness activities for the first year and the one-off pre-positioning costs, as stated in the EAP.



To avoid delaying the signature of the project funding agreement, it is important to discuss the roles and responsibilities (and associated costs) of each partner early on in the process.

## Step 6: Activate the Early Action Protocol relying on automatically released funds

If, during the EAP lifespan (5 years maximum), the FbF system is triggered, then the National Society and its implementing partner can rely on the automatic release of the guaranteed funding for activation and should immediately initiate the implementation of early actions specified in the EAP.

### What form do cash disbursements come in?

Despite the automatic allocation of funds as soon as a trigger is reached, with standard transfers it can take a few days until money is available in-country. Given that many EAPs operate with very short lead times, it is important to make arrangements that cash is available as soon as it is needed. 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 financial capacity and available support from Partner National Society. The modality will have already been established during the signing of the project funding 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.

### If an EAP is activated but there is no disaster does the NS have to return funds to IFRC?

In the event that the EAP is activated, early actions have been implemented 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 are implemented, but the disaster does not occur. The Forecast-based Action by the DREF acts under a "no regret" principle.

However, EAPs with a lead time of more than three days should include a “stop mechanism” to avoid taking further action, once a more recent forecast shows that the hazard is reduced in strength or has changed direction and an extreme event is no longer expected. In this case funds, which have not been spent by the time the stop mechanism is applied, need to be reimbursed to IFRC. The use of relief items that have not been distributed yet, needs to be discussed with IFRC.



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## Step 7: (Re)Validation of and Early Action Protocol after a triggered early action

After a National Society has triggered the forecast-based early actions in its EAP and assessed their impact, it needs to subsequently re-submit a revised EAP and have it re-validated. The revised EAP should clearly integrate all the lessons learned throughout the activation. The re-validation process follows the same process as the acceptance procedure, and it can take up to 30 days.









### What's the relationship between “Forecast-based Action by the DREF” and the DREF?

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. Connecting the new mechanism to the DREF strengthens links, data sharing and decision-making between the different phases of intervention in the disaster management cycle.

## Toolbox

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-  Practical information on Forecast based Action by the DREF
  -  IFRC Programme and Budget Structure
  -  Templates and Copy of the Procedures (FedNet)
  -  Criteria for FbF Early Action Protocol (05/2022)
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