

FbF Manual Introduction

Summary

How Forecast-based Financing is changing the humanitarian world

Anticipation instead of reaction: with Forecast-based Financing (FbF), the International Red Cross and Red Crescent Movement (RCRC) is reshaping the future of the humanitarian system. Protecting lives and livelihoods in advance of a disaster – by using innovative technologies and approaches, data and weather forecasts and working in a global network.

The aim:

We want to forecast extreme weather events, take early action and thereby prevent human suffering. How does it work? Based on forecast information and risk analysis, FbF releases humanitarian funding for pre-agreed activities. For early actions to be performed quickly and efficiently before disaster strikes, funds are allocated automatically when a specific threshold is reached. The key to this is the Early Action Protocol (EAP), which clearly defines when and where to act as well as who is doing what.

FbF around the world:

To get an overview on anticipatory action initiatives around the world, please visit the [Anticipation Hub](#). The Anticipation Hub is a platform to facilitate knowledge exchange, learning, guidance, and advocacy around anticipatory action both virtually and in-person.



How FbF works

Key components of Forecast-based Financing (FbF)

Triggers

Where and when funds will be allocated and assistance will be provided is decided according to specific threshold values based on weather and climate forecasts, which are defined for each region. To establish these, experts analyse the relevant natural hazards, assess the impacts of previous disasters, and look at vulnerability data.



Early actions

As soon as a forecast reaches the specified threshold value and activates the trigger, early actions are initiated. These early actions aim to minimise the impacts of extreme weather events and save human lives.



Financing mechanism

A dedicated financing mechanism is the key for taking fast and effective action before a disaster strikes. Funding for EAPs is available from the IFRC's Disaster Response Emergency Fund (DREF) – a fund which automatically allocates resources when a trigger is activated, and early actions are necessary. The Fund is available to all Red Cross and Red Crescent national societies, which have successfully developed an EAP.



Early Action Protocols (EAPs)

The key components (trigger, early action, funding mechanism) are summarized in an Early Action Protocol (EAP). The EAP serves as a guideline that delineates roles and responsibilities for quick action when a trigger is reached. National societies can access DREF funds for FbF with a



- full EAP
- simplified EAP

Note that the focus of this FbF Manual is the development of a full EAP, while requirements for the simplified EAP are touched upon.

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

How this Manual works

The FbF Manual is a step-by-step guide for National Societies and partners to implement Forecast-based Financing (FbF). Hence, this Manual was developed for National Societies, government authorities who are engaged in disaster risk management, hydro-meteorological agencies, humanitarians, academics and the communities themselves to prepare for enhanced Early Warning Early Action (EWEA).

For most national societies the implementation of FbF has the objective to develop an Early Action Protocol (EAP) to be able to access funds from the IFRC's DREF. This can be either through a full EAP or a simplified EAP. The aim of this Manual is to guide national societies and their partners through the process. Please have the following aspects in mind when starting your FbF journey:

- This Manual is not linear – even though it is organized in chapters and steps, activities will need to run in parallel and you will need to revisit certain chapters
- There is no standard on how long each individual step takes, it really depends on the context, the National Society and the partners
- This Manual addresses you as a reader. However, we are aware that you can be a FbF delegate, a project coordinator, a disaster risk management officer or a whole FbF project team. The set-up of FbF can be very different from context to context but be assured: you will find the persons to work with!

The most important EAP documents which will be discussed in more detail in Chapter 4. Develop Early Action Protocol, include

- templates for the full EAP and simplified EAP
- EAP and simplified EAP criteria

These can be accessed in the FbF Manual library under Disaster Response Emergency Fund (DREF).