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DEVGEN 52  
FIN 450  
RELEX 402  
INTER-REP 20

**NOTE**

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From: General Secretariat of the Council  
On: 18 March 2026  
To: Delegations

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Subject: Innovative humanitarian financing tools that facilitate earlier action  
- presentation by IRC

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Following the Directors' meeting of the Working Party on Humanitarian Aid and Food Aid (COHAFA) on 18 March 2026, delegations will find in Annex the presentation made by IRC<sup>12</sup>

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<sup>1</sup> International Rescue Committee Inc, identification number in the EU Transparency Register: 336765244362-96.

<sup>2</sup> This document contains a presentation by an external stakeholder and the views expressed therein are solely those of the third party it originates from. This document cannot be regarded as stating an official position of the Council. It does not reflect the views of the Council or of its members.

# Follow the Forecast

An Agile & Precise Approach to Anticipatory Action



With shrinking global aid budgets set against a sharp rise in climate-driven emergencies, we are called to optimize scarce resources for maximum impact

## Anticipatory Action:

Prioritizes the dignity of affected populations, empowering households to address their most urgent needs before it's too late

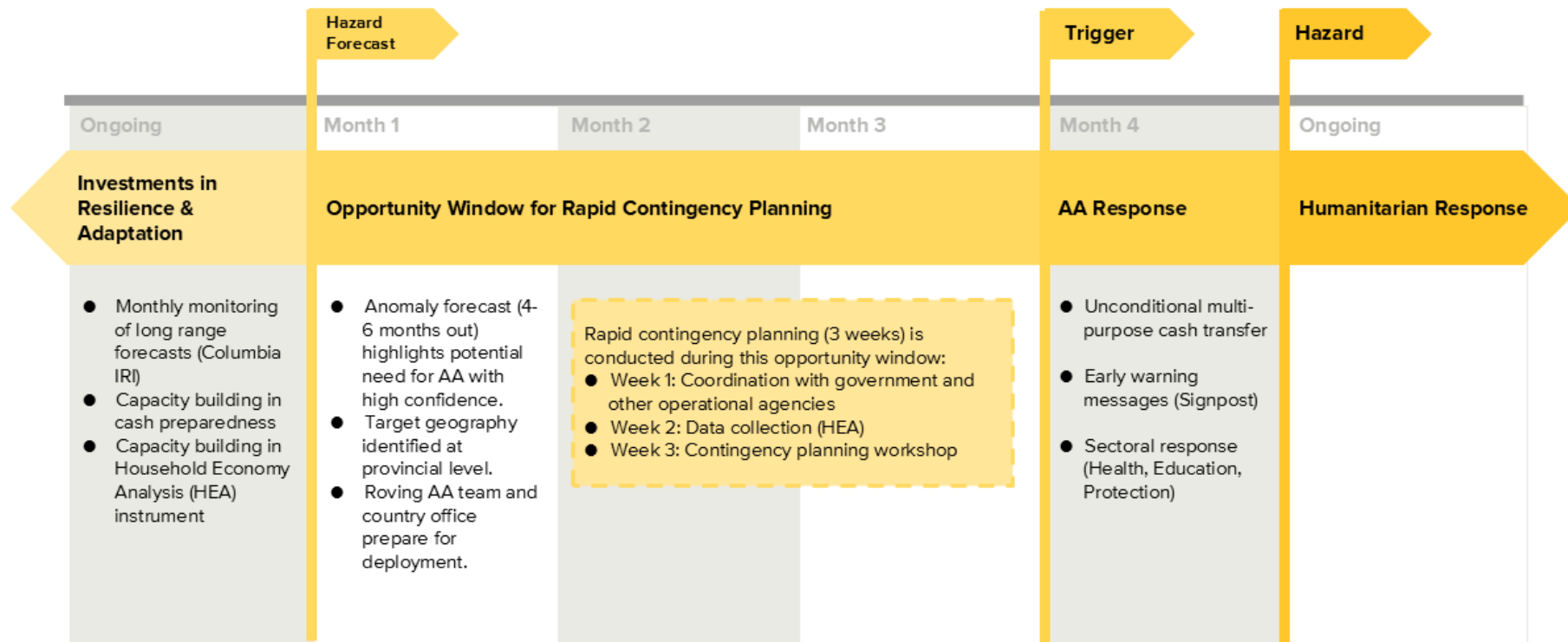
Can lead to improved food consumption, higher use of preemptive actions, and greater climate resilience

Reduces the need for high-emissions emergency operations by mitigating risks before they escalate

May be a more cost-effective modality for humanitarian aid, compared to traditional post-shock approaches

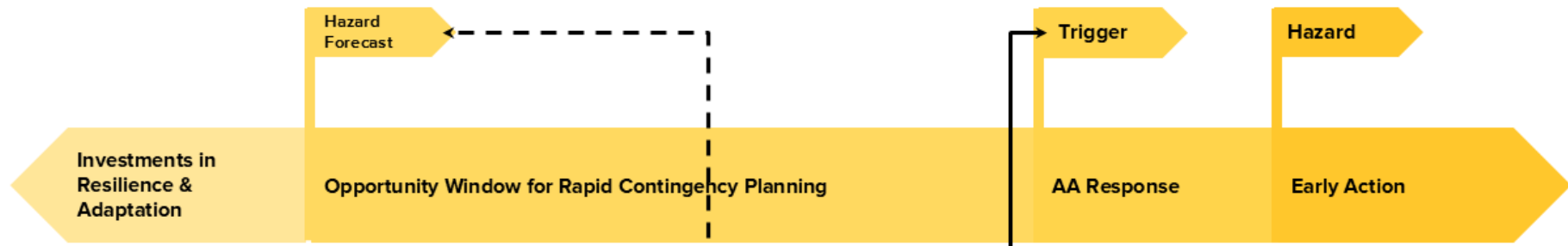
January 2023

# The “Follow the Forecast” Model



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**Core Model Components**  
 (1) Monthly Forecast Monitoring  
 (2) Rapid Contingency Planning  
 (3) Cash  
 (4) Early Warning



	Build & Fuel	Follow the Forecast
Target Geography	Pre-determined based on historical data	Prioritized with hazard forecast
Planning	12-18 month complex process done in advance	3-week rapid process done in opportunity window before forecast hazard
Trigger	Hazard forecast	Projection of IPC 3 or above during contingency planning



## The “Follow the Forecast” Model: 18 months

Country	Date	Hazard	Response: HH	Response: MPCA +	Donor
Guatemala	June 2024	Flood	300 HH	\$60k MPCA	Trafigura
Somalia	Nov 2024	Drought	8,865 HH	\$1m Cash + WASH	GFFO / Google
Iraq	March 2025	Drought	500 HH	\$250k	Trafigura
Afghanistan	April 2025	Drought	3,962 HH	\$2m Cash + WASH	GFFO / Google
Chad	June 2025	Cholera, flooding, displacement	Indirect	Health, WASH	Google
Somalia 2025	November 2025	Drought	2,170 HH	Cash, WASH & nutrition	Google / Coca-Cola

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## Follow the Forecast in action - Afghanistan drought

Longe-range forecasts in late 2024 showed a severe drought was imminent in Afghanistan.

IRC conducted rapid contingency planning in early 2025, which projected IPC Phase 4 in Badghis Province in the northwest.

Cash transfers started in June 2025 to coincide with the wheat harvest and replace lost income.

Trigger: IPC Phase, not Rainfall

- Almost 4,000 of the most vulnerable households reached with cash transfers.
- Response will continue until June 2026.

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## Financing Follow the Forecast (and similar approaches)

Agile Anticipatory Action approaches require **flexible funding**:

- Not pre-tied to a specific country or geographic zone
- Accessible to NGOs
- Allowing adaptations in response given evolving risks in conflict settings


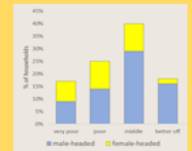

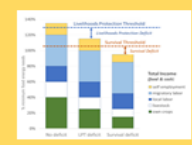
## Recommendations for the European Union

- Scale **pre-arranged finance** in line with the UK and Bridgetown Initiative Global Coalition
- Use the **flexible funding** options available under the current instruments (e.g. use the "ReliefEU" envelope for AA when triggers are activated) and build on them in **the next MFF**, to ensure the future Global Europe instrument allows for providing non-programmable funding that is not pre-tied to individual countries and regions, and/or that is provided to complement funding from other donors once triggers have been activated
- Ensure a minimum of **5%** of the humanitarian budget is spent on anticipatory action, in line with Grand Bargain commitments
- Increase the funding dedicated to DG ECHO's **Enhanced Response Capacity**

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# Background: Unpacking Household Economy Analysis (HEA)

HEA Baseline & Outcome Analysis enables rapid, detailed, quantified, and targeted projection of need.

	Baseline <i>Broadly Available</i>	Outcome Analysis <i>Conducted During Rapid Contingency Planning</i>
<b>WHERE</b>	 <p>HEA Baselines divide countries and sub-national regions into <b>livelihood zones</b> in which households share the same broad strategies for obtaining food and income. A distinct HEA baseline, generated by the Food Economy Group (FEG), exists for 515 different livelihood zones globally.</p>	<p><b>PROBLEM</b></p> <ul style="list-style-type: none"> <li>● Crops: 75% Loss</li> <li>● Local Labor: 50% loss</li> <li>● Staple Price: 200% increase</li> <li>● Milk Yields: 60% loss</li> </ul> <p>HEA Outcome Analysis specifies the problem by translating a specific <b>forecast hazard</b> into projected <b>economic consequences</b> at the household level.</p>
<b>WHO</b>	 <p>Within each specific livelihood zone, HEA categorizes households with similar levels of income into <b>wealth groups</b>: “very poor,” “poor,” “middle,” and “better off.”</p>	<p><b>COPING</b></p> <ul style="list-style-type: none"> <li>● Draw down on stocks/surplus</li> <li>● Expand production</li> <li>● Expand income</li> <li>● Switch expenditure</li> </ul> <p>HEA then assesses households’ ability to <b>cope with the consequences of the hazard</b> on their own.</p>
<b>HOW MUCH</b>	 <p>For each wealth group, HEA provides quantified information on annual and seasonal <b>sources of food and cash</b>, and patterns of <b>expenditure</b> for a particular <b>reference year</b>.</p>	<p><b>DEFICIT</b></p>  <p>And finally HEA predicts <b>livelihood protection</b> and <b>survival deficits</b> by comparing the projected impact of a forecast hazard on food, cash and expenditure to the baseline.</p>

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