

**Review of the pilot phase of the
Forecast-based Action by the Disaster
Relief Emergency Fund (FbA by the DREF)
2018 – 2020**

Final Version 25/04/2021

Robert Roots, Independent Consultant

Management Response

IFRC Management Response to Recommendations for the *FbA* by the *DREF* pilot phase review

Background information:

- **Date and duration of evaluation:** January – April 2021 (42 working days)
- **Evaluator/s:** Robert Roots
- **Evaluation Management Response Team members:** Nazira Lacayo, Melanie Ogle, Christine South
- **Background Information:** *The review of the Forecast based Action (FbA) by the DREF funding mechanism marks the completion of its two year pilot phase and assesses progress made to date alongside current levels of performance. It looks at the overall design of the mechanism in terms of relevance, sustainability, efficiency and effectiveness and identifies good practice and challenges to guide its future development and scale up. An extensive literature review of 50+ documents was combined with 40 semi-structured key informant interviews and mini-focus group discussions, sampling across relevant stakeholder groups. Findings from the literature review were cross analysed against common findings from stakeholder interviews to build a picture of issues, good practice and learning against each of the evaluation questions.*

Summary of Management Response:

In general, we agree with most of the findings of the review, the findings reflect issues that have been raised through the pilot phase of the FbA by the DREF. Nonetheless some of the recommendations might not fully address the problem and will have to be complemented by a more comprehensive workplan. When we analyse the sum of the recommendations it is clear that an overhaul of the FbA by the DREF concept needs to be completed to achieve efficiency in the way early action is supported. Additionally, because of the interconnectivity between the Forecast based Financing programmes and the FbA by the DREF some of the findings and recommendations fall outside of the fund’s control and are geared more towards the FbF programmes. These findings and recommendations will be shared with the Red Cross Red Crescent Climate Centre, National Societies and Partner National Societies implementing FbF projects.

Recommendation 1: *Delegation sign off limit – To ensure FbA by the DREF is able to deliver early action funding in time and across all EAPs, IFRC Senior Management must agree to raise the country delegation sign off limit to an amount that ensures early action allocations for a sudden onset EAP can be covered when required. This also requires Delegations to have an adequate funding cushion in place to cover any expected pay out.*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
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Partially Accepted	<i>Timeliness of funds in-country is one of the main pillars for the successful implementation of the EAPs, however the issue with funds availability at country level is not a FbA specific problem and has wider implications.</i>	<i>Bring the issue to the NSDOC USG and seek instructions to work across relevant IFRC teams and groups (e.g. ForeSee Task Force; finance department; IFRC Regional Offices) for a systemic and sustainable solution.</i>	<i>Q4 2021 - Q1 2022</i>	<i>DREF Appeal Manager to bring the issue to senior management</i>
<p>Recommendation 2: <i>Integration with DREF – the process of integrating FbA by the DREF should continue with efforts to better align a simplified EAP document with the EPoA and promote unified reporting of FbA/DREF/EA when possible. The pooled risk opportunities presented by full integration of FbA by the DREF in the broader DREF, as proposed by CDP, should be a next step, but this review advises delay until the FbA by the DREF is performing more efficiently and can demonstrate a more predictable pattern of EAP activations.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>Agree on the need to align the EAP and EPoA but disagree on the part about waiting to integrate with DREF. The integration with DREF will take a couple of years to complete therefore it needs to be initiated as soon as possible.</i>	<i>Waiting for the finalized version of the EPoA to align the EAP with it. Will also include the reporting issues in the next iteration of the FbA procedures. Will prepare a discussion paper to move forward with some of the options presented by the CDP paper. Will initiate the development of a concept for integrating the FbA with the DREF.</i>	<i>Q3-Q4 2021</i>	<i>DREF Team for alignment of planning and reporting tools; DREF Steering Committee for a decision on pooled risk.</i>
<p>Recommendation 3: <i>IFRC Anticipatory Action framework – IFRC senior management must ensure that this document, under development, moves beyond its current focus on growth in numbers of EAPs to also align IFRCs approach to anticipatory action to the DREF Strategy 2021-25 ambitions, and to articulate how anticipatory action will better bridge disaster management and longer term DRR, health, climate and resilience activity</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially Accepted	<i>The focus of the operational framework is not only growing</i>	<i>Recommendations to be integrated into the draft framework. In parallel to the framework, other</i>	<i>Q3 2021</i>	<i>Climate and Resilience team</i>

	<i>numbers of EAPs - it is much broader than this as it mirrors the CoD resolution commitments</i>	<i>work is ongoing to better articulate risk informed approaches on the prevention-early action-response continuum.</i>		
<p>Recommendation 4: <i>Advocacy - IFRC representatives on the Anticipatory Action Task Force should advocate to UN agencies on the task force, the need to invest in capacity building of National Societies if they are planning to sub-contract anticipatory action activities to them. This would be on a case by case basis, but would need to consider, as a minimum, funding of readiness costs and reference to PER and other capacity assessment processes, and should draw upon EAP costing analysis being done by the FbA by the DREF team.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially Accepted.	<i>The issue highlighted by this recommendation has already been raised, and is also aligned to IFRC overall advocacy on localisation and the need for fair and equitable partnerships, which includes support to capacity building of local actors. This recommendation is equally applicable to all funding relationships with UN agencies. With AA IFRC stresses in particular the need to invest in absorptive capacity by building systems and accountability at local level.</i>	<ul style="list-style-type: none"> <i>Organize a meeting with UN members of the AATF to review current experience and present IFRC’s recommendations on collaboration approach with National Societies on anticipatory action initiatives.</i> <i>Brief the Policy Research and Diplomacy Unit on the engagement modality with the UN on FbF to enlist their support in advocating for more support to capacity strengthening.</i> <i>Prepare communication on behalf of USG NSDOC to the IFRC heads of delegations and regional directors in UN priority countries to stress out the importance of helping National Societies navigate the issue around investing in</i> 	<i>Q4 2021</i>	<i>Climate and Resilience team</i>

		capacity strengthening to deliver quality anticipatory actions.		
<p>Recommendation 5: <i>Simplification of EAPs – The EAP document format should be streamlined around core elements like summaries of analysis findings, decision making, M&E and implementation plans, with detailed scientific and other analysis provided as annexes. National Societies must inform any re-design so that the end-product is useful to them and can be easily updated. Simplified volunteer friendly EAPs should be developed where possible, building on the good practice in Latin America</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<p>The Validation Committee discussed about the need to simplify the EAP document and agreed that this version is already quite simple. The issue might be how National Societies are using the document. Agree on the need to have a more operational EAP at the end of the process to be used to implement the intervention.</p> <p>Also, beyond adjusting the document itself (EAPs) there is a need to simplify the way EAPs are developed. This is a key aspect that will be considered for the FbA by the DREF alignment with DREF.</p>	<ul style="list-style-type: none"> Prepare a template on what the final operational EAP might look like, this could build (replace) on the EAP summary. Include in the procedures the process for EAP updates. Organize with the Anticipation Hub a broader discussion on what EAP should focus on: detailed documents that outline all aspects of the process or general documents that provide a framework for decision making. Develop an outline on what the most efficient FbF process would look like, considering aspects such as response at scale, flexibility, frequency, effectiveness. 	Q3-Q4 2021-Q2 2022	DREF team

Recommendation 6: Flexible triggers – where a feasibility study or early EAP development indicate a challenge in establishing definitive triggers, a flexible or ‘good enough’ trigger should be developed in the first instance, tested in simulation or real time activation, and revised accordingly. Its activation would need to be supported by the evidence that some, if not all, indicators will be reached. Where required, this must be validated by either a regional expert or Climate Centre/510 representative. The indicators and overall trigger must be sufficiently robust to suggest there will be no more than 3 positive/negative activations over a 5-year period based on available historic data and analysis. This flexible approach should be built in to IFRC guidelines and the FbF process.

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>Parts of this recommendation fall outside of the scope of the FbA by the DREF.</i>	<ul style="list-style-type: none"> Propose to the Anticipation Hub to host a discussion with relevant partners around the need to adapt the FbF methodology as per above recommendation. Include in the FbA guidance some room for flexibility around the trigger understanding that the EAPs are based on a specific scenario that might unfold differently in real life. 	<i>Q3-Q4 2021</i>	<i>DREF team to bring up to the Anticipation Hub</i>

Recommendation 7: Flexible triggers 2 – any move to a flexible trigger at country level must be accompanied by communication to government and other external stakeholders of the reasons for this and the increased risks of false alarm that it brings. It should be promoted with a commitment to continually improve the trigger as and when more reliable forecast data and learning becomes available

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Not accepted	<i>This recommendation falls outside of the scope of the FbA by the DREF.</i>	<i>The recommendation will be shared within the FbF coordination group and with the Anticipation Hub for further consideration.</i>	<i>Q3</i>	<i>DREF team to bring up to relevant stakeholders</i>

Recommendation 8: FbA by the DREF procedures – This review should inform revision of the current procedures. Other changes should be identified through round-table discussion involving key stakeholders, including IFRC service departments, regional and country level representatives to ensure the

procedures better reflect operational realities and address issues not currently covered, such as inclusion of Country Delegation costs, reporting procedures, timeframe extensions, EAP revision and revalidation and other issues arising in this review

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<p><i>Since the fund was introduced as a pilot it was always the intention to test the procedures to identify where improvements needed to be made.</i></p> <p><i>A two-pronged approach will be implemented to address the issues raised in the management response, some changes will be made in the procedures, templates for the fund to continue functioning while developing the longer-term concept for integrating with DREF.</i></p>	<ul style="list-style-type: none"> <i>Organize several (online) work sessions to compile all the changes/adjustments needed.</i> <i>Work with finance, legal and relevant teams to revise the procedures.</i> <i>Initiate the process for the procedures approval.</i> 	<i>Q4 2021- Q1 2022</i>	<i>DREF Team</i>

Recommendation 9: *IFRC Delegation engagement with development phase 1 – Delegation representatives should engage with EAP development using a pre-agreed checklist of issues that must be addressed during this phase. These would include pre-contractual considerations like overall budget viability, feasibility of proposed cash transfer modalities, other potential logistics or financial constraints and mitigation measures; and practical steps to align/integrate EAP implementation plans within IFRC Annual Country Development plans and budgets. Country Delegations should then ensure these issues have been satisfactorily addressed during the validation phase*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Accepted	<i>No additional comment.</i>	<ul style="list-style-type: none"> <i>Create a check-list for delegations to monitor issues during the EAP development phase</i> <i>Socialize the recommendation and the check-list with Delegations with the support of IFRC Regional Offices and USG NSDOC.</i> 	<i>Q3-Q4</i>	<i>DREF team with DCC Director and USG NSDOC</i>

		<ul style="list-style-type: none"> • <i>Send out an annual summary to the regions with the list of EAP under development including responsible delegation and focal point.</i> • <i>Provide accompaniment to Delegations from Geneva level throughout the process.</i> 		
<p>Recommendation 10: <i>IFRC Delegations engagement with development phase 2 – PNS budgets and plans for the development of all new EAPs must factor in involvement of IFRC Delegations representatives at key points throughout the development process. This would mainly involve time to cover participation in planning, simulation exercises and periodic engagement to ensure the EAP can be delivered in line with FbA by the DREF requirements. The number of days would depend on the complexity of the EAP</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>The FbA by the DREF can continue to advocate for involvement of the country delegations but the responsibility lays with the Delegations and the PNSs in-country. On including budget for IFRC delegation's involvement, this goes against the spirit of membership coordination and the role of the Secretariat. PNSs should not be expected to pay for IFRC staff along an EAP development which ultimately will become part of an IFRC funding mechanism.</i>	<i>Recommendation to be shared with the PNS working on FbF to discuss joint action on involving IFRC delegations in the EAP development process. Through coordination with PNSs involved in EAP development, ensure information is available on EAP development phases, and share with concerned delegations and regions to support their engagement.</i>	<i>Q3 2021</i>	<i>DREF team to share with PNS working on FbF; and relay information on specific EAP development to IFRC delegations/regions as relevant</i>

Recommendation 11: *FbA by the DREF country costs – IFRC - The costs of IFRC involvement across the lifetime of an approved EAP must be identified by the Delegation involved and factored in to EAP budgets as a pre-condition for approval. These will vary depending on the nature of an EAP, but would include fund project management, monitoring, reporting and involvement in budget revision/revalidation. This requires a revision to the original FbA by the DREF procedures*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>The coverage of IFRC costs will need to be considered carefully, as the FbA by the DREF is a funding mechanism for localised early action.</i>	<ul style="list-style-type: none"> <i>Discuss with the NSDOC USG options to increase the absorption capacity of IFRC delegations with regards to the FbA by the DREF.</i> 	<i>Q3-Q4</i>	<i>DREF Steering Committee</i>

Recommendation 12: *Fund transfer times detailed analysis - In addition to having a back-up early action funding option at County Delegation level (Recommendation 1), IFRC Finance (HQ and regions) should undertake a detailed analysis of what happens to each fund payment from the moment a National Society submits its request for early action funding, to its receipt on the ground. Learning around internal and external causes of delay might identify mitigation measures that can reduce the overall time taken and improve fund transfer reliability in sudden onset crises.*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>Agree that an analysis can be undertaken on the 8 activations from 2020. But the analysis on the feasibility of the cash transfer (availability, timeliness, risks, risk mitigation measures etc...) should happen during the development stage of the EAP and should be supported by finance at regional level.</i>	<ul style="list-style-type: none"> <i>Prepare analysis on the 8 EAP activated in 2020</i> <i>Share analysis results and proposed recommendations with regions and senior management to identify improvements needed endorsed at the right level</i> 	<i>Q3-Q4 2021</i>	<i>Finance Geneva</i>

<p>Recommendation 13: <i>Fund planning - The FbA by the DREF Management Team must introduce a year-on-year fund management planning system that uses EAP forecasts of positive/false alarm/near miss activations to guide a realistic estimation of payouts and revalidations over a five year period. This mechanism should also guide fundraising strategy and IFRC commitments to take on new EAPs.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Accepted	No additional comment.	Define what this system will look like, simple excel sheet or a more robust system. This will have to consider the complexity of what is needed, the cost and the amount of use it will receive.	Q3-Q4	DREF Team
<p>Recommendation 14: <i>Validation Committee 1 – To improve efficiency and quality of EAPs, the Committee should be renamed as the ‘EAP Advisory and Validation Committee’ with a remit to engage earlier with EAPs, during the development phase in an advisory role, available to answer questions, but with a nominated member to each EAP through its lifetime to ensure consistency of engagement. The aim is to reduce the complexity of the validation process and to promote a learning by doing approach to EAP development, identifying potential problems and issues as early as possible</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Not accepted	The Validation Committee agrees that it would be challenging to be involved earlier because of objectivity as well as time constraints. Normally when an EAP comes that has been supported by the PNS part of the VC the member takes a step back. The quality of the EAP is the root cause problem not the efficiency of the review process.	The recommendation will be shared with the PNS, Climate Centre and 510 to prompt the following: <ul style="list-style-type: none"> IFRC Country/Clusters delegations & Partners should have a first quality check. Climate Centre and 510 to do more pre-checks of the EAPs on the triggers before submitting. The FbA by the DREF to organize a session with the NS on what will be reviewed during the approval phase. 	Q3-Q4	DREF Team
<p>Recommendation 15: <i>Validation Committee 2 – To bring more predictably and structure to its work, commitments from PNS, Climate Centre and the members themselves should ensure that Committee members are available at least bi-monthly for a window of 2-3 days to support EAP development and for a</i></p>				

quorum to meet together to validate finalised EAPs. This would be an opportunity to escalate issues to technical experts not present, such as members of the Cash team and Livelihoods Reference Centre. As demand grows, there is an opportunity to involve regionally identified experts in this process more

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>The Validation Committee role is not to support EAP development. Waiting 2 months for the committee to meet would slow down the review process.</i>	<i>Bring the recommendation to the Anticipation Hub and explore how members of the Hub could accompany the EAP development process and provide pre-validation support.</i>		

Recommendation 16: *Improved IFRC technical input in development phase – IFRC cash and other sectoral teams, e.g. shelter and health, should be involved in the EAP development phase to improve technical quality. In addition to appraisal of the National Societies capacity to deliver, they should ensure EAPs are aligned to relevant IFRC guidance and intervention strategies*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Accepted	<i>No additional comment</i>	<ul style="list-style-type: none"> <i>Share the recommendation with the Regional Offices.</i> <i>Encourage the FbF focal points in the region to engage the technical sectors systematically and provide them with a clear pathway to provide support to the EAP development.</i> 	<i>Q4</i>	<i>Regional Offices</i>

Recommendation 17: *Feasibility assessment - The Climate Centre, IFRC and PNS should develop a more consistent structure to FbF feasibility assessments ensuring National Society organisational capacities and limitations are clearly understood at the outset, linking to PER or other assessments when available. The assessment must also be clear whether an EAP is the right approach, or whether the National Society would be better advised planning around a simpler anticipatory action approach, or planning around applications to the Imminent DREF*

Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Not accepted	<i>This recommendation falls outside of the scope of the FbA by the DREF.</i>	<i>The recommendation has been shared with the Climate Centre for them to identify further action. .</i>		
Comments: <i>This recommendation has been shared with the Climate Centre, who conducts most of the feasibility studies. They will take actions to address it.</i>				
Recommendation 18: <i>Revalidation of EAPs 1 – National Societies must build access to DREF into their contingency planning if there is a likelihood of successive trigger-activating crises once an EAP has already been activated. And must also plan in realistic terms the timelines for review and revalidation of EAPs</i>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Not accepted	<i>This recommendation falls outside of the scope of the FbA by the DREF.</i>	<i>The recommendation will be shared with relevant stakeholders (IFRC teams, the NS, PNS, Climate Centre and 510) to discuss joint action.</i>		
Recommendation 19: <i>Revalidation of EAPs 2 - IFRC should integrate into the funds' procedures, clear guidance on the revalidation process, particularly the minimum requirements in terms of learning and evidence required to support it. This would include justification for activation, even for a false alarm; trigger reliability, learning and potential improvements; operational performance and learning; integration within national systems and alignment of early action with National Society response work</i>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Accepted	<i>No additional comment.</i>	<ul style="list-style-type: none"> <i>Add additional details on the FbA guidance document on the revalidation process.</i> <i>Prepare a short document on the revalidation and socialize with National Societies as soon as they activate their EAP.</i> <i>Add the revalidation process to the FbA by the DREF procedures.</i> 	<i>Q3-Q4</i>	<i>DREF Team</i>

<p>Recommendation 20: <i>IFRC capacity strengthening plan – roles and responsibilities of IFRC at Delegations and Regional level, in support of EAPs, should be mapped against current capacities and a capacity building plan developed to address gaps. The development of a specific training module on anticipatory action/EAPs should complement existing webinar and other approaches.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Accepted	<i>There is a need for a capacity strengthening plan but this might not solve the issue as the problem is the Delegations normally have very few staff with competing priorities (which is addressed under recommendation 11).</i>	<ul style="list-style-type: none"> <i>Put together a capacity building plan for the year.</i> 	<i>Q3-Q4</i>	<i>DREF Team</i>
<p>Recommendation 21: <i>Regional Capacity strengthening - IFRC's DREF capacity strengthening plans and budgets should build in a component to support or strengthen regional pools of anticipatory action experts to support EAP development, validation and learning. These should be drawn from National Society and IFRC staff and on the basis that they have the time and capacity to engage. Engagement should be on the basis of light advisory inputs, should complement the work of existing regional IFRC FbF Coordinators, and be aligned to the FbA by the DREF guidelines.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially accepted	<i>The FbA by the DREF is not in charge of EAP developments and FbF coordination. What is described in the recommendation should be the responsibility of the Anticipatory Action programme.</i>	<ul style="list-style-type: none"> <i>The recommendation will be brought to the Anticipation Hub and FbF coordination group</i> <i>The DREF team will also raise it to be reflected in the AA operational framework.</i> 	<i>Q4</i>	<i>DREF team</i>
<p>Recommendation 22: <i>Monitoring and evaluation - An over-arching IFRC framework for monitoring and evaluation of anticipatory action should be developed by IFRC leads on anticipatory action, in partnership with the Climate Centre and other Movement actors. The framework should align locally</i></p>				

<p><i>relevant National Society M&E approaches to a research-driven global approach led by the Climate Centre to promote connectivity. At National Society level, it should be supported by a standard format for EAP Lessons Learning Workshops, with involvement of at least one member of IFRC staff in each process. Learning around triggers, fund transfer effectiveness, relevance of EAP to National Society capacity and justification for action should become a core requirement of all workshops.</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Not accepted	<i>This recommendation falls outside of the scope of the FbA by the DREF.</i>	<ul style="list-style-type: none"> <i>Recommend to the Anticipation Hub a workshop with key stakeholders to develop the proposed framework.</i> 	<i>Q4</i>	<i>DREF Team</i>
<p>Comments: <i>This recommendation has been shared with the Climate Centre, who is leading the work around monitoring, learning and evaluation.</i></p>				
<p>Recommendation 23: <i>Scientific Advisory Committee – In addition to its current role the Committee could also investigate and provide advice on more complex scientific and technical issues, escalated up to it by the Validation Committee, so freeing up the latter’s time to focus on other issues. This would involve a rethink of the Scientific Advisory Committees membership so there is less overlap between the two</i></p>				
Management Response	Decision Rationale	Action/s to be taken	Timeframe	Responsibility
Partially Accepted	<i>The Scientific Advisory Committee role during the pilot phase was not what the initial FbA by the DREF concept had foreseen. This is in no way a reflection on the committee members but more a result of the initial responsibilities assigned to the group. The group was meant to engage in learning and quality assurance of the EAPs but these activities ended up taking place outside of the FbA by the DREF. It appears like the committee’s support</i>	<ul style="list-style-type: none"> <i>Discuss with the Anticipation Hub the possibility of the members of the committee supporting the National Societies through the Hub.</i> <i>Reach out to the remaining members to confirm their interest in the Committee and where they could provide support.</i> <i>Set clear criteria on what the scope of the support to be provided would be. Identify the process by which the National Societies would reach out to the Scientific Committee for support.</i> 	<i>Q3-Q4</i>	<i>DREF Team + Anticipation Hub</i>

	<i>would be more valuable during the EAP development phase.</i>			

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Acknowledgements

The author would like to thank the IFRC FbA by the DREF team: Nazira Lacayo and Melanie Ogle. Their enthusiasm and knowledge of the fund was matched by great patience in guiding the consultant through the complexities and nuances of Forecast-based Finance. Additional thanks go to Christine South, the third member of the Evaluation Management Group, who together with Nazira and Melanie, provided clear guidance on scope, focus and context at the outset of this piece of work.

The openness and constructive engagement of the extensive number of stakeholders interviewed was greatly appreciated. The review has sought to capture, and pull together their many valuable insights and ideas, but inevitably cannot do full justice to all of them.

I hope this has been a constructive and helpful process for all concerned and that this report is an accurate reflection of the programme. Any errors rest with the review consultant.

1. Executive summary

This review of the Forecast based Action (FbA) by the DREF funding mechanism marks the completion of its two year pilot phase and assesses progress made to date alongside current levels of performance. It looks at the overall design of the mechanism in terms of relevance, sustainability, efficiency and effectiveness and identifies good practice and challenges to guide its future development and scale up.

An extensive literature review of 50+ documents was combined with 40 semi-structured key informant interviews and mini-focus group discussions, sampling across relevant stakeholder groups. Findings from the literature review were cross analysed against common findings from stakeholder interviews to build a picture of issues, good practice and learning against each of the evaluation questions.

The main findings of the review are shaped by the consequences of adopting an externally developed design for the funding mechanism, and not adapting it to IFRC organisational realities.

FbA by the DREF responds to an identified need from National Societies and is well aligned to the wider anticipatory action landscape. However it cannot yet reliably deliver early action funding to National Societies within the planned timeframes of their sudden onset Early Action Protocols due to IFRC procedures, financial controls and external challenges presented by the banking systems. There are a number of alternatives, such as in-country PNS pre-financing the activated EAP, but currently, the most viable back-up solution that would provided the necessary certainty is to enable IFRC Delegations to pre-finance from their own accounts. This requires a change in IFRC procedures on sign off limits.

The development of Early Action Protocols (EAP) has encouraged external coordination and collaboration and strengthened National Society capacity in anticipatory action, particularly through the readiness and pre-positioning components. However, EAP development is a complex processes which would benefit from simplification, especially where available forecast data is less reliable and doesn't justify the amount of time invested.

The effectiveness and efficiency of the whole EAP process would benefit from earlier involvement of Validation Committee, IFRC technical advisers and IFRC Country Delegation representatives in the development phase. This needs to be accompanied by a well targeted capacity strengthening process for the latter group and a coherent local to global approach to learning and evaluation.

The fund is currently in a financially stable state and is increasing its donor base in line with targets. However, the move to an insurance based model can only happen with confidence when likely trigger activation is more accurately calculated and early action funding can be reliably accessed in time by National Societies on the ground. At present activations are calculated based on a 1 in 5 year return period, but the high frequency of activations in 2020 means this needs to be replaced by a more realistic calculation of likely activations. Without this understanding, it will be difficult to forecast future demand on the fund.

Main recommendations:

Delegation sign off limit – To ensure FbA by the DREF is able to deliver early action funding in time and across all EAPs, IFRC Senior Management must agree to raise the country delegation sign off limit to an amount that ensures early action allocations for a sudden onset EAP can be covered when required. This also requires Delegations to have an adequate funding cushion in place to cover any expected payout.

Simplification of EAPs – The EAP document format should be streamlined around core elements like summaries of analysis findings, decision making, monitoring and evaluation (M&E) and implementation plans, with detailed scientific and other analysis provided as annexes. National Societies must inform any re-design so that the end-product is useful to them and can be easily updated. Simplified volunteer friendly EAPs should be developed where possible, building on the good practice in Latin America

IFRC Delegations engagement with development phase 1 – Delegations representatives should engage with EAP development using a pre-agreed checklist of issues that must be addressed during this phase. These would include pre-contractual considerations like overall budget viability, feasibility of proposed cash transfer modalities, other potential logistics or financial constraints and mitigation measures; and practical steps to align/integrate EAP implementation plans within IFRC Annual Country Development plans and budgets.

2. Introduction

In December 2017, the IFRC Secretary General approved, by way of Decision Paper #204, the establishment of the Forecast-based Financing (FbF) Window to the DREF (FbF Window), which was a new working modality for flexible early action funding, that would allow for the strengthening of National Societies' capacities to implement anticipatory action.

The Decision Paper also included the decision to evaluate the pilot phase of the IFRC funding mechanism (later named Forecast-based Action by the DREF) at the end of its first 2 years (2018-2020) before moving to a longer-term fund.

In May 2018, the IFRC officially launched the Forecast based Action by the DREF (FbA by the DREF), as a funding mechanism to support anticipatory action by National Societies. It was established with the support of the German Government and the German Red Cross and became operational in November 2018, when the fund's procedures were approved. Up to the end of 2020, the mechanism had approved 14 Early Action Protocols (EAPs) and been activated six times.

As per the original decision, the IFRC seeks now to review the Fund's relevance, sustainability, effectiveness and efficiency to assess whether FbA by the DREF is having the desired outputs and outcomes and identify areas that need to be revised or further developed to ensure the continued improvement of the running and delivery of the Fund.

2.1 Purpose and scope of the evaluation

The objective of this consultancy is to conduct a comprehensive review of the FbA by the DREF pilot phase, by:

- Assessing the overall design of the mechanism in terms of relevance, sustainability, efficiency and effectiveness,
- Gathering evidence on its performance and progress during the two year pilot and
- Capturing data on good practices and challenges to inform and improve future delivery.
- Emerging lessons and recommendations will be specifically highlighted to enable the IFRC, in consultation with partners, to make necessary adjustments in the Fund's concept, design and functioning to determine its future moving forward.

The focus is on reviewing the process of the FbA by the DREF, from the EAP development until they are submitted to the IFRC for review and approval and their subsequent implementation. As country-level evaluations are reviewing the effectiveness of individual EAPs, this piece of work is stepping back and looking at the overall effectiveness and efficiency of the fund to date.

The evaluation method and outline approach are described in more detail in Annex B

3. Review findings

3.1 Relevance

Headline findings

FbA by the DREF responds to a clear need from National Societies for funding for readiness and pre-positioning and is well aligned to the wider anticipatory action landscape. However, not all National Societies are in a position to take advantage of this opportunity due to the absence of partners.

The original design for the fund was not appropriate to the IFRC organisational context and the consequences of this are still affecting fund performance. Satisfaction with the fund is mixed – the validation committee has added quality and rigour to the process, but longer than expected average timeframes for EAP validation, contracting and initial fund transfer have highlighted a range of challenges, including the need to involve IFRC Delegations earlier and more actively in the process.

Overall performance of the fund is also dependent on the relevance of EAPs. The FbF process builds capacity and introduces rigour and evidence to decision making, but there are still numerous challenges around issues like data reliability, false alarms and activation windows. These issues highlight the need to revisit the emphasis on automated triggers.

3.1.1 Original fund design

Key finding: This funding opportunity has given IFRC an important opportunity to firmly position itself within the emerging anticipatory action landscape, but the pre-defined design of FbA by the DREF was not compatible with the IFRC structure and this lack of alignment has slowed progress over the first two years and needs to be addressed before the fund is scaled up

FbA by the DREF procedures should also be revised based on the findings of this review and other consultation

Fund origins

The evolution of the Red Cross Red Crescent Network FbF approach from a series of pilot projects to a global approach has been a significant achievement but the move towards having an accompanying global IFRC funding mechanism to support the emerging portfolio of Early Action Protocols (EAP) has proved to be more challenging.

The procedures, developed by Frankfurt School of Finance and Management with the German Government in mind as primary donor, described a clear and very detailed process but were designed for a different funding modality to originally be hosted in Germany. Their operational origins had more in common with German Red Cross experience in managing bilateral projects, than in the reality of funding a diverse range of National Societies.

Design issues and consequences

The procedures and funding mechanism that IFRC effectively inherited in 2018 were not well suited to IFRC's operating context and should have been better adapted to IFRC realities before the fund was activated

Among the issues and challenges that have resulted from this are the following:

- International fund transfers - IFRC's systems enable the rapid transfer of funding to National Societies as required for triggered early actions, but the realities of the international banking system slow fund transfers so IFRC is unable to fulfil its

commitments to all rapid-onset disasters. Learning from the 2020 Bangladesh cyclone indicated that transfer was still too slow with funds only in branches 10 days after the initial request. This involved going through 3 different banks, each one bringing its own procedural delays. This issue.

- Expectations in the original FbA by the DREF procedures that the Head of Delegation could prioritise cash payment from the Delegation Office to ensure commitments are met in time is more challenging in practice, as early action budget totals often exceed the ceiling on amounts payable by the delegation.
- EAP dual reporting requirements (separate reports for the readiness and pre-positioning costs and the early action phase) are confusing for National Societies since they see the funds as one but for the IFRC they fall under two different codes (Annual country operational plan and emergency operation), this creates an additional demand on delegations to keep track and reconcile both expenditures. To this moment there is no report that consolidates the overall expenses of the EAP as outlined in the original budget.
- There is a high dependency on IFRC Delegations to engage in a variety of roles to project manage and monitor EAPs from the development and validation phase onwards. This dependency was not thought through or documented at the outset. Funding to cover this level of support over the 5 year EAP commitment was not considered by the fund mechanism, nor included in EAP implementation plan budgets.

As a pilot phase, this is the time to identify areas needing improvement, but these issues, among others, remain unresolved and are undermining the performance of the fund, as well as adding to already high management and oversight costs the fund has generated. Resolution of internal issues, such as delegation sign off ceiling for early action will require engagement from IFRC Senior Management.

FbF and the fund mechanism are still not firmly established in the mindset or practice of IFRC at all levels and this creates unique challenges that are still being unpacked and addressed. For example, the packaging of FbA by the DREF caused confusion with some delegations assuming procedures and templates would be aligned to the wider DREF mechanism and often having to go to the fund management team in Geneva for clarifications.

Roll out has been further complicated and slowed by tripartite agreements, as requested at country level by a number of PNS including German Red Cross to overcome issues around National Society capacity and quick disbursement of funds. These types of agreements are often new to IFRC Delegations, while IFRC procedures from the perspective of a grantee are often unfamiliar to PNS field representatives. This creates added complexity, although there are benefits too, such as PNS in-country pre-financing of early actions and a practical alternative when the National Society has procurement and fund disbursement constraints.

An additional consideration, which will again be explored throughout this review, is how to better involve Delegation earlier in the process. This was overlooked in the fund design, and given insufficient attention in the FbF manual. Earlier, active involvement by IFRC at these levels should bring benefits in terms of faster validation, contracting, and in the event of EAP triggering, more efficient transfer of funding to the National Society.

Criticism of the fund design needs to be balanced by a recognition that is new and innovative and there was an imperative to act fast when the original funding opportunity presented itself. The risk of delay and of losing donor interest meant IFRC decided to work with what was available, and improve it 'on the go' rather than spending several years designing the right fund for its organisational context. While this decision is still having on-going consequences, most stakeholders still felt it was, on balance, the right course of action.

The valuable opportunity to access German Government funding for this initiative inevitably meant the IFRC had to act quickly, but it was not clear that these issues were fully considered by IFRC senior management. Its original decision making paper for FbA by the DREF spoke only of the financial growth this mechanism presented, not of the need to develop a reliable mechanism, appropriate to the needs of a diverse group of National Societies and the available capacities of IFRC country level office.

Ideally, all the key actors would have come together earlier in the process to re-design the mechanism around existing systems and procedures. This would have included IFRC Delegation representatives, finance department and others who have subsequently had to play a key role in its delivery.

Instead, an inefficient and time consuming series of changes and simplifications have slowly seen the fund adapt to some of its organisational realities. Examples of this include the recognition that EAP readiness and prepositioning activities in IFRC Annual Country Development Plans needed to be tracked rather than put in to one single budget. An initial DREF team request to create a separate project code under the annual plan was not included in the guidelines, but has subsequently become adopted by delegations and has proven valuable in tracing funding, especially after an EAP has been triggered and revalidated.

Similarly, the procedures stated that readiness costs would be allocated annually, but this would increase workload substantially and now, all funds are allocated to the delegation concerned at the outset.

The development of EAPs since 2018 highlighted a complex model designed to deliver what can be very basic early action interventions within a short time frame. There is significant innovation involved, particularly around risk analysis and triggers which require expert engagement to be developed in line with the FbF Manual which guides much of this work and was shaped mainly by German Red Cross bilateral projects.

This is a high quality document but stakeholder feedback indicated the continuing challenges in translating the scientific and technical ambitions of the EAP model to the realities of a broad range of hazards and operational contexts. The next review of the FbF process should re-visit its complexity and introduce greater flexibility to reflect these realities which are explored throughout this first section.

In addition to the rigidity of the EAP model, as mentioned above, there are a number of systemic bottlenecks in the FbA by the DREF procedures. For example, validation of EAPs is taking longer than planned. Part of this is due to different actors still learning how to engage with the process, and partly because expectations of the process are still too high. There is also an inconsistency between the extensive attention given to scientific and technical aspects of the EAP and the lower priority given to fully understanding operational realities.

One solution explored in more detail later in the document, is to identify earlier in the EAP development process what a 'good enough' trigger looks like given the range of forecasting and hazard uncertainties and variables that are being encountered. This would enable all involved to get this to an acceptable standard, ready for testing, rather than spending more time and effort striving to reach an unrealistic level of quality.

After the two year pilot phase, FbA by the DREF is still a work in progress. Its linkage to the existing DREF brought branding, legitimacy and stability enabled the new fund to build on existing donor partnerships. Unlike the DREF fund, its design means it can only be accessed by National Societies with partners able to resource them through the long EAP development phase.

The ambition of the original IFRC Decision paper was to set up a global FbF mechanism that would be accessible to all National Societies but the current list of validated EAPs indicate a continuing high level of dependency on PNS¹ with no clear strategy or plan in place to strengthen IFRC capacities to take on this support role for National Societies lacking PNS partners.

The original fund procedures had to be adapted to reflect IFRC realities but have only been revised once, in July 2020, to factor in the increased funding ceiling of CHF 350,000. Detailed guidelines for IFRC staff were developed more recently and accurately reflect the learning accumulated during the past two years.

National Societies were generally positive about the current templates and tools, although they highlighted that templates were not always well aligned, for example EAPs and EPOAs were meant to use the same Gantt chart. Most key documents have been translated in to major languages which improved engagement.

The FbF manual will also need to be updated as and when IFRC makes any changes to the FbA by the DREF approach and the associated EAP documentation.

Despite these challenges, stakeholder feedback indicated significant progress has still been made in the past two years, and the core FbF principles informing FbA by the DREF, and the Early Action Protocols (EAPs) were timely and generally relevant. As the pilot phase ends, it is also clear that it is time to re-think the approach being taken.

3.1.2 Difference made to National Societies

Key finding: FbA by the DREF, through its support to EAPs, responds to a number of funding needs and gaps identified by National Societies, particularly in relation to guaranteed long-term funding for readiness activities and pre-positioning. It also reinforces National Society efforts to strengthen engagement with government and international organisations.

National Societies expressed a consistently high level of satisfaction with the readiness pillar of the EAP. This component, though not designed to help a National Society strengthen all the capacities needed for effective early action is often helping to address several priority gaps. There was also recognition that this approach to readiness funding could be of greater value if well integrated within a broader approach to organisational development and capacity building.

The readiness pillar, like the EAP in general, is still a work in progress. Practical issues like funding ceilings and possible funding splits across the three pillars² were, inevitably, estimated. It is too early to come up with definitive maximum percentages, but more flexibility is required to respond to the contexts of individual EAPs.

The increase in the overall EAP ceiling from CHF 250k to 350k and accompanying increase in numbers of households targeted makes a difference. On the basis though that these are significant one in five year events, the overall amount still available for early action is modest and only allows for a small intervention compared to the likely level of need.. Longer term, IFRC must move towards a model that allows scale up of early action funding if the trigger and impact based forecasting has proven to be reliable, the level of needs justify scale up and the National Society has capacity to deliver

In the medium-long term, IFRC must increase ceilings, but only where there is confidence in

¹ Only 2 EAPs for Mongolia do not indicate direct PNS involvement, although others in East Africa are in development

² Maximum 25% for readiness activities; 40% for pre-positioning and a maximum overall budget of CHF350k, increased from CHF 250k in late 2020

the trigger reliability, fund transfer mechanism, and the ability of the National Society to deliver at greater scale. This will require decision making on a case by case basis and any future revalidated or new EAP will have to present a clear, evidenced case that it can meet these expectations. At present, with so many other uncertainties around the EAPs, an increase in ceilings is not recommended.

The inclusion of pre-positioned stock as a second pillar in the EAP also acted as an incentive to National Societies to apply to the FbA by the DREF. Pre-positioning does bring a range of potential challenges. There were concerns that such stock might be tied to a trigger-dependent plan and sit in warehouses for up to five years, although there may be scope in high disaster frequency settings, to regularly replenish stock through regular activations or responses³ In the few cases where there is more than one EAP, there may be scope to pool stocks across all EAPs, but at present stock for each one is discretely stored and in most cases is specific to that EAPs' early actions

Cash should provide a more flexible and manageable alternative provided the right systems are in place, but the ambition for more National Societies to be 'cash ready' by 2025, is not yet supported in the anticipatory action sphere by an effective linkage between the IFRC Cash and FbA by the DREF teams. This could be addressed through a more systematic involvement of the cash team in the EAP development phase. The same principle applies to other IFRC technical departments, which currently only become involved during the validation phase.

The advocacy and coordination element of the FbF approach have generally improved positioning and profile of National Societies with respective governments and national meteorological organisations⁴ as well as with multi-agency coordination forums For example, EAP-led work on triggers in countries like Bangladesh and Ecuador, helped accelerate overall sector engagement with anticipatory action. In Kenya, the EAP process enabled actors to come together around one common mechanism with clear roles and responsibilities. In Mali and Niger, technical working groups established through the FbF process brought key actors together and stimulated collective engagement and coordinated trigger development.

At a more fundamental level, most National Society representatives consulted for this review displayed genuine pride in the production of their EAP and indicated that it had generated positive engagement with anticipatory action within their organisations. Some National Societies which already had good experience of operating in certain hazard scenarios and also saw that an EAP presented a chance to strengthen capacities and test out innovative new approaches, such as livelihood protection activities when preparing for cyclones in the Philippines.

Cyclone simulation exercises in Mozambique identified a number of challenges. The EAP, based on reinforcing 1500 houses, was seen to be challenging for their volunteers to do in less than 72 hours, prompting them to target their support to the most vulnerable households who could not do the work on their own. To emphasise the learning by doing realities of this work, despite making these changes, their early actions for Cyclone Chalane in late 2020 encountered logistics problems with getting WASH NFIs to intervention areas before landfall Both these examples highlight the importance of constant learning and the value of simulation exercises to test assumptions.

EAPs like the Bangladesh cyclone one look similar in many ways to work that was already being done before FbF through the Cyclone Preparedness Programme. It's inevitable that National Societies will welcome the much-needed investment in readiness and pre-

³ This would need early action pre-positioned items to be aligned across EAPs or with regularly distributed relief items, which may detract from what communities identified as priorities

⁴ Some National Societies also noted improved engagement with regional actors, like ECOWAS, in West Africa, as a result of their advocacy and coordination work

positioning, but it is not always clear that the level of innovation when a hazard actually occurs, justifies the substantial time and investment over a 2 year period.

There are clear benefits to this approach, such as increased National Society capacity in FbF, improved connectivity to national stakeholders, and the potential to test out new, and innovative, early actions. However, a typical risk associated with such a technical approach is that only a small number of staff will really understand the complexity and detail involved and if they are recruited by others, the true level of organisational engagement with FbF method will be revealed. At present, dependence on PNS partners and the Climate Centre is often high but can also be transient. This needs to be factored in to future planning.

In respect of the complex, scientific aspects of this process, the feasibility assessment must look at the extent to which the National Society should engage with trigger development. It might save a lot of time if other agencies, with stronger expertise and resources, lead on different aspects of the risk analysis and trigger development process, enabling the National Society to participate, and add value where required, but engage in line with existing capacities.

3.1.3 EAP development phase

Key finding: The development of EAPs brings a number of important benefits and opportunities to National Societies, particularly in relation to improved coordination and alignment to existing contingency planning.

While most documentation has been adapted to operational realities, the Early Action Protocol, though improved, remains rigid and complex, and would benefit from a further re-think of purpose and design.

Earlier and more active engagement by IFRC delegations in the process could improve overall quality of the EAPs and overall FbA by the DREF performance

There is an unresolved tension between the drive for high quality, scientifically robust EAPs and the need for a simpler, National Society-friendly end product, based around the implementation plan. The thorough FbF process that guides EAP development is seen as a valuable capacity building process for National Societies to go through. At the same time, some National Societies saw that a one to two year process, driven by a sophisticated scientific agenda, was a significant commitment for organisations with limited capacities and already managing a range of existing commitments, demands and expectations.

FbF Feasibility

A more consistent approach to assessing feasibility of FbF in a country context would not just identify opportunities but also explore how, and how far, a National Society might be better prepared for early action. This would lay the groundwork for a more balanced engagement with both opportunity to act and capacity to deliver during any subsequent EAP development phase.

To date, while there has been value in adapting the feasibility assessment to local contexts, the studies were felt to be too varied in scope and a number of stakeholders saw the benefit of building in to the broader FbF analysis a light, but consistent overview of National Society organisational and operational capacity. This would then be explored in more depth during the development phase.

The National Society Preparedness for Effective Response (PER), and similar initiatives like Red Ready in the Asia-Pacific region, provide an important reference point for the development of EAPs. However, the tools are not being used widely yet, and there was mixed

feedback on whether anticipatory action was sufficiently built in to the PER design. In principle though, such analysis should identify areas of weak early action capacity that needed to be addressed and inform the design of EAPs.

Before an EAP development process commences, the National Society and its partners should explore what is being proposed and whether this EAP process is the right approach. As DREF seeks to provide more support to anticipatory action, it should be part of that discussion to establish whether this might be a 'good enough' alternative to an intensive one-two year commitment to an EAP.

EAP Development

The transition between the feasibility and development of EAPs needs to be tightened. Feasibility studies often informed PNS project proposals and collected valuable data but once the EAP was approved, some of this information was then collected again.

The protocol would be improved if IFRC Delegation representatives were involved earlier in the process, ideally from the feasibility phase onwards. In most cases, the IFRC only formally engaged with the FbF process during the validation of EAPs and this is a missed opportunity. Apart from context and operational knowledge they could bring, their understanding of IFRC systems, potential financial risk and systemic limitations would also act as a reality check on the EAP.

Additionally, earlier engagement would improve the post-contract IFRC project management and monitoring of the funding agreement. Current IFRC capacity limitations potentially make this level of engagement challenging and would require further investment, reinforcing the need to consider IFRC project management and monitoring overheads within the EAP budget

Once an EAP was developed, most National Societies reported aligning or integrating their protocols into existing contingency plans, standard operating procedures and/or hazard risk analysis. While this step is already included in the validation quality criteria, recent analysis of Committee feedback highlighted poor alignment as an issue in five EAPs suggesting more work is needed during the development phase to ensure this becomes a standard outcome of the process. Where National Societies are moving towards multi hazard contingency planning, there is an identified need for EAPs to also be factored in.

EAP Documentation

A recurring theme of the review was whether the Early Action Protocol document added value or over complicated. For most people, it was a combination of both although many interviewees felt a lighter, iterative, and more flexible process would free up energy, time and resources and make the process more relevant to end users.

EAPs are often too detailed and focus on leaving nothing to chance, rather than acting as a flexible guideline and plan that could adapt to uncertain and changing contexts. Content and quality ranges significantly from the succinct and well explained to the long and academic and so much work goes in to developing a paper that could then 'sit on a shelf' for 5 years. There was also a concern over 'version control' with some documents losing coherence even before they were validated, due to the many changes that were made⁵.

These view weren't universal with others, particularly National Societies, correctly identifying the real benefit was the learning and capacity building generated through development of EAPs. The document was only a by-product of that process and there was a confidence that

⁵ Recent IFRC analysis of all Validation Committee feedback identified nine comments relating to a range of contradictions, with over half related to the Bangladesh Cyclone EAP. Seven comments focused on accessibility/readability of the document, and five related to the EAP not adhering to guidelines

document development would become easier with each cycle of revalidation.

There was consensus that the EAP summary documents were useful and easy to understand. A number of National Societies were using it internally to guide and engage senior management. More focus needs to be given to developing user-friendly versions of the protocol, such as the pocket-EAP being developed in the Americas, which provides a volunteer-friendly overview of the relevant information.

At present, these documents look like they are developed more to meet the needs of PNS and the Climate Centre, but as the National Society is ultimately accountable for the delivery of a successfully activated EAP, the starting point should be that it meets their needs

The core elements of an EAP, identified in interviews were:

- Re-consideration of core information that must be in there for all users, and secondary information, e.g. detailed steps taken in reaching a decision, which could be included in an annex
- Continuation of work to streamline the EAP template, with minimum requirements for each section, as per the EPOA template for DREF (and consideration of hyper links/signposting to annexes where more detailed supporting evidence can be located for those interested)
- Inclusion of a realistic appraisal of context, National Society capacity and gaps
- Tighter analysis of impact, with less data, and less sophisticated data.
- Clarity on how evidence will be gathered to demonstrate not just impact at community level, but organisational performance, effective coordination etc
- Parameters and thresholds for acting outside of the given trigger to guide justification
- Steps to test the protocol including budgeted simulation exercises and testing of financial systems and cash flow
- Detailed scientific and other analysis to be attached as annexes
- Improved clarity within the implementation plan of 'who does what, when'

Advocacy and Coordination

The FbF process and associated EAP development have generated numerous examples of positive coordination and collaboration. While PNS, the Climate Centre and IFRC FbF Coordinators have played a key role in facilitating these relationships, discussions with National Society focal points indicate a growing confidence to take forward these coordination commitments themselves.

As learning around early action coordination grows, so national level anticipatory action priorities and challenges are also becoming clearer. A number of these, identified by National Society, as well as IFRC, PNS and UN stakeholders in the review are provided in the list below.

National level anticipatory action priorities and challenges

- The need to strengthen national ownership and leadership on anticipatory action
- Transparent ongoing communication with government and other stakeholders over the reliability of triggers and the risks of false alarms
- Building on initial work to define national and sub-national roles and responsibilities and decision making in the early action space
- Collective commitment to improving accuracy of forecast data
- Collective design, with government and local partners, of models and triggers
- Joined up planning based on respective capacity and added value
- Developing common frameworks for early warning systems at national level, linked to global/regional systems, when appropriate
- Efficient engagement with government to support capacity building of meteorological and other national services

- Ensuring direct National Society connectivity with meteorological services through prior agreements, such as have been developed in Peru and Ecuador
- Opportunity to develop and test common impact and performance indicators
- Pooled effort to better understand and engage with underlying vulnerability through transformative early action
- Improved connectivity of anticipatory action to existing social protection and safety nets

The table provides an insight in to the extensive range of opportunities and challenges presented by the anticipatory action agenda. While it is beyond any National Society to engage with all these issues, there is a need to use the FbF process and the EAP development phase to support National Societies in mapping out how and where it can best influence improvement in anticipatory action and national early warning systems.

Guidance on how to engage with these opportunities is clearly documented in the FbF manual and there are often valuable recommendations in FbF feasibility studies and in the EAP documents. There is a risk, particularly when a National Society is supported by a technically strong PNS, that it takes on roles and commitments it can't fulfil, particularly if PNS partners leave.

This reinforces the need for the EAP development and validation process to ensure that external commitments are realistic to available capacity, and aligned to existing National Society operational priorities.

Successful engagement with some of these issues is also beyond the scope of humanitarian actors alone. For example, developing or strengthening accurate national level forecast systems on which an EAP ultimately depends is a significant challenge. It requires long term investment and support that is beyond the scope and role of most humanitarian actors, and needs collaboration between development agencies and government. At some point, national level anticipatory action coordination needs to bring these actors to the table.

Advocacy and coordination work within the EAP process has positioned some National Societies to potentially access UN and other funding⁶. However, while this appears empowering, it needs to be approached cautiously, whether because of potential impartiality or neutrality considerations, or due to the power imbalance that may be involved. As one stakeholder from an international organisation noted, their current relationship with a National Society was a transactional one only, and not a partnership of equals.

This also highlights a need for clear messaging to international agencies, NGOs and donors on the full cost of early action, including the costs involved in developing an EAP and the capacity building that is needed to enable a National Society to take on these types of sub-contracted roles. Where required, further training in resource mobilisation should also be offered to National Societies to enable them to engage more pro-actively with these opportunities.

Theory of Change

The theory of change in EAPs is usually a missed opportunity and does not always clearly place the EAP within the broader context. In future, it would benefit from considering how the different interventions of an EAP work together to:

- Reduce vulnerability and strengthen resilience of identified high risk communities (when relevant)
- Improve the capacity of the National Society and support the alignment of its long term programming, early action and response capabilities

⁶ Some National Societies like Kenya Red Cross, with the skill to take advantage of new funding opportunities, were seeing opportunities to leverage additional funding on the back of their EAPs.

- Contribute to a more coordinated approach with government and other organisations before, during and after the emergency to engage with issues such as those outlined in the section above

3.1.4 Trigger design

Key finding: While progress has been made in developing accurate, reliable triggers, they do not always provide the stability and predictability needed within the design of FbA by the DREF. This highlights a need for a more flexible approach in some situations where decisions to act are justified by available data, and validated by expert judgement

On paper, the EAP concept removes subjectivity and increases transparency so the FbA by the DREF fund can then operate within a predictable risk environment. To achieve this, substantial time and effort has gone in to the development of triggers. Yet, the ongoing dialogue among National Societies, Validation Committee members and others around issues such as acceptable false alarm ratios, the implications of a lack of historical data to validate triggers and trigger frequencies highlight the uncertain ground on which a number of EAPs have been planned.

While the FbA by the DREF concept was based on an index insurance model, there has been insufficient data on which to make fully informed decisions for some hazards. Progress has been made towards developing reliable triggers and windows for early action varies, based on context, geography and hazard, while a number of other variables have influenced overall effectiveness.

A continuing reliance on the Climate Centre and 510 for international forecasting data, particularly in Southern and Eastern Africa, highlights limitations in local forecasting in a number of contexts. Accuracy will improve as local forecasts get better and more data is generated and there is already some success in Bangladesh, for example, in better linking international and national forecasts. In other settings though, this process will take time and needs long-term investment.

While the EAP model should work if the trigger is met, there was still uncertainty over what to do when there were near misses, particularly if triggers were reached later than originally planned, leaving shorter lead times in which to act. This was the case in both the Philippines and Bangladesh where more lead time would support better action.

However, continuing uncertainty around some triggers still makes it difficult for National Societies to deliver against pre-agreed plans within the assigned windows or against agreed thresholds. In Ecuador, the trigger for volcanic ash in the 2020 activation required 2mm of ash, but impact was already substantial even at 1mm and the EAP activated was, but highlights need to revisit the trigger.

In the Philippines, the National Society, working with 510 reached their threshold of 10% house damaged in 3 municipalities affected but in 64 not 72 hours. They were advised by 510 that it was acceptable to activate, a demonstration of how expert judgement can combine with strong data analysis. In Mozambique, waiting to meet the wind speed trigger of 120km for the cyclone EAP, meant a reduced window in which to undertake planned shelter activities and a local recommendation to build in to their EAP more flexibility for proposed action based on different level of wind speed and analysis of other relevant data. To ensure the EAP could be implemented as planned, Zambia Red Cross wanted to revise their lead time from 7 to 10 days, but acknowledged that this would mean working to a less accurate flood forecast.

Recent analysis of feedback on EAPs from the Validation Committee from National Societies

identified a number of consistent themes. These included the need to more clearly consider the return period alongside the probability of acting in vain (false alarm ration); the need for a more clearly defined trigger statement, and issues over the age, quality and use of data, especially when used for trigger and risk analysis. This all reflects the reality that FbF is still a work in progress, and progress is often being made through a “learning by doing” type approach

All these examples highlight the need for a ‘good enough’ approach to EAP triggers in situations of uncertain or unreliable forecast and other data. The inherent purpose of acting based on the trigger would remain in place, but if some but not all indicators are met and available data plus expert judgement indicates there is sufficient justification to act on a ‘no regrets’ basis. Then National Societies should have the flexibility to activate.

There is a potential role for either the Validation Committee, or a pool of regional experts to provide real time guidance to this decision making process, as 510⁷ did in the Philippines.

For FbA by the DREF, a more flexible approach would require a realistic analysis of forecasted positive and negative activations over a five year period, as well as more consideration of potential ‘near misses’ based on hazard/country specific activation criteria. This expected number of payouts over a five year period would guide a clearer analysis of demand on the fund. Regular replenishment of pre-positioned stocks could become an expensive commitment, reinforcing the need for credible expert judgement to compliment the available data in making a decisions to take action.

There is also a need to have the flexibility to revise triggers and plans at key points throughout the five year period. The current rigidity built in to the design and approval of the EAPs makes this challenging although both National Societies and in-country PNS counterparts expressed an interest to build more flexibility in to future EAPs when relevant.

Introducing this level of flexibility would requires an on-going dialogue with donors, government and others to ensure the limitations of a trigger-based approach are fully understood.

With the continuing likelihood of false alarms, National Societies need to have an alternative plan in place so that they are not tied to a “will we or won't we” last minute trigger decision, and can instead take action within agreed parameters and with clear justification. There is a current concern that a false activation will ‘waste’ their EAP, which in turn can create a fear of taking any action until it’s too late, even though there may still be sufficient justification to act. The Imminent DREF provides an alternative option in this type of scenario but this was not clearly understood by all National Societies and also still leaves operational issues to deal with such as application process, approval, contract and disbursement of funds.

Learning and innovation

Impact based forecasting⁸ was highlighted as a significant step forward. Turning forecasts and warnings from descriptions of what the weather will be in to assessments of what weather will do provides new and valuable information to improve planning and targeting, not just of anticipatory action, but of all subsequent humanitarian engagement. The Bangladesh 2020 flood highlighted the accuracy of the trigger impact model. It is important that the work already done is used to inform broader IFRC and National Society preparedness and response planning.

⁷ 510 is an initiative of the Netherlands Red Cross that aims to improve the speed, quality and cost-effectiveness of humanitarian aid and use a variety of products to assess risk and potential impact across hazards like Floods, Drought, Typhoons and Epidemics

⁸ For more details on Impact Based Forecasting, go to <https://www.forecast-based-financing.org/wp-content/uploads/2020/09/Impact-based-forecasting-guide-2020.pdf>

The community engagement component, built in to the development of each EAP adds a degree of accountability and credibility to the process. Some National Societies noted the value of early engagement with identified vulnerable communities, and the potential benefits this brings, not just in designing relevant anticipatory actions, but also in informing later response and recovery. However, challenges remain in translating national level EAPs to locally relevant early actions. For example, shelter kits and early harvesting in the Philippines were identified as not relevant in some areas or were season specific. Similarly, in Ethiopia, the EAP covered multiple river basins in geographically diverse areas with different livelihood profiles.

The growing portfolio of EAPs covers a diverse range of hazards and provides valuable learning. It is also demonstrating the challenge of applying an automated trigger model to scenarios where there are significant uncertainties. Even with floods and cyclones, where there is a growing body of early action experience across the Movement, new issues are emerging. Among the issues identified were:

- *Drought/food insecurity* – often contexts with heightened complexity and lower predictability. One possible approach was seen in Niger where the EAP had two triggers, one for food security and one related to the weather forecast. The complexity of these contexts reinforced the need for multi-sector working, and the possibility that less experienced National Societies focus on supporting other actors better positioned, and resourced to lead on the technical aspects of triggers and intervention design
- *Flash floods* (Ecuador and Burundi) identified by the Climate Centre as very difficult to predict
- *El Nino and La Nina* - ECHO expressed reservations about supporting EAPs for the former in Ecuador based on the level of analysis presented
- *Floods* – coastal and river flood are significantly different and challenging to cover in a single hazard EAP. Similarly, covering multiple river systems in a single EAP presents contextual challenges
- *Cold wave (Mongolia)* - difficult to identify trigger thresholds for what is a recurring annual event with complex underlying vulnerabilities

In these hazard contexts, the need to build a more flexible trigger in to the EAP design will be a necessary short-term measure. The challenge remains whether to persist with a rigid trigger approach or build in a degree of complimentary expert judgement when justified. Most National Society interviewees saw a value in continued effort to improve triggers and to strengthen their capacity to monitor and interpret data. They also recognised the need, where necessary, to also have capacity, ideally localised but potentially also at global level, to make informed decisions, based on evidence and informed judgement. As mentioned earlier, this could be linked to an enhanced role for the Validation Committee and/or an identified panel of experts in the region.

Priority should be given to improving confidence in drought and food security triggers, but here the IFRC network should consider further engagement with other actors, better resourced to lead in these areas.

There was also a need to introduce testing through simulation or desk top exercises, during the development phase. This would help identify operational challenges earlier and further align the EAP to existing plans and procedures.

This approach needs to extend beyond testing the trigger mechanism, to also seeing how internal systems, particularly volunteer mobilisation, logistics and financial transfers from IFRC to the National Society, works in practice. This type of approach is being promoted strongly by FbF Coordinators and the IFRC FbA by the DREF team, and is already being used by a number of National Societies.

3.1.5 Validation of EAPs

Key finding: The involvement of the Validation Committee has brought quality and rigour to decision making and approval. It would benefit from being more systematically engaged with the EAP process, not just during validation, but also during the development phase.

The Validation Committee plays a vital quality assurance role on behalf of FbA by the DREF and its inputs are generally seen as positive and constructive. The quality criteria that guide its work have evolved over time, and bring rigour and structure to its engagement.

It has become a valuable resource, almost a 'brains trust' on anticipatory action, for the Red Cross Red Crescent Network and has strengthened the capacity and knowledge of those involved. Broadening membership of the committee, bringing in the Livelihoods Resource Centre, health representatives and others improves IFRC's technical engagement with planned activities, although there would be greater benefit if this expertise was engaging with EAPs during the development phase.

There is an imbalance between the attention given to scientific and technical aspects of the programme, and the lower focus on operational issues and realities. This is in part because the Committee is still relatively new and is occupied by the numerous issues and clarifications around triggers and other technical aspects of the EAP. However, the overall process would benefit from a more balanced consideration of the operational feasibility of what is being proposed.

There is also a growing body of experience at national and regional levels and an opportunity to utilise DREF funds earmarked for capacity strengthening to use this capacity to support the growing portfolio of EAPs, not just during the validation phase, but also during development, implementation and review. This group includes but is not confined to only IFRC staff, many of whom are already facing multiple demands. National Societies have a role to play and there is an opportunity to learn from work in Latin America to develop a cadre of experienced National Society staff to peer review and support each other's work.

Scaling up the engagement of IFRC, National Society and even PNS expertise in the region, would bring contextual and operational understanding to the whole process that a global committee might not always be well placed to provide⁹. It would also identify potential issues much earlier in the process.

There are current concerns about the high dependency on a few individuals, who volunteer their time to the Validation Committee. There was an identified need for IFRC, Climate Centre and PNS partners to develop a more sustainable model for the Committee based on a predictable roster of members, whose periodic engagement is ring fenced in agreement with their employers. This roster could include not just the current group, but regional 'experts' as already identified.

This only works if the Committee can move beyond its current model of responding to each EAP when it is ready to be reviewed. A more manageable approach would be to plan ahead based on demand and schedule bi-monthly meetings/windows of engagement (2-3 days)

A further option is to broaden the scope of the Committee to provide advice on EAP development as well as validation, transforming in to an 'EAP Advisory and Validation Committee'.

This might add more up front workload, but would reduce the need for multiple rounds of

⁹ By comparison, the START Network recently established a new inter-agency network called FOREWARN of scientists and humanitarians to analyse risks, exchange best practice, and new ways to measure value of early action

feedback and revision by creating a forum to engage with issues when they arise. Regular meetings by the Committee, could then combine detailed review of completed EAPs, with a 'surgery' type approach to deal with questions and problems being identified by National Societies and their partners.

There is also an opportunity to look at the different areas requiring validation and to allocate responsibility for review to available committee members. For example, one can focus on the trigger, another on the implementation plan, a third on capacity to deliver and so on. Their inputs can then feed in to the Validation Committee to encourage a more efficient decision making process.

Some validation processes often involved 3 or 4 rounds of questions and revisions, and this also contributed to National Society frustration, not least as sometimes, a National Society or Climate Centre members of the Validation Committee had already been supporting the EAP development.

Despite this, National Society satisfaction with the validation process was high. National Society FbF Coordinators noted how the technical feedback strengthened their own knowledge and expertise

The Scientific Advisory Committee has not yet played an active role in providing scientific advice and peer review to FbA by the DREF. In addition to its periodic meetings, its role could also be adjusted to address scientific/technical issues escalated up to it by the Validation Committee. This would enable the latter to focus on core business, and allow more time for a smaller group of experts to explore and advise on complex issues. This would also be a way of bringing more value to the engagement of external actors, such as the Overseas Development Institute and the World Meteorological Organisation.

3.1.6 EAP contracting and project management

Key finding: The considerable amount of work generated by validated EAPs at IFRC Delegation levels was not considered or factored into the design of FbA of the DREF. The consequences of this are still being identified but there are opportunities to involve this level of IFRC in the process earlier, as well as considering project management issues within the quality criteria used in the validation phase

The contractual agreement for an EAP was simplified, but in house management and sign off still takes time. National level tripartite agreements, for example involving both German Red Cross and IFRC, often took longer to sign off as there were some small-scale activities and components to build in for the PNS. A move towards a bilateral contractual relationship for all EAPs would improve overall efficiency, saving time and reducing potential confusion, but this is not straightforward as tripartite agreements also bring benefits, for example, with in-country PNS pre-financing triggered early actions.

Sign off on legal agreements was also slowed by other factors including the time taken to agree who would be the IFRC project manager on the agreement; funding splits between IFRC, NS and PNS when relevant; budget validation; preparation of an EAP summary; and code opening. There were also delays in transferring initial tranches of funding because some National Societies were still holding a high amount of IFRC working advance. Potentially, this could also affect the release of early action funds. As with other aspects of the fund mechanism, these types of issues were not fully considered when the original procedures were signed off.

There was also confusion at IFRC field level over some of the fund management requirements. For example, questions over continuation of readiness activities after an EAP had been triggered and how to translate five year budgets in to appropriate annual tranches were areas where IFRC staff requested further clarification. These issues highlight the need for on-going awareness raising of the fund mechanism among IFRC.

Inclusion of a checklist of key issues in a new 'project management' section of the Validation Criteria might also ensure earlier consideration and focus on the type of issues that currently cause delays in contracting, and later fund project management. This might include issues such as feedback on draft budgets, proposed funding splits and the opportunity to flag up early any concerns relating to planned timelines for early action fund transfer.

3.1.7 EAP activation, management and revalidation

Key finding: While there have been too few activations to judge the impact and effectiveness, the high percentage of activated EAPs in 2020 (5 out of 8 EAPs approved in 2019 triggered in 2020) raises further concerns over the design or interpretation of triggers.

Activation

There were a number of successful activations of EAPs with learning and evidence being documented in Mongolia, Bangladesh, Ecuador and Mozambique through evaluations. It is not the place of this review to judge the performance of individual EAPs, but this collective learning, if effectively pulled together, will be invaluable in guiding the IFRC's next phase of anticipatory action.

A number of the Lesson Learning Workshops go in to significant detail to review, particularly, the trigger model. The Bangladesh 2020 floods workshop is a good example in which issues such as the reality of a shorter lead time of 8 days instead of 10, leaving only 3 days of preparation were identified. The decision to activate only 2 days before the water reached a threshold based on two contrasting predictions on whether the flow rate would be met or not also highlighted the continuing challenge of finding certainty in these types of contexts.

This type of systematic review of learning around triggers, justification for action, false alarms should become a core requirement of all future workshops and can guide earlier revalidation, particularly if decision making was clearly made in good faith.

Management

Engagement with COVID-19 highlighted good practice as well as the need to consider how to engage with multiple, simultaneous hazards in the future. Climate Centre research¹⁰ found most sampled EAPs adapted plans and activities to the pandemic, but there was a need for more flexibility in EAP plans and budgets to absorb new activities and costs, such as for PPE.

Once an EAP is signed off, there is flexibility to change plans and budgets during the five year period, but these have to be submitted to FbA by the DREF and this has only happened once so far, with the Philippines cyclone EAP. In the Americas there were plans to revise EAPs after two years, but these have not yet been received by the FbA by the DREF team, others felt this should be done annually, or linked to the review and update of contingency and other plans.

The need for approval creates a potentially significant administrative workload for the Geneva Team which is disproportionate to the budgets involved. The funds procedures don't currently contain a process for EAP revision. Building in to IFRC's Standard Legal Agreements, a 10%

¹⁰ Tozier de la Poterie et al. (2020)

tolerance on changes between in cost distribution across the three EAP pillars (readiness, pre-positioning and early action) would give National Societies and their partners the room to make small changes, without creating an administrative burden for the IFRC or requiring amendment to the contract.

Revalidation

Revalidation of EAPs emerged as an issue requiring clarity. There is a tension between the need to ensure a revalidated EAP is guided by structured learning and evaluation, even if that takes up to 6 months, and the need for a faster turnaround to ensure funding commitments were in place in case the EAP was needed for a series of triggered events, across different locations or in quick succession.

Access to a DREF for an imminent crisis provides an alternative funding source when National Societies are faced by the risk of repeating seasonal hazards, and could be built in to their contingency planning as a backup option in this scenario. This opportunity should be factored in to the EAP development process so it can be clearly integrated in the EAP implementation, and broader, contingency, plans.

In terms of revalidation, if Lesson Learning Workshops and/or stakeholder feedback indicate significant concerns, or a need to stop and reflect before continuing, IFRC should pause and await more detailed evidence before revalidation. Equally, if the fund is activated three times in a 3 year period, IFRC should request a pause in revalidation to establish if FbA by the DREF is the right funding mechanism for this context.

If the indication is that the EAP performed well but more work is needed to refine the trigger or other minor technical aspects, a practical solution, would be to either revert a DREF for an imminent crisis option, or agree a renewal of the existing EAP with changes based on available learning, but with the aim of re-contracting on the same terms as before. If subsequent evaluation indicated the need for more substantial changes, a completely new EAP would be required.

3.1.8 Donor satisfaction with the funding mechanism

Key finding: Donors are currently satisfied with the fund, but as it moves out of the pilot phase, IFRC must be ready to demonstrate evidence of impact and the added value of the fund and anticipatory action work by National Societies. There will also be a need to demonstrate increased beneficiary coverage.

Apart from some technical concerns with the Mongolia Dzud EAP¹¹, the donors consulted were generally satisfied with the design of EAPs. The increased funding ceiling was welcomed but accompanied by a wish to see further increases in the number of beneficiaries targeted.

Those donors consulted recognised there had been too few activations to judge the impact of the fund, but acknowledged this position will change in time. Donors are facing increasing demands on the same funds and there will be a pressure, at some point to demonstrate that earlier investment mitigates humanitarian impact.

There will be more pressure on the IFRC to demonstrate clearly how and where it adds value to anticipatory action, and FbA by the DREF will be compared against the work of other, similar mechanisms.

¹¹ ECHO were concerned about successive Mongolia Dzud activations, which they saw as short-term response solutions to a complex, recurring situation. They had raised concerns but never received a response

There is a concern that if current challenges are not addressed, some donors and PNS will revert to bilateral engagement as happened in Indonesia where Zurich Re went directly to the National Society or a PNS partner, with their funding for EAP development.

3.1.9 Alignment to anticipatory action landscape

Key finding: FbA by the DREF is generally well aligned to, and positioned within, the wider anticipatory action landscape, but the comparative advantages it had two years ago have been reduced

While FbA by the DREF is generally adapted to the current landscape, it is at risk of losing some advantages as other organisations, particularly UN agencies, scale up their resource base and level of ambition.

Introduction of FbA by the DREF in 2018 and the roll out of EAPs positioned IFRC as a significant player in the emerging anticipatory action landscape and provided donors and international organisations with a global focal point. As mentioned earlier, building the new funding mechanism on the existing, and well known DREF, also enhanced its credibility and profile.

The long-term work on anticipatory action by both German Red Cross and the Climate Centre influenced a lot of subsequent work done by other organisations. The Dialogue Platforms¹² from 2014 onwards were identified as valuable spaces for lesson learning and identifying common ground.

IFRC is well positioned within global coordination mechanisms, such as the Anticipatory Action Task Force, and is contributing to a gradual harmonisation of approaches. Similarly IFRC connectivity to the Risk Informed Early Action Partnership (REAP) and the Anticipation Hub presents opportunities to further connect and align its work to wider practice, learning and opportunity.

With the drive for localisation, IFRC and the Climate Centre are in a position to demonstrate how investment in National Society anticipatory action capacity, coordination and decision making is resulting in stronger local capacities and decision making, provided adequate M&E processes and systems are in place to tell the story.

Around the localisation agenda, the START Network can demonstrate a comparable level of relevance to IFRC. For some time, they had not covered readiness funding, but are now also looking at it through their START Ready initiatives, although they acknowledge resourcing this is a challenge.

The Table below compares some of the different features of funding mechanisms and approaches adopted by IFRC, the START Network, WFP and UNOCHA (CERF).

FbA by the DREF – distinct features/advantages	Other funding mechanisms – distinct features/advantages
<ul style="list-style-type: none"> - Reliability of funding. National Societies can count on an established mechanism to access funding for early action. - Readiness/prepositioning component 	

¹²

The International Dialogue Platform takes place in Berlin once a year. Additionally, three regional Dialogue Platforms are held in Africa, Asia-Pacific and Latin America. The events gather humanitarian actors, meteorologists, climate scientists, national governments and decision-makers.

<ul style="list-style-type: none"> - Harder trigger enables pooling of risk - Long-established, and widely recognised approach, with long term investment through FbF processes. - Extensive branch coverage (potentially) enables National Societies to go directly to affected populations, quickly - Unlike UN mechanisms, EAP development demonstrates localisation through extensive involvement of branches and communities - 5 year timeframe enables a degree of ownership and organisational growth not possible through the sub-contracting model of the UN 	<ul style="list-style-type: none"> - UN capacity to mobilise resources through CERF¹³ is substantially greater than IFRC's¹⁴ - WFP can pre-position substantial funding in country offices - START aim is to have decision making as close to the local level as possible - START Fund uses informed experts plus forecast data (Approach based on triangulation, not following one authoritative source) - START have a comprehensive, learning-led approach to M&E, following each trigger activation with the question: 'How wrong were we?' - START Fund ceilings are set by an allocation committee on a case by case basis
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The prominence of National Societies as key actors in driving localisation is reinforced by the FbF process and will keep FbA by the DREF well positioned within the broader anticipatory action landscape. The investment of time in coordination and advocacy can significantly strengthen the National Societies presence and voice in national and local level fora and enable its capacities and strengths to be more clearly understood and incorporated within coordinated planning.

The significant financial resources available to the various UN agencies should not be seen as a threat to IFRC, at least in the short term. Longer term, IFRC will need to identify how, and how far, it can scale up its own early action funding, particularly for drought contexts. This may require innovation in the use of pooled funding and insurance options, but it may also require pragmatism in terms of more collaborative working and funding agreements with the multilateral agencies.

At present, the surge in UN funding presents a number of opportunities, such as the potential for National Societies, strengthened through the FbF and EAP processes, to apply for funding for sub-contracted anticipatory action work, something which already happens in some contexts.

The readiness and pre-positioning components complement the early action work and bring a 'package' of support that others are still not able to replicate. The START Fund have developed the START Ready approach to readiness and pre-positioning but acknowledge the resourcing challenges. This combined with the extensive reach of National Societies through their branch networks, positions National

The START Network and others are starting to move ahead of the IFRC Network around evidence and learning. This issue is explored in more detail in the next section but should be a priority for IFRC and its partners.

¹³ The next round of pilot FbF countries will be able to access from a pot of CHF140m over 2 years, with CHF58m disbursed in 2020. By comparison, FbA by the DREF had CHF 7,900,000 funding available to the end of 2020

¹⁴ START Network has also £6,238,616 disbursed to 21 countries since 2019, although this also covers early crisis and small/medium sized humanitarian disasters

3.2 Effectiveness

Headline findings

The fund is not yet consistently delivering against its primary function, to ensure early action funds are in place, in time, to fulfil planned commitments. While there have only been six activations, it is clear that IFRC procedures constrain this key dimension of fund effectiveness. Some alternative approaches have been identified, but there is no clearly satisfactory solution.

There has been progress in aligning FbA by the DREF to the broader DREF and there is potential to further integrate. The 'initiative to use DREF for early action, currently under discussion, may also provide an entry point to anticipatory action for National Societies unable to develop EAPs...

The generation of evidence and learning would benefit from a more coherent M&E framework, aligning the different strands of work at different levels under some common themes and metrics

3.2.2 Awareness and engagement of the fund and EAPs

Key finding: There is growing awareness of the fund, and though this has not yet met all original targets, the current level of interest suggests short-term continued growth in the number of EAPs and National Societies engaging with the fund.

While the number of approved EAPs was lower than planned at the end of 2020 (14 instead of 20), there was significant interest in EAPs across the Movement, and COVID-19 together with an uncertain start for the fund, combined to slow initial progress. Five new National Societies applied to the fund in 2020, in line with targeted growth projections.

Awareness of FbA was still inconsistent across the IFRC. A key group, identified in Asia Pacific, were the Operations Coordinators in the regional Emergency Operations Centre. They benefitted from more direct engagement with the mechanism, but with competing demands, they needed an introduction to the process that was light and well packaged. If demand for EAPs is to be increased, this type of stakeholder needs to be more actively engaged.

A number of interviewees identified the need for an online module dedicated to anticipatory action in general, and FbA by the DREF in particular. This would need to be clearly linked to existing DRM and DRR modules and describe the mechanism and EAPs in more accessible ways, keeping the scientific detail in the background when possible. This could compliment Webinars and fit within capacity strengthening initiatives, current or planned.

3.2.3 Timeliness and reliability

Key finding: Based on a limited number of activations, FbA by the DREF is struggling to deliver on its core function: to get the money on the ground early enough to make a difference. To deliver this capability, at scale, more flexibility will be needed from IFRC's financial procedures and systems

This was a concern consistently highlighted by National Societies and IFRC field staff. Taking the Bangladesh example, there were potential delays at every step of the process, from Geneva to the National Society Headquarters and then on to the field. The need to go through different banks added delays, due in part to the bank internal control procedures. Add in the

three days of a Bangladesh/Swiss weekend, and the potential value of early action, and nearly two years of preparatory work, could be significantly reduced.

If anticipatory action is to work, IFRC's finance team need to be involved much earlier in the process. At the moment, IFRC finance engagement with EAP development is limited to joining at the approval stage to validate budgets, check exchange rates and assign codes.

To shorten the time taken to transfer early action funds, a number of different funding approaches were suggested, although none present a universal solution:

- **Early Action funds covered by PNS through their in-country funds** – this support would then be reimbursed by FbA by the DREF. For this to work, it needs an agreement in place between the different actors; the presence of PNS with reliable funding availability; and capability to transfer money to target areas in time¹⁵. There were mixed views on whether PNS have the appetite to scale up their engagement with this modality and for it work, it must be clearly included in an original agreement to avoid reporting complications later
- **Pre-positioned seasonal early action funds** – for example, 50% of the planned total moved to the IFRC account in country, to be returned at the end of hazard season if trigger not activated. This would only work for those EAPs tied to a predictable hazards season. At scale, the total level of funding required might be excessive and undermine the pooled funding concept behind EAPs. This was suggested by a number of IFRC regional offices, but would need a revision to IFRC's own policies that don't allow excess funding to be held at the local level. Pre-positioned seasonal advances to National Societies were also suggested but it is unclear if IFRC risk appetite is there to follow this approach.
- **Increased use of cash in early action** - when appropriate this would reduce the challenges with the pre-positioning component of an EAP, particularly if pre-agreements were in place which addressed the current challenges with timely transfer of money from Geneva to the field. Providers would still need to be paid before they make the money available.
- **National Society to use its own finances** – again, an approach that would only work in certain circumstances, but for the flood activation in Bangladesh, the National Society used their own funds for early action activities, totalling over CHF 200,000
- **Direct transfer by IFRC to National Society branches**- this may save time but may prove challenging due to internal National Society politics and controls

None of these options is perfect or universal, and all point to a fundamental issue that IFRC financial systems and procedures do not currently allow the flexibility needed to ensure FbA by the DREF can function as planned.

This issue is not new to IFRC and the need for pre-agreements has caused delays in DREF transfers too. By comparison, FbA by the DREF is already faster, but there is a need to find a workable funding modality for each individual EAP. Consideration of this issue must be built in to the feasibility and development phases of any EAP, hence the need for early Delegation involvement in the process and support from Senior Management on the options identified by the delegations to resolve the issue.

A detailed analysis of what happens from the moment the National Society submits its request for payment to when the payment arrives on the ground would better identify the internal and external causes of delay and potential mitigation measures.

However if direct transfer from the fund itself doesn't work, the practical, default option would be to fund through the IFRC Delegation where possible, with rapid reimbursement from the FbA by the DREF fund. This would require Delegations ensuring they have necessary funding cushions in their bank accounts to meet Early Action requirements

¹⁵ So far, only German Red Cross have done this under the terms of FbA by the DREF, but Netherlands Red Cross financed an activation in Zambia with their own funds because a trigger was met before a final contract with IFRC had been signed. Danish Red Cross also pre-financed early action from in country funds in Malawi in 2019, reimbursing from their Headquarters emergency fund

This would require IFRC to raise the ceiling of funding that a country delegation can hold. Over time, other options like the wider use of cash, or more National Societies working to keep their own balance of funds for this in place, may become more realistic.

3.2.4 FbA by the DREF – DREF alignment

Key Finding: There are opportunities for IFRC to broaden its engagement with anticipatory action through the DREF, but this needs to be approached carefully to ensure different early action funding approaches align, and the on-going process of integrating FbA by the DREF within DREF continues to be effectively managed

With the new five year DREF Strategy opening up new ways of working, there is a timely opportunity to re-consider how best FbA by the DREF fits within this broader funding window.

In the first two years, the funds have been kept distinct to ensure FbF funding is ring-fenced. The FbA by the DREF management systems are now well established, and as Country Delegations become more accustomed to project managing the fund, there will be a lower risk of funds being misallocated. The potential benefits presented by risk pooling across one fund (as suggested by CDP and examined in the Sustainability section) provide an additional incentive.

Until now, it was widely accepted that the integrity of the fund needed to be protected during the start up phase. This was so that donors would have confidence their money would be ring-fenced only for early action. Now the fund is established, a number of stakeholders feel this assumption can be reviewed.

The idea of DREF used for early action, currently sitting with IFRC senior management as a concept paper, potentially provides a new window for earlier action to complement existing EAPs. It also offers an entry point to readiness support for National Societies lacking partners or resources to develop their own EAP.

As different anticipatory action funding options emerge, National Society contingency plans can start to build in tiered thresholds to move from one funding opportunity to another as a situation escalates.

There would be potential to escalate from the DREF, on to an EAP as the DREF is presented as a lighter, less sophisticated, version. This could be supported by adapting its EPoA (Emergency Plan of Action) so that its information is aligned to the EAP.

This flexible DREF modality is still under discussion, but as outlined in the concept paper, the potential to request funding for forecasted/sudden onset crises up to 1 month before, and 3-4 months earlier in slow-onset crises, means the fund would lose the higher degree of certainty offered by an EAP. However, this would be compensated by the guarantee to have some funding in place in good time for eligible actions and the scope to return early action funding if it is not activated.

With FbA by the DREF, DREF for an imminent crisis, using DREF for anticipatory action and response and Emergency Appeals all open to National Societies there is potential for confusion among IFRC and National Society staff. IFRC needs to define and communicate a clear guide on how all these funding opportunities link together, and potentially reinforce each other, so a National Society could sequence from one to another based on escalating need.

3.2.5 Identification and use of learning and evidence

Key Finding: Current approaches to learning, monitoring and evaluation are fragmented and would benefit from the development of a coherent framework that better links evidence generation to decision making at all levels

For an intervention window of potentially three days and funding ceilings lower than a DREF grant or emergency appeal, it is difficult to argue for a higher level of monitoring and evaluation. However, this is still a new type of intervention, being developed within an increasingly competitive market¹⁶, and if IFRC is serious about its ambitions to scale up funding for anticipatory action, it will need to go further than a 'business as usual' approach to M&E.

The emerging policy discourse¹⁷ on anticipatory action is highlighting significant gaps in the evidence base. As UN agencies commit significant funding to anticipatory action, more questions will be asked about accountability and impact and this will have a domino effect on demand for more evidence and accountability across the sector

Where overall responsibility for the monitoring and evaluation of FbA by the DREF-funded interventions sits is unclear with a lack of clarity over focus and direction. The DREF team has money for learning and evidence, but PNSs and the Climate Centre are also driving forward evaluation processes and the whole picture appears fragmented. A draft IFRC position paper on framing this process would help address this confusion.

Lesson Learning Workshops provide only part of the solution. While 100% of activations completed in 2020 were supported by such a workshop, this does not reflect the varied quality of these exercises, which was felt to be inconsistent. Steps were being taken to address this but were again disjointed. An e-manual developed by the Climate Centre, mainly focuses on the trigger and does not look at organisational or fund performance. IFRC standardised guidelines are also being developed.

At present, the most rigorous M&E focus is centred on impact evaluations and this data will be needed to demonstrate the benefits of EAPs. The Climate Centre has led this process and it has had a side benefit of helping to strengthen collaboration with WFP and FAO partners in Mongolia and Bangladesh, as well as globally. It displays a scientific rigour that will produce valuable evidence on the effectiveness of the trigger and community level impact

However, these external evaluations are taking between 8-12 months which may ensure high quality research, but risks losing valuable programming momentum. The focus of this approach also leaves gaps in understanding around National Society performance, quality of work and accountability, as well as the effectiveness of national and local coordination.

Learning and evidence shouldn't just drive global agendas: locally generated learning and evidence should also be encouraged where possible. National Societies should be encouraged to undertake their own local evaluations, if resources and capacity allow this. These will not be to the standard of Climate Centre evaluations, but developed to an acceptable research standard they can still generate valuable learning at community, organisational and institutional levels.

IFRC's evolving engagement with anticipatory action would benefit from a multi-layered approach, similar to that adopted by the START Network and might have the following elements:

¹⁶ Oxfam and Save the Children are also developing their own early action funding mechanisms

¹⁷ As described in this meta analysis of available evidence: Weingärtner L & Wilkinson E, Anticipatory crisis financing and action: concepts, initiatives and evidence, 2019, ODI & Centre for Disaster Prevention

- **Country level 'good enough' M&E approach** - aligned where possible to the EAP quality criteria to promote consistency of analysis. Capacity strengthening to deliver this could be supported through the EAP readiness component
- **Lesson Learning Workshops** – building on work currently being taken forward by the IFRC Capacity Strengthening Officer, introduce a more consistent approach based around common performance metrics, including activation, timeliness, coordination and alignment of early action to subsequent response operations. Funding for this must be built in to EAP budgets
- **Light community/institutional level evaluations** – these should be driven by the National Society and combine learning from the workshops with light monitoring of 'difference made' at community level and round table with external factors as part of an overall package of evidence and learning that can demonstrate the value of acting earlier and help inform revision and revalidation of EAPs and contingency plans
- **Selective in depth evaluation of a number of each EAP activations per year** – this would build on the work done by the Climate Centre and contribute towards building a more consistent global evidence base for anticipatory action, as well as strengthening understanding of community level impact and cost benefit. Country level evaluations should be aligned to these global level metrics where possible to ensure consistency of data. IFRC has already supported the evaluations in Mongolia and Bangladesh
- **Additional selective global reviews of relevant themes and issues** – review should not be confined to country level evaluations. There is scope to look at meta analysis of trigger/forecast accuracy; cost efficiency; gender and inclusion; capacity strengthening at branch levels etc
- **Periodic longitudinal studies** – this is a missing link across the sector, but is needed to better understand long-term impact

Strengthening M&E like this will require financial commitment from IFRC and others, but the benefit of strong evidence and learning system will be increased donor confidence in IFRC delivery.

Demonstrating transformative benefits

In addition to strengthening the evidence base, National Societies must be supported and challenged to demonstrate how their interventions engage with underlying vulnerabilities faced by targeted communities. This is particularly challenging in droughts but is relevant in all contexts. Even in sudden onset emergencies, while capacity limitations may restrict some National Societies to a repackaging of familiar early response activities, others are starting to look at more ambitious asset and livelihood protection measures, which may, in time, appear more attractive to donors.

Efforts to identify and validate proposed early action interventions through community engagement improved the quality and accountability of the EAPs. There remain challenges in ensuring such engagement is representative when geographical impact areas may be substantial and incorporate diverse livelihood groups.

3.2.6 Capacity strengthening activities

Key finding: Capacity strengthening within IFRC and of National Society partners is a priority if IFRC is to scale up its work, but at present the approach is unclear and needs to be guided by clarity of anticipatory action ambitions and analysis of current gaps and needs

IFRCs role in strengthening capacities to deliver early action was not clearly defined when the pilot phase began and while significant progress has been made since, the impression is of a stretched IFRC team playing 'catch up', and not yet in a position to set a clear strategic direction for this important area of work.

The design of an EAP requires a reasonable level of oversight and monitoring¹⁸, potentially over a five year period, which will only grow as more EAPs come online, yet it is unclear if more resources will be available within IFRC to support the roll out of forecast based action.

A number of actual, or potential, capacity gaps were identified at Delegation level and IFRC needs to demonstrate how best it will fulfil its EAP project management responsibilities at this level. Ideally, the nominated person would be identified in good time and involved in the development phase, but at present the role is often only assigned once the EAP is validated. There was also a concern that IFRC's role during the activation and delivery of early action activities needed further clarity. Issues such as high staff turnover, competing demands and the lack of budget to cover engagement costs were identified as constraints.

A broader understanding of IFRC training and capacity building needs would identify other gaps and priorities. At present, there is significant demand being placed on a 2 person team in Geneva and Budapest as well as the FbF coordinators in the field.

Once IFRC is clearer on its overall approach to anticipatory action and how it plans to stimulate growth in the number of EAPs, an associated capacity building plan would be needed to translate significant ambitions, in to a workable reality. Similar analysis would also bring more clarity on the technical ask required of the Climate Centre as this agenda moves forward.

IFRC should be open to other approaches to capacity strengthening that sit outside the DREF model. The FbA for Readiness approach, adopted by Guatemala Red Cross in partnership with German Red Cross merits further investigation as a dedicated approach to strengthening core capacities for early action and response. Improved alignment between IFRC and other mechanisms, particularly the Anticipation Hub, could also reinforce capacity strengthening approaches.

¹⁸ For example, monitoring and management of support to annual readiness plans and budgets over a five year period, oversight of pre-positioned stock procurement, XXX

3.3 Efficiency

Headline findings

There are a number of inefficiencies at key points in the FbA by the DREF's engagement with EAPs. These are having an individual and collective impact on the fund's overall performance and effectiveness. Some of these inefficiencies are due to IFRC capacity issues and procedures. Others are the inevitable challenges faced by introducing a new funding mechanism, while a further group have their origins in the development of the EAPs themselves.

Changes to the way an EAP is developed would also improve overall efficiency. Starting with a lighter version of the protocol based on a flexible trigger for situations where data limitations will constrain the development of a more definitive trigger, would save time and effort throughout the process and enable the National Society to evolve its EAPs over time based on learning and the availability of improved forecasting data, when it becomes available

3.3.1 Efficiency of current process

Key finding: At present, FbA by the DREF is not an efficient process. Aspects of its performance will naturally improve over time as familiarity increases, but some core problems in both the Fund design and the associated EAPs mean it will continue to be a time and resource consuming process without significant changes.

Overview of efficiency issues

The table below summarises some of the main efficiency issues at each stage of the EAP process in which FbA by the DREF is actively engaged. It is important to mention that at the moment there is no system to track the whole EAP process within the IFRC system since different steps happen at different levels, this makes it difficult to measure KPI's and identify bottlenecks. The table also presents some of the causal factors and actions that are, or need to be taken to improve overall efficiency.

Key steps in the EAP process involving FbA by the DREF	Efficiency issue	Causal factors and observations	Actions being taken/needed
EAP submission to IFRC Delegation Technical Review of EAP (↓ days) Regional Office technical review ↓ Review by validation committee	Average of 21 days from receipt of first draft to forwarding to Geneva (based on 12 EAPs) with Latin American EAPs taking the longest, and Asia Pacific ones turned round the fastest.	Limited capacity at Delegation level and delayed engagement with overall process. Language constraints	Guidelines for IFRC staff at Delegation and RO levels developed and disseminated to improve awareness. Need to involve CO/CCST and Validation Committee in development phase.
EAP feedback process ↓ EAP Approval (after 30 days)	Most EAP issues resolved in 2 rounds, but 1 EAP (Mozambique) took 5 rounds of revisions; the Mali EAP took 4 and took 8 months On average, this is taking +90 days (based on 12 EAPs. None were approved within the target period	Strong drive to get EAPs to a very high standard – has both positive and negative implications Delays also due to NS capacity to address comments e.g. in Zambia	Earlier identification of potential problems needed Adoption of a 'good enough' EAP approach when precise trigger not possible Target revision to reflect reality

FbA by the DREF allocates money to the delegation.	<p>Average 55 days between approval and completion of request for allocation based on 12 EAPs</p> <p>Delay is at field level – average 9 day turnaround for funding allocations once received in Geneva</p>	<p>Region has to submit sign off sheet and request for allocation – these have to be signed by the Head of DCPRR, Head of finance and project manager.</p> <p>Delays in Delegation naming the project manager, negotiating (with NS) to include funds for IFRC in the budget, negotiating funding splits between the parties so finance can validate the finalized budgets, finance opening the codes and preparing the EAP summary;</p>	<p>Requires IFRC delegations to be involved earlier and to be familiar with the project management aspects of the EAP</p> <p>IFRC Capacity strengthening should strengthen awareness of roles and responsibilities in this area</p> <p>KPI needs to record the time taken to monitor progress</p>
Contracting phase	<p>From EAP approval to contract being signed took on average 140 days (based on 10 EAPs)</p>	<p>Tripartite agreements involving PNS created delays</p> <p>Delayed engagement by IFRC with Delegation sometimes unclear of role</p> <p>IFRC Geneva is not involved in contracting and can't consistently track progress despite being responsible for a KPI</p>	<p>IFRC contract have already been simplified</p> <p>Earlier involvement of country Delegations in EAP process should identify potential contractual issues earlier</p>
Transfer of funds to NS for readiness/pre-positioned stock	<p>FbA by the DREF team lack any oversight of operational processes once allocation is completed.</p>	<p>Delays partly due to National Societies holding high levels of uncleared IFRC working advances</p>	<p>Earlier identification of potential financial risk by CO/CCST involvement in feasibility/development phase</p>
Forecast trigger	<p>Lead time for Bangladesh and Philippines cyclones too short. Some viable activations missed in Philippines because forecast not received in time</p> <p>Mongolia, works better as more time to decide, although decision making still took 1 week</p>	<p>Challenge of meeting trigger vs reality of being able to act in good time</p> <p>Too many uncertainties remain over sudden-onset hazard triggers which also leaves NS wanting to act on each occasion</p>	<p>Requires more flexibility on the trigger</p>
Transfer of early action funds from IFRC Treasury to National Society	<p>Commonly identified challenge of having funds available in time</p>	<p>Delays due to transferring funds through multiple bank accounts</p> <p>Alternative arrangements, such as PNS pre-financing, currently ad hoc and need to be</p>	<p>'Cushion' funds in IFRC country delegations to cover Early Action commitments</p> <p>Inclusion of PNS commitment to pre-finance EAP within tripartite agreement (already included in some)</p> <p>Alternative modalities (outlined in Effectiveness section)</p>
Early actions done in lead time	<p>Challenging with cyclones as triggers often only met at 48 hours (instead of 72) leaving insufficient time to deliver planned activities (especially across islands)</p>	<p>EAPs are designed around the planned lead times, but forecasting is often not accurate enough to meet these, leaving National Societies having to act later or risk acting earlier</p>	<p>Trigger flexibility when justified by insufficient forecast data</p> <p>More flexibility within budgets, for example if seasonally relevant asset protection activities not viable when the EAP triggered</p>
Reporting	<p>Currently requires separate IFRC reporting, and at different time to DREF, so creating 2 processes</p>	<p>The two funds operate over different timeframes, but are still part of same operation</p> <p>Current requirement for separate financial reports for the readiness/pre-positioning components and the early action phase</p>	<p>Needs integration of FbA by the DREF in to DREF report</p> <p>One single report that consolidates overall expenses for the EAP</p>

Engagement with a number of these issues will improve over time as familiarity with processes and guidelines grows. However, the table highlights some fundamental issues within IFRC that must be addressed if fund efficiency and effectiveness are to be improved. The priority issue is to improve fund transfer speed once a trigger is activated – without this change, the fund cannot fulfil its primary role. Data is limited at present as there have been too few activations, but this was the common issue identified by nearly all stakeholders, particularly those operating at a national level.

The analysis also demonstrates the need for continued capacity strengthening of IFRC staff at Delegation level, plus National Societies and PNS partners, to ensure they understand FbA by the DREF requirements

The value of earlier coordination between IFRC, PNS and National Society during the EAP development phase, would identify some of the potential risks and problems earlier. For example potential risks to timely fund transfer or contractual agreement, could be identified earlier and mitigated.

Improving budgetary efficiency

The fund currently involves a high number of annual disbursements and reallocations, which will only increase as more EAPs come online. Project and financial management of these different processes takes time, absorb valuable human resource, and needs simplification. IFRC controls are in place to manage the financial aspects of the fund but cause frustration to some partners. However, there is no clear alternative if EAPs stay as they are.

To keep budget revisions more manageable and to reflect the reality of EAP implementation plans that change over time there needs to be a more flexible approach to budgeting in the agreements that allows for more tolerance within the overall budgets for pre-positioning, readiness and early action, and doesn't require contractual changes for this to happen.

If the overall readiness and pre-positioning is approved with a clear budget for year 1, lump sums for readiness could be allocated for years 2-5. These would be scope to revise plans and budgets as part of the Annual Development Planning process and make changes then, rather than having to revisit agreements for approval, provided changes fell within the overall annual allocation.

Simplifying the EAP

The following is presented as an alternative approach for consideration only. There is an opportunity to adopt a more efficient EAP development phase. The advocacy and coordination components of the FbF process would still be carried out in the same way and over the same time frame as at present. But alongside this, a more basic 'version 1' EAP could be developed in over a shorter time frame. It could be tested and revised through simulations and activations and as more sophisticated and reliable evidence and analysis is identified. Triggers would evolve over time as the potential to improve accuracy increases.

Overall, this may still involve the same amount of work, but would be more recognisable to National Society staff at the outset and enable a more 'learning by doing' approach, than the current model. It would also be more responsive to changing needs and context.

Triggers would still need to be guided by a realistic analysis of likely positive activations, false alarms and near misses so that initial thresholds are not set too low, but the focus would be on developing a 'good enough' starting point.

Funding ceilings, to begin with, might be lower than at present, but with increases linked to evidence of relevance once activated, demonstrable integration of EAPs within contingency plans and incorporation of learning in to systems and procedures. An escalating ceiling

approach might also provide an on-going incentive to National Societies to improve performance as well as trigger accuracy.

Simplifying the validation process

Despite all the benefits of the Validation Committee, highlighted in the Relevance section, delays in final validation of EAPs frustrated some National Societies and overall the process has taken longer than originally expected. The original target was to have 80% of EAPs validated in less than 30 days. This has not been met, and on average, it took 58 days for the validation process to be completed.

One of the main bottlenecks in the validation process was identified at IFRC Delegations level. A lack of human resources, competing priorities and limited engagement meant some IFRC offices were slow to engage. Language, staff turnover and translation issues also added to delays.

While the Validation Committee in its current form, probably can't give more time, there is an opportunity to re-think how and when it provides its inputs, perhaps getting better results by lighter, periodic engagement with an evolving EAP, rather than intensive engagement with fully formed, and rather complex, documents. This could be done either at key points in the document's development (feasibility, risk and vulnerability analysis, trigger development etc), or could be more flexible, with an assigned Committee member identified as a focal point for each EAP during the development phase, who can provide guidance or escalate questions to the Committee or individual experts for advice.

This might involve more overall work for IFRC staff supporting the process, but inputs would be spread out over a longer time period and in terms of validation, this type of approach might reduce the workload generated by the current cycles of questions and answers for an individual EAP.

4 Sustainability and scale up

Headline findings

The fund is currently in a financially secure position, with a steadily increasing donor base and will benefit from the opportunities and mindset change presented in the DREF 2021-25 Strategy. There is a need for IFRC to look beyond the funding dimensions of anticipatory action to better define how EAPs fit in to its broader ambitions. This may be clarified by the Anticipatory Action framework under development, but it requires more work

Future growth of the fund needs to be guided by realistic modelling of future payouts and clarity on the organisational appetite to take on the financial risks inherent in a fund mechanism of this nature. The Center for Disaster Protection [study](#) provides next steps, and there is an opportunity to move towards integration of FbA by the DREF in to the broader DREF, once the fundamental weaknesses in the fund structure identified in this report have been addressed and the fund is able to provide the certainty it currently lacks.

4.1 Current fund stability and growth potential

Key finding: The fund is currently in a secure state and able to fulfil commitments however long-term stability of the fund is uncertain and requires IFRC to have more robust analysis of fund management and planning, as well as a risk appetite to explore new revenue opportunities, needed to support organisational ambitions.

Income considerations

FbA by the DREF is in a financially secure position at present, but this stability cannot be assumed over the medium term. The fund had allocated around CHF 1,600,000 out of the total of CHF 7,900,000 funding available to the end of 2020. This is 50% below the expected disbursement level at this point, although COVID-19 slowed National Society engagement with the process.

The donor base continues to grow with three new donors joining in 2020¹⁹. Donor interest also remains strong. ECHO is not supporting pre-positioning elements of EAPs, but discussions were taking place, which may lead to a change in position. The German Government will probably renew its commitment, while the agreement with FCDO included a budget line for FbA by the DREF and for British Red Cross to develop EAPs. IFRC also successfully accessed Italian and Czech government funding.

Expenditure considerations

Utilisation of funding was not always in line with plans, Across the two activations in Bangladesh, nearly one third of early action funding was returned²⁰ and limited reporting made it challenging to identify how that money was spent. This merits on-going monitoring to see if these were isolated issue or part of a trend

Current FbA by the DREF procedures do not clearly explain what happens to the unused readiness funds from these two EAPs in the event of an early activation and subsequent termination of the protocol. Following both activations, there was an expectation this funding would be re-allocated against the next round of readiness costs of a revalidated EAP by the IFRC Delegation. However this is currently an assumption, and the feedback from Bangladesh was unclear that this approach was being taken.

¹⁹The original target was only one new donor

²⁰ CHF116,000 of a total CHF 368,000, largely due to unused staff costs. The majority of Mongolia funds were used

There is a need to better understand the development and support costs behind an EAP. German Red Cross in the Americas and the FbA by the DREF team are now examining these start up costs, with the former also looking at the return on this overall investment. This type of analysis must feed in to plans to grow FbA by the DREF and is also needed to inform funding discussions with donors, UN organisations and others.

Future fund stability

Assessing the financial status of the fund based on the probability of activation is made more complicated by uncertainty over how frequently the fund will actually pay out. The estimate of a once in five year positive activation, even when factoring in the likelihood of false alarms, becomes less reliable when uncertainties around some forecast data and issues over trigger accuracy are factored in.

On this basis, estimates of fund usage should be guided less by return periods, and more by a realistic appraisal of how often the fund will be paying out (including false activations and near misses).

IFRC targets for FbA by the DREF allocations increased from 4.5 million in 2020 to 10 million in 2021, but the analysis guiding this is unclear. With so little history, there is a need for a year-on-year fund management planning system that models probable payouts and actual commitments per annum against forecast income allied to the fundraising strategy for FbA by the DREF originally proposed in the original decision paper in 2018

4.1 Growth and sustainability considerations

4.1.1 Strategic direction

Key finding: The DREF 2021-25 ambitions creates space for a simplified FbA by the DREF to sit within a comprehensive and flexible funding mechanism. It also encourages the need to further integrate FbA by the DREF processes in to the broader DREF to promote efficiency.

However, IFRC engagement with anticipatory action needs to be guided by more than just funding. A proposed IFRC Anticipatory Action framework, under development, needs to complement the DREF ambition and move beyond its current EAP focus to

- Show how different approaches to early action come together
- Position IFRC and National Societies in the emerging anticipatory action landscape
- Show how anticipatory action can better connect longer term and disaster management programming.

The DREF Strategic Ambition paper, 2021-2025²¹ demonstrates an important evolution in IFRC thinking, particularly the 5% annual DREF funding commitment to capacity strengthening and readiness. Strategic Ambition 2 clearly positions FbA by the DREF within IFRC's overall DREF ambitions. The Paper also provides scope for moving ahead with a flexible trigger approach, supported by expert judgement

A proposed IFRC over-arching strategy for all work under the Anticipatory Action umbrella should complement the DREF ambition, but in its current form, it needs to better explain how its focus on EAPs connects to and mutually reinforces National Society's broader DRR, health and resilience activity, as well as their preparedness and response work.

²¹ Strategic Objective 1 – enabling local action- enough funding as direct as possible; Strategic Objective 2 – saving more lives by anticipating crisis and acting earlier and Strategic Objective 3 – increasing the value of DREF in protracted, slow onset and complex crisis

The evolution of this strategy would benefit from being informed by the experience of National Societies currently engaged with EAPs as well as those unable to go down this path due to capacity and financial constraints. It would also need to better consider what transition from a PNS-partner to a National Society led approach actually looks like.

The potential to broaden the scope of IFRC's anticipatory action work to other types of crises also needs to be articulated and explored within this proposed strategy. EAPs and the wider work around anticipatory action are encouraging a change in mindset in IFRC and a number of National Societies and this can open up new opportunities. For example, cholera outbreaks, displacement and working in urban settings are starting to be viewed through an early action lens. Several members of the IFRC Network are also advancing thinking around conflict and this provides an opportunity to further engage with ICRC around this agenda.

If IFRC is serious in demonstrating the value of acting earlier, it should be able to demonstrate a rebalance of funding shared between anticipatory action and response. The current percentage of FbA by the DREF allocations within the total DREF disbursement remains small. In 2020, only 5% was directed to Early Action Protocols. This is a new initiative, but the anticipatory action share should be expected to grow over time. , based on an increased number of EAPs and over time, higher ceilings for EAPs when justified by need, capacity, trigger accuracy etc.

Looking ahead, IFRC also needs to be clear whether it is going to stimulate demand for FbA by the DREF by taking on a more pro-active role, or continue to focus on fund management, leaving growth to PNS and others. There are advantages in taking this latter path including lower costs and less operational responsibility and it is a safer approach given inconsistent IFRC capacities at CO/CCST levels.

4.1.2 Red Cross Red Crescent Network coordination

Key finding: Red Cross Red Crescent Network coordination around FbF and anticipatory action has been positive to date, but will need to continue and deepen if IFRC ambitions to scale up fund activity are to be realised.

Coordination across the Movement around anticipatory action will need to maintain and build upon progress made to date. There have been some regional misunderstandings between IFRC and PNS, often over clarity of roles and responsibilities, and this highlights the need to continue raising awareness of the FbA by the DREF guidelines.

At a technical level, partnership working has been particularly strong, with the Validation Committee an example of good practice. The German Red Cross, has also been drafting the resolution on Anticipatory Action for the Council of Delegates and has also been exploring opportunities to roll out EAPs in the Middle East North Africa region. Meanwhile, the Climate Centre has taken a strong technical lead around triggers and forecasting, while the IFRC has rolled out FbA by the DREF.

There are risks with this, for example if a PNS leaves a country halfway through a 5 year EAP window such as it will be the case in Peru, where German Red Cross will be withdrawing from the three party Cold wave EAP agreement. This highlights the dependency on one partner and the potential challenge to IFRC in inheriting programmatic responsibilities from a PNS.

4.1.3 Risk appetite

Key finding: Growth of FbA by the DREF requires a move away from the current, risk averse model, in terms of risk financing and greater flexibility in the IFRC financial system to allow

Forecast-based Finance to fulfil its stated ambition. The options available are not straightforward but a starting point of moving towards pooled risk with the DREF fund and discretionary increases in fund allocation are feasible in the short-medium term.

If pooled funding for anticipatory action is to grow, IFRC cannot set aside funds based on the high likelihood that all forecast disasters would occur within a one year period. This was one of the recommendations of the Centre for Disaster Protection (CDP)²² analysis and was echoed by numerous stakeholders in this review.

IFRC is seen as a risk averse organisation and in terms of FbA by the DREF this caution currently has merit given the high number of trigger activations so far. However, the CDP analysis also helped open up thinking and stimulated a discussion about risk appetite at senior management level which has identified a need for an agreed level of tolerance.

This discussion needs to look not just at risk financing, but also to assess whether IFRC's regulatory and financial management framework is agile enough to support a scale up of anticipatory action ambition. At present, progress is constrained by IFRC's own policies, such as those restricting the amount of cash a country delegation can distribute at any one time even if this is the most viable way available to release early action funds to a National Society. It is understandable that these controls were introduced, but a trade-off is needed to ensure fund sustainability.

The CDP report identified five shortlisted options under three risk management headings

1. IFRC retains the risk through internal mechanisms including the option to pool FbA by the DREF risk within the broader DREF fund, or set manageable early action fund limits, with discretion to increase based on likely benefits, quality of original EAP etc. A third option of 'captive style internal insurance' was proposed
2. Risks transferred to donors based on donor agreement to provide an additional donation or bring forward a planned future donation to meet any shortfall that arises
3. Risk transferred to external market using insurance and capital markets.

A move to further integrate FbA by the DREF within the DREF would enable the pooling of FbA by the DREF funding and risk, although the 2020 DREF dip in funding suggests that coverage of shortfalls might need to be a two way arrangement. The two mechanisms still have significant differences, particularly around the EAP tool, the eligible activities and covering readiness and pre-positioning costs, but the DREF 2021-2025 Strategy opens up more opportunities to align them and strengthen the anticipatory action-response continuum, particularly around the shared use of analytical data generated through the EAP.

The proposed option to use DREF for early action with its own short term readiness and pre-positioning components would help to bridge the two mechanisms and build on work to better align tools, such as the implementation plans and EPoAs. National Societies want to see greater clarity on how these different windows link together and reinforce each other.

The second internal option to set manageable early action fund limits with discretion to increase based on potential benefits, would enable IFRC to raise its current ceiling beyond CHF 350,000 when there was justification based on need, absorption capacity and quality of planned interventions. As argued earlier, this move feels premature while the FbA by the DREF model is still not able to consistently deliver reliable funding on time in sudden onset crises, but once this stability is established, this approach should be adopted

It was clear when talking to donors that the fund mechanism was at a point when they were START Network's experience was that donors did not want them to sit on money, which meant

²² In partnership with the UK Government

they had to look at insurance mechanisms, including the African Risk Capacity Ltd²³, as well as direct purchase of insurance for rare, major events. Internal IFRC feedback suggested the costs of insurance premiums would not justify the potential benefits and this was a concern raised by the START network too.

Based on feedback from interviewees, the two internal risk management options, pooling risk across the whole DREF fund and setting manageable EAP funding limits are most relevant to the current situation, but it is unclear if these alone will deliver the desired growth. Without clearer understanding of what growth will look like and what will drive it, it will be difficult to establish the right portfolio of financial risk mechanisms.

4.1.4 External coordination and sub-contracting

Key finding: Growth in anticipatory action may be driven more by the funding available from UN agencies, rather than FbA by the DREF, and IFRC needs to factor this in to its strategic ambitions

Scale up of early action across the Movement may ultimately depend less on growth of EAPs and more on National Society agreements with organisations such as WFP in Bangladesh. As interest and funding in early action grows, the likelihood of such agencies sub-contracting will increase as they seek local partners to implement their plans²⁴.

For National Societies, while these relationships will likely remain transactional in the short term, the relative simplicity of providing a service on demand may outweigh the financial benefits offered by the readiness and pre-positioning components of an EAP, particularly given the opportunity costs of a two year development period. Ideally there would be room for both, but there is no guarantee.

4.1.5 Broader sustainability considerations

There is a high reliance from the FbA by the DREF on the Climate Centre, which will only grow as demand for EAPs increase. However, their involvement to date has largely been financed through project related funding, initially by German Red Cross but increasingly by other PNS. This is an ad hoc and insecure funding model and if the Climate Centre is to meet future demand, not just during the feasibility phase, but throughout the project cycle, including commitments to the Validation Committee, a more stable funding model will be needed.

Sustainability and scale up will depend on ensuring strong local ownership. A number of National Societies were already confident they would be able to develop elements of the EAP on their own and manage them in the long-term, but still described a reliance on PNS partners, or in some cases, IFRC technical support. Even in South America, where confidence is reasonably high, there is still a level of dependency on German Red Cross. It will also need agreements in place between National Societies and national meteorological agencies

The IFRC has an important role to play alongside PNS and the Climate Centre in supporting capacity strengthening but it is currently dependent on German Red Cross which funds a number of key positions, such as FbF regional focal points and the global capacity strengthening officer. Progress would see these core roles funded directly by IFRC, or through a budget supported by a range of PNS, so that dependency on only one is avoided.

²³ WFP are also working with African Risk Capacity, which is part of the African Union. ARC allows countries to manage climate risk as a group, by pooling together many country level policies covering diverse climate risks across the continent. Under a WFP and Start Network initiative, humanitarian organizations can complement the insurance coverage of ARC Member States by purchasing an additional 'Replica Policy', which could double the number of beneficiaries receiving assistance when an extreme drought event occurs.

²⁴ It should be noted that WFP are only active in 15 countries

There is also a growing cadre of experienced National Society practitioners in early action who have a key role in rolling out good practice across the wider IFRC network, provided that this does not undermine the work of their own NS. This would enable PNS and the Climate Centre to focus their limited technical capacity on new locations which lack partners.

4 Conclusions

In principle, FbA by the DREF is a relevant and timely initiative. It responds to a clear need to fund National Society readiness and pre-positioning, and its role to support early action based on evidenced and scientifically developed triggers, positions IFRC well within the emerging anticipatory action landscape.

In practice, the fund's effectiveness and efficiency are constrained by a number of design factors. The fund procedures were developed outside the IFRC and were not satisfactorily aligned to existing systems and processes, and despite practical measures to adapt specific steps, there are still a number of significant challenges.

The most significant is that even with a limited number of activated EAPs it is becoming clear that the fund cannot consistently perform its main purpose for sudden onset crises: to deliver early action funding to National Societies in a timely manner to enable them to implement planned early actions in the short window between trigger and impact. While some alternative approaches are in place, like PNS pre-funding early action, a more sustainable solution is needed. Currently the most viable solution is for IFRC to change its financial procedures to increase the amounts Country Delegations can release to National Societies to cover early action commitments.

A number of other issues were not considered in the original design and need to be addressed when the fund procedures are revised. Each one affects the overall performance of the fund and generates workload that will become unmanageable as the fund scales up. These include the need to cover the costs for country delegations to project manage and monitor EAPs, and the need for great flexibility in agreements, so that cost lines in budgets and plans can be changed without escalating a request for approval.

Overall efficiency of the fund would also be improved if IFRC Delegations representatives were involved earlier in the EAP process rather than joining only at the validation phase. Such earlier involvement would better prepare Country Delegations for their role in project managing an approved EAP on behalf of FbA by the DREF, while they would also bring contextual insight to the development process.

Systematic capacity strengthening within the IFRC would contribute to improved efficiency and create a platform for IFRC to scale up the number of EAPs it supports. Training based on analysis of current levels of knowledge and significant gaps should particularly target Delegation staff to build their awareness of FbA by the DREF processes; roles and responsibilities at each stage; and how the fund sits alongside other funding options within DREF. Current levels of awareness are mixed.

Despite these challenges, overall satisfaction with the FbF process is high across all stakeholder groups and interest in anticipatory action among National Societies is continuing to grow.

There is a recognition that the FbF process needs to be simplified, especially across the numerous hazard and country contexts where forecast data is limited or unreliable. There is also a need to simplify EAP documents to make them more user-friendly and better able to adapt to changes over a five year timeframe

A more flexible approach would allow trigger activation when a number of thresholds have been, or are likely to be met and early action is validated through expert advice. At present, the risk of waiting too long means windows for action become too narrow to implement plans. The ambition to work towards definitive triggers must remain, but in these types of scenarios,

this needs to be an end point to a longer-term process, rather than an unrealistic goal 'reached' after 2 years of EAP development

In some cases, an EAP may not be appropriate due to the level of forecast data uncertainty. This should be identified early during the feasibility assessment stage and in such situations, an alternative approach should be identified. The 'concept of using DREF for early action, currently under consultation, may present an alternative for short term, early action. It also provides a significant opportunity to National Societies without partners who otherwise would not be able to engage with anticipatory action.

Improvements in the quality and consistency of EAPs have been supported by the extensive work of the Validation Committee, which brings rigour and technical oversight to its role. It is currently dependent on a few individuals and would benefit from a wider roster of participants and a more structured and scheduled engagement with EAPs rather than its current ad hoc response to EAPs needing validation

The validation process would also be more efficient and productive if the Validation Committee, and associated technical experts such as those for cash, shelter, health and finance, were able to engage earlier in the development phase to support National Societies and their partners and provide guidance. The current process where they become involved once the EAP is finalised is time consuming, doesn't bring the full benefit of their participation and can result in multiple cycles of review and revision.

The two year pilot phase has generated substantial learning and expertise across all levels of the IFRC Network and lays a platform for future growth, not just in terms of numbers of EAPs, but IFRC and National Society engagement with anticipatory action in general. Learning around trigger development, impact based forecasting and implementing early actions in short time frames, for example, can benefit not just revalidated EAPs, but National Society contingency planning and response operations and even longer term programming.

The fund's localisation credentials are strengthened by the growing capacity of National Societies and the community consultation components of the EAPs. There are also increasing opportunities for some National Societies to access increased UN funding for anticipatory action, although the IFRC should advocate on their behalf to ensure sub-contracting recognises and compensates for the trigger development and capacity building aspects of this work.

The fund is currently in a financially stable state and is increasing its donor base in line with targets. The new 2021-2025 DREF ambition also creates a platform for further integration of FbA by the DREF within the broader DREF without losing its identity. Pooled funding across the two mechanisms would also allow IFRC to increase the number of EAPs funded.

However, the move to an insurance based model can only happen with confidence when likely trigger activation is more accurately calculated. The high frequency of activations in 2020 suggest the 1 in 5 year return period should be replaced by a more realistic calculation of likely activations, including false alarm, and trigger 'near misses. Increases in EAP funding ceilings also need to be approached with caution until a more reliable picture of EAP activation levels emerges.

Fund growth will need to be aligned to evidence of effective anticipatory action. IFRC will need to put in place a monitoring and evaluation framework for all its anticipatory action work. At present, the approach is fragmented and focuses mainly on scientific studies by the Climate Centre and there is a need to generate learning and evidence to improve performance and accountability at all levels.

5 Recommendations

Strategic/policy level

1. **Delegation sign off limit** – To ensure FbA by the DREF is able to deliver early action funding in time and across all EAPs, IFRC Senior Management must agree to raise the country delegation sign off limit to an amount that ensures early action allocations for a sudden onset EAP can be covered when required. This also requires Delegations to have an adequate funding cushion in place to cover any expected payout.
2. **Integration with DREF** – the process of integrating FbA by the DREF should continue with efforts to better align a simplified EAP document with the EPoA and promote unified reporting of FbA/DREF/EA when possible. The pooled risk opportunities presented by full integration of FbA by the DREF in the broader DREF, as proposed by CDP, should be a next step, but this review advises delay until the FbA by the DREF is performing more efficiently and can demonstrate a more predictable pattern of EAP activations.
3. **IFRC Anticipatory Action framework** – IFRC senior management must ensure that this document, under development, moves beyond its current focus on growth in numbers of EAPs to also align IFRCs approach to anticipatory action to the DREF Strategy 2021-25 ambitions, and to articulate how anticipatory action will better bridge disaster management and longer term DRR, health, climate and resilience activity
4. **Advocacy** - IFRC representatives on the Anticipatory Action Task Force should advocate to UN agencies on the task force, the need to invest in capacity building of National Societies if they are planning to sub-contract anticipatory action activities to them. This would be on a case by case basis, but would need to consider, as a minimum, funding of readiness costs and reference to PER and other capacity assessment processes, and should draw upon EAP costing analysis being done by the FbA by the DREF team.

Fund/EAP design

5. **Simplification of EAPs** – The EAP document format should be streamlined around core elements like summaries of analysis findings, decision making, M&E and implementation plans, with detailed scientific and other analysis provided as annexes. National Societies must inform any re-design so that the end-product is useful to them and can be easily updated. Simplified volunteer friendly EAPs should be developed where possible, building on the good practice in Latin America
6. **Flexible triggers** – where a feasibility study or early EAP development indicate a challenge in establishing definitive triggers, a flexible or ‘good enough’ trigger should be developed in the first instance, tested in simulation or real time activation, and revised accordingly. Its activation would need to be supported by the evidence that some, if not all, indicators will be reached. Where required, this must be validated by either a regional expert or Climate Centre/510 representative. The indicators and overall trigger must be sufficiently robust to suggest there will be no more than 3 positive/negative activations over a 5 year period based on available historic data and analysis. This flexible approach should be built in to IFRC guidelines and the FbF process.
7. **Flexible triggers 2** – any move to a flexible trigger at country level must be accompanied by communication to government and other external stakeholders of the reasons for this and the increased risks of false alarm that it brings. It should be promoted with a commitment to continually improve the trigger as and when more reliable forecast data

and learning becomes available

8. **FbA by the DREF procedures** – This review should inform revision of the current procedures. Other changes should be identified through round-table discussion involving key stakeholders, including IFRC service departments, regional and country level representatives to ensure the procedures better reflect operational realities and address issues not currently covered, such as inclusion of Country Delegation costs, reporting procedures, timeframe extensions, EAP revision and revalidation and other issues arising in this review

Operational level

9. **IFRC Delegation engagement with development phase 1** – Delegation representatives should engage with EAP development using a pre-agreed checklist of issues that must be addressed during this phase. These would include pre-contractual considerations like overall budget viability, feasibility of proposed cash transfer modalities, other potential logistics or financial constraints and mitigation measures; and practical steps to align/integrate EAP implementation plans within IFRC Annual Country Development plans and budgets. Country Delegations should then ensure these issues have been satisfactorily addressed during the validation phase
10. **IFRC Delegations engagement with development phase 2** – PNS budgets and plans for the development of all new EAPs must factor in involvement of IFRC Delegations representatives at key points throughout the development process. This would mainly involve time to cover participation in planning, simulation exercises and periodic engagement to ensure the EAP can be delivered in line with FbA by the DREF requirements. The number of days would depend on the complexity of the EAP
11. **FbA by the DREF country costs – IFRC** - The costs of IFRC involvement across the lifetime of an approved EAP must be identified by the Delegation involved and factored in to EAP budgets as a pre-condition for approval. These will vary depending on the nature of an EAP, but would include fund project management, monitoring, reporting and involvement in budget revision/revalidation. This requires a revision to the original FbA by the DREF procedures
12. **Fund transfer times detailed analysis** - In addition to having a back-up early action funding option at County Delegation level (Recommendation 1) , IFRC Finance (HQ and regions) should undertake a detailed analysis of what happens to each fund payment from the moment a National Society submits its request for early action funding, to its receipt on the ground. Learning around internal and external causes of delay might **identify mitigation measures that can** reduce the overall time taken and improve fund transfer reliability in sudden onset crises.
13. **Fund planning** - The FbA by the DREF Management Team must introduce a year-on-year fund management planning system that uses EAP forecasts of positive/false alarm/near miss activations to guide a realistic estimation of payouts and revalidations over a five year period. This mechanism should also guide fundraising strategy and IFRC commitments to take on new EAPs.
14. **Validation Committee 1** – To improve efficiency and quality of EAPs, the Committee should be renamed as the 'EAP Advisory and Validation Committee' with a remit to engage earlier with EAPs, during the development phase in an advisory role, available to answer questions, but with a nominated member to each EAP through its lifetime to ensure consistency of engagement. The aim is to reduce the complexity of the validation process

and to promote a learning by doing approach to EAP development, identifying potential problems and issues as early as possible

15. **Validation Committee 2** – To bring more predictably and structure to its work, commitments from PNS, Climate Centre and the members themselves should ensure that Committee members are available at least bi-monthly for a window of 2-3 days to support EAP development and for a quorum to meet together to validate finalised EAPs. This would be an opportunity to escalate issues to technical experts not present, such as members of the Cash team and Livelihoods Reference Centre. As demand grows, there is an opportunity to involve regionally identified experts in this process more
16. **Improved IFRC technical input in development phase** – IFRC cash and other sectoral teams, e.g. shelter and health, should be involved in the EAP development phase to improve technical quality. In addition to appraisal of the National Societies capacity to deliver, they should ensure EAPs are aligned to relevant IFRC guidance and intervention strategies
17. **Feasibility assessment** - The Climate Centre, IFRC and PNS should develop a more consistent structure to FbF feasibility assessments ensuring National Society organisational capacities and limitations are clearly understood at the outset, linking to PER or other assessments when available. The assessment must also be clear whether an EAP is the right approach, or whether the National Society would be better advised planning around a simpler anticipatory action approach, or planning around applications to the Imminent DREF
18. **Revalidation of EAPs 1** – National Societies must build access to DREF into their contingency planning if there is a likelihood of successive trigger-activating crises once an EAP has already been activated. And must also plan in realistic terms the timelines for review and revalidation of EAPs
19. **Revalidation of EAPs 2** - IFRC should integrate in to the funds' procedures, clear guidance on the revalidation process, particularly the minimum requirements in terms of learning and evidence required to support it. This would include justification for activation, even for a false alarm; trigger reliability, learning and potential improvements; operational performance and learning; integration within national systems and alignment of early action with National Society response work
20. **IFRC capacity strengthening plan** – roles and responsibilities of IFRC at Delegations and Regional level, in support of EAPs, should be mapped against current capacities and a capacity building plan developed to address gaps. The development of a specific training module on anticipatory action/EAPs should complement existing webinar and other approaches.
21. **Regional Capacity strengthening** - IFRC's DREF capacity strengthening plans and budgets should build in a component to support or strengthen regional pools of anticipatory action experts to support EAP development, validation and learning. These should be drawn from National Society and IFRC staff and on the basis that they have the time and capacity to engage. Engagement should be on the basis of light advisory inputs, should complement the work of existing regional IFRC FbF Coordinators, and be aligned to the FbA by the DREF guidelines.
22. **Monitoring and evaluation** - An over-arching IFRC framework for monitoring and evaluation of anticipatory action should be developed by IFRC leads on anticipatory action, in partnership with the Climate Centre and other Movement actors. The framework should align locally relevant National Society M&E approaches to a research-driven global approach led by the Climate Centre to promote connectivity. At National Society level, it

should be supported by a standard format for EAP Lessons Learning Workshops, with involvement of at least one member of IFRC staff in each process. Learning around triggers, fund transfer effectiveness, relevance of EAP to National Society capacity and justification for action should become a core requirement of all workshops.

23. **Scientific Advisory Committee** – In addition to its current role the Committee could also investigate and provide advice on more complex scientific and technical issues, escalated up to it by the Validation Committee, so freeing up the latter's time to focus on other issues. This would involve a rethink of the Scientific Advisory Committees membership so there is less overlap between the two

Acronyms and abbreviations

CDP	Centre for Disaster Preparedness
CERF	Central Emergency Response Fund (UN)
CHF	Swiss Franc
Climate Centre	Red Cross Red Crescent Climate Centre
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
DREF	Disaster Response Emergency Fund
EAP	Early Action Protocol
EPoA	Emergency Plan of Action
FbA	Forecast based action
FbF	Forecast based financing
FCDO	Foreign, Commonwealth and Development Office
IFRC	International Federation of the Red Cross and Red Crescent
KII	key informant/interviews
M&E	Monitoring and Evaluation
NS/NS	National Society
CCST	Country Cluster Support Team (IFRC)
CO	Country Office (IFRC)
PER	National Society Preparedness for Effective Response
PNS	Partner National Society
ToR	Terms of Reference
UN	United Nations
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
WFP	World Food Programme

Annex A: Terms of Reference

Review of the pilot phase of the Forecast-based Action by the Disaster Relief Emergency Fund (FbA by the DREF) 2018 – 2020

1. ORGANIZATIONAL CONTEXT

The International IFRC of Red Cross and Red Crescent Societies (IFRC) is the world's largest humanitarian network. The IFRC is a membership organisation established by and comprised of 192 member National Red Cross and Red Crescent Societies.

Addressing climate and environmental crises is the first Strategic Priority of the IFRC's Strategy 2030, which stresses the urgent need to massively scale-up climate change adaptation and disaster risk reduction, in view of increasing disasters and climate-related impacts on vulnerable people. Early warning and early/anticipatory action are acknowledged as a critical component of this work.

Building on the IFRC network's experience in disaster preparedness and community early warning systems, the Red Cross Red Crescent Climate Centre (RCCC) and German Red Cross piloted forecast-based financing (FbF) in 2014. FbF is an innovative approach that enables the automatic release of funds ahead of a hazard's impact based on risk analysis and forecast. In May 2018, the IFRC launched the first global funding mechanism designed to fund forecast-based action as part of the IFRC's Disaster Relief Emergency Fund (DREF), representing a critical turning point in making early action possible.

2. BACKGROUND

In December 2017, the IFRC Secretary General approved, by way of Decision Paper #204, the establishment of the Forecast-based Financing (FbF) Window to the DREF (FbF Window), which is a new working modality for flexible early action funding, which will allow for the strengthening of National Societies' capacities to implement anticipatory action.

The Decision Paper also included the decision to evaluate the pilot phase of the IFRC funding mechanism (later named Forecast-based Action by the DREF) at the end of its first 2 years (2018-2020) before moving to a longer-term fund.

In May 2018, the IFRC launched the Forecast based Action by the DREF (FbA by the DREF), as a funding mechanism to support anticipatory action by National Societies. The FbA by the DREF was established with the support of the German Government and the German Red Cross and became operational in November 2018, when the fund's procedures were signed off by the IFRC's Secretary General. After two years of implementation of the FbA by the DREF, the mechanism has approved 12 Early Action Protocols (EAPs) and activated four of the 12 EAPs. Early Action Protocols are plans that guide timely and effective implementation of early actions when a severe weather or climate forecast shows a high likelihood of critically impacting people. Once an EAP is approved financial resources are released automatically when the pre-agreed trigger is reached (EAP activation).

As per the original decision, the IFRC seeks now to review the Fund's relevance, sustainability, effectiveness and efficiency to assess whether FbA by the DREF is having the desired outputs and outcomes and identify areas that need to be revised or further developed to ensure the continued improvement of the running and delivery of the Fund.

3. OBJECTIVES AND SCOPE

The objective of this consultancy is to conduct a comprehensive review of the FbA by the DREF pilot phase, by assessing the overall design of the mechanism in terms of relevance, sustainability, efficiency and effectiveness, gather evidence on its performance and progress during the two year pilot and capture data on good practices and challenges to inform and improve future delivery. Emerging lessons and recommendations will be specifically highlighted to enable the IFRC, in consultation with partners, to make necessary adjustments in the Fund's concept, design and functioning to determine its future moving forward.

The consultant should focus on reviewing the process of the FbA by the DREF, from the EAP development until they are submitted to the IFRC for review and approval and their subsequent implementation. It is not expected that the consultant will assess each individual EAP but more focus on recurring issues faced during the development and implementation. Similarly, the consultant is not expected to review the effectiveness of each individual EAP but more to extract lessons learned and recommendations from existing documents as they relate to the effectiveness and efficiency of the FbF methodology and to the structure, modalities and management of the FbA by the DREF.

4. PROCESS AND METHODOLOGY

The methodology for the review will use the following methodology:

- Desk review all relevant documentation, including reports, lessons learned, evaluation, procedures, guidelines and templates related to the Fund and the related processes.
- An additional desk-based review of some other approaches (methodologies) to Anticipatory Action for comparison and to enhance wider learning.
- Key Informant Interviews (KII) and Focus Group Discussions with a range of stakeholders, including from Host National Societies, Partner National Societies, IFRC Secretariat offices including in Geneva, the Americas, Africa and Asia Pacific Regions, and at Country or Country-Cluster level, the Climate Centre, the Validation Committee (who reviews and approves the EAPs) and donors. The key informant list will be finalized jointly with review management team (around 35 interviews or discussions).

The overall consultancy methodology should seek to address the following key questions on Relevance, Sustainability, Efficiency and Effectiveness.

Relevance

- To what extent can the FbA respond to needs and gaps in the National Societies access to funding for anticipatory action?
- How satisfied are RCRC National Societies that have applied to the FbA by the DREF with the performance of the Fund (from submission to activation)? Is the Fund meeting the expectations of National Societies as recipients of the Fund?
- Is the Fund meeting the expectations of the Partner National Societies that support National Red Cross Red Crescent Societies to develop the Early Action Protocols?
- How well adapted is the FbA by the DREF to the current Anticipatory Action landscape and to other existing funding mechanisms (internal and external)?

Sustainability

- To what extent has the financial stability of the FbA by the DREF been secured?
- What are the main issues to ensure the sustainability of the Fund in the future (beyond the financial perspective)?

- What are the opportunities and risks of scaling up the FbA by the DREF in the future (in line with the new five year DREF strategy)? What recommendations would form a strategy for the next five years of the FbA?
- Are there other anticipatory action approaches that the IFRC could be supporting in the future?

Efficiency

- Examine whether the institutional and organisational set-up (including existing procedures) has been effective for achieving the original objectives of the fund? And if not, what adjustments might be needed to accomplish this after the pilot phase?
- How efficient is the current process from submission, approval to activation of the FbA by the DREF?
- Are there aspects of the Fund's policies, procedures or structure that should be amended, or streamlined?

Effectiveness

- To what extent have the original objectives of the pilot phase been met?
 - increasing interest of NSs in anticipatory action,
 - setting up a funding mechanism including readiness funding,
 - putting procedures and templates in place
 - increasing donor base
- Identify the major factors that have facilitated or impeded the progress of the FbA by the DREF in achieving its intended results.

4.1 Responsibilities and duties

IFRC

IFRC will support the consultant with the necessary access to working material/documents and will also support the development of the KII list. IFRC will support the consultant in the setting up of contacts and arrangement of interview dates with stakeholders. IFRC will provide timely feedback on drafts of each product at each stage and provide input on desired direction and content. The process will be supported by a management group consisting of 3 people from the IFRC DCC and PMER teams and by technical support where necessary.

Consultant

The consultant shall lead and coordinate the review process, including defining its methodology. The consultant shall take care that the relevant actors actively take part in the process and their views and expertise are considered in the products. He /she has the responsibility to revise drafts, based on the comments from IFRC. This consultancy will be home based and the majority of meetings will be conducted virtually. The consultant must be prepared to work across a variety of time zones.

5. DELIVERABLES

The consultant is expected to deliver the following outputs:

1. A **review workplan** - to operationalize and direct the development of the consultancy. The workplan will describe how the review will be carried out, bringing refinements, specificity, and elaboration to the terms of reference (timeframe with dates for deliverables) and will outline the support needed from the IFRC consultancy management group.
2. **Draft review report** - The consultant will prepare a draft report for submission to the consultancy management team for their review prior to finalization. Feedback should focus on accuracy and omissions.

3. **Final review report** - Informed by feedback on the draft report, the final report will be a consolidated, concise and well-structured report, showing exactly where the FbA by the DREF stands in terms of relevance, sustainability, efficiency and effectiveness as well as clear lessons and recommendations for each of these areas. The report should also include an executive summary to share the key findings and lessons from the review for communication purposes.
4. **Short Presentation** - Prepare and deliver a presentation highlighting key findings, conclusions and lessons from the review and present to relevant stakeholders.

Depending on the time available, and the findings of the consultancy, further products may be agreed between IFRC and the consultant, and content/direction of the aforementioned deliverables may be adapted.

The final deliverables will be approved by the consultancy management group.

Annex B: Evaluation method and outline approach

Review Management Group

A review management group was established to support this review. Apart from meeting at agreed milestone points, the group also provided a detailed introduction to the FbA by the DREF funding mechanism

Design considerations

Design and data collection drew upon both subjective and objective sources to provide a balanced understanding of progress. The review method was guided by the need to look at the fund, mainly from a learning perspective, but with some consideration of accountability

The review combined a range of qualitative and quantitative techniques including desktop study (literature review), semi-structured interviews and focus group discussions, and the following considerations shaped the review design:

- Focus on qualitative data and feedback, triangulated with quantitative data when available
- The main focus was on the funding mechanism, FbA by the DREF, but to understand how it performed, there was a need to understand the approach taken to the development of EAPs and how this approach impacted on the fund's performance
- An additional review question was added to the original list, covering capacity strengthening of NS and IFRC to deliver FbA by the DREF. This came through strongly as an issue during consultation with the review management group

Literature review

The literature review was guided by the considerations of relevance, effectiveness, efficiency and sustainability and looked for evidence, patterns and trends to enable triangulation of data from stakeholder interviews.

An extensive range of documents were reviewed against the review questions (See Annex A), and initial findings informed the development of sub-questions and tools.

To assess how the 'FbA by the DREF' mechanism compared to the current anticipatory landscape, literature review and targeted KII looked at two similar mechanisms. A sample of EAPs were also lightly reviewed to build up a picture of relevance and effectiveness of the overall fund

Review matrix

A review matrix was developed with a breakdown of questions, data sources and collection methods. This was used as the basis for interview/FGD questions and was periodically updated to reflect emerging issues and priority areas for investigation.

Stakeholder mapping, sampling and selection

The scope of the review questions and the complexity and multi-layered nature of the fund mechanism meant a range of different stakeholders needed to be engaged to build up a meaningful picture.

	Stakeholder Group	Sampling/selection criteria
1	National Societies (NS)	Geographical cross section of 5-6 NS with validated/activated EAPs
2	IFRC DREF team, Headquarters	Staff with a direct or indirect engagement with FbA by the DREF, including line management
3	IFRC Support services, HQ	Selected staff from legal and finance departments

4	IFRC senior management, HQ and field management	1-2 senior managers at HQ and 1-2 at regional levels with relevant engagement with the fund
5	IFRC regional delegations	Regional FbF focal points and 1 DM or resilience manager per region
6	IFRC Country/cluster delegations	A sample of staff responsible for project managing EAP commitments
7	PNS Country offices	A sample of staff supporting EAPs
8	German Red Cross	Selected staff (2-3) involved in original design; oversight of FbA by the DREF and/or Validation Committee
9	Red Cross Red Crescent Climate Centre	3-4 advisers and technical staff engaged with EAPs
10	FbA by the DREF Validation Committee	A sample of members not already covered above
11	Donors	German Government focal point and ECHO representative
12	Comparable humanitarian mechanisms	START Network and WFP representatives

Stakeholder engagement

This took place via Skype, MS Teams or Zoom. In some cases, a translator was used for engagement with French and Spanish-speaking stakeholders.

Semi structured key informant interview (KII) and focus group discussion (FGD) tools were developed based on the review matrix. These were tailored to different stakeholder groups and visual representation of processes and structures were sometimes used to facilitate discussion and thinking.

Data collection, assembly and analysis

Data collection, assembly and analysis was framed by the agreed analysis criteria - Relevance, Efficiency, Effectiveness, Impact and Sustainability, as well as the review questions. Stakeholder data was analysed to identify common themes, patterns and trends and triangulated, where possible, against evidence and data from the literature review.

Annex C – List of interviewees

Sune Bülow, Danish Red Cross (formerly DREF/ FbA Appeal Manager)
Kara Siahaan, Coordinator, Early Action and Disaster Risk Financing, IFRC
Angela Eaton, Senior Officer, Finance Department, IFRC Headquarters
Pascale Meige, Director Disaster and Crisis (Prevention, Response and Recovery), IFRC
Florent Del Pinto, EOC manager, Disasters, Climate and Crises/FbA Appeals Manager, IFRC
Melanie Ogle, FbF Capacity Strengthening Snr Officer, IFRC Budapest Office
Nazira Lacayo, Disaster Relief Emergency Fund Senior Officer, IFRC, Geneva
Xavier Castellanos Mosquera, IFRC Under Secretary General
Menaka Tennekoon, Senior Legal Adviser, Legal Affairs Department. IFRC HQ
Raymond Etienne Zingg, FbF Coordinator, IFRC Asia Pacific Regional Office (Bangkok)
Africa FbF focal points: Phoebe Wafubwa SHIKUKU (IFRC Regional Office), Jurg Wilbrink
Mathieu Destrooper, GRC LAC FbF Lead
Stefanie Lux, Anticipation Unit Lead, German Red Cross Headquarters
Carolina Zastiral, Disaster Risk Reduction and Early Action Adviser, British Red Cross
Alexandra RÜth, Head, Knowledge & Innovation & Anticipation Hub, German Red Cross
Anne-Mette Meyer, Senior Humanitarian Adviser, Climate & FbA, Danish Red Cross
Benjamin Debois, French Red Cross
Malika Noisette, Netherlands Red Cross
Irene Amuron, Technical Adviser, Red Cross Red Crescent Climate Centre
Clemens Gros, Consulting Technical Adviser, Monitoring and Evaluation, RCCC
Erin Coughlan de Perez, Manager, Climate Science - Red Cross Red Crescent Climate Centre
Catalina Jaime, Forecast Based Financing Coordinator, Red Cross Climate Centre (by Email)
Liz Stephens, Scientific focal point, Red Cross Climate Centre
Karolina Andrzejewska, Emergency Response Officer, DG ECHO
Natthias Amling, Federal Foreign Official, Division S08 – Division for Humanitarian Assistance
Jessica Lee Letch, Manager, EO and IM, IFRC, KL
Necephor Mghendi, Head of Disaster, Climate & Crisis (DCC) Unit, Asia Pacific, IFRC
Mothiar Rahman, IFRC Bangladesh Office; Shyam Ganaesvaraw, IFRC Asia Pacific RFU
IFRC - LAC - Pabel Angeles, IFRC FbF Coordinator, Marie Manrique, IFRC PMER, Roger Caleburny, IFRC Country Coordinator, Silvana Rossi, Finance Coordinator, IFRC Lima
IFRC - West Africa - Pierre Danladi, Programme & Operations Coordinator IFRC Niger Office and Anna Cerutti, Disaster Management Coordinator, IFRC Sahel Cluster Delegation, Dakar
IFRC Asia Pacific - Johanna Arvo, IFRC AP Regional Office, Razib HASIBUL BARI, IFRC Country Office, Bangladesh; Xiao Zheng, DRM Officer, IFRC Beijing Office; Vinod Munandy, Ops Coordinator, AP Regional Office, Radhika Fernando, IFRC Philippines
Damien Riquet, FbF Coordinator, German Red Cross
Mali Red Cross - Nouhoum Maiga, Souleymane Konate, MRC FbF Focal Point,
Niger Red Cross - Seydou Yeye, DM Coordinator, Adamou Akmaraki , Executive Secretary
Mozambique Red Cross - Janio Dambo, FbF Manager, Sergio Buque – Flood EAP Manager
Ecuador Red Cross Sabina Ortiz and Fernanda Ayala Cajas
Paraguay Red Cross Kemper Mantilla and Juan Carlos Melgar
Zambia Red Cross - Zaitun Ibrahim – Netherlands Red Cross; Wina Wina – Zambia Red Cross
Mongolia Red Cross - Nyamkhuu Chuluunkhuu
Jesse Mason, Global Coordinator Forecast-based Financing, World Food Programme
Emily Montier, Head of Crisis Anticipation and Risk Financing