RED CROSS/RED CRESCENT CLIMATE CENTRE

International Federation of Red Cross and Red Crescent Societies

The Netherlands Red Cross

How FbF contributes to the achievement the 2015 global goals: Sendai Framework for Disaster Risk Reduction, Sustainable Development Goals and Paris agreement:

Since 2008 the Red Cross Red Crescent is promoting and testing a mechanism called Forecast-based Financing (FbF) which aims at further improving the efficacy of traditional Early Warning Systems. It funds automatic early actions based on credible forecasts and a sound analysis of risks.

Sustainable Development Goals

Natural disasters are one of the largest threats to development investments, causing continual setbacks for those who are making investments for the future. If we can anticipate extreme events before they happen, we have a critical opportunity to protect these investments.

Effective early actions and timely preparedness for response measures protect development gains in the window of opportunity between a forecast and a potential disaster. It is here where FbF is not only a risk reduction and preparedness strategy but contributes to the achievement of the Sustainable Development Goals.

For example, early actions to mitigate mortality of alpacas in the Andes region are now automatically funded and implemented based on a cold wave forecast; this contributes to alleviate poverty, ensure zero hunger and promote good health and wellbeing of isolated, rural communities in the highlands of Peru.

FbF contributes directly and indirectly to the achievement of goals 1. No Poverty, 2. Zero Hunger, 3. Good Health and Wellbeing, 6. Clean Water and Sanitation, 10. Reduce inequalities 11. Sustainable cities and communities, 13. Climate Action, 15. Life on Land, 17, Partnerships for the Goals.

Sendai Framework on Disaster Risk Reduction

If Forecast-based Financing is implemented as part of a comprehensive disaster risk reduction and climate change adaptation strategy, it contributes to the achievement of the targets agreed in the Sendai Framework on Disaster Risk Reduction (especially a, b, c, f and g), and the four Priorities of Action.

1. *Understanding Disaster Risk:* The design of a FbF mechanism requires a sound understanding of risks, this information is necessary to define the triggering points at which early actions and preparedness for response is activated. For this, a scientific analysis of forecast (skills, false alarm ratios, reliability) takes place in parallel to the identification of historical and projected disaster impacts, which in combination will enable the identification of thresholds (danger levels).

2. *Strengthening disaster risk governance to manage disaster risk:* The development of an FbF mechanism requires the active contribution and coordination of different actors, for example, Hydro-meteorological services, Disaster Risk Reduction Departments, Finance Ministries,

Agriculture departments, and Red Cross Red Crescent National Societies, among others. The government should be in the driver's seat, ensuring coordination and effective action.

3. *Investing in disaster risk reduction for resilience:* Due to the high impact of crisis that could have been averted with the right use of climate information and timely funding, it is widely recognised by governments and international organisations a radical shift is needed in the current humanitarian and development financial landscape. The Red Cross Red Crescent is advocating for a new method of funding that enables automatic allocation of funds for the implementation of early actions and preparedness for response based on forecast information. Actions will be predefined based on a sound understanding of risks and also considering the economic and non-economic implications of acting in vain.

4. *Enhancing disaster preparedness for effective response and to "Build Back Better" in recovery, rehabilitation and reconstruction):* Managing residual risk in a window of opportunity between a climate/weather forecast and the potential disaster event is one of the best alternatives that can be promoted to ensure an effective disaster response. Preparedness actions at local and national level can be implemented effectively if funding is allocated automatically and quickly, not after the disaster has happened as it normally does.

Paris Agreement

To effectively reduce disaster risks and contribute to the achievement of development goals, the Red Cross Red Crescent recognises the implications of climate change and promotes mitigation and adaptation at local, national and international level.

One of the largest impacts of a changing climate will be changes to the frequency and magnitude of extreme events. Forecast-based Financing as a climate change adaptation strategy aims at promoting more prepared communities that would be able to cope with extreme events, both now and in the future. While some countries are more exposed than others, it is the poor and marginalised who are most exposed. Early actions and preparedness for response measures enabled by FbF are focused on the protection of the most vulnerable and marginalised, which are normally the most exposed to disaster impacts.

Climate change knows no borders. Our efforts to adapt must therefore break down traditional silos, both at the international and domestic levels. Forecast-based Financing is a mechanism that bridges the development and disaster response agendas, breaking down these silos and integrating these international commitments. At the national level, climate change related action plans and strategies should be integrated and aligned with national development planning and policies, rather than being 'stand-alone' documents.

Forecast-based Financing is an opportunity to invest in a new way of working, simultaneously addressing the commitments in the post-2015 agendas and offering a better future for the most vulnerable.

Some notes from the Blueprint report for other agendas to keep in mind.

- a number of landmark international agreements have also been concluded that provide a robust global policy framework for improving preparedness for, and response to ENSO events13. These include
- Paris Climate Agreement (FCCC/CP/2015/10/Add.1, Decision 1/CP.21).
- 2030 Agenda for Sustainable Development (A/RES/70/1), particularly Goal 13.
- Addis Ababa Action Agenda (A/RES/69/313).
- Sendai Framework for Disaster Risk Reduction 2015-2030 (A/RES/69/283).
- SIDS Accelerated Modalities of Action (SAMOA) Pathway (A/RES/69/15).
- Programme of Action for the Least Developed Countries for the Decade 2011-2020 (A/CONF.219/3/Rev.1) and the Midterm Review (A/RES/70/294).
- Secretary General's "Agenda for Humanity" and "Outcome of the World Humanitarian Summit: Report of the Secretary-General" (A/71/353).
- New Urban Agenda