FACT SHEET 6

DISPLACEMENT, CLIMATE EARLY ACTION AND FORECAST-BASED FINANCING

IFRC

Climate Training

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For key concepts and terms please refer to Fact Sheets 1, 2 & 3

Key messages:

- **There is increasing recognition of the need to address climate-related displacement through approaches that strengthen preparedness and encourage early action to increase resilience and improve response. Key among these is forecast-based financing.**
- **Forecast-based financing (FbF) is an approach that uses forecasting and other analysis to identify households and communities at imminent risk of hazards. Funding and support is then released ahead of time, to facilitate prevention and preparedness measures and mitigate the risks of displacement.**
- **IFRC and National Societies have developed tools, practical guidance and case studies to support and advocate for the effective implementation of FbF for vulnerable communities.**

Mitigating climate-related displacement: learning from the past and anticipating the future

Climate change-related events, natural hazards and disasters are increasing in frequency and intensity, triggering more and more people to become displaced from their homes. This can be the result of a gradual build up over time, causing **slow-onset events** such as desertification and sea level rise. However, the majority of recorded disaster displacements are triggered by **sudden-onset weather events**, and over 70% of new displacements each year occur as a result of extreme weather events.

Source: IDMC (2019) Global Internal Displacement Database.

We already know a lot about the weather. While the direct links to climate change are not always clear, there are systems in place which can **forecast the location, intensity and likely impact of extreme weather events** with a high degree of accuracy. Combined with **historical data and an understanding of past displacement**, this provides a crucial opportunity to initiate early warning, undertake pre-emptive action and ensure households and communities are resourced to protect themselves in the window of time before a hazard strikes.

There is increasing investment and global understanding of the need for anticipatory action, which is also effective in mitigating the impact of climate-related displacement, from both rapid and slow-onset hazards. The IFRC and National Societies have developed a number of approaches and tools that strengthen **early action, including through forecast-based financing (FbF)**.

What is forecast-based financing?

FbF is an approach that enables households and communities to initiate early action ahead of an anticipated weather event. It utilises **scientific forecasts** to predict weather and climate events and a **risk analysis** to identify targeted groups of people to receive **pre-allocated funds** even before the event has occurred.

The funds are **automatically released** once a certain **hazard threshold** has been reached, so that people are able to finance early action measures to increase their resilience and likelihood of recovering from the disaster.

Key to FbF is the development of an **early action protocol (EAP)**, which outlines the tasks and responsibilities for that specific FbF project. The EAP encompasses local context and knowledge, the specific forecast triggers, funding and agreed upon early actions and measures.

What is forecast-based financing?

Examples of FbF early action measures can include:

- Securing or protecting assets and valuables left behind
- Evacuation support
- Building adequate livestock shelters
- Evacuating livestock
- Building flood walls
- Buying medicine
- Distributing supplies
- Paying contractors to help prepare homes and land
- Purchasing emergency equipment and supplies, such as chainsaws, water purification tablets and water tanks
- Disseminating information/community awareness campaigns to ensure that risks are known and practical action is taken, such as securing homes, protecting legal and identity documents and carrying vital medicines

How does forecast-based financing mitigate climate displacement?

The IFRC and the RCRC Climate Centre have recently released a report in 2020 on **Forecast-Based Financing and Disaster Displacement: Acting Early to Reduce the Humanitarian Impacts of Displacement**, which shows that FbF projects can effectively reduce the risks and impacts of climate-related displacement.

Tools to support forecast-based financing implementation:

- Forecast-based Financing Practitioners Manual (2020) developed by IFRC, RCRC Climate Centre and German Red Cross provides a step-by-step approach to designing FbF programs.

- Practical Guide to Seasonal Forecasts (2019) developed by the RCRC Climate Centre and other organisations, provides guidance on how to interpret and use seasonal forecasts.

- Risk-Informed Approaches To Humanitarian Funding: Using Risk Finance Tools To Strengthen Resilience prepared by ODI provides guidance on the role FbF can play in mitigating the impacts of disasters.

Assessing displacement risks

Central to mitigating climate-related displacement is identifying those people most at risk from displacement if an anticipated hazard occurs. Early action measures for those communities can then be included as part of the EAP and benefit from FbF. An assessment of historical hazards, variations across geographical areas, social demographics, and relevant institutional capacities all help to build this picture and identify the anticipated needs. Communities at high risk from displacement often include those who are already marginalized or face discrimination and exclusion, and those in informal settlements and with insecure tenure, as well as migrants, refugees and those displaced within and across borders by conflict and disaster.

How does forecast-based financing mitigate climate-related displacement?

Preventing unnecessary displacement

FbF has been used to enable people to take preventative measures so that they can better withstand the hazard impacts and stay safely in their homes. In situations of rapid-onset climate-related disasters such as cyclones, this may involve the release of funds for strengthening housing and protection of critical infrastructure. For slow onset climate-related disasters, such droughts or severe winters, this may include measures to protect crop and livestock so that communities are not forced to seek livelihoods or employment elsewhere.

Safer evacuation and immediate response

For situations where evacuations are necessary to ensure the safety of communities, FbF can be used to improve the evacuation safety ahead of imminent rapid onset climate-related hazards. The EAP assessment process can help to identify those most likely to require evacuation and anticipate their specific needs regarding transport, emergency shelter and other facilities. FbF can then be used to support volunteer training, dissemination of early warning messages and the prepositioning of food, water, safety lighting and first aid equipment to evacuation shelters. Measures can also be put in place to ensure adequate protection for vulnerable groups.

Supporting durable solutions and preventing protracted displacement

Durable solutions to displacement after a disaster may include return, local integration or relocation to another area or even another country (see Fact Sheet 8 of this series). Anticipating the potential needs and barrier for displaced people even before an event occurs means that steps can be taken to identify risks and ensure durable solutions can found as quickly as possible, to help prevent situations of protracted displacement. In this way FbF can be used to initiate measure such as: encouraging people to carry or protect their personal identification, legal and property documentation, to ensure that any housing, land and property (HLP) issues can be resolved quickly and ensuring that livelihoods are protected and adequate services and supplies are available immediately after a disaster to enable faster and prevent people from having to relocate to other areas unnecessarily.

Recommendations for implementing effective FbF

- **Engagement with local communities** to ensure early actions are understood, decided and agreed upon by those likely to be affected.
- **Inclusive planning:** Consult and consider those who have experienced displacement or are especially vulnerable or marginalised, utilising their perspective to inform FbF actions.
- **Integrate local and traditional knowledge** to ensure that risk assessments and FbF measures are relevant and targeted appropriately.
- **Provide 'actionable' early warning information** based on inputs from local communities to procedures are understood and can be implemented with available resources.
- **Support people to remain in their homes** where possible through actions to address risks and increase individual and community resilience to avoid unnecessary displacement.
- **Promote safe evacuation** by ensuring evacuation centres are a accessible, safe and a dignified space, and support the safe movement of people to host communities.
- **Promote risk knowledge and awareness** including practical advice such as keeping legal documents and having important medicine on hand.
- **Develop long-term strategies** with local and national governments and communities.
- **Engage in advocacy** to encourage FbF mechanisms to be established, including through the development of enabling laws and policies at national level.

Case studies

Learning by example: Case studies on FbF

The following case studies provide useful information and practical experience on establishing and implementing FbF programs:

- Changing the Paradigm, Acting faster: El Niño In Peru
- Video on FbF in Mozambique
- FbF in Vietnam: Addressing heat waves in Hanoi
- Pilot Projects: Forecast-Based Financing
- Red Cross Red Crescent Disaster Risk Reduction In Action – What Works At Local Level

Philippines: early action for typhoons

In the Philippines, early humanitarian actions supported by FbF include strengthening and protecting shelters and housing. The EAP also identifies the need to strengthen livelihoods and minimize the loss of income in advance of typhoons. Identified early actions include the early harvesting of matured crops and the evacuation of livestock and assets. These actions are designed to minimize the loss of livelihoods as well as to motivate the community to leave areas at risk of flooding or landslide. Cash for work is also considered in the Philippine EAP to mobilize local workers to implement these early actions, and to provide temporary employment for vulnerable farmers and fisherfolk.

Source: IFRC (2020) Forecast-Based Financing and Disaster Displacement: Acting Early to Reduce the Humanitarian Impacts of Displacement

Togo: Climate adaptation and forecast-based financing

In Togo, an innovative flood risk and prediction tool called FUNES enables communities to receive fast financing based on early flood warning signs. It was funded by the GFDRR, and co-developed with Togo Red Cross, German Red Cross, Togo government and the Nangbeto hydro-electric dam.

Floods were forecast using scientific data and a self-learning algorithm. The program helped to manage the flood risks of downstream communities. The FbF initiative is now embedded into the Nangbéto hydropower dam operations. It was successfully implemented during the 2016 Togo floods and enabled flood warnings to reach at-risk communities. Pre-allocated funds were rapidly distributed for communities to take early action measures to protect themselves and homes from the flood.

Source: IFRC (2018). 2018 Climate-Smart Disaster Risk Reduction Mapping.

Mozambique: Using FbF ahead of cyclones

In Mozambique, in the context of cyclones, anticipatory humanitarian actions include strengthening houses and shelters as well as reinforcing education infrastructure. This includes supplying essential tools and basic materials for communities to strengthen the most at risk houses and schools. Early action also includes mapping and training volunteers in first aid and shelter and settlements, the creation of community working groups, and memorandums of understanding with community radio.

Source: IFRC (2020) Forecast-Based Financing and Disaster Displacement: Acting Early to Reduce the Humanitarian Impacts of Displacement.

Image: Anette Selmer-Andresen/IFRC

Case studies

Mongolia: FbF for vulnerable herders

Mongolia is prone to severe winter (dzud) which often results in the loss of livestock and significantly impacts on the livelihoods of herder families. In support, the Mongolian Red Cross Society (MRCS), together with IFRC, the Red Cross Red Crescent Climate Centre and Mongolian authorities, implemented a FbF initiative.

At-risk herders were identified through a risk and impact analysis, based on scientific forecasting which included rainfall deviation, temperatures and drought risk. The community was involved in developing the EAP, with local authorities conducting community-led risk assessments through herder interviews to identify potential risks and impacts.

Ahead of the peak of winter, over 2,000 herder households received unconditional cash grants and animal care kits, which included mineral blocks, fish oil, eye and hoof ointment and mineral supplements, to help them prepare for and survive the harsh conditions.

Source: IFRC (2018). Case Studies: Red Cross Red Crescent Disaster Risk Reduction In Action – What Works At Local Level

See also: GP20 (2020) Mongolia: Forecast-Based Financing to Avoid Disaster Displacement

Image: IFRC/Mirva Helenius.

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