

Forecast-based Financing

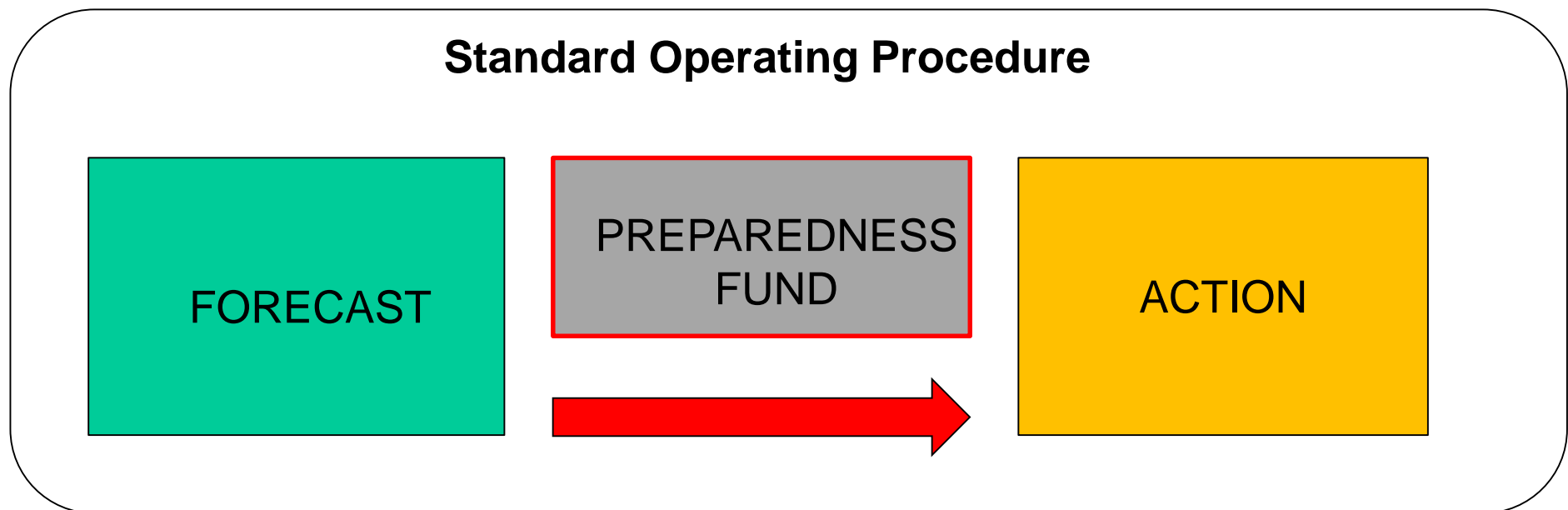
Scoping alternatives for early action in the Pacific



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FbF: an anticipatory humanitarian system

Many humanitarian actions could be implemented in the **window between a forecast and a disaster.**



Why FbF?

Key bottlenecks in 'Early Warning Early Action':

1. Lack of **funding** available to be used in window between an early warning and before a disaster



2. Lack of **operational protocols** for mobilizing action in this window

3. Acting early is often more **cost effective** than waiting to respond




Methodology

Low disaster probability = 'low regret' actions

	Three month	One month	Weekly	ACTIONS
Low	<p>El Nino forecasts:</p> <ul style="list-style-type: none"> Sea surface temperature anomaly: 2°C (indicates El Nino) 10% probability that El Nino will be 'extraordinary' <p>Seasonal rainfall forecasts:</p> <ul style="list-style-type: none"> 20% probability of top 10% of rainfall 40-50% probability of top 20% of rainfall 	<p>Sub-seasonal rainfall forecast:</p> <ul style="list-style-type: none"> An anomaly of 4-6mm/day over the coming month 		<p>SOP 1:</p> <ul style="list-style-type: none"> Community volunteer training Sanitation and health awareness Clean community campaign <p>SOP2:</p> <ul style="list-style-type: none"> Train communities in early warning and evacuation

Methodology

Higher disaster probability = 'higher regret' actions

	Seasonal	Monthly	Weekly	ACTIONS
High	El Nino forecasts: <ul style="list-style-type: none"> Sea surface temperature anomaly: 3°C (indicates El Nino) 20% probability that El Nino will be 'extraordinary' 	Sub-seasonal rainfall forecast: <ul style="list-style-type: none"> An anomaly of 10+mm/day over the coming month 	Flood forecast: <ul style="list-style-type: none"> 68% probability of exceeding the 10 year return period flood threshold of GloFAS* model 	SOPs 3-6: <ul style="list-style-type: none"> Clean drinking water First aid kits Assist district government in fumigation, hygiene kits, sanitation Strengthen vulnerable houses SOP 7 <ul style="list-style-type: none"> Building temporary houses Evacuation
	Seasonal rainfall forecasts: <ul style="list-style-type: none"> 40% probability of top 10% of rainfall 70-100% probability of top 20% of rainfall 		Medium-range rainfall forecast: <ul style="list-style-type: none"> > 30mm/day absolute values <div style="text-align: center; margin-top: 20px;">  </div>	

- Where activities/distributions take place
- Starting point for evacuation

Scoping FbF in the Pacific

- Fiji, Papua New Guinea, Solomon Islands:
 - What's the forecasting capability for various hazards?
 - What's the risk profile for each hazard in different regions?
 - What early actions could be taken within an SOP and *do they add value?*
 - What's the interest and buy-in of key institutions and what's their absorptive capacity?
 - Are there existing programs into which FbF could be built (e.g. DRR or Early Warning Systems)?



**Use of Forecast-Based Financing
in the Pacific: A Scoping Study**
Australian Red Cross and Red Cross Red Crescent Climate Centre

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redcross.org.au



Scoping FbF in the Pacific

Hazard:

- FbF for drought/dry spells is highly feasible
- FbF for tropical cyclone more problematic
- Flood forecasting ability currently limited

Actions:

- Inclusion of institutional-level actions e.g. activation of multi-agency partnerships
- Many community-level options based on traditional knowledge
- Remoteness an important consideration

Institutions and partners:

- Strong national and regional interest
- Clear need to embed FbF in a national government system
- Clear need for multi-agency implementation partnerships at country level