

FORECAST BASED FINANCING

LESSONS LEARNED ON EARLY ACTIONS WITH CASH TRANSFERS

EXPERIENCE IN THE DOMINICAN REPUBLIC
ON CASH TRANSFERS AS EARLY ACTION
MECHANISM FOR CLIMATE RISKS
IN THE NORTHERN YAQUE BASIN

With the technical support of CashCap



Implemented by



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This learning paper was written by Celia González Otálora, a social protection and cash transfer advisor deployed by CashCap to support the World Food Programme and the Adaptive Social Protection working group in the Dominican Republic, with the active participation of the World Food Programme.

The learning reflected comes from literature sources, the World Food Programme's implementation experience with CashCap's technical support, and the project's learning workshop.

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GLOSSARY

ADESS: Social Subsidies Administrator

CNE: National Emergency Commission

COE: Emergency Operations Centre

FbF: Forecast Based Financing

OCAT: Organisational Capacity Assessment Tool

INDRHI: National Institute of Hydraulic Resources

IVACC: Index of Vulnerability to Climate Shocks

MEAL: Monitoring, Evaluation, Accountability and Learning

MEB: Minimum Expenditure Basket

ONAMET: National Office of Meteorology.

PROSOLI: Programme "Progressing with Solidarity".

WFP: World Food Programme

FSP: Financial Service Provider

CVA: Cash and Voucher Assistance

RAS: Social Supply Network

EWS: Early Warning System

SGN: National Geological Service

SIUBEN: Single Beneficiary System

WU: Western Union

INTRODUCTION

The objective of the document is to present the lessons learned related to the **implementation of early actions with cash transfers** as part of the **forecast-based financing** mechanism implemented by the World Food Programme in the Yaque del Norte watershed in the Dominican Republic.

Learning from this experience comes from a variety of sources:

- The existing literature on FbF
- The pilot experience implemented by the World Food Programme (WFP) in the Yaqué del Norte river basin in the Dominican Republic in November 2020.
- The learning workshop held because of this pilot in December 2020
- CashCap's technical support for the pilot implementation

About CashCap:

[CashCap](#) is an inter-agency project with the objective of identifying and strengthening capacities in humanitarian and development operations and facilitating the expansion of the use of cash transfers (MT).

CashCap's support to the World Food Programme (WFP) office in the Dominican Republic covers the period from 28 September 2020 to 27 May 2021. This support has a main focus on capacity building and quality assurance of MTs, and specifically consists of supporting the implementation of WFP's first MT pilots in the country and strengthening staff capacity, as well as providing technical support to the Adaptive Social Protection working group at country level.

The document is structured in 3 chapters:

1. Forecast-based financing
2. Context in which the experience takes place
3. Learnings and considerations of early actions with cash transfers, based on the FbF programme cycle.

Each stage of the cycle will in turn be broken down into 4 themes:

- Usefulness of each stage
- Differences with regular CVA and application in the Dominican Republic
- Considerations based on experience
- What collective work between actors brings?

1. FORECAST-BASED FINANCING (FbF)¹

What is it?

The objective of the FbF is to **anticipate predictable extreme weather events**, prevent their impact, reducing human suffering and loss and thereby reducing the cost of humanitarian responses to extreme weather events. The FbF is a type of programmatic approach that **funds an anticipated humanitarian response to a given climate event** based on specific thresholds and triggers that must be well defined, triggering the release of financial resources for **early preparedness actions based on forecast information and risk analysis**.

Why is this necessary?

The FbF aims for a paradigm shift from reactive emergency response to **anticipated emergency response** by providing humanitarian assistance before the event, rather than after it, on the premise that this will allow the population to anticipate the event, take preparatory actions and thus minimise the impact. To this end, the scientific vision of climate forecasting must be combined with experience in disaster response, so that preparedness can be improved.

The underlying principle for providing cash transfers as early action is to provide households with the mechanisms/tools to avoid negative coping strategies such as having to sell their assets to cover evacuation costs, as well as to acquire assets they need to protect their homes, livelihoods and health.

How does it work?

It is structured around 3 fundamental axes:



- **Thresholds and triggers:** For each extreme weather event, thresholds and triggers are defined that generate early warnings which trigger corresponding early actions. These thresholds and triggers are combined with decision-making to guide humanitarian response in advance, focused on the right place and at the right time. The climate thresholds are defined in consensus with technical-scientific institutions based on the analysis of risk, exposure, vulnerability, and historical records of impacts.
- **Early actions:** As soon as a forecast reaches the specified threshold value and triggers the trigger, early actions are initiated. These predefined measures aim to minimise the impacts of extreme weather events and save human lives. In this way, populations at risk can protect themselves, their families, and their livelihoods. Early actions are carried out by both response and rescue institutions as well as social protection institutions.
- **Funding mechanism:** A specific funding mechanism is the key to taking rapid and effective action before the impact of a climate event, so that resources are automatically allocated when a trigger is activated, and early action is needed. In the case of the experience described above, the part of the funding that is triggered by thresholds has yet to be institutionalised.

Early Action Protocols: These components are summarised in an Early Action Protocol, which serve as guidelines for action that delimit roles and responsibilities for rapid action when a trigger point is reached. They are the key documents that allow the whole mechanism to be operationalised from its activation to the execution of early actions and its monitoring.

¹ Main source : <https://manual.forecast-based-financing.org/>

Summary of the process

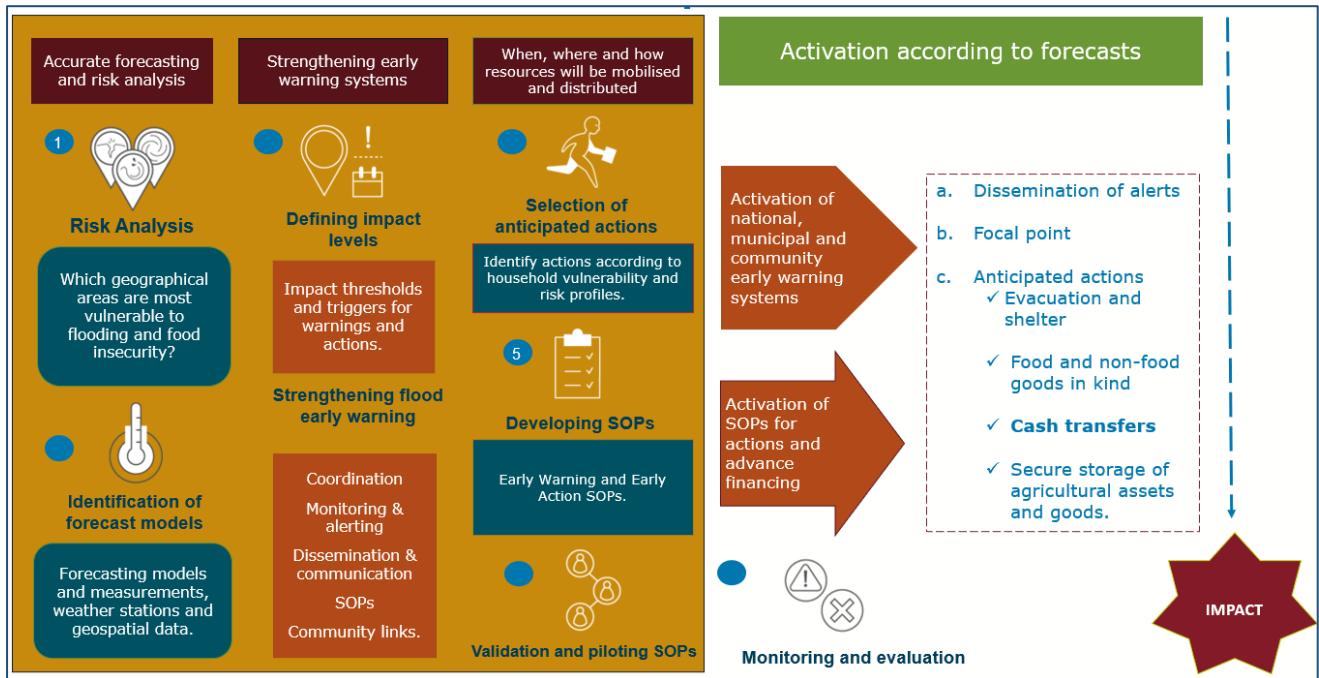
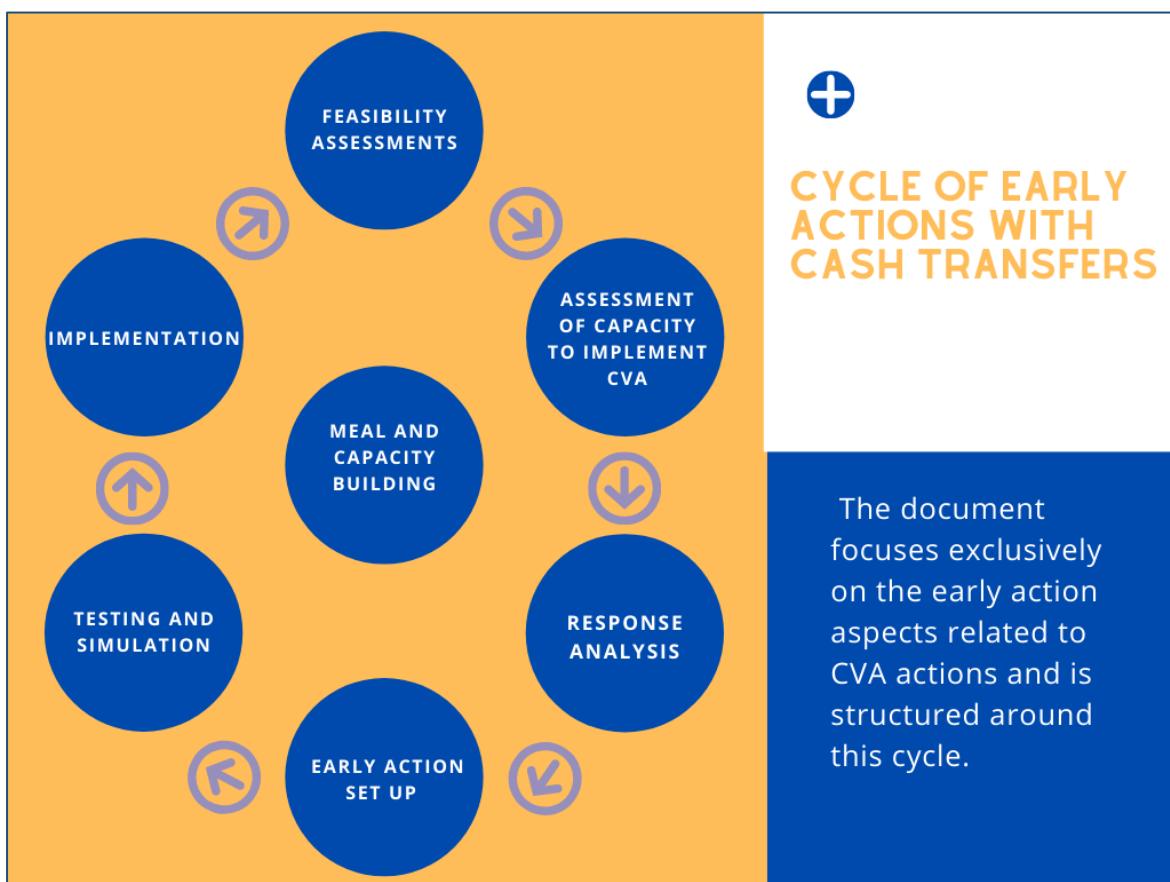


Fig. 1: Outline of the FbF in the Dominican Republic
(source: WFP DR)

Fig. 2: Early action cycle with TM
(source: author)

This document will only deal with the early actions based on cash transfers



2. CONTEXT IN WHICH THE EXPERIENCE TOOK PLACE

Extreme hydro-meteorological events are among the most frequent and impactful in many Caribbean countries, including the Dominican Republic. The damage caused by such phenomena forces the affected states to invest large amounts of resources to recover and resume their programmes.

In the Dominican Republic, WFP has implemented Forecast-Based Financing since 2015. WFP works with government disaster risk management, emergency response and social protection agencies, as well as local partners, to improve climate risk analysis, develop anticipatory actions and link them to flood risk early warning systems.

The project implemented by WFP has studied and systematised the climatic behaviour and the monitoring of hydrometeorological events in the **Yaque del Norte Basin**, one of the main basins in the country that registers recurrent floods in the provinces and municipalities located under the Central Cordillera.

WFP's partners include:

- National Emergency Commission (CNE)
- Emergency Operations Centre (COE)
- National Institute of Hydraulic Resources (INDRHI)
- National Meteorological Office (ONAMET)
- National Geological Survey (SGN)
- Sub-national Prevention, Mitigation and Response Committees
- Social Policy Coordination Office (GCPS), including ADESS, SIUBEN, PROSOLI.
- Economic Canteens of the Dominican State (CEED)
- Dominican Red Cross (DRC)
- International Federation of Red Cross and Red Crescent Societies (IFRC)

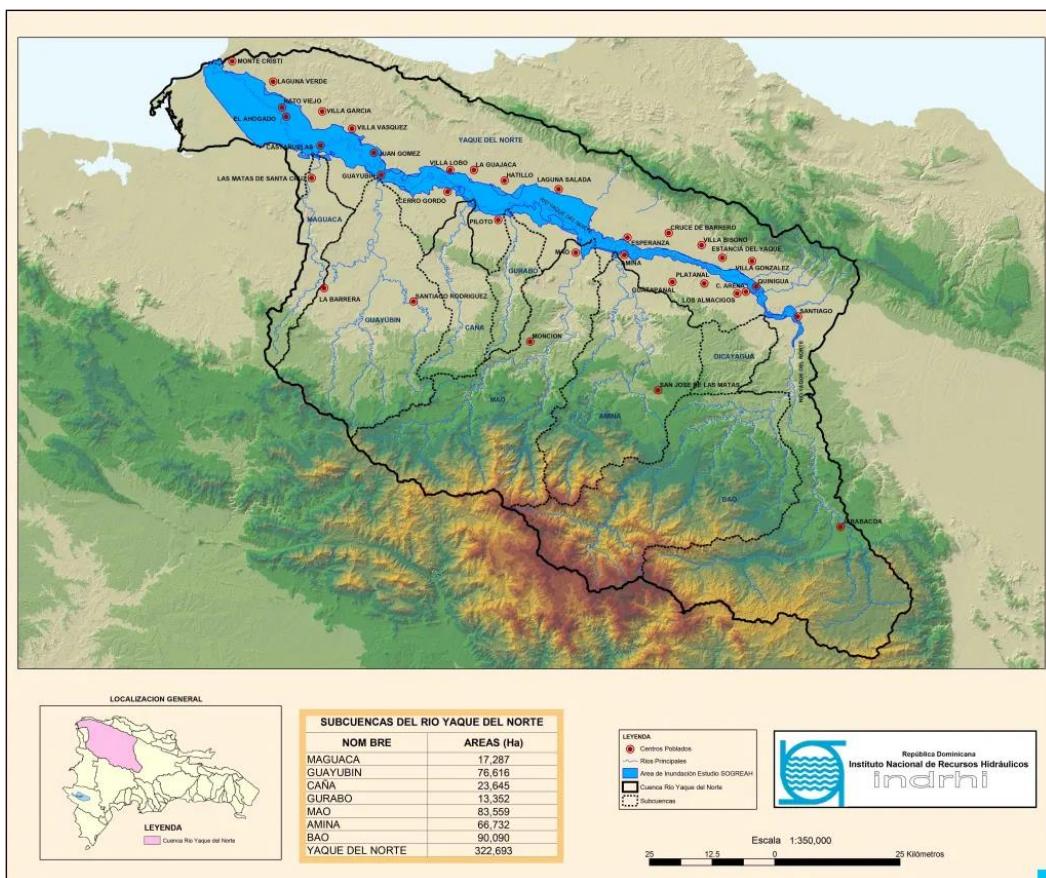


Fig. 3: Yaque del Norte basin. Source : <https://fondoaguayaque.org/cuenca-yaque-del-norte/>

WFP's efforts in the framework of the FbF initiative have been aimed at developing the mechanism of anticipatory actions adapted to the Dominican context, strengthening the country's forecasting and early warning, preparedness and emergency response system, raising awareness, training and building with stakeholders the mechanism and its procedures.

The project activities included a pilot exercise to test the forecast-based financing mechanism through cash transfers as an early action. The pilot implementation of the CVA was carried out during November 2020.

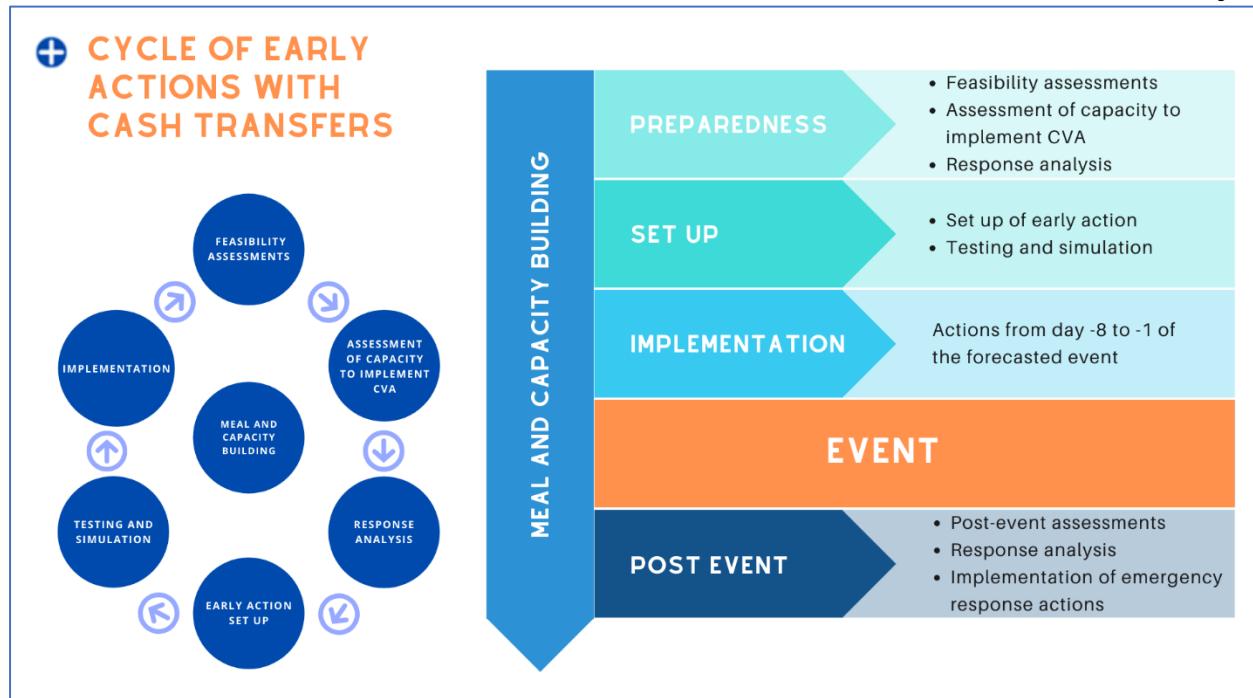
3. EARLY ACTION WITH CASH TRANSFERS

To carry out cash transfers in advance, and according to the experience in the Dominican Republic, the lessons and recommendations have been classified based on the programming cycle established in the FbF manual.

1. Feasibility assessments
2. Assessment of capacity to implement CVA
3. Response analysis
4. Set up of early action
5. Testing and simulation
6. Implementation of anticipatory action based on CVA
7. MEAL and capacity building

The following graphic visually relates this cycle to the different phases of disaster preparedness and response.

Fig. 4



A. DIAGNOSTICS/FEASIBILITY ASSESSMENTS

▪ Community assessment

What is this stage for?

- Understanding the priority needs of the population
- Understanding preferences regarding the most appropriate type of support
- Check the level of access to services and financial education
- Understand the perceived risks and coping capacities generally used in similar situations.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
<p>It should be carried out in the preparation phase, considering additional factors to those considered in regular interventions:</p> <ul style="list-style-type: none">- the lead time that weather forecasts can offer- anticipated needs based on past episodes- the estimate of the possible number of affected populations	<ul style="list-style-type: none">- Due to difficulties in implementation due to the COVID-19 pandemic, it was not possible during the preparation phase to carry out this assessment in a participatory manner as would have been desired, so it had to be done through knowledge of the context, review of information and contact with local authorities.- According to standard operating procedures based on the current robustness of weather forecasts, cash is disbursed 72 hours after the event if it reaches the established alert threshold.- For this stage, WFP uses the Essential Needs Assessment (ENA) tool, which includes the calculation of minimum expenditure baskets (MEB) and an analysis of market supply, in order to encourage the population to address their needs through local markets.

① Considerations for quality enhancement based on experience:

- **Power dynamics:** it is necessary to include aspects that make it possible to identify household dynamics regarding resource management and decision-making.
- **Cross-cutting aspects:** Include aspects that allow for considering the existing intersectionality in the population. In this way, considerations can be made to integrate into programming elements that minimise the risks of exclusion with respect to gender, age, administrative status, specific barriers that persons with disabilities may face, and other aspects that may be relevant in the context in question and that represent an impediment to equal access to assistance,
- **Protection:** Include aspects that provide insight into the specific protection risks that certain population groups may face. Specifically, in contexts where migration is a marked phenomenon, it is essential to consider language barriers, as well as administrative barriers that different population groups may experience in accessing financial services depending on their regulatory status and the type of documentation they have (or lack).

What does collective work between actors contribute at this stage?

- ✓ Conducting a community assessment collectively would facilitate the harmonisation of tools that could be used in multiple locations nationally and thus have consistent data to inform the design of interventions and have greater capacity to intervene in different areas depending on the impact.

- ✓ Working together on the development of analytical tools would create synergies between the different mandates of the organisations, allowing for a more holistic and integrated analysis across sectors and cross-cutting issues.
- ✓ In areas where different organisations are present, it would avoid fatigue for the population to participate in multiple data collection and consultation exercises, as well as minimise future risks of gaps or duplication in implementation.

▪ Market assessment

What is this stage for?

Assess the feasibility of market-based interventions, highlighting the associated risks to make informed decisions on modalities of transfer.

Analyse whether the context is suitable for implementing CVA through the study of:

- The market environment, access, commodity availability, quality, quantity, prices, supply chain resilience and trends, as well as identifying the local and regional markets and shops most used by the target population groups to access the required commodities or services, and the existence of monopolies that could affect household purchasing power.
- The impact that similar shocks have had on markets and businesses in the past.
- The current market situation, which will provide a baseline for comparison after the climate event.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
To be carried out in the preparation phase (pre-crisis market assessment)	<p>WFP's Market Functionality Index and Market Systems Analysis methodologies provide insight into the supply chain situation in times of emergencies to make informed decisions that effectively guide cash transfer programming.</p> <p>While no specific analysis was conducted for the Yaque del Norte Basin, a market responsiveness analysis was carried out at the national level in August 2020, applied particularly in the retail sector, which is where 70% of the Dominican population is supplied.</p> <p>This analysis covered the dimensions of variety, availability, prices, and resilience. However, this analysis focused on the Social Supply Network (RAS) associated with the Dominican social protection system. The shops analysed sell mainly food and some basic non-food items, while other types of shops that can provide shelter materials, medicines, hygiene, etc. will be necessary for a FbF intervention.</p>



Considerations for quality enhancement based on experience:

- **Preferences and access to goods and services:** Consider key markets, shops, goods, and services for all population groups included in the community analysis, noting whether there are differences according to age or gender groups.
- **Barriers:** Consider whether there are power dynamics or specific barriers that prevent certain sectors of the population from accessing markets or shops.
- **Type of products for analysis:** Conduct market analysis also on non-food basic needs needed for shelter, hygiene, health, personal belongings, and evacuation.

What does collective work between actors contribute at this stage?

- ✓ Conducting a multi-agency pre-crisis market assessment would facilitate the harmonisation of tools that could be used in multiple locations nationally and thus have consistent data to inform the design of interventions and have greater capacity to intervene in different areas depending on the impact.
- ✓ Working together on the development of analytical tools would create synergies between the different mandates of the organisations, allowing for a more holistic and integrated analysis across sectors when identifying key markets.
- ✓ In areas where different organisations are present, it would optimise the effectiveness and efficiency of the information collection process.

▪ **Financial Service Provider (FSP) Assessment**

What is this stage for?

Consider the capacity and accessibility of potential financial service providers to manage cash transfers when required, at short notice and in areas defined at short notice, depending on the trajectory of the weather event and its variability.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
Necessary to pre-contract FSPs in the preparation phase due to the unknown activation time and the short timeframe for TM distribution. Some key aspects for the choice: <ul style="list-style-type: none">- Commitment to act within the agreed timeframe- Availability of sufficient liquidity for the target population at the time of the weather alert, prior to the activation of early action based on cash transfers.- Geographical coverage and quality customer service- Preferably, population familiar with the delivery mechanism.- Compliance with the minimum protection and care requirements for the population served.- Previous experience in humanitarian action and adequate security measures - especially in the context of COVID-19.	The FSP planned for the experiment was Western Union because WFP has an active global agreement, which facilitated communication at the time of the alert and the preparation of the planned liquidity for the operation. In addition, there was the possibility to send the generated codes via SMS through a global agreement with the company Arabiacell. In addition, WFP carried out a <u>macro-financial analysis</u> of the Dominican Republic in which different FSPs were assessed to consider the most appropriate options for the context.



Considerations for quality enhancement based on experience:

- **Characteristics of the target population:** Consider the education level, language spoken, and preferences of the different population groups identified in the community assessment, and consider whether the financial provider(s) have adequate capacity to work with all the intended population groups.
- **Barriers to accessing financial services:** Consider the potential barriers faced by each population group (physical, administrative, attitudinal, idiosyncratic, etc.) for each type of financial service, and then select a combination of delivery mechanisms that can best address the identified gaps.

- **Capacity of local FSPs:** Assess the capacity of the FSP(s) in the intervention area, and not only at the central level, to provide for the necessary liquidity and to see whether the facilities and human resources of the local offices would have the capacity to cope with the demand that would result from a timely FbF intervention.

What does collective work between actors contribute at this stage?

- ✓ A diagnosis of financial service providers in potential intervention areas would make it easier for different agencies and organisations to have accessible information for their decision-making process.
- ✓ Carrying out the diagnosis of providers jointly would facilitate the harmonisation of tools to collect data in a consistent manner throughout the national territory prior to the emergency, to have a greater capacity to intervene in different areas depending on the impact.
- ✓ Joint inter-agency work could also facilitate advocacy strategies for the inclusion in financial services of sectors of the population excluded from them due to administrative barriers.
- ✓ Joint negotiations between several organisations can reduce operating costs.

▪ Other assessments

In addition to those mentioned in the FbF manual, WFP includes the following in the list of feasibility analyses:

- Protection diagnosis and risk analysis
- Assessment of implementing partners
- Macro- and micro-level IT assessment
- Security assessment

B. ASSESSMENT OF THE CAPACITY TO IMPLEMENT THE CVA

What is this stage for?

- Assessing the capacity of each organisation to be able to implement cash transfer-based actions once the trigger threshold has been reached should be a process carried out throughout the preparation phase, and most crucially in FbF interventions.
- It is imperative that the decision-makers of the departments involved in each organisation are involved in the process to ensure that all preparatory actions are carried out properly. These preparatory actions should be aligned with the Advance Action Protocol matrix document.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
The assessment of the organisation's capacity to implement CVA should be done for any type of cash transfer-based intervention prior to its implementation, so there are no substantial differences.	As this was the first intervention of its kind in the WFP Dominican Republic office, external support was requested. Initially there was support from specialised staff from WFP headquarters for 2 months, and later the support was continued by the CashCap team.



Considerations for quality enhancement based on experience:

- o **Capacity to consider cross-cutting issues:** Assess capacities to integrate cross-cutting issues into the response.
- o **Communicative and technical skills:** Try to have staff with multiple technical and communicative skills in the teams and thus be able to cover the different local languages, including the sign language that corresponds to each territory or population group.

These prior considerations will facilitate the diagnostic phase by making it more inclusive, as well as increasing the quality of the response.

What does collective work between actors contribute at this stage?

In this case, it is up to each organisation to assess its capacity to implement cash transfer programmes in order to be able to assume realistic targets for the overall intervention.

However, it is highly advisable to coordinate with other organisations carrying out CVA in the intervention area and at the national level, to identify synergies and capacity gaps, to pool efforts and to ensure the quality of the intervention.

Also, it is possible to use common tools for capacity assessment for the implementation of CVA (e.g. [OCAT](#)) so that the identification of such synergies and gaps is easier.

C. RESPONSE ANALYSIS

What is this stage for?

- The objective is to determine and document the most appropriate response modality and delivery mechanism for the objective and context of the project.
- The results of the assessment phase will be analysed to compare the various possible response modalities (cash, vouchers, in-kind, services, technical support, community strategies, etc.) and the most appropriate combinations for the context in question will be selected.) and select the most appropriate combinations for the context in question.
- In selecting a TM-based modality, the most viable delivery mechanism will be considered:
 - ✓ in cash: via bank, mobile money, remittances, in hand, etc.
 - ✓ in vouchers: vouchers for a certain value to be redeemed at specific merchants, or vouchers restricted to a certain list of eligible items at certain merchants.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
<ul style="list-style-type: none">- Response analysis should be done for any type of cash transfer intervention prior to its implementation.- However, the aspects of ease of use for the population and speed will be crucial given the short distribution time available between the activation of the trigger, the delivery of the assistance in advance and the use of part of the households to implement the anticipated action.	<p>The analysis of the response showed that CVA were a viable option for different reasons:</p> <ul style="list-style-type: none">- <u>Modality accepted by the population:</u> although it was not possible to carry out a specific preference analysis, it was found that the population was familiar with CVA through social protection systems and that they were culturally acceptable through focus group discussions. Unconditional cash-based MTRs were selected.- <u>Delivery mechanism:</u> The capacity of different FSPs at the national level, and the existence of FSPs in the intervention area, was tested. The familiarity of part of the population with mechanisms such as Western Union (WU) as the default mechanism was also studied.

<ul style="list-style-type: none"> - When deciding on a modality and mechanism, speed and flexibility are the most important criteria, over and above others that may be more important in regular interventions. 	<p>However, the analysis showed gaps in coverage if WU was the only delivery mechanism, as people who did not have a Dominican ID card or valid passport would not be able to use the services, and would need another mechanism, such as supermarket coupons or cash in hand. This applies not only to migrants who are in the country but who do not have a passport for some reason, but also to Dominicans seeking nationality, having been affected by Constitutional Court ruling 168-13.</p> <p>Cash on hand was considered, but given the specific feasibility analysis required, according to WFP criteria, it was not possible to implement it for the pilot in question.</p> <ul style="list-style-type: none"> - The transfer value for the pilot was estimated at the equivalent of 100 USD in Dominican pesos.
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Considerations for quality enhancement based on experience:

- **Modality of the transfer:** While the population should be previously informed of the purpose of the cash assistance as support for shelter protection and evacuation costs if necessary, restricting the transfer to the purchase of specific items is not recommended, as restricting the options to 72 hours of a potential impact may compromise the coping strategies of the population based on their particular reality. In addition, given that the impact may not occur, many households may decide to invest a portion in preparedness, but reserve another portion for response based on the severity of the event and their specific needs.
- **Flexibility:** at the level of selection of delivery modalities and mechanisms will be crucial, so that each population group can be provided with a response that is as tailored as possible to their needs and possibilities. This includes not ruling out (and preparing adequately for) cash-on-hand delivery for groups with barriers to accessing financial services, especially in the case of FbF due to the speed of delivery required.
- **Value of the transfer:** should be harmonised across organisations, adapted to the context, and agreed during the preparation phase, in alignment with national standards where they exist or adequately justified and agreed in coordination fora. This does not necessarily mean that the amount is the same for all households depending on the programme design, but the criteria for the calculation should be clearly defined. The minimum expenditure basket (MEB) describes the average cost of a household to meet its essential needs and provides a useful starting point for determining the transfer value.

What does collective work between actors contribute at this stage?

- ✓ A joint response analysis would be of particular interest for the organisations involved and those who need to be informed, to develop a common understanding of the intervention logic and thus actively participate in its adaptation when required.
- ✓ As a result of an aligned strategy there can be improved accountability to the population. Having an agreed intervention logic, however, does not imply that all organisations implement according to a single model, but that each organisation's strategy has an overall coherent response.

D. SET UP OF EARLY ACTION WITH CASH TRANSFERS

What is this stage for?

This stage will allow all the necessary details to be ready in advance, in order to make way for implementation if the trigger to implement the anticipated action is activated.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
<p>Although the technical components do not differ from regular CVA, the timing of activation is unknown and the distribution and collection timeframe is short, so the set-up phase will ensure that before the forecast occurs:</p> <ul style="list-style-type: none"> - Analyses carried out in the preparation phase: assessment of the feasibility of the CVA and of the organisation's capacity. - Agreement on the modalities and delivery mechanisms to be used, broken down by population group. - Transfer value defined according to national standards or justified rationale. - Pre-contracting of FSPs that can be activated quickly when forecasts approach the trigger threshold. - Criteria for data collection and targeting as part of the preparation, agreed with other actors in the area. - Information gathering in accordance with the targeting criteria, and registration of the population potentially included in the programme. - Fluent communication with civil society organisations and the population in the area since the preparation of the intervention. - System for channelling and managing questions, complaints and claims associated with the monitoring and evaluation system. 	<p>Not all aspects could be realised during the preparedness phase. This was due to the timing of the early action pilot with TM, the fact that there was no permanent presence in the area, as well as the limitations generated by the pandemic to meet with key actors at the community level and create fluid communication.</p> <p>Specifically, the aspects that required the most time for optimal preparation and had to partially overlap with the implementation phase were the following:</p> <ul style="list-style-type: none"> - Final targeting and registration: although there were theoretical criteria for targeting based on the IVACC indices and the SIUBEN poverty criteria, this had to be triangulated with the information resulting from the field survey. Data collection and targeting was carried out in the implementation phase, as well as preparation for registration. - Communication with the community: Although the project's communication with local authorities was established in the preparation phase, it was not possible to establish the communication strategy at the community level in advance.

① Considerations for quality enhancement based on experience:

- **Explore linkages with social protection systems:** With increasing climate-related risks, reactive/adaptive social protection is particularly relevant, as they can support the implementation of anticipatory actions. This will imply a proactive climate-sensitive social protection approach in the case of FbF. However, it must be considered that not all the population will necessarily be included in existing schemes and therefore complementary strategies must be in place. In addition, it will be important to jointly assess whether the social protection system in its current state would have the capacity to deliver assistance in a timely manner.

Reactive Social Protection in the Dominican Republic

- [National Action Protocol for Social Protection against Climate Shocks](#). Vice-Presidency of the Dominican Republic. 2018.
- [Reactive social protection in emergencies in Latin America and the Caribbean Case study: Dominican Republic](#). World Food Programme, Oxford Policy Management. 2017.
- [Reactive social protection in emergencies in Latin America and the Caribbean: The Dominican Republic's response to the COVID 19 pandemic](#). World Food Programme. June 2020

- **Community communication and participation:** It is imperative that the community communication and participation strategy is part of the preparation. This will improve expectation management, reduce confusion, and minimise potential tensions at the societal level. This aspect is particularly crucial in proactive programmes such as the FbF, as both organisations and the population are used to reactive actions, and capacities must be established locally to plan and implement proactive actions. Based on experience, it is also advisable to hold discussions with the population and test the materials and communication channels to be used in a potential intervention, to ensure that they are understandable and accessible.
- **Complaints and Feedback mechanisms:** Designing and implementing it in the preparation phase will be an indispensable measure to achieve adequate communication during the data collection, targeting, registration and implementation phases.
- **Pre-recruitment of FSPs:** it is highly recommended to conduct information and awareness-raising sessions with branch offices on the humanitarian principles to be respected in the intervention.
- **Data collection for targeting:** It is highly advisable that this be done in advance of the time when the highest probability of disaster occurrence is expected. Experience in the Dominican Republic has shown this to be necessary:
 - Conduct this survey prior to the cyclone season.
 - Notify the population before the survey, and do not carry out the survey on a single day to minimise the proportion of the population that cannot be located.
 - Adequate training of data collection teams not only in the form itself, but especially in managing the population's expectations and providing key messages to answer questions.
 - Provide the budget for data collection in the preparation phase, as implementation will be facilitated by having lists of households pre-identified and prioritised based on pre-defined criteria.
- **Targeting criteria:** these should be standardised and agreed upon by stakeholders in the preparation phase. It is highly recommended that these are also discussed and approved with the population to ensure that they are understandable and perceived as appropriate to the context (*see details on targeting in the box below*).
- **Registration:** The registration of the population that would receive financial support in case the trigger is activated must be agile, taking into account minimum data protection standards that clarify where the beneficiary's data is located and what the protection methods are. It is essential to accompany the registration phase with adequate communication with the population to emphasise and clarify doubts about the geographic and/or population group selection criteria, especially regarding ineligible households.

Considerations on targeting criteria based on experience

The proxy means testing approach considering socio-economic and housing characteristics criteria can present great challenges in implementation due to its complexity and the difficulty in dealing with exclusion errors, due to several causes:

- The available registers of socio-economic characterisation of households do not present dynamic data but reflect the reality at the time of data collection. The high variability of the reality of households, especially the more unstable their income, the mobility of certain population groups within the territory, and the fact that the registers cannot be updated in real time, means that if this methodology is to be applied to define eligibility criteria, it should be done with a very short spatial lapse before the trigger is activated, which is impossible to foresee with any accuracy.
- The criteria to be considered for categorising households and subsequently defining their eligibility present difficulties in capturing their complex reality.

As an example, one of the criteria that had been considered key to the allocation or non-allocation of assistance was the construction materials of the dwelling. However, according to consultations with the population during the pilot, this did not necessarily reflect the household's situation in terms of purchasing power and preparedness (e.g. a family living on a rental basis, or living in a house they may have purchased at a time of higher income, may be excluded from targeting despite having limited capacity to protect their present assets and livelihoods). A proper understanding of communities and the type of intervention is necessary to design targeting criteria that work for the specific case of the FbF.

- In terms of communication and relationship with the population, it was found to be too stressful to target and deliver assistance to only a certain number of families within a flood zone within hours of the potential occurrence of an impact in a particular geographical area, especially when the majority of the population has a low or fluctuating income and limited capacity to invest in preparedness, as was the case in the FbF pilot in the Dominican Republic.
- Even in regular social protection programmes, targeting through proxy means testing is a challenge, as despite the financial and administrative efforts made by governments, the exclusion errors generated by the methodology are high².

Considering these limitations and those encountered in field experience especially from the community point of view, it is likely that applying this methodology to an FbF intervention is subject to the same challenges plus those added by the idiosyncrasies of FbF itself.

For these reasons, a phased approach may be useful:

1. **Geographic targeting.** In the example of the pilot implemented in the Dominican Republic, it is possible to map the areas that have historically been most affected by floods in the Yaque del Norte watershed, so that the selection could be made based on the most flood-prone areas within each community and with the greatest possibility of being impacted according to the risk scenario that is predicted. Obviously not all households start from the same reality, but this would ensure that all have a minimum support for preparedness. This mapping could be carried out with the community and local actors to generate consensus on the vulnerabilities of the sub-zones, which would facilitate the management of collective expectations.
2. **Categorical targeting, by presence of priority groups in households:** In case of insufficient resources to cover all households in the identified areas, it would be advisable to select households based on more easily demonstrable criteria than socio-economic characteristics, such as the presence of priority groups in households based on the organisation's specific mandate (e.g. children, elderly population, population with disabilities, single-parent households, etc.). Age ranges can be narrowed down according to the means available and the characteristics of the population identified during the data collection (e.g. if it is not possible to reach all people over 65, it can be restricted to reach all people over 70, etc.). This targeting can be complemented by other criteria that are easily understandable to the population if deemed relevant, such as food security criteria, health conditions, etc.
3. **Post-impact,** it will be necessary to reassess the situation of families in the affected area to provide support to the most severely affected families with the least capacity to recover their assets and livelihoods. SIUBEN, with support from WFP and other agencies, has designed a Ficha Básica de Emergencia (FIBE) that could serve as a rapid post-impact diagnostic tool, and for response purposes could be used to assess the impact criteria.

² Kidd, S. and Athias, D. (2020). *Hit and Miss: An assessment of targeting effectiveness in social protection with additional analysis*. Accessed at: <https://www.developmentpathways.co.uk/publications/hit-and-miss-an-assessment-of-targeting-effectiveness-in-social-protection/>

What does collective work between actors contribute at this stage?

- ✓ It would be of particular interest to design a joint targeting strategy so that the criteria would be similar in any territory where early action is implemented. This would facilitate communication for the population and speed up the data collection and registration process.
- ✓ In addition, inter-agency work would allow the design of communication strategies aligned around key messages and with communication channels accessible to all communication groups.
- ✓ Potentially, work could be done on database systems and cross-organisational enquiry, complaint and grievance management mechanisms, ensuring compliance with minimum standards of data protection and accountability.
- ✓ It may also be worthwhile to establish minimum criteria and fixed fees for the recruitment of FSPs or initiatives to collaborate with FSPs in respecting humanitarian principles for interventions.
- ✓ Finally, joint work between organisations and governmental bodies could be very useful in establishing possible links with existing social protection systems in the country.

E. TESTING AND SIMULATION

What is this stage for?

Testing and simulation of the anticipated action serves to identify potential bottlenecks, considering the short implementation time once the trigger is activated.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic																											
While it may be advisable to carry out simulation exercises for each type of intervention, in the case of FbF it will be especially advisable as once the trigger is activated there will be no time to adapt and modify the intervention.	<p>Tests and simulations were carried out at the EWS level, but the anticipated actions through cash transfers were not implemented as the weather event did not reach the established rainfall thresholds and did not trigger the anticipated response.</p> <p>It will be essential that, after this phase, the thresholds and triggers are clearly defined. In the practical experience, the definition for the activation of the transfer mechanism was not entirely clear, presenting a challenge at the level of decision making in implementation.</p> <p>Therefore, it had to be revised for the next phase of the project, defining the following thresholds for alerts:</p> <table border="1"><thead><tr><th colspan="4">FLOOD THRESHOLDS AND WARNINGS - YAQUE DEL NORTE BASIN</th></tr><tr><th>Period</th><th colspan="3">Threshold</th></tr></thead><tbody><tr><td>24 h</td><td>40 to 69 mm</td><td>70 to 150 mm</td><td>>150 mm</td></tr><tr><td>48 h</td><td>80 to 129 mm</td><td>130 to 160 mm</td><td>>160 mm</td></tr><tr><td>72 h</td><td>80 to 199 mm</td><td>200 to 250 mm</td><td>>250 mm</td></tr><tr><td>Alert</td><td>Green</td><td>Yellow</td><td>Red</td></tr></tbody></table>				FLOOD THRESHOLDS AND WARNINGS - YAQUE DEL NORTE BASIN				Period	Threshold			24 h	40 to 69 mm	70 to 150 mm	>150 mm	48 h	80 to 129 mm	130 to 160 mm	>160 mm	72 h	80 to 199 mm	200 to 250 mm	>250 mm	Alert	Green	Yellow	Red
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Considerations for quality enhancement based on experience:

- **Ensure the simulation is carried out:** Do not underestimate the simulation in the preparatory and set up phase of the anticipated action and set aside the necessary budget for it. This will ensure that potential bottlenecks in the process of delivering assistance to the population and at the organisational level are identified.
- **Link all stakeholders** (organisations and entities involved, traders, FSPs, communities, local authorities, civil society organisations, etc.) and provide feedback on any necessary adjustments.
- **Timing:** Since natural disasters tend to have a seasonal occurrence in the Dominican Republic, it is advisable to carry out the simulation outside the risk period, so that it is possible to work with the population and local authorities from the logic of a rehearsal in which it is clear to all parties that there is no imminent threat.
- **Learning:** It will be crucial to hold a workshop to share the challenges and opportunities encountered during the exercise so that advance action plans can be fine-tuned before implementation.

What does collective work between actors contribute at this stage?

When there are several organisations that need to coordinate to implement anticipated actions, it will be essential to organise the exercise in a coordinated manner in order to draw lessons and bottlenecks identified jointly, as well as to define coordination and communication mechanisms, focal points and tools needed for implementation.

F. IMPLEMENTATION

What is this stage for?

This stage will lead to the revised early action protocol following the simulation being grounded in the reality of the context, and the targeted and registered population receiving the monetary assistance in case the forecast is confirmed to activate the trigger within the agreed timeframe.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

Difference between FbF and regular CVA intervention	The case of the Dominican Republic
<ul style="list-style-type: none">- This stage will only take place if the defined threshold for the activation of early action based on cash transfers is reached.- This requires close coordination with the authorities responsible for issuing hydro-meteorological bulletins, as well as those responsible for civil defence.- It is important to remember that even if the protocol is activated, this does not mean that the population will receive the monetary assistance as this will depend on the confirmation of the forecast and thresholds within the agreed timeframe.	<ul style="list-style-type: none">- The alert protocol was activated when the forecast indicated that the threshold could be reached within 8 days, however, the trigger for early action (and therefore the delivery of the transfer) would be activated if within 72 hours of the potential impact the forecast was confirmed and the rainfall threshold was exceeded.- The implementation process in the Dominican Republic lasted 5 days, spanning from day -8 of the expected impact until the end of day -4, when the trigger for early action was not activated due to a change in the weather forecast. The process is explained below.



IMPLEMENTATION OF EARLY ACTIONS WITH CASH TRANSFERS DAY BY DAY FROM ALERT TO IMPACT

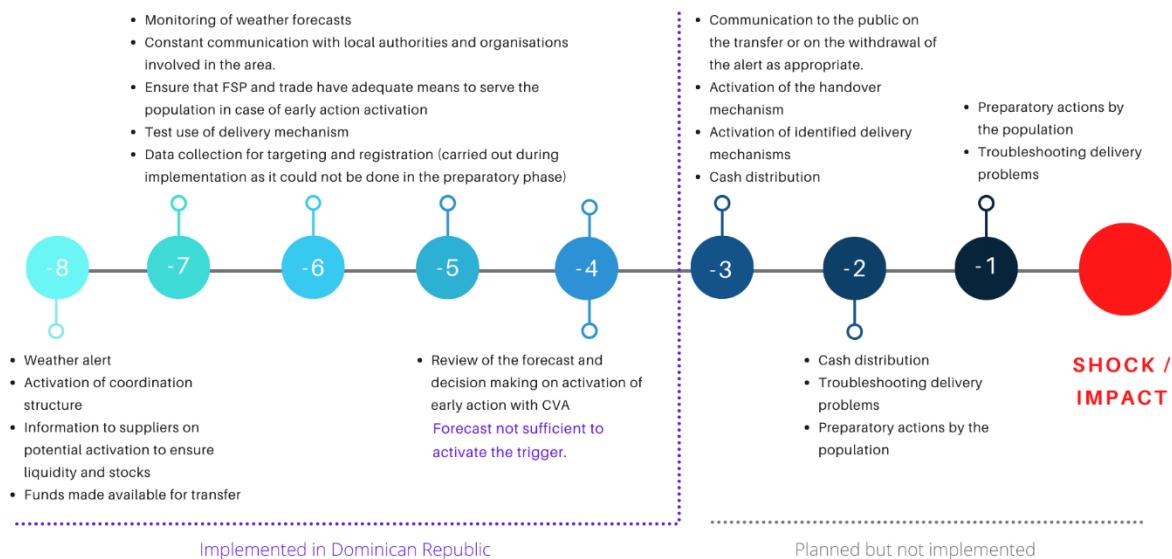


Fig. 5: Implementation of early action with MHP in the Dominican Republic (source: author)



Considerations for quality enhancement based on experience:

- **Adjustments:** Once the intervention has started, it is necessary to check whether the reality corresponds to the anticipated scenario to adjust the intervention if it does not or to apply the planned mitigation measures.
- **Funding:** For implementation to be successful, funding cycles and team structure must be aligned with the timing of the FbF features. Sufficient funds and human resources must be available in the preparation season to conduct assessments/diagnostics, information gathering, communication activities with communities, etc. to be able to implement on time.
- **Activation of contracts:** The pre-contract with FSPs (and traders if there is a pre-identified list) will come into effect. This will require reviewing and approving the roles and conditions of the agreement between the parties and informing them of the alert triggering the activation of the protocol in due time.
- **Risk mitigation:** in general and especially in the context of the COVID-19 pandemic, it is necessary to ensure that appropriate biosecurity measures are in place at cash distribution sites (ACVA, remittance agencies, cash-in-hand delivery sites, etc.), as well as at shops participating in the intervention if there is a restricted list of such shops. Implementing organisations should ensure that materials are available for the protection of the population during deliveries.

What does collective work between actors contribute at this stage?

Coordination with at least the governmental and local entities responsible for disaster warning and response will be essential.

- ✓ Organisations that will be involved in the implementation of early action based on cash transfers in a given area should imperatively coordinate with each other to ensure that the implementation responds to the previously designed strategy and inform each other of the need for adjustments in an agile and efficient manner.
- ✓ If, in addition, there are other humanitarian organisations, civil society organisations, etc. working in the intervention area, even if they do not work within the scope of the FbF, it will be necessary to coordinate with them and inform them so that they can also help in contacting the local population to resolve doubts, transmit concerns of the population to the organisation(s) implementing the FbF, etc. This will be especially important in case the organisation implementing the early action based on cash transfers does not have a permanent presence in the area.

G. MONITORING, EVALUATION, ACCOUNTABILITY, LEARNING AND CAPACITY BUILDING

What is this stage for?

This is not a stage in the process but an aspect that should be ongoing at all stages of the process. Early action based on cash transfers will need to be integrated into the overall MEAL plan to ensure data collection and analysis of the intervention.

What is the difference at this stage between a regular CVA intervention and FbF, and how was it implemented in the Dominican Republic?

- Maintenance and updating of systems, processes and tools are essential, as the Early Action Protocol can be in place for a considerable time without activations.
- Some processes and trainings need to be repeated periodically to ensure operational readiness to implement the CVA in a timely and efficient manner.
- It will be important to update community, market and FSP assessments/diagnoses regularly in case there are no activations in a jointly defined period or if there is a major change in the context, so that the information does not become outdated.
- Markets and the landscape of financial service providers can change rapidly at times, which can lead to changes in the value of the transfer, or to expansion into new delivery mechanisms if the context and supply changes.



Considerations for quality enhancement based on experience:

- o **Qualitative aspects:** Monitoring that is not exclusively quantitative, combined with qualitative aspects will be very useful in order to have a more comprehensive view of the intervention.
- o **Frequency:** Agree periodicity for updating baseline assessments/diagnostics (community, markets and financial service providers) - e.g. annually or if there is a major change in the context.
- o **Market monitoring:** Ensure that a critical market monitoring system is in place to check regularly (every X months or depending on seasonality) for relevant changes in the market (access, price, availability or quality).
- o **Transfer value:** Update the value of the cash transfer based on the results of market assessment/monitoring and the level of commodity prices to ensure that the amount is adequate to meet the objectives of the anticipated action. It is also advisable to consider adjusting this value based on risk scenarios (from tropical storm to category 5 hurricane). It is important to ensure that the FbF plan and budget include a contingency fund to allow for possible adjustments.
- o **Simulations:** Conduct real-time simulations, ideally annually or at least every two years, complemented by theoretical simulations to keep the process alive. Adapt and improve CVA early action plans, systems and tools based on learning.
- o **Capacity building:** Plan trainings on CVA and market assessment for new staff and refresher training for older staff in the organisation.
- o **Renewal of agreements:** The team should include in the timetable the updating, where necessary, of framework agreements or service provider contracts, especially where new delivery mechanisms may be incorporated.
- o **Learning:** Systematise, after each intervention, good practices, lessons learned, innovative aspects and challenges in order to inform future implementations.
- o **Community consultation:** Design a monitoring and evaluation plan for the intervention that includes interviews with programme participants, in the case of cash transfers, and community representatives, to elicit perceptions and recommendations for programme improvements.

What does collective work between actors contribute at this stage?

- ✓ The periodic review of the whole process will be consensual and will allow the actors to make joint efforts to update diagnostics, tools, transfer values, etc.
- ✓ Establish a common discourse for the feedback mechanism on questions, complaints and grievances.
- ✓ Referral of cases that require it to other participating organisations.
- ✓ Pool efforts and resources for training on a regular basis.

CONCLUSIONS

The pilot of early action through cash transfers in the framework of forecast-based financing was carried out by the World Food Programme in the Dominican Republic in November 2020. This pilot showed, from a practical point of view, the potential that this type of action can have in emergency preparedness through early warning systems.

Bottlenecks observed during implementation should be properly considered and integrated into the programming of future anticipated actions to minimise constraints during implementation and contribute to a high-quality response that ensures participation and the principle of participation and leaving no one behind.

The results observed in the pilot, as well as the lessons learned and opportunities identified during the process and implementation, allowed to appreciate the potentialities observed during the implementation of the pilot and to reinforce the idea that forecast-based financing can be a mechanism that generates a positive impact on community preparedness for climate warnings, as well as on post-impact recovery.

Working with the national social protection system for early response to emergencies presents an enormous opportunity to reach large numbers of people in the 72 hours prior to the occurrence of an impact. It will be very positive to continue strengthening the articulation between the institutions responsible for early warning and social protection, as well as with the humanitarian actors involved in the FbF in order to work on complementary actions for the potentially affected population that cannot be reached through social protection.

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