

FbF guide # 4

# Standard Operating Procedures for Forecast-Based Financing

There are a number of barriers to effective use of forecasts and implementation of early actions. Firstly, forecasts of hydrometeorological variables, such as river flow or level, need to be translated into a probability of impact, which is the information that is necessary for deciding what action to take. Secondly, there are also institutional and political barriers to using uncertain forecast information, particularly given the perceived high consequences of ‘acting in vain’. In addition, humanitarian organisations and at-risk stakeholders do not have a clear mandate for action based on probabilistic signals of likely losses, and when a forecast is made that indicates a heightened probability of a disaster, are not confident in determining what action is “worth” taking. Lastly, funding sources for forecast-based early action are few; the bulk of funding is available only post-disaster, or through long- term project agreements.

These obstacles are interlinked, for example, an action that needs to be taken two days in advance of a flood would be worth taking if there is confidence in the forecast system out to two days. Therefore determining what actions are worth taking, how to implement those actions and by whom will be in some part related to how far in advance of a disaster the forecast has skill. The guide No. 1 of this manual has shown the process to analyse forecast skills, lead teams and ultimately to define the menu of triggers that will inform which are the danger levels for the activation of the Forecast-based Financing mechanism. In guide No. 2, has shown the process that stakeholders should do in order to prioritize forecast-based actions. This guide No. 3 shows the key elements that should be consider to elaborate an standard operating procedure for the implementation of the selected action(s).

## Standard Operating Procedure

Standard Operating Procedure (SOP) in the framework of Forecast-based Financing is an early action protocol which is triggered by a forecast. SOP provide step-by-step procedures for an action to be implemented in a particular fashion and order, at the time it is activated but also for the preparation phase.

In Forecast-based Financing, the early action protocol is a formal document aimed at ensuring that the pre-defined tasks are carried out at the right time and in the planned way. The protocol defines clearly: who takes what action when, where, and with what funds.

The early action protocol does not work in isolation. It could be connected to already existing contingency plans and early warning systems. It ensures that early actions planned to be implemented in the window of time between the given ‘forecast alert’ and ‘the event’ can be carried out timely and successfully. It success is given by factors such as immediate availability of funds and well-defined organizational roles and responsibilities defined in the protocol.

The SOP includes the Monitoring, Evaluation, Accountability and Learning (MEAL) process of the Forecast-based Financing mechanism.

## Assumptions

- Forecast capability is available: the forecast information for the selected hazard should be sufficiently reliable in order to establish a Forecast-based Financing mechanism.
- Funding guarantee: a preparedness fund should be established in order to guarantee that there will be funds allocated for each of the forecast-based actions. (Note, not all forecast-based actions need additional or external funding or both)
- Effective selection of actions: prioritized actions should be selected under the premise that the intervention will prevent/minimize the most critical identified risk(s) in the respective geographical area selected for the intervention.

## Standard Operating Procedures objectives

- To define responsibilities of all stakeholders involved, based on a stakeholder mapping.
- To describe the sequence of tasks for each of the prioritized Forecast-based actions, including preparation, implementation/activation time and resources.
- To describe the link between forecast trigger and forecast-based actions.
- To describe the sequences and links between different Forecast-based actions (in case there are more than one proposed actions)
- To describe the Monitoring, Evaluation, Accountability and Learning (MEAL) process.

## Pre-conditions

Establishing an early action protocol requires the availability of specific information that has been gathered and analysed in previous steps.

- Menu of triggers specifies the forecast trigger chosen that decision makers will use to prioritize forecast-based actions. It provides background information, such as forecasts performance, sources of information of forecasts (A Forecast-based Financing mechanism could have one or more sources of forecast), description of disaster risk and impacts but ultimately describes the different forecast options and their respective probabilities of occurrence that will trigger the activation of early actions once the forecast reach the pre-determined danger levels. (See Menu of Triggers - Guide 1)
- Forecast-based actions are the prioritized actions by decision makers and different stakeholders. The selection process depends on several criteria and steps are explained in guide No. 2. Time of preparation, implementation, resources/costs, capacity of implementation, social acceptability and impact of the action are determining factors, among others.
- The financial protocol will vary according to the sources of funding and nature of the implementation. A financial protocol document indicates where the fund will be physically placed (e.g. international, regional or national level), roles and responsibilities for

managing the funds, how funds could be access once the forecast-based financing mechanism is triggered. Accountability and transparency mechanism are clearly defined in order to ensure proper use of the fund. Cost of preparation and implementation of forecast-based actions are matched with the existing or foreseen forecast-based preparedness funds.

## Key elements to design Standard Operating Procedures

The following steps are suggested actions that are flexible, iterative and should be implemented according to the specific context. Most of the information that is necessary to develop a Standard Operating Procedure for the selected action(s) will be gathered through guide No. 1 – Menu of Triggers and guide No. 2 Forecast-based actions. This process should be carried out in a participatory way by all the stakeholders that take an active role in the different moments of preparation and activation of the Forecast-based Financing mechanism.

1. Ensure that all stakeholders (from local to national level) have a sound understanding of the objectives and methodology to develop Standard Operating Procedures for the the preparation and implementation of the selected forecast-based action(s).
2. Include the link between already existing contingency plans, early warning systems at governmental/organization level and the Forecast-based Financing mechanism. In some cases, the SOP for forecast-based actions could be a stand alone document or it could be integral part of already existing contingency plans.
3. Describe what are the tasks during the preparation phase. This timeframe could vary according to the kind of hazard, operational protocols of the implementation government/organization, geographical context, etc. (See guide No. 2 section 4, time and duration)
4. Describe what are the tasks during the activation phase once the forecast trigger reaches the danger level. (See guide No. 2 section 4, time and duration)
5. Organize the tasks in a logic way, from the first to the last that should be carry out to be able to implement the forecast-based actions(s) in a timely and successful way. (There are task that could be implemented in parallel)
6. Identify which financial, material, human and technological resources are necessary and which are already available to accomplish each of the tasks. (See guide No. 2 step 4, resources)
7. Identify and assign roles and responsibilities for each of the tasks (name of position/role of the respective stakeholder) (See guide No. 2 step 5, roles and responsibilities)

8. Along with the identification of responsibilities for the execution of each of the tasks, identify where those tasks will take place. (E.g. at HQ level, community level, branch level, local/national DRR office level, etc.)
9. Describe assumptions that could jeopardize the implementation of each of the tasks and identify what could be done to ensure an effective preparation and activation.
10. Describe a Standard Operating Procedure MEAL plan and appoint a quality control focal point, who will be responsible to monitor the execution of the respective tasks, identify possible bottlenecks and implement/find necessary corrective actions to solve any emerging problem. The focal point will also support the evaluation, accountability and learning process of the overall Forecast-based Financing mechanism. Note that the MEAL process takes place from the first moment in which is decided to establish a Forecast-based Financing mechanism.

## Who should be involved in SOPs design?

The key of success for an effective Standard Operating Procedure implementation is the clear understanding of who has to do what, when and how. For this, it is indispensable that people that have any specific task in the SOP flow is actively involved in the design. SOP workshops should take place at all levels, at community, government and organizational level or other levels depending on the context.

Active participation of operational departments of the government and/or respective organizations is crucial. Key people from finance, procurement, human resources, fleet management departments should participate in the elaboration of the SOPs and should also actively participate in simulation exercises.

## Coordination

Elaboration of Standard Operating Procedures should be guided by principles of collaboration, partnership, participation, rigour, inclusiveness and feasibility. All stakeholders should accept these principles in order to have successful outputs of the process.

## Documents/Links of interest

1. [FAO's Early Warning Early Action System](#)
2. [Start Fund Anticipatory Window](#)
3. [UN El Nino Envoys - Standard Operating Procedures global process](#)