

Manual for Forecast-based Financing

This document provides technical guidance for the design of Forecast-based Financing (FbF) interventions. It has been developed from the lessons and experiences of several ongoing pilot projects, making this manual a living document that will be updated on a regular basis.

The target audience for this document includes disaster risk managers, meteorologists, hydrologists and people working in other disciplines that are involved in the design of FbF mechanisms. This manual will be used by governments, humanitarian and development organizations.

Each of the guides of the manual offer a set of general ideas for implementation of FbF interventions, they are mainly an advice and by no means a mandatory step by step process. Although they describe steps, the implementation of them will depend on the context they will be used in.

It is divided into 8 sections, which can be accessed through the links below:

1. [Glossary of Terms](#): a list and definitions of the terminology used in this manual.
2. [Feasibility Study for Forecast-based Financing Interventions](#): before starting an FbF intervention, this is a set of criteria to consider. The suggested criteria should be seen as a guide, not a necessary step-by-step process. Additional criteria could be considered according to the context.
3. [Menu of Triggers](#): a step-by-step approach to identifying trigger options for the activation of the FbF mechanism.
4. [Prioritization of Forecast-based Actions](#): provides guidelines for organizations and governments to select the most suitable actions according to the identified risks. It also provides a set of criteria that will inform a better selection-making process, including the use of theory of change and preliminary cost-benefit analysis tools for each of the preselected actions.
5. [Standard Operating Procedures](#): the key elements that should be considered by disaster risk managers in charge of setting up an FbF mechanism. This will be used to create a flow process, with definitions of specific tasks, roles, responsibilities and resources, in order to guarantee successful implementation of forecast-based actions.
6. [Monitoring, Evaluation, Accountability and Learning](#): a number of activities to be implemented within each pilot intervention in order to understand, learn about and document the impact of forecast-based actions. This helps build a robust evidence for the FbF concept. This section includes Cost-benefit Analysis.

7. [Communication Materials from Pilot Projects](#): a sample of communication materials from FbF pilot projects. These materials are designed to share experiences, methodologies and lessons learnt from the implementation of these projects.
8. [Financial Mechanism](#): this document presents the characteristics of the FbF mechanism. During 2017, more details information will be developed about this topic.

This Manual aims at providing guidance for the implementation of the Forecast-based Financing strategy for the German Red Cross, but also for the Red Cross Red Crescent movement and partners. (See [FbF strategy](#))

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