

Linking Forecast-based Financing and social protection:

Why should National Societies care?

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This advocacy brief aims to provide National Red Cross and Red Crescent Societies with an overview of how linking Forecast-based Financing (FbF)¹ and social protection (SP) approaches can help in early action and preparedness. It showcases examples from National Societies in Kenya, Malawi and the Philippines, which have been using SP to enhance their response capacity and contribute to strengthening their governments' response mechanisms.

Key messages from the brief include:

- 1) linking SP to FbF provides an opportunity to enhance the effectiveness of humanitarian interventions;
- 2) National Societies can use the experience of FbF and include actions in Early Action Protocols (EAPs) that can trigger SP support;
- 3) National Societies can support SP systems to become more shock responsive and improve their targeting criteria to reach groups that are most vulnerable;
- 4) National Societies are uniquely placed to facilitate SP programme scale-ups based on forecasts.

¹ Forecast-based Financing (FbF) is the mechanism by which humanitarian funding for pre-agreed activities is released based on forecast information and risk analysis. The three key components of FbF are triggers, early actions and financing mechanisms, which are summarized into the Early Action Protocol (EAP) (FbF Practitioners Manual, 2020).

Why talk about Forecast-based Financing and social protection?

The number of people affected by climate change and needing international humanitarian assistance could almost double by 2050, meaning that 200 million individuals per year could be in need of humanitarian aid (IFRC, 2019). This places an additional burden – on national governments, international agencies and humanitarian actors present in the affected regions – to mitigate and respond to such crises. The National Red Cross and Red Crescent Societies, operational across 192 nations, are mandated to prepare, prevent and minimize the consequences of these crises while strengthening preparedness at the local, national and global levels.

The [Preparedness for Effective Response](#) approach, developed by the International Federation of the Red Cross and Red Crescent Societies (IFRC), includes early warning systems as part of one of the operational capacity areas for improving the response effectiveness of National Societies, communities and governments. Improved early warning systems, which can convey essential information where and when needed, have the potential to minimize losses and prevent hazards from becoming disasters. Delivering assistance, especially cash and voucher assistance, can be improved by enhancing the capacity of both national and community warning systems to provide reliable forecasts, which are necessary for making funding decisions and lowering the risks of wrongly targeting groups not at risk. This is possible through FbF mechanisms and by ensuring access to funding earmarked for anticipatory action² and preparedness is made on the basis of scientific forecasts, risk analyses and the commitment of stakeholders.

To deliver timely cash using forecasts and contribute to the overall Early Warning Early Action agenda, National Societies can use countries' SP systems. SP is a series of policies, programmes and instruments intended to decrease and prevent poverty throughout individuals' life cycles (ILO, 2017). Such systems have been widely used by national actors during the COVID-19 pandemic to support people on a large-scale (Costella *et al*, 2021). While SP schemes have traditionally aimed to address poverty and vulnerability, using different components of these systems can also support emergency responses before, during and after a shock. Considering shock responsive social protection as one of the tools within a country's overall risk management strategy can help develop a predictable, sustainable support system that minimizes negative impacts on individuals and communities. Linking with SP systems can be more beneficial than relying solely on humanitarian responses and can reduce the overall time taken to respond to crises.

² Anticipatory action is an umbrella term for all types of humanitarian assistance that is provided before an event occurs.

How can integrating Forecast-based-Financing and social protection be beneficial?



Integrating forecasts into the national SP system will strengthen a country's long-term risk management strategy, building on a strong early warning system. It can also contribute to building a cohesive system that helps to seamlessly connect the various steps: risk/vulnerability assessment, forecasting, vulnerability matching, targeting, registration, delivery of benefits, managing and updating information, evaluation and monitoring.



With well-developed forecasting tools and methodologies, it is now possible to predict various disasters well in advance. Using forecasts to reach out to individuals and households with timely and appropriate assistance using SP systems before a shock hits, can reduce their vulnerability.



SP schemes in most countries can support a larger caseload than humanitarian intervention. Using pre-established SP systems for early action for climate shocks or using SP systems in response by expanding them horizontally and vertically can benefit humanitarian actors. Using components like payment channels and Memoranda of Understanding (MoUs) with financial service providers, can enhance the cost-effectiveness of the support required in the aftermath of the disaster.



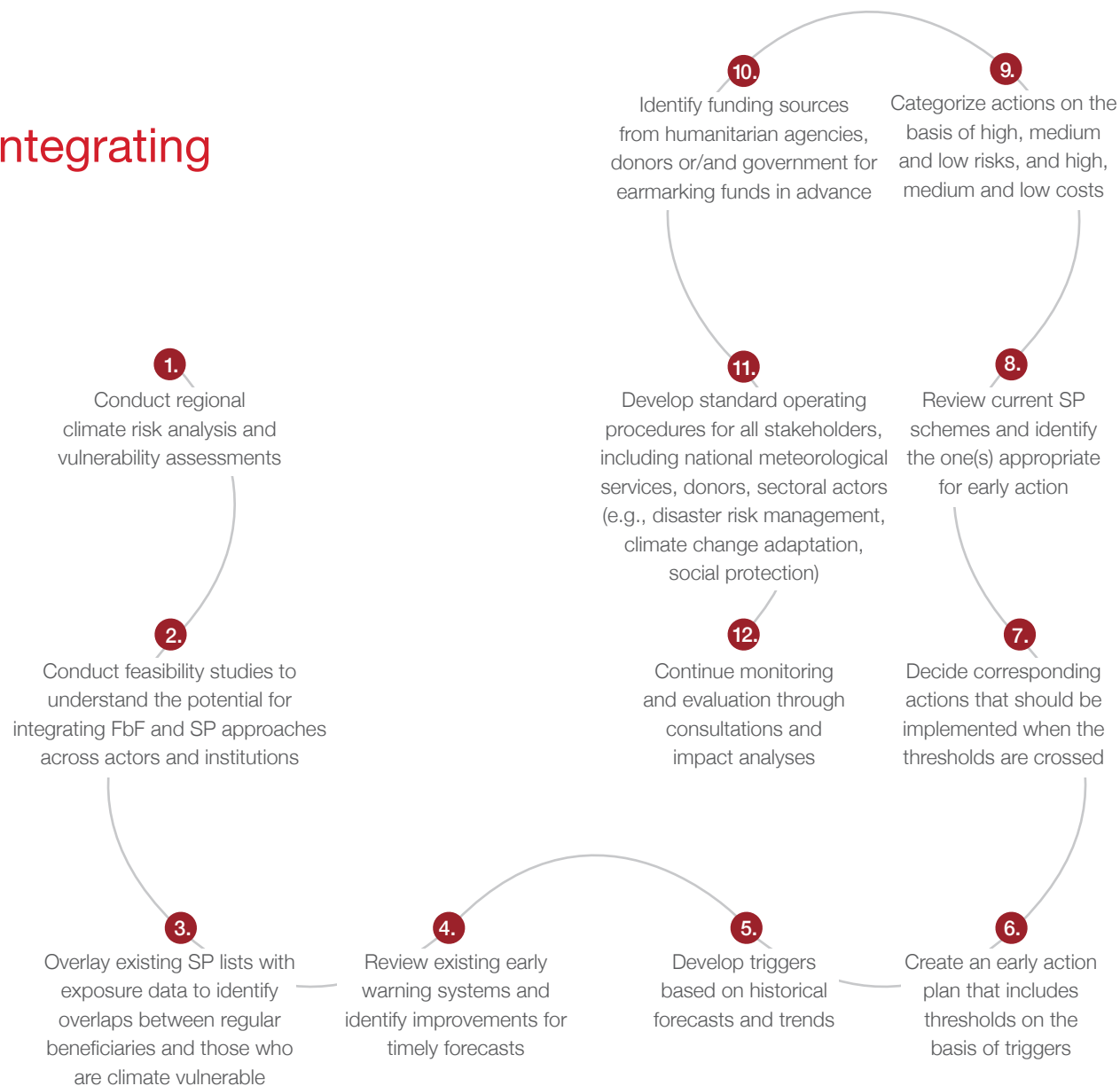
Different SP instruments can be used for preparedness and response. The population can be protected in advance by delivering anticipatory cash through cash-based social assistance schemes for the relatively more predictable seasonal shocks and stresses. Other SP schemes, such as cash for work schemes could also be used for the early harvest of crops or for moving assets to safety.



SP systems, where they exist, generally have social registries or databases with information on vulnerable groups that can be used for rapid targeting. This is useful when using forecasts for climate-related hazards such as extreme temperature events (e.g., heatwaves, cold waves), as the assistance can be specifically targeted at particularly vulnerable groups using beneficiary lists; for example, elderly people targeted using pension schemes or other old-age benefits schemes.

What steps are involved in integrating social protection and Forecast-based Financing?

Most countries have some form of SP system, and the maturity of these systems determines whether the design can be adapted to integrate climate information. At the same time, FbF systems are relatively new and are currently being initiated in many countries; this provides a window of opportunity to try and integrate SP schemes as part of the EAPs used in anticipatory action, wherever relevant. The different steps that are generally involved in integrating SP while setting up FbF are listed below. More information on each step can be found in the [FbF Practitioners manual](#).



What are the preliminary questions for scoping the potential of social protection systems to deliver Forecast-based-Financing?

National Societies can make use of the following guiding questions to check how developed the SP landscape is, and whether SP systems have the institutional capacity to be used for possible early actions using forecasts.

1. What are the different SP schemes operational in the target location?
2. Which actors are involved in delivering SP benefits at the national/regional level?
3. Is there a beneficiary list/database/register that incorporates information on different vulnerable groups (e.g., children, elderly persons, women, people with disabilities)?
4. Are the beneficiary lists digitized? Which departments/agencies have access to these lists? What data-sharing protocols are in place?
5. In the target region, are there overlaps between scheme beneficiaries and groups that would be targeted for disaster risks?
6. Have any of the schemes been used to address disaster risks in the past?
7. Have any of the schemes been used to scale-up and reach beneficiaries in anticipation of a shock?
8. If yes, which triggers were used for the scale-up?
9. How have they been scaled up (i.e., which mechanisms/benefit types/channels were used)?
10. What were the challenges in scaling up?

How can National Societies help in linking Forecast-based-Financing and social protection?

Analysis and mapping: National Societies can support vulnerability analysis and risk mapping in order to understand which regions and groups are vulnerable, and which recurrent risks can be forecasted. The strength of National Societies in identifying excluded groups, based on the Societies' extensive community presence and experience, is leverage for the government or any humanitarian organization involved in response.

Planning: National Societies can help in planning and identifying the various areas in which forecast-based analysis can be integrated within SP schemes, using EAPs; especially for the cash+ programmes which add extra components like nutrition or livelihoods training to cash transfer schemes.

Coordination: They can play a crucial role in facilitating the coordination between donor agencies and national actors, including SP and disaster management offices, and help in drawing up standard operating procedures and plans.

Technical sectors: They can work with the national meteorological service to determine the thresholds and triggers based on weather forecasts, and then communicate these to SP actors and donors to identify the corresponding agreed early actions.

Selection of beneficiaries from affected population: They can help in the identification and registration of beneficiaries, as well as in validating whether the pre-registered beneficiaries from SP schemes are the same ones at risk from forecast hazards. Additionally, they can also explain targeting criteria and application procedures to ensure smooth implementation.

Logistics: National Societies can help in communicating forecast information across communities through their networks. They can also help in

delivering cash through payment points established in their branch offices, or by leveraging their mobile community volunteer networks, especially when extending coverage horizontally to include unregistered beneficiaries through an SP scheme.

Financial management: National Societies can integrate predefined funding sources and corresponding actions in standard operating procedures. Finances can be shared from national fiscal budgets and external funds. They can also assist in channeling funds to regional offices for disbursing to beneficiaries once a trigger is activated.

Accountability: National Societies can help in monitoring whether the FbF actions using SP mechanisms are effective and that the selection of beneficiaries is impartial. Once pre-agreed roles and actions among different actors have been established as part of the early action plans, National Societies can help in ensuring the accountability of responders and help in mitigating risks.

Are National Societies using social protection for early action?

While integrating FbF with SP is a relatively new approach, some National Societies have prior experience of linking FbF approaches and SP mechanisms in order to facilitate their preparedness and response.

The **Kenya Red Cross Society (KRCS)** assists the national government in scaling up the Hunger Safety Net Programme (HSNP) by supporting early action that uses automatic triggers for droughts. In general, KRCS helps to support households that are vulnerable to droughts by horizontally expanding cash assistance to distribute cash to people who are not covered by the HSNP, and by increasing top-up amounts to people who receive cash assistance from the HSNP. Since July 2021, Kenya has been experiencing food insecurity and drought conditions across 12 of its counties (IFRC 2021b). As there are multiple government and humanitarian actors implementing programming across the country, KRCS undertook a gap analysis to identify affected populations that were not yet covered by other assistance programmes (*ibid*). In doing so, it identified 10,000 households for its health intervention as well as water, sanitation and hygiene (WASH) programmes along with 3,000 households for its livelihood support interventions, which includes cash support for 2,000 households and in-kind food transfers for 1,000 households (*ibid*).

The **Philippine Red Cross (PRC)** has made use of pre-existing beneficiary lists of the national SP scheme – the Pantawid Pamilyang Pilipino Program (4Ps) – which is primarily used as a poverty alleviation scheme, but also has a shock responsive component to cover beneficiaries in the aftermath of typhoons. The beneficiary lists are used by PRC to extend coverage to those households that are not traditionally covered by the SP system but are at risk during an emergency. In 2020, for example, Super Typhoon Goni affected 803,572 families across the Philippines with 25 reported fatalities and almost 400 people injured (IFRC, 2021). The damages sustained to houses, agriculture and infrastructure were immense (*ibid*). During recovery efforts, the PRC received pre-existing beneficiary lists and worked with the Spanish Red Cross to conduct beneficiary data correction and database management with which they distributed multipurpose cash grants to over 1,371 households to assist in addressing their basic needs (*ibid*).

The **Malawi Red Cross Society (MRCS)** has facilitated the use of SP for floods and droughts in Malawi by providing support in the identification, registration and verification of beneficiaries for the Malawi National Social Support Programme. Especially for women, who are particularly vulnerable to climate shocks, MRCS has implemented a crisis modifier using forecasts for the horizontal and vertical expansions of cash transfers in order to mitigate negative impacts. MRCS has also developed a trigger-based action guide with thresholds, actions and FbF Standard Operational Procedures (SOPs) to guide the implementation of FbF. In 2015, Malawi faced severe food insecurity due to erratic El Niño seasonal forecasts (IFRC, 2018). In responding to this crisis, MRCS worked with other humanitarian agencies in the region to streamline registration processes for interventions and amend its selection criteria to prevent an overlap in programming (*ibid*). In addition, MRCS also applied a gender-sensitive as well as a participatory approach by, for example, incorporating input from community leaders on selection criteria (*ibid*). These interventions provided 2,268 households with cash transfers and 100 households with agricultural inputs (*ibid*).

Many other National Societies are currently exploring the possibility of improving their early action and mitigation plans using FbF systems. Understanding the synergies with existing SP systems from the outset can help in better planning and implementation. National Societies that are interested in exploring the possibility of using SP for building their preparedness along with anticipatory action using FbF, can reach out to the [Cash and Social Protection Technical Working Group](#). The Technical Working Group – established in April 2020 under the umbrella of the Cash Peer Working Group (CPWG) – can support National Societies by providing useful resources to help understand the working mechanisms of FbF and SP. Online resources on these topics can also be found in the SP pages of the [Anticipation Hub](#) as well as the [Cash Hub](#).

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