DRR IN ACTION CASE STUDY

Forecast-based Financing for vulnerable herders in Mongolia

Theme of the Case Study
Early Warning Early Action

Country
Mongolia

Case location
40 soums[1] across 12 provinces

Background

Dzud is a Mongolian term for a unique climatic phenomenon where severe drought is followed by an extreme winter. Over 70 per cent of the country was experiencing severe drought in the summer of 2017. This left herders without reserve fodder and hay. Continuous harsh conditions put at risk millions of livestock, which are the only source of food, transport and income for almost half the population of Mongolia.

A Dzud risk map developed by the National Agency for Meteorology and Environmental Monitoring (NAMEM), Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE) and Nagoya University of Japan, is the basis to trigger Forecast-based Financing (FbF) action for Mongolia. Dzud risk is developed around 14 scientific indicators such as rainfall deviation, risk of drought, regional temperature, etc. By implementing the FbF programme, early action could be taken to reach the herders well before the loss of their livestock and not after. The best time to support herders is before their animals become weak, giving any action the chance to avert livestock loss and to reduce the impact of Dzud on the livelihoods of vulnerable herders.

What did the action seek to change?

- Reduce livestock loss by taking timely action to support herders based on reliable early warning of Dzud impacts
- Prevent the herders from losing their livelihoods
- Reduce the negative impact of Dzud on the herders, and to prevent large-scale losses of herds that have significant humanitarian implications

Photo: MRCS staff working to load the animal care kit contents into a truck – January 2018. | MRCS

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1 A *Soum* is the second level administrative sub-division below the Aimags (provinces). There are 331 soums in Mongolia.

What were the key actions taken to achieve this change?

On 26 November 2017, NAMEM released the "Dzud risk map" which triggered the Forecast-based Financing programme implemented by Mongolian Red Cross Society (MRCS) and supported by British Red Cross (BRC). MRCS started the implementation of the programme with technical support from the Red Cross Red Crescent Climate Centre and targeted 40 most-at-risk soums in 12 provinces based on the map. MRCS assisted 2,000 herder households in most-at-risk areas with unrestricted cash grants in December 2017 and with animal care kits in January 2018.

"I'm so glad that the humanitarian aid from the Mongolian Red Cross Society was provided in a timely manner."

– Dolgorsuren Ch., Bornuur soum, Tuv province

What were the essential steps taken along the process to bring about this change?

Step 1	Implement Forecast-based Financing for Dzud early action - outlining processes and roles
Step 2	Dzud risk map - the FbF trigger for Dzud, developed by National Agency for Meteorology and Environment Monitoring
Step 3	Analyse the Dzud risk map and coordinate with Red Cross mid-level branches to select the beneficiaries
Step 4	Identify and confirm bank information of the beneficiaries
Step 5	Transfer the unconditional cash assistance to the beneficiaries
Step 6	Procure and transport animal care kits to the targeted provinces
Step 7	Distribute animal care kits to selected beneficiaries

What SFDRR principles[2] were applicable to this change process?

Principle 1   **Primary responsibility of States to prevent and reduce disaster risk, including through cooperation:**   Early action taken to reduce the disaster risk based on risk map through cooperation with NAMEM, National Emergency Management Agency (NEMA), Khan Bank and local governments.

Principle 2   **The quality of global partnership and international cooperation to be effective, meaningful and strong:** The programme was funded by British Red Cross and we received technical support from the RCRC Climate Centre.

Principle 2   **Shared responsibility between central Government and national authorities, sectors and stakeholders as appropriate to national circumstances:** NAMEM publishes the Dzud risk map which triggered the action. The data of the beneficiaries was provided by the local (soum) government and the unconditional cash was transferred through Khan Bank which has branches all across the country, even in soums.

A herder feeds her weak cattle with a mineral block in Bornuur soum, Tuv province – 26 January 2018. | MRCS.

2   e.g. Primary responsibility of the State, Shared responsibility, Protection, All-of-society-engagement, coordination mechanism, empowering local-decision makers, Multi-hazard approach and inclusive risk-informed decision-making, Sustainable development, Local and specific risks.

What were the Achievements and the Impacts?

- 2,000 vulnerable herder households are provided with unconditional cash and animal care kits to prevent the herders from losing their livestock and livelihoods
- The cooperation between the government sectors (local government, NEMA) and other entities is strengthened
- FbF module for Dzud is developed
- Cost-benefit analysis is being conducted to further inform FbF in Mongolia

"240,000 MNT (100 USD) given by the Mongolian Red Cross Society has been a great help for my household."

Battulga B., Bornuur soum, Tuv province.

What were the key Lessons Learnt?

As this is the first Forecast-based Financing action piloted for Dzud, the experience will be analysed and documented in a case study to further inform the development of a national system for FbF in Mongolia. This will include recommendations for:

- standardization of standard operating procedures for the Early Action Protocol; and,
- defining clear intervention areas based on triggers

What were the Good Practices arising from this action?

Good Practice 1	Longer-term contract with financial service provider was established for transfer of cash grants
Good Practice 2	MRCS has trained 315 volunteers to operate during disaster in all provinces in Mongolia; having trained volunteers made the procedure much faster and easier
Good Practice 3	Use of mobile data collection for timely information
Good Practice 4	Good coordination and information sharing among Humanitarian Country Team members
Good Practice 5	Utilization of complaints hot-line number for feedback and community engagement
Good Practice 6	Cost Benefit Analysis is being conducted to find how FbF affected the beneficiaries and the results will be used for further development of the project.

The herders wait in line outside the local Khan Bank to receive their cash assistance in Bayankhangai soum, Tuv province – 23 Januar 2018. | MRCS.

Policy Relevance to DRR in Action

An objective for the priorities in the Sendai Framework is to promote cooperation between academic, scientific and research entities networks and the private sector to develop new products and services to help reduce disaster risk, in particular those that would assist developing countries and their specific challenges. Forecast-based financing was the first in Mongolia and in Asia that successfully implemented early action based on the risk map developed by the National Agency for Meteorology and Environment Monitoring. MRCS has established and strengthened the cooperation between government (NEMA), technical agency (NAMEM) scientific experts (animal care product providers) and commercial entity (Khan bank), in the process of FbF implementation.

"I received 240,000 MNT from the Mongolian Red Cross Society when I had nothing to feed my livestock with. It really helped me, thank you."

Shurentsetseg D., Bornuur soum, Tuv province.

Key Messages from this Case Study

- The incidence of natural disasters is steadily increasing worldwide causing immeasurable human suffering and loss of resources. Humanitarian organizations are aiming to reduce the impacts of natural and man-made disasters on the livelihoods of people. While FbF is a relatively recent addition to humanitarian programme approaches, it provides the opportunity to act ahead of a disaster, to respond based on scientific evidence to reduce the impacts of disaster on lives and livelihoods.

- With its unique local, national and global networks, the Red Cross is well-placed to lead on the development of country-specific FbF mechanisms. The National Society's volunteer base connects communities to local actions to ensure preparedness and timely response.

As mentioned, FbF is a relatively new approach and only a few countries have tested FbF projects. It is most important for countries to share their good practices and lessons learnt in order to develop FbF as an effective approach.

References for this Case Study

1. FbF in Mongolia introduction by MRCS (PowerPoint presentation)

2. Mongolian Red Cross FbF video: https://www.youtube.com/watch?v=IKVdn6765_Y

A herder receiving animal care kit from MRCS volunteer – 24 January 2018. | MRCS.