This document was last updated in March 2024. Please note that this document evolves alongside Start Ready. If you have any questions please email startready@startnetwork.org
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This handbook is aimed at Start Network members (and their partners), the Start Ready Committee and Start Network staff (including Start Programmes staff hosted by Grant Custodian(s)). Other stakeholders such as donors and partners can also access it for information purposes. The handbook is regularly reviewed by the Start Ready team who work with various Start Network teams to update the handbook as needed. The Start Ready Committee Chair has final sign-off of the handbook.

Members will use this handbook if they are in countries that have already built disaster risk financing (DRF) systems. They will have completed the Building Blocks Framework, or a comparable set of steps, to build DRF systems. DRF systems enable Start Network members to predict and model hazards, and pre-plan assistance to be delivered prior and immediately after a disaster unfolding. In order to be eligible to apply to Start Ready for funding, these DRF systems should also meet the Start Ready Core Minimum Standards.

The Start Ready Committee will use this document to ensure accountability in decision making and to ensure that processes are followed in line with Start Ready’s overall aims and objectives.

Start Network staff (including Start Programmes staff hosted by Grant Custodian(s)) will use this document, and its more internal annexes, to facilitate the running of Start Ready.

Start Ready and Start Fund sit alongside each other. The Start Ready Handbook and the Start Fund Handbook complement each other to govern the programmes that Start Network supports.
BACKGROUND

Start Network is made up of close to 100 local, national, and international organisations working across six continents. Our collective vision is for a proactive, innovative, and locally driven humanitarian system, in which people receive better quality humanitarian assistance and communities are more resilient to disasters. This vision is crucial at a time when climate change and increasing humanitarian need is creating new and challenging crisis situations, with increasing frequency. In the face of these challenges, the humanitarian NGO community needs new ways to better support communities to manage escalating risks.

To address this, Start Network has created crisis finance mechanisms which enable faster, more efficient and more effective global humanitarian action. These mechanisms include: the global Start Fund, Start Fund Bangladesh, Start Fund Nepal and Start Ready.

WHAT IS START READY?

Start Ready is a financing mechanism that provides communities with protection\(^1\) from climate risks\(^2\) that can be modelled. It is implemented by civil society - Start Network members. It is helping to shift the way that humanitarians are working, from responding to crises, to protecting communities ahead of their onset. Start Ready prepositions funds for crises that happen with regular and predictable patterns of recurrence, like floods, cyclones, droughts, and heatwaves. Once a pre-agreed threshold is met, NGOs implement pre-prepared contingency plans so that they can anticipate, and respond early, to climate risks.

Start Ready pools risks and funds, allowing Start Network to stretch funding and offer greater protection to communities for less. The concept of Start Ready was launched in 2021 at COP26, and the first Start Ready Risk Pool went live in May 2022. Start Ready complements Start Network’s existing Start Funds, providing more diverse funding to humanitarian organisations for recurring climate risks. It is one of the ways that humanitarians can address loss and damage caused by climate change.

For more information on Start Ready, please refer to case studies which explore activations in Madagascar and Zimbabwe.

\(^{1}\)Protection for Start Ready involves providing coverage to a community and ensuring that Start Network members are prepared to act with specific services to lessen the impact of risks. These services should be based on community needs and proven to have a positive effect. This protection is organized through coverage under a Start Ready Risk Pool for a 12-month period. It guarantees protection regardless of whether a crisis happens and funding/activities are activated.

\(^{2}\) In the context of climate change, risks can arise from potential impacts of climate change as well as human responses to climate change: https://www.ipcc.ch/site/assets/uploads/2021/02/Risk-guidance-FINAL_15Feb2021.pdf
START READY PROVIDES FUNDING TO DISASTER RISK FINANCING (DRF) SYSTEMS

DRF systems refer to contingency plans and models that allow humanitarians to arrange funding for disasters in advance, to be released for disaster risk management activities. In order to apply for Start Ready funding, a network of NGOs within a given country must have already built a disaster risk financing system for an identified risk that meets the Start Ready Core Minimum Standards. Start Network can support NGOs in collectively analysing and quantifying crisis risks, setting thresholds for disbursement and activation, pre-agreeing plans and pre-arranging funding ahead of crisis events.

HOW DOES START READY WORK?

1. BUILD: Anticipating and managing risks locally
   - Groups of Start Network members (local, national and international NGOs) in a country or geographic region work together to develop a risk financing strategy. This strategy outlines the priority risks that the country faces (e.g.: floods, droughts, etc) and what funding exists to manage these risks and their associated impacts. To develop such a strategy, members start by analysing past crises, and identify priority hazards and critical windows of opportunity so they can act earlier to protect communities at risk. They then work with national and international hazard experts to draw on scientific data, community information and historical lived experience to develop risk models or members can work with other agencies who have already built models. These models capture the exposure and vulnerability of communities, and the historical profile of past recurring disasters, to generate forecast warnings ahead of future crises, caused by that hazard. As part of the risk models, the characteristics of the hazard and/or its impacts will be represented by indicators that can be monitored, and once these reach certain thresholds, used to trigger anticipatory and early response actions. The thresholds that warrant the release of funds for early, preventative action is pre-agreed before a risk season, by members in a given country. This way the group of members know what severity level the threshold needs to be, at a minimum, for Start Ready funding to be released and an intervention to begin.
   - Members work together to create contingency plans, engaging with communities at risk of crises as well as relevant government partners, Red

3 Contingency plans involve the development of local preparedness plans based on local vulnerability, anticipated needs and the available skills, knowledge, and experience in emergency response. It contains the key activities, intended reach,
Cross and UN. These plans then outline what actions will be taken when pre-agreed thresholds are met, by whom and what funds are required to carry them out.

- Start Network’s framework for building these systems is referred to as The Building Blocks.

2. FUEL: Pre-positioning funds, ready to be released when needed

- Donors contribute funding to the Start Ready risk pool in advance, to ensure that the pre-arranged plans can be delivered when a risk threshold is met. The funding is pre-arranged across countries and risks by the Start Ready Governance Committee. The Committee, supported with advice given by technical experts and a capital model, pre-positions the available funding across the different countries and risks. Central to Start Ready is the use of risk pooling to stretch funds further and avoid having too much capital on standby and going under-used. In any one year, not all countries will be in need of funding. Because we can predict that probabilistic pattern (using the historical and simulated profiles generated by the risk modelling), we do not need to hold the full amount of funding to cover every plan. Through this mutual risk sharing approach, countries are able to support each other in times of need.

The graphic below explains this concept of risk pooling. As you will see from the left side, funds were previously held in separate ‘pots’ – i.e.; they were not pooled. In any given year we would spend all (and more) in one given context facing a large disaster (e.g.: Pakistan). In other contexts (like Philippines in the below left example) we would spend nothing and have to return funds potentially to donors, despite there being great need in similar programmes elsewhere. On the right side of the graphic, funds are pooled together in one big ‘pot’. The amount of funding in both sides of the image are the same. However, in the top right-hand side of the image you will see 4m+1m, through pooling. By assuming that not all disasters will happen in one given year, we are able to increase the protection or level of funding each country can expect in the event of a crisis.
3. **IMPACT: Releasing funds for timely, effective action to protect communities at risk**

   - Crises are monitored by triangulating information from the risk models with a range of forecasts. This is done by members, supported where needed by Start Network staff and national risk experts, national meteorological departments, government stakeholders and wider partners. Actors consider historical data analysis and draw on community consultations.
   - When the pre-agreed threshold for an impending crisis is reached, funds are rapidly released to put pre-agreed plans into action. In geographic areas at risk of being hit by an oncoming disaster, the best placed NGOs use these funds to deliver preventive and timely assistance.
   - Donors and key stakeholders are informed about how thresholds were met, what funds have been disbursed and what actors are implementing programming. After a Start Ready activation, learning activities are implemented to assess the community impact of the interventions, in order to gather and share learning about these anticipatory and risk-informed approaches.

**THE BUILDING BLOCKS FRAMEWORK**

NGOs interested in setting up a disaster risk financing (DRF) system in a specific area, and applying for Start Ready coverage, should use the step-by-step, comprehensive guide known as [the Building Blocks framework](#). This framework details seven phases that
networks of members can take to collaboratively\(^4\) build disaster risk financing systems. Using this step-by-step approach, members can identify their priorities in terms of risks and funding needs and then build systems that fill these gaps.

The seven Building Blocks are designed to help groups of members plan, build, evaluate, quality-assure, and implement disaster risk financing systems that suit their country’s needs and contexts. The framework allows members to define how they would like to implement the steps in each block, adapting them to the local context and the preparedness infrastructure and skills already in place nationally and locally. Start Network Hubs and networks of members can shape their own specific approaches to develop the systems that fit their circumstances and goals.

This document will not outline the steps to building national and regional disaster risk financing systems as this information is in the Building Blocks framework. However, please bear in mind that these are seen as preliminary steps to a Start Ready application. All DRF systems that successfully apply to Start Ready and receive funds should meet the Start Ready Core Minimum Standards.

**START READY AND START NETWORK’S OTHER FINANCING SERVICES**

Start Ready provides predictable funding to national networks of members. Because of this, it is suited best to risks that are statistically predictable. These include hazards and risks which follow a pattern of recurrence and magnitude in any given area. These risks are typically either hydro meteorological risks, such as cyclones, droughts, river floods etc, or geological hazards, such as earthquakes and volcanic eruptions (albeit the latter are with very short lead times).

Other risks - such as landslides, flash floods, conflicts, diseases, urban fires - are less predictable and statistically modellable. These risks are more suited to the Start Fund, which can react flexibly to these events.

There are some cases where Start Ready and Start Fund might work in tandem. Below are 3 examples for how the two mechanisms might be needed in the same context and/or for the same crisis:

1. Start Ready is activated for a cyclone. Start Fund is also activated to respond to a disease outbreak that has occurred as a direct consequence of the impacts of that cyclone, in the same region of the country.

\(^4\)It is important to note that Start Ready pools risks and systems built by a coalition of members and actors at country or regional level. We encourage members to work collaboratively within Start Network hubs or a network of members, or a consortium with existing external stakeholders and local partners in a given context. This is in order to avoid duplication, build on existing efforts locally, coordinate collectively at scale with governments and the UN, and ensure collective accountability across organisations.
2. Start Ready is activated for fluvial (or riverine) flooding. Start Fund is activated to respond to a flash flood. Both types of flooding will continue to exist, sometimes in the same contexts. Both could be activated, depending on the predictability of each of the hazards.

3. Both Start Ready and Start Fund can be activated before a crisis hits – in anticipation of an oncoming disaster. Start Ready requires advance modelling of the hazards, advance planning – an agreement between members of which organisations will lead which interventions, in which part of the country. Start Fund does not require this advance planning. The Start Ready model might cover some parts of the country (e.g.: Southwest). However, if a flood is predicted in the northwest of the country. Start Fund maybe alerted, to act in advance of a flood that is predicted to occur outside the geographical zone of the Start Ready model.

Start Ready DRF systems can be fundraised for and developed in collaboration with Start Network, either at the global level or independently within a national network or Hub. If a Start Network member is interested in setting up a DRF system and would like to request support with securing funds, they should, in the first instance, contact startready@startnetwork.org, outlining which members would be involved and the risks they plan to focus on. Organisations may then be put in touch with Start Network’s Resource Mobilisation team for fundraising support. Other funds are also available through Start Network to explore anticipation and early action via this link. If members are considering building disaster risk financing systems, they should consider the Start Ready Core Minimum Standards, as these are the criteria that will be used to determine if a disaster risk financing system is eligible to receive Start Ready funds.

THE START READY COMMITTEE

The structuring and pre-positioning of Start Ready funds is done by the Start Ready Committee. The Start Ready Governance Committee Terms of Reference provides more information on the purpose of the Start Ready Committee.

Start Ready’s governance structure was defined and agreed by the Start Ready Governance Design Group in 2021. This group was made up of member representatives and has now been disbanded, leaving the governance of Start Ready to the Start Ready Committee.

The Start Ready Committee was elected in February 2022, following an open call for expressions of interest and a selection process headed by the Start Ready Governance Design Group. Members were selected in line with the requirements outlined in the Terms of Reference which were developed by the Design Group, and approved by the Start Network Board, in late 2021.
The Committee makes key decisions about Start Ready funding. The decisions they make primarily include pre-positioning Start Ready funds.

**Pre-positioning funds**: This is the core responsibility of the Start Ready Committee, namely to pre-position capital funding across risks, countries and across other Start Ready funding pots such as national reserves and basis risk funds on an annual basis.

**Ensuring DRF systems attached to Start Ready meet the Start Ready Core Minimum Standards**: If a disaster risk financing system connected to Start Ready does not meet the core minimum standards and a threshold for that particular system is met, the Start Ready Committee will be asked to rapidly review and approve the Start Ready activation before funds are distributed. We will aim for a decision outcome within 24 hours, but this could change depending on the circumstances. This is intended to be an initial set of core minimum standards that will be developed into a more holistic and comprehensive set of quality assurance standards as the programme develops.

The principles and practices for decision-making for the Start Ready Committee can be found [here](#) in English, French and Spanish. Committee members keep these front of mind when making key decisions. Annex 4 of this handbook outlines how these decision-making principles were developed.

A list of the current members of the Committee can be found on the Start Network website.

**WIDER GOVERNANCE OF START NETWORK**

Start Network is governed by the following decision-making groups:

- **The Start Network Assembly** is made up of representatives of the network’s member agencies. It is the highest governing body of Start Network and meets once a year to steer its strategic direction. Each member organisation has an Assembly representative who makes key decisions on its behalf.

- **The Start Network Board of Trustees** is elected or appointed by the Assembly to provide strategic leadership and tactical oversight of Start Network. The Board of Trustees delegates deliberation or decision making on certain key areas to a range of sub-committees. These divide into two categories: the governance committees that make decisions on thematic issues (such as membership, risk and compliance, finance, and audit issues) and programmatic committees. There are currently two programmatic committees: the Start Ready Committee and the Start Fund Committees.

- **The Start Ready Committee** is a sub-committee of the Start Network Board of Trustees. It is responsible for the strategic management and operation of Start Ready, as initially defined by the Start Ready Governance Design Group, a body set
up temporarily in 2021 to design the governance structure of this new mechanism. The Committee’s nine members are accountable to the Board: the link between these is a trustee sitting on the Committee who reports as necessary into the Board on key Start Ready milestones and decisions. All nine members have voting rights and delegated authority (from the Board) to make key decisions on Start Ready programmatic issues. Members are expected to govern Start Ready with rigour and impartiality, in order to achieve its objective of protecting the greatest number of people against the risk of predictable crises worldwide, with the available funding.

Figure 2 shows how the Start Ready Committee fits in with other governance structures across Start Network.

START READY MANAGEMENT

The day-to-day management of Start Ready is led by the Start Ready Manager, who is the focal point for the delivery of the system, reports regularly to the Start Ready Governance Committee and is the facilitator and organiser of key meetings. This role is closely supported by the Start Ready Advisor and the wider Start Programmes Crisis Anticipation and Risk Financing (CARF) team, housed within Save the Children Fund (SCUK acting in its role as the grant custodian), as well as the Operations team of Start Network, on behalf of Start Network members. Overseeing the Start Ready Manager is the Head of Crisis Anticipation and Risk Financing, to whom larger concerns and issues will be escalated.

For any Start Ready queries, please email startready@startnetwork.org.
START READY FUNDS

GLOBAL RISK POOLED FUNDS
The global risk pooled funds are the main mechanism of Start Ready, providing pre-positioned financing to predictable crises with funding disbursed to disaster risk financing systems. This is the core of Start Ready and is intended to cover moderate severity scenarios. Pooling makes the available funds stretch further, since they are spread across multiple risks. This means that less funding will be needed overall because countries will mutually share their risks. The risk pool offers efficiency gains over funds being held separately, since fewer pre-positioned crisis funds will sit around unused. This means that by pooling funds members may have access to more when disbursements are made. As such, the risk pooling option is well suited to moderate events, where needs may exceed the financing available through traditional nationally held contingency funds.

NATIONAL RESERVES FUNDS
National Reserves are allocations made from the Start Ready pooled fund, this is segregated out from the main global risk pool and allocated on a country-by-country basis. Each country who has successfully applied and received an allocation has the ability to use this fund to support members in the duration of the risk pool year (May – April).

The National Reserves are designed to support members in their seasonal preparedness and operational readiness work. This is acknowledging that the Start Ready systems relies on activating funds based on forecasts which tend to have short lead times. The contingency plans which are developed involve anticipatory and early actions with time sensitivity and rapid implementation. Recognising the challenges that this involves, the National Reserves are designed to help members with some of the inputs needed to ensure they are ready to implement those activities within the short lead times available.

The National Reserves therefore are designed to promote preparedness and readiness of members pre-selected to respond, for the purpose of funding actions, activities, or measures taken that improve the capacity of organisations to pre-empt, act in advance of, manage and respond to forecasted crisis. This involves strengthening capacities that enable effective and efficient anticipation or response to situations.

The fund can only be used in relation to the risks which are part of Start Ready (i.e., flood preparedness if the members have a flood DRF system in Start Ready). All activities must directly relate to improving the efficiency and effectiveness of Contingency Plans which have already been approved, and for pre-selected members.

For more information on the fund, here is a guidance document, or refer to annex 3.
GLOBAL BASIS RISK FUNDS

Basis risk is the difference between what a scientific model predicts and what occurs in reality. A model is a simplification of reality and they are not always 100% correct. Predictive models replicate the world and predict what might happen in the future. A degree of uncertainty will always be inherent in their outputs. Any disaster risk financing system will only be as effective as the scientific models on which it is based.

As such, within Start Ready some funding (called Basis Risk Funding) can be set aside to provide some support if a basis risk event occurs, see annex 4 for a full description of basis risk and the processes to be followed if members believe a basis risk event has occurred. The amount of Basis Risk funding is decided each year by the Start Ready Committee when they meet to structure Start Ready funds.
Figure 4: Steps in the Start Ready Cycle
STEP 0: NATIONAL SYSTEM BUILD

Networks of members at a national level develop disaster risk financing systems.

Start Network members come together at a national level to develop disaster risk financing (DRF) systems. DRF systems require investment in conducting impact and vulnerability assessments, developing advance modelling of the hazards, mapping of stakeholders, and planning activities. It generally takes 6-18 months to build such a system to a level where it can begin operating, if members choose to follow the steps in the Building Blocks framework. The DRF system should consider how a risk will impact particularly vulnerable groups, such as women and children, those with disabilities and the elderly.

This system build is usually supported with operational & technical support and access to build funding by working with the Crisis Anticipation and Risk Financing team, and any members interested should contact startready@startnetwork.org to discuss the feasibility of this. In the current Start Network strategy, expansion into new countries is currently prioritised for Hub countries and is limited by capacity/resourcing available. This means that scaling of systems and support is possible but in a gradual way. However, members should always register interest with the team to see what might be feasible.

Currently access to Start Ready financing is restricted to the systems that have been built/coordinated with Start Network to ensure the systems are on behalf of the nationally operating membership as a whole and not open for individual members who have developed independent systems. However, as Start Ready grows and members access/invest in build costs independently, access to Start Ready may be permissable for these systems as long as they comply with the Start Ready Core Minimum Standards and undergo Quality Assurance detailed in the next two steps. If you require more information, please contact startready@startnetwork.org

The core components of a Disaster Risk Financing system are:

- A predictive risk model that allows financing to be pre-positioned against its risk profile. This needs to be validated against historical events to demonstrate the skill and confidence of the system, with a suggested historical catalogue of at least 20 years. Further information of the scientific due diligence needed can be seen in this report.

- Agreed and coordinated contingency plans that outline which organisations will deliver which activities, in which parts of a country/region, if and when a crisis is forecast, and the cost of those interventions at different severity scales. This should be coordinated with the wider humanitarian and governmental infrastructure of the country.

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5 These groups of members can also form regionally (e.g.: Southeast Asia) but have not done so yet. As such, we will refer to these as national networks for now.
Nationally defined and managed governance structure which is able to ensure the system is accountable to the membership of the country and communities at risk.

Figure 5 shows the main steps that need to be completed by each system to build a complete DRF system. More detail can be found on the Building Blocks website.

**Start Ready Mandatory Requirements**

1. All systems must go through a Build process before they are ready to receive funding from Start Ready
2. This Build is usually done with Start Network support and according to the building blocks framework
3. New systems build is prioritised for Hub countries but if members are interested, they should contact Start Ready first
STEP 1: QUALITY ASSURANCE

System quality assurance

Quality assurance involves an assessment process of individual DRF systems to ensure the suitability and ongoing improvements of those systems. The goal is to promote the continuous enhancement of models and procedures while also establishing accountability to the communities we serve. It also provides a tool to ensure systems are of sufficient quality within the portfolio of Start Ready Risk Pools, and to ensure confidence in those systems to preposition funds against.

The Quality Assurance process is a proactive endeavour that occurs throughout the system development process to proactively avoid quality issues. It focuses on scrutinizing the development processes and the methodology used before the development reaches completion. This process serves as a Continuous Improvement Tool that can be applied from the initial stages through subsequent iterations. In essence, it functions as a learning tool, enabling systems to pinpoint areas of weakness and showcase our efforts to strengthen the system. It helps Start Network to ensure that DRF systems attached to Start Ready are efficient and effective.

The Quality Assurance tool covers the following areas that are critical components to a robust DRF system:

1. Clear and transparent **governance committee** structure, remit, and processes that enable relevant, informed, and accountable decision-making
2. **Strategic development** of DRF systems that are contextually relevant and need-based, using anticipatory action programme wherever appropriate
3. Meaningful involvement of **communities** at different points of DRF forecasting, contingency planning, implementation, and feedback. In particular, consultation, communication, and accountability to vulnerable and marginalised groups.
4. **Members** understand and can meaningfully participate/engage with DRF programmes
5. The process of the **DRF build** was done at an appropriate time, involved relevant stakeholders, timely and accurate data, producing a model that is tested and responsive to changes in real-time climate data.
6. The **funding ask** and planned activities are realistic and informed by community needs, and enable greater operational readiness and coordination.
7. **Lead time** is sufficient and has been tested feasibly to reach community members and mitigate risk impacts
8. DRF programmes are **aligned and coherent** with contextual gaps, opportunities, and priorities in countries.
9. **Project plans** are designed in advance of the season, with clear safeguarding, accountability, localisation, and GESI (Gender Equality Social Inclusion) standards.
As of October 2023, and Risk Pool 2, the Quality Assurance Framework is being piloted for the first time to test and improve the tool. This is initially being rolled out in two stages:

- Self-Assessment for continuous improvement can be conducted whenever and as frequently as country teams find helpful. The Self-Assessment provides an opportunity to reflect on and progress in advancing the DRF system and can provide insights into where improvements are needed to advance program quality and identify priorities.
- Peer review: this involves different country teams reviewing each other’s DRF systems to bring in an external view and enable cross learning. It should be held after each risk pool.

The results of the tool will be used to track development of the systems internally, enable tailored and targeting capacity strengthening, and be shared with the governance committee. It will not be published externally.

Following the piloting of the framework, the product will be refined with the tool becoming a core component to system MEAL practices and supporting decision-making/structuring processes.

**Start Ready Mandatory Requirements**

4. All systems must undergo quality assurance to receive funding from Start Ready, the output of which should be used to inform system strengthening
STEP 2: APPLICATION FOR COVERAGE

Networks of members at a national level apply collectively for Start Ready coverage

In Q1 of every year, networks of members with country DRF systems will be invited to apply for coverage from Start Ready. The timelines, template, and training available will be communicated at the start of each year. Application is done by filling in the Start Ready coverage application form (this is likely to have some modifications each year, but the Risk Pool 2 coverage application form can be seen here) and sending it to startready@startnetwork.org. Only one form should be submitted from each country requesting prearranged financing for their risk(s) on behalf of the whole membership/hub. If a country has previously applied, it is expected that a lot of the same information previously submitted stands and can be resubmitted with a light review and amended based on learnings from previous risk pools/experience.

In order for a system to be considered ready to apply for coverage from Start Ready, it must meet the Start Ready Core Minimum Standards as set out in this document. This ensures that systems meet the minimum technical requirements, comply with national governance of the systems for access and decision-making for and to the whole membership, contingency plans are done ensuring accountability, and windows of opportunity to implement anticipatory actions are identified.

This is done at a single-entry point to ensure that all applying risks are considered together with the available funds and a risk pool can be created containing the full portfolio of risks. Note, a second entry point mid-way through the risk pool in Q4 might be opened up for new risks, but this is dependent on fundraising and requests from the membership.

The purpose of the application form is to secure pre-positioned funding from Start Ready for the 12-month period. The application form helps the Start Ready Committee understand the needs and financing requests of member networks in-country, and balance these with financial efficiency to decide on the final financial structuring across risks and countries. The information is also critical to provide Start Ready team with information of each system in a consistent and single form.

Following the application submission, there might be subsequent calls with the Start Ready team to clarify and amend the submitted application before it goes for consideration in funding allocation.

The application has four main parts:

Risk overview information: this tab should outline the risk that you are applying for, background and context of the risk, and an overview of the history/status of Start Network activities in designing systems to manage the risk.
**Introductory tabs:** this provides an overview of the process, guidance for how to fill the application in, and a tab for the focal points/members involved in the system.

**Risk analytics & thresholds:** this tab should outline the Disaster Risk Financing risk model that the system is applying coverage for, including the model and desired thresholds and/or return-periods and a brief quantitative overview of the different levels of severity that this risk poses.

**Coverage & financial structuring:** this tab should outline the financial requests that you would like Start Ready to provide coverage for, this should include how much funds would be needed to be pre-positioned and what are the costs associated with this.

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**Start Ready Mandatory Requirements**

5. To receive protection from Start Ready, members must apply in-coordination with one application per country.

6. Application windows are only open at set times throughout a year, either once or twice.

7. The Start Ready Core Minimum Standards must be met before applying for coverage.
STEP 3: ALLOCATION AND STRUCTURING OF FUNDING

The Start Ready Committee meets to pre-position and structure Start Ready funding

With all applications completed, results from Quality Assurance tool, and confirmation of pool capital (this is done by the Start Network team through fundraising efforts), the Start Ready Committee is convened to decide how to pre-position funding across the DRF systems applying for coverage.

The Start Ready Committee is supported by Start Network’s CARF team as well as external subject experts (e.g.: in risk portfolio management, pooling, and capital management) to advise the Committee by providing them with a number of options for how funds will be structured. The Committee will review and discuss these options, selecting or adapting these until they are satisfied with one structuring option.

Structuring involves taking the available capital and dividing it into the different instruments (global risk pool, national reserves, basis risk), as well as amounts that should be prepositioned for each risk. They will also decide on whether to pursue reinsurance to provide additional coverage to the risk pool.

Risk pool mid-point top-up

If additional funds are secured by the halfway point of the pool (generally 6 months in) the pool can be topped up. The Committee will meet to reassess coverage, either increasing the number of countries and risks covered, or covering different layers of risk within the countries that are already part of the pool.

No coverage offers that have been made at the beginning of the risk pool will be called into question or reduced at the half-way top up point.
STEP 4: POOL LIVE AND OFFERING OF PROTECTION

The Committee informs national networks of members of the coverage they have been issued.

Following decision making, the new pool goes live on the 1 May for each year, lasting 12 months. This involves the issuing of coverage certificates detailing for each country:

- The number of people expected to be protected
- The amount of funding pre-positioned, and the associated expected disbursement, for each risk
- The proportion and distribution of funding across the three Start Ready instruments: national reserves, global risk pooled fund and basis risk (if applicable)
- Duration of each risk season
- Contact details for individuals monitoring the risks throughout live risk seasons
- The contact details of each agency which could receive Start Ready funding
- Sign-posting to Start Network’s reporting requirements

Each country’s coverage certificate will also clearly outline the terms and conditions of when and how much funding will be released from each instrument. This will be a commitment to fund rather than guaranteed funding.

The risk pool goes live.

The risk pool goes live. This runs for 12 months and during this time funds can be released if and when thresholds are met and the systems meet the Start Ready Core Minimum Standards.

This will be accompanied by a structuring report which is sent out to all Start Network members, key Start Ready stakeholders and donors, describing how funding has been structured and pre-positioned. The report also outlines what coverage has been issued to which countries and risks, and how these decisions have been made and documented by the Committee.
STEP 5: SEASONAL READINESS AND MONITORING OF RISKS

Pre-season readiness
Ahead of each risk season, members need to ensure that all the final components of the system are ready and members operationally ready to respond in case of forecast/activation. Members should consider and address any gaps or weaknesses that the Quality Assurance Framework has highlighted.

Project selection
Project selection should happen ahead of each season to ensure that the prepositioned funds are awarded to nominated agencies, with a plan, agreed activities, and budget attached. These plans should be based on the system’s joint contingency plan but contained in a separate agency specific document.

The project selection process, time-line, and decision-making is defined and implemented at a country level with each network of national members defining their own appropriate governance and protocols. However, usually the project selection process happens on an annual basis to best select the agency(ies) able to implement the plan each season.

These plans should be done on this standard template, or one similar if it has been adapted for country context (ensuring it has a risk assessment, agency specific activities & reach, and budget). Please note, whilst the call for proposals and project selection are usually done at the national level, until a Start Network Hub is independent, all awarding and formal communication must go through the global Start Network member. This means that if the proposal is drafted by a country office of the global member, the country office must coordinate internally with their headquarters before submission and the award letter will be signed directly with the global member/funds transferred to global member. It is the responsibility of the member to ensure that this is done.

Direct and Indirect costs within Start Ready
As in other Start Network programmes, ICR (indirect cost recovery) is capped at 10% of the operational and programmatic costs. This is reflected in contingency plans and is an assumption made by the Committee when pre-positioning funding. The guidance from Start Network is that no more than 10% ICR is deducted overall on any funds paid out through Start Ready, regardless of the number of organisations the funding passes through. If more than one party is involved in the flow of funds, we encourage them to divide these costs to reflect the proportionate amount of work and risk taken on by each organisation.

Operational costs (such as transport costs of an intervention) should be 20% maximum, unless clear justification of why more is required. Note that this is a maximum percentage, and some systems may be lower due to contextual factors.
Capital items above the value of £500 are not allowed, however, if they are requested it must be clearly stated and justified in the implementation plan – this would need to be approved before by the Start Ready team. An asset register should be kept for any item over £500 with an agreed disposal schedule.

**Eligibility for direct funding for Tier 2 members**

Start Ready shares Start Network’s vision for a locally led, and proactive humanitarian system that is accountable to people affected by and at risk of crises. Start Ready has an important role in disbursing funds to assist people at-risk of or affected by crises. This involves access to direct funding, as well as ownership and decision-making of the disaster risk financing systems. Whilst the funding is held globally so that we can effectively pool risks, the design and ownership of the system is led at the country level with governance, programmatic design, and needs of the system all managed nationally.

We recognise that access to direct funding is critical to this and are working through a number of country-level initiatives to explore how we can increase both the participation in programme and access to direct funding for L/NNGOs.

In-line with the Start Network due diligence framework and donor compliance, Start Network members placed on Tier 2 are able to **access a maximum size of Start Ready award of up to £100,000 from this programme** (or up to 50% of the organisation’s annual turnover if this is lower). Across the Start Network programmes, a Tier 2 can access:

- Up to £200,000 funding or,
- Or up to 50% of the organisation’s annual turnover if this is lower than £200,000 in total from Start Fund, Learning Grant, Anticipation Tool Grant, Analysis for Action Grant, and Start Ready at any given time. For full guidance, please refer to this guidance document.

**Pre-signing award letters**

Once project selection has been completed, Start Network pre-signs award letters to ensure that the operational processes and agreements are confirmed ahead of any activation. This reduces administrative burden and potential delays at the time of activation. Selected agencies will therefore be sent an award letter to be signed which states that it is conditional to the system being activated, and forecast of a hazard. An example template of this award letter to be pre-signed can be viewed [here](#).

**Operational readiness/preparedness**

It is imperative that each system and selected member is ready to implement activities as soon as there is a forecast and activation of the system, this is because some systems may only give a few days lead time ahead of the crisis onset. In order to maximise impact, and ensure that communities benefit effectively from the programme, anticipatory action activities should reach committees ahead of crisis onset.
Start Ready allocates national reserves to support members in achieving this. This provides funding for preparedness and readiness which involves actions, activities, or measures taken that improve the capacity of organisations to pre-empt, act in advance of, manage and respond to crises. This involves strengthening capacities that enable effective and efficient anticipation or response to situations.

This can involve:

- Developing SOPs
- Pre-signing agreements with suppliers, partners, government authorities
- Training staff on response plans
- Capacity strengthening activities for partners
- Developing IEC materials
- Targeting activities
- Stockpiling distribution items (i.e. sandbags, hygiene kits)
- Pre-positioning distribution items

All activities must directly relate to improving the efficiency and effectiveness of Contingency Plans which have already been approved.

How these funds are best utilised to achieve this goal will be dependent on the context and hazard, which should be decided in-country. We therefore encourage cross-membership agreement for using this fund done in-country and signed off through the relevant in-country governance structure (for example, National Steering Committee of the Hub).

For members to access the fund, this completed form needs to be verified by the in-country governance structure and sent to startready@startnetwork.org. A guidance note of the use and remit of this fund can be found here. A light touch reporting on the use of this fund is needed using this form following completion of the activities.

**National networks of members monitor risk data during their risk seasons.**

During risk seasons, risks are monitored in each country. The operational arrangements for this are organised within national technical working groups (TWGs), established groups of experts or member representatives that provide input to a DRF system.

They are responsible, with support from the Start Network staff team, for establishing operational protocols for the maintenance and monitoring of the risk model and data, contingency planning and implementation. This should be agreed with sign-off from the relevant national governance structure.
These operational protocols require a clear process for monitoring the outputs from the predictive risk model and any forecast warnings generated, including an action plan for what happens if a threshold has been met or exceeded.

**Start Ready Mandatory Requirements**

8. Project selection must be completed ahead of the risk season with members pre-selected to implement costed budgets. This must happen through a nationally defined accountable & transparent process.
9. The Start Ready Implementation plan template should be used in this process, although if this has been adapted for local context, an adapted one can be accepted as long as this has been approved by Start Ready.
10. All proposals/implementation plans must be agreed with the global member.
11. ICR cannot exceed 10% of operational and programmatic costs combined, this might be lower in some countries if the national governance group deem appropriate.
12. Capital items above the cost of £500 are not permitted as per Start Network membership agreement.
13. Tier 2 members can access direct funding up to £200,000 funding in total across Start Network, with a max of £100,000 from Start Ready as long as that member is not accessing other Start Network financing (including Start Funds) exceeding £200,000 or up to 50% of the organisation’s annual turnover (whichever is lowest) [Full guidance].
14. Pre-season preparedness and operational readiness must happen, with support from national reserve funding, ahead of the risk season to ensure that members are ready to implement when an activation occurs.
15. Members at the national level are responsible for ensuring risk models are monitored, with support from Start Network staff.

**STEP 6 A: RISK SEASON; THRESHOLD MET- FUNDING RELEASED**

**Funding is released to members when pre-agreed model thresholds are met or exceeded**

When the threshold for fund disbursement is reached (or exceeded), and verified, funding will be approved and released to members to implement their pre-agreed contingency plans according to the below process.

**Thresholds Cross-checked**

The monitoring team/individuals who check for when a threshold is met or exceeded should notify Start Ready by filling in this form and sending to startready@startnetwork.org. The Start Network’s CARF team cross-checks this form and if a threshold is met/exceeded and verified and confirmed, a response email is sent no more than 24 hours after receipt of the form (these timelines are valid, even on weekends and holidays). The confirmation email will indicate the activation of the system, and confirm the funding that will be sent to agencies. Activities and implementation should begin from the moment this confirmation email is received.
Funds are disbursed and implementation begins
Implementing organisations can expect to receive funding from Start Network to be processed within three working days of the threshold being met or exceeded, and confirmed. It is expected that members begin implementation immediately on the basis of this confirmation of funds to ensure the timeliness of activities.

As stated in step 5, award letters should have been pre-signed by the start of the risk season with each organisation who could be implementing if and when a threshold is met or exceeded. Within these award letters, it will be stated what type of assistance is being delivered, at what scale, in which regions of the country. For slow onset crises, such as drought, there may be time for plans to be adapted based on targeting on up-to-date information on needs.

If a change in the project or extension of the project implementation is requested, we ask the members to complete this form and send to startready@startnetwork.org for approval. We would review the appropriateness of the request given the justification and approve if it remains aligned with the original objective and contextually relevant. Note, this might not be guaranteed, and approval should be given in writing prior to implementing changes/extension.

Start Ready Mandatory Requirements
15. If a threshold is met/breached, this form must be filled in and sent to Start Ready immediately.
16. Start Ready will verify the model output and if threshold breach is confirmed, will email confirmation of activation. Once this email confirmation has happened, members are expected to begin implementation immediately

6B: THRESHOLD NOT MET- NO FUNDING RELEASED
No forecast or materialising of risk
No further action.

6C: BASIS RISK
Basis Risk
If there has been a forecast or materialising of risk but threshold has not been met, the basis risk funding might be applicable. Members are encouraged to contact Start Network if this is the case for support.
Basis risk is the difference between what a scientific model predicts and what actually occurs. A model is a simplification of reality. Predictive models attempt to replicate the world and predict what might happen in the future and so a degree of uncertainty will always be inherent in their outputs. Because of basis risk, the DRF model may not always activate financing when it is needed. For instance, the model underestimates the real impacts, due to inaccurate parameters or additional factors which have not been captured in forecasts. If this happens, the Start Ready Basis Risk funding is available to provide some level of assistance.

More information on the process for applying to basis risk funding, and the form needed to be completed and submitted can be found here.
**Start Ready Mandatory Requirements**

17. If members believe a basis risk event has occurred, [this form](#) should be completed and submitted to Start Ready. Start Network staff are available to support with this if needed.
STEP 7: POST RISK SEASON LEARNING AND EVALUATION

REPORTING WHEN FUNDING IS USED:

National Reserves
Where national reserves have been used for preparedness and readiness, organisations must complete and submit this light-touch reporting form on the use of this fund 30 days after completion of activities. Reporting is needed for each agency that used the National Reserves, and should be collated by the Host Agency for submission to [startready@startnetwork.org].

Basis Risk
Where Start Ready funding has been used by agencies, the Host Agency must collate information from all implementing agencies to complete and submit this form on the use of the fund. This should be sent to startready@startnetwork.org 30 days after completion of activities.

Project Reporting
Where there is an activation and disbursement of funding, all agencies who have received Start Ready funds must conduct submit a final report in the provided online template, no later than 30 days after the agreed end of the project.

This allows for 30 days following project-end for all creditors to be paid and books settled. All awarded members implementing Start Ready projects must submit a final report in the correct format via the online portal. The report can be submitted in English, French or Spanish. The offline project report template can be found in here (in French, Spanish and English). Please note that this template is for reference only and Start Ready will only accept final reports via our online portal, the link to which is sent to agencies once agreement is signed. There should be no new programmatic expenditure during this 30-day period, but costs for evaluation or assessment (or general MEAL costs) are permissible. Implementing agencies should retain evidence of compliance along with relevant supporting information (including anonymised, disaggregated information on intervention recipients) and make this available, as needed, for evaluation, field monitoring visits or audits.

In line with data protection requirements, members should not send any personal information (such as personal details on project participants/ recipients) in their report forms.

Any capital items over the value of £500 must be declared, but might be disallowed if prior approval has not been sought.
In addition to the project report, post-season learning exercises will also occur (led by Start Ready MEAL) to provide space for relevant stakeholders to reflect on lessons learnt for each DRF system. This will occur between four to six weeks of the end of the relevant crisis monitoring season. These allow members to share lessons and recommendations that are applicable across countries, contexts and systems. These lessons are fed back into updating each country’s system and in time for the next risk season, and should be reflected in the coverage application for the next risk pool.

REGULAR LEARNING AND EVALUATION ACTIVITIES

In addition to reporting requirements that are applicable only when funding has been used, there are also regular learning and evaluation activities that are critical to the continuous improvement of DRF strategy and systems. This include:

**System Quality Assurance**

As delineated on page 19 of the handbook, the quality assurance process and involves a systematic review of individual DRF systems to ensure the suitability and ongoing improvement of those systems. It is a two-step approach, involving first a self-assessment of DRF systems, before a peer review involving different country teams to review each others’ systems to bring an external view and enable cross learning. The results of the tool will be used to track development of the systems internally, enable tailored and targeting capacity strengthening, and be shared with the governance committee. It will not be published externally.

**Post-season learning activities**

For DRF systems that were not activated during the risk pool, we still require stakeholders to come together at the end of the season to revisit their DRF systems, and determine areas for improvement and update in time for the next risk season and reflected in the coverage application for the next risk pool.

START READY VISIBILITY REQUIREMENTS

Members implementing Start Ready activities should appropriately capture and store communications assets. Capturing communications materials for Start Ready activations is a requirement and members should refer to the [Start Ready Visibility Guidelines](#) to do this. Start Network requires content—pictures, videos, and stories—shared within two weeks of the project’s end date.

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<tr>
<th>Start Ready Mandatory Requirements</th>
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<tr>
<td>18. Members receiving an award for national reserves, basis risk, or global risk pooled funds must submit relevant reports 30 days after the end of the project and completion of activities</td>
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19. Members receiving an aware must submit communications assets within two weeks of the project’s end date.

EVIDENCING THE SYSTEM AND STRATEGY

OUR PRIORITIES FOR LEARNING & EVALUATION

As Start Network builds its evidence for early action, predictable financing and the benefit of pooled funds and structuring, we will continue to collect evidence to contribute to learning to improve our own systems as well as evidence for the sector’s larger evidence base.

Because Start Ready is a new finance mechanism, there is a higher expectation of learning involvement, support and iteration among Start Network and Start Network members than is the case with the Start Fund, for example. This will provide more learning for members, increased accountability to affected communities and more opportunities for cross-system and cross-country learning. It will also provide evidence for the rationale behind Start Ready.

HOW WE WILL ENGAGE WITH MEMBERS

We are committed to placing members’ experiences at the forefront of evidence and learning, to ensure relevant and practical cross-learning and dissemination with the wider sector. We will consequently invite involved members (whether thresholds have been met and funds disbursed or not) to participate in group or individual feedback sessions or interviews on the performance and operation of the system, as well as working closely with implementing projects’ MEAL teams to generate assessments and evaluation of the Start Ready activations themselves.

Some of the questions we may want to ask of Start Ready implementations are:

- What, if any, was the benefit of having funds pre-positioned for this crisis type? What, if anything, did it change in your team management?
- Did the system perform as it should have? Was the forecast accurate? Was the model calibrated correctly?  

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6 Correctly could mean with the context in mind, with lived experience and hindsight to inform us, or with the severity faced by a changing climate in this context.
- How were vulnerable groups (i.e. women, disabled people, children, elderly) identified and supported through Start Ready? how does it compare to a response project (one that reacts directly to a crisis)
- Did DRF lead to an earlier response or recovery? Did it save cost compared to usual response activities?
- How were community members involved to take different measures to prepare for or manage the emergency?
- How were local actors involved? Did pre-positioning funds enable local actors to be involved in new and deeper ways?

Many of these questions will only be answerable through comparing existing baseline and vulnerability data to endline data. This process will require time and dedicated learning capacity, so there will be additional opportunities and invitations to collaborate with project MEAL teams. This will help us to capture evidence and learning on what’s working well / less well, and collectively improve our ways of working to better anticipate recurring crises and deliver relevant support for communities.

Start Network has additional funding for this purpose (although it will not be possible to do this kind of learning on all Start Ready activations). As such, Start Network may be in touch after thresholds have been met to discuss this. Following a Start Ready disbursement, if your team is already conducting additional learning (such as post distribution monitoring, KAP surveys or impact studies) then please do get in touch with and share these outputs with the Start Ready team so that they can provide input and ensure alignment with other learning activities (startready@startnetwork.org).

The Start Network team may conduct an audit or field assessment at any stage; the only condition for being a suitable candidate for a field assessment is being awarded funding. All members are responsible for keeping their financial systems in a format where an audit can be conducted at short (<2 weeks’) notice.

In addition, when creating a Start Ready DRF system through the Building Block steps, it should include:
- a system-specific theory of change that explains its approach and the prioritisation of each element in its system
- a results, monitoring and learning framework that aligns with the theory of change
- a plan to reincorporate learnings into the DRF system to improve it year-on-year.

The theory of change should demonstrate and explain the change that the system is going to make, in a realistic and logical manner. This should be created at the beginning of the process, during the design of the overall system.

More information is available in Building Block 2, on Quality and Performance. Members who have developed this should share these with the Start Ready team at
startready@startnetwork.org. For members who have yet to develop these, they can also ask for support from the Start Network Team in designing an in-country theory of change, monitoring framework and learning plan.

COORDINATION BETWEEN NATIONAL AND GLOBAL MEAL

Learning should be included at every single stage of a DRF system. The responsibility for monitoring or collecting this data should be with each network of in-country members, through a designated person who will act as the monitoring and evaluation focal point for the system. Relevant data should be shared with this person in a timely and accurate manner. Every individual involved in the system build has a duty to retain clear, transparent and consistent records in a structured and appropriate format (for example, using Excel or monitoring frameworks instead of Word documents).

Nationally recorded learning will be used in two ways: to improve internal national systems and to feed into the global learning base, where it can be shared with the other DRF system countries.

Some elements of the national system where learning and improvement will primarily sit with the network of in-country members are:

- vulnerability and community data (disaggregated by sex, age and disability) and feedback to improve implementation project design
- feedback or confidence of governance decision makers in their role, how they prioritise regions, crises, etc
- selection criteria and their relevance in selecting contingency plans
- assessing meaningful participation of members in the strategy and plan designs (specifically that of local NGOs or civil society organisations)
- behaviour change within local clusters, networks or government units that could be partially attributed to the influence of the DRF system builders and/or Start Ready.

All these elements will also be shared with the global team through different channels, including regular reporting, post-season learning workshops, interviews and/or group and individual feedback sessions.

MEAL at DRF system level and MEAL at Start Ready global level should coordinate and share lessons and data consistently. This will ensure that everyone involved is aware of progress throughout Start Ready, and also that data reporting and compilation is centralised and available globally. Each DRF system can expect support from the Start Ready MEAL team and can also expect to be requested to share data at relevant moments (for example, end-season, at the end of a risk pool or after decision making).
DONOR COMPLIANCE

All members receiving funds through Start Ready will comply with the standard procurement guidelines of our donors as outlined in the Network Membership Agreement and/or the relevant hub agreement, if this is signed in place of the Network Membership Agreement. Any non-compliance could result in the less severe cases to costs being disallowed and recouped, and in the more severe cases will need to be investigated and reported to relevant authorities (e.g.: UK Charity Commission). This disallowance could be an outcome of an audit after a certain passage of time after project closure. Please refer to the award letter used at signing to conform the exact compliance needed, as this will include all relevant upstream donor commitments. The terms written in the award letter are the ultimate compliance requirements and supersede any other guidelines.

Capital items above the value of £500 are not allowed, however, if they are requested it must be clearly stated and justified in the implementation plan – this would need to be approved before by the Start Ready team.

All activities will ensure appropriate complaint and feedback mechanisms that crisis-affected communities can access confidentially.

Fraud, bribery, terrorism, safeguarding and other serious incidents must be reported to Start Network and/or, where relevant, Save the Children Fund as Grant Custodian and should be reported as described below (see [“Mandatory Incident Reporting”]). Donors will be notified of all reports.

Clear statements of what happens to funds not spent after being awarded should be communicated to Start Ready. These will either be recouped to the global risk pooled fund or will be added to a country’s national reserve. In case of FX rate gains and surplus gained through this, please inform Start Ready team to discuss appropriate use or recoup. If there is an overspend, it is the responsibility of the member to absorb these additional costs.

As previously mentioned (page 19), ICR will be no more than 10% across all transaction points and total indirect costs will be no more than 30% (ICR plus implementation costs – capped at 20% -) of the total financed contingency plan budget.

Start Ready and its donors reserve the right to ask for an audit; members should allow their projects to be audited. Documentation related to the project should be kept for seven years including the current year.

Reporting on those reached will be required to differentiate by sex, age and disability. All reporting on recipients should follow Start network’s GDPR policy anonymising data.
Every country with a DRF system will be invited to perform a post-season learning review, whether there has been a Start Ready disbursement or not, to ensure that any gaps in the system can be identified and fed back into system development work the coming year.

**START READY ASSURANCE AND ACCOUNTABILITY**

Start Ready is committed to ensuring the highest standards of transparency, accountability and competent management of Start Ready awards and associated projects implemented by members and partners. Start Ready has a set of checks and balances to provide assurance that members maintain compliance with the Start Network Membership Agreement, the Start Ready Handbook and Start Ready awards, and that members appropriately manage fraud, safeguarding and critical incident risks.

**DUE DILIGENCE**

All Start Network members undergo [Start Network due diligence assessment](#) in line with the Start Network Membership Agreement. The assessment by a third-party audit firm commissioned by Start Network places individual Members onto Tiers 1, 2 or 3 of the Due Diligence Framework, which determines the level of funding available to them as Members. To note, Start Ready is currently only accessible to Start Network members assessed on Tiers 2 and 3. Refer to Appendix - Section 2.9 for more information on funding eligibility.

**FINANCIAL MANAGEMENT AND ASSURANCE CHECK-IN**

A Financial Management and Assurance Check-in can be administered on Start Network Member organisations that have been awarded Start Ready funding. This would primarily be where there have been unresolved concerns related to accountability to affected populations, relations with partners or Start Ready project reports. The check-ins aim to support member organisation growth and development and enhance accountability within and across the network.

The check-ins are administered by Start Network’s Assurance team, the Start Ready team and members of the Crisis Anticipation and Risk Financing team, with the participation of relevant member personnel (including senior management), and take approximately 10 working days over several weeks to complete. The check-in may be conducted during or after a project, depending on the level of concern.

For more information on the Finance Management and Assurance Check-in, refer to Appendix - Section 2.9.

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**Start Ready Mandatory Requirements**

7 While Start Network members assessed on Tier 1 of the Due Diligence Framework have met the minimum compliance requirements for membership of Start Network, they do not currently have access to Start Ready awards and the grants covered by this Handbook.
19. All Members are responsible for their own internal procedures, including reporting, risk assessments and due diligence on implementing partners (sub-grantees) to prevent the risk that Start Ready funding is misappropriated or inappropriately used by the organisation and/or its personnel or partners. All internal procedures must be in line with the Start Network Membership Agreement.

20. If requested by Start Network (following notice from donors, audit officers or anyone reasonably nominated by the Start Ready team or donors), the members will allow their projects to be audited.

INCIDENT REPORTING

All member organisations are responsible for their own internal compliance procedures, including reporting, risk assessments and due diligence on implementing partners (sub-grantees) to mitigate the risk that Start Ready funding is misappropriated or inappropriately used by the organisations and/or its personnel or partners. All internal procedures must be in line with the Start Network Membership Agreement.

In addition to member personnel following their own internal reporting and investigation policies, members are required to report incidents or concerns related to the funding covered by this handbook as soon as reasonably practicable to the Start Fund team and in any event within 48 hours to reporting@startprogrammes.org.

Additionally, members are required to report incidents regardless of when they took place, including historical or non-recent cases. Further detail on some of the incident types which are reportable and how to make reports is set out below.

Any incidents that include more than one Start Network member should be reported by all members, even if they know or assume that another member is reporting on the same or a related incident.

All incidents reported will be shared confidentially with Start Network, with SCUK as Grant Custodian, and with the Start Ready’s donors (as they have provided funding relevant to the incident). Reports are handled by designated personnel and will only be disclosed to third parties, including regulators, where there is an obligation to do so. Reporting member organisations will be kept informed of wider reporting regarding the incident.

A decision to pause funding to any member organisation or request that Start Ready funding be returned by the awarded member can be determined by Start Network and SCUK as Grant Custodian. Such action is taken on a case-by-case basis, depending on the severity of the incident and the findings of any relevant investigation or audit.

If you have any doubt over whether a matter is reportable, email reporting@startprogrammes.org.
SAFEGUARDING

For disclosures, incidents and reports related to safeguarding, including historical abuse cases, relating to Start Fund funded activities, Member organisations are required to report to as soon as reasonably practicable, and in any event within 48 hours to safeguarding@startprogrammes.org.

In responding to and managing safeguarding concerns, members must make all efforts to ensure that action taken does not further harm survivors, witnesses and the subject of concern (the subject of concern is the person/people against whom a complaint has been made or against whom a concern is raised). This may include conducting a risk assessment and enacting a risk management plan, adopting a survivor-centred approach, developing safety plans, only gathering relevant information necessary to properly carry out an investigation and storing all documents in a secure manner.

As per the Grant Custodian policy, this covers incidents or concerns of harm/abuse of a child (anyone under the age of 18) or an adult in the implementation of a Start Ready-funded programme related to:

1. Abuse, including emotional and psychological, financial, physical and sexual abuse; exploitation, including sexual exploitation; sexual harassment; domestic violence; neglect of a child; unsafe programming or activities;
2. Death of a child or adult connected to a Start programme-related activity due to malpractice, unexpected or unexplained deaths in a medical setting, accident, abuse or misconduct; and
3. Start Ready/Start Network staff breaches of the code of conduct.

For further details, refer to Appendix - Section 2.9 for (i) the Start Network’s Safeguarding Policy and (ii) the Grant Custodian’s Safeguarding Policy and see the terms that are defined in the glossary of this handbook.

If you have any doubt over whether a matter is reportable, email safeguarding@startprogrammes.org.

FRAUD, BRIBERY AND CORRUPTION

What is Fraud?
Fraud means an act of deception intended for personal gain or to cause loss to another party, which can include (but is not restricted to) money or other financial gain or loss. Frauds can be committed even if there is no actual gain or loss.
Fraud can also include theft, which means dishonestly taking property that belongs to another.

What is Bribery and Corruption?
This means offering, promising, giving, receiving or requesting a financial or other advantage to either:

1. induce the recipient or any other person to act improperly or;
2. reward them for acting improperly. This can include:
   a. ‘facilitation payments’ (e.g. small unofficial payments to secure or expedite the performance of a routine or necessary action);
   b. improperly seeking to influence a public official to gain an advantage, either directly or through a third party;
   c. ‘kickbacks’ (e.g. improperly receiving a share of funds or commission as a result of involvement in a bid, tender or other procurement process);
   d. improperly colluding with others to circumvent, undermine or ignore rules, policies or guidance with which they should otherwise comply;
   e. the giving and receiving of gifts and hospitality if used as a reward, inducement or encouragement for preferential treatment;
   f. conflicts of interest which are not appropriately declared and managed. A ‘conflict of interest’ is where a person has a private or personal interest which may or could be perceived to compromise their ability to do their job; and/or
   g. improperly using employment to favour or benefit friends and relatives (e.g. awarding contracts, jobs or other material benefits).

TERRORISM, FINANCING AND SANCTIONS

What is Terrorism Financing?
Terrorism financing is the provision of money, property, assets or other resources:

1. to any Proscribed Organisation (as defined below); or
2. to any individual or organisation where there is a suspicion that the money, property, assets or resources will be used for the purposes of terrorism.

Proscribed Organisations are organisations which are named on the lists of terrorists maintained by governments and inter-governmental organisations, including the UK and US governments, the EU and the UN.

What are Sanctions?
There are two types of sanctions: financial sanctions and trade sanctions. Financial sanctions restrict the financial activity of a Sanctioned Entity or Individual (e.g. by freezing their assets or by prohibiting any person from providing funds or other economic resources to that Sanctioned Entity or Individual). Trade sanctions impose restrictions on
the supply, import or export of certain goods or services. They can also restrict certain industries (e.g. banning the import or export of military equipment or petroleum products).

**A Sanctioned Entity or Individual** means those named on any list issued under financial sanctions by the UK or US governments, the EU or the UN and any individual or organisation owned or controlled by the foregoing.

**DATA PROTECTION AND INFORMATION SECURITY**

Data protection and information security incidents may include:

1. unauthorised access to personal data or other information by a third party which should be kept confidential (including by staff or by third parties);
2. loss or destruction of personal data or other confidential information (e.g. the loss of a mobile or laptop);
3. misuse of personal data (e.g. collection or use of personal data in breach of any applicable data protection law); and/ or
4. viruses, phishing emails and abnormal or unusual activity or communications on desktops, laptops or mobile devices, emails or voicemails, which have occurred in connection with funding provided through the Start Fund and which either:
   a. need to be notified by the member to its data protection regulator (e.g. the Information Commissioner’s Office in the UK) or to the individuals affected by the incident or;
   b. could negatively impact or compromise Start Network or SCUK as Grant Custodian or;
   c. could affect Start Network or SCUK as Grant Custodian’s own compliance with data protection laws.

Members are also required to report if an investigation is brought against them by any data protection regulator.

Further obligations on data protection are included in the Start Network Membership Agreement.
**MONEY LAUNDERING**

**What is Money laundering?**

Money laundering refers to a financial transaction (or a series of transactions) which aims to conceal the identity, source and destination of illegally obtained funds. Members should be vigilant towards the risk of third parties seeking to launder funds through their organisation by means of a novel, complex or unexpected request to provide funds to the Member.

**SERIOUS INCIDENTS**

Start Network Members are asked to promptly notify the Start Ready team of serious incidents relating to their Start-funded activities. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

1. harm to families, children and people that we work with, including staff, volunteers and others who come into contact with us;
2. loss of money or assets;
3. damage to property;
4. harm to our work or reputation.

This can include serious incidents resulting in risks to staff security, reputation and other areas that could impact Start Network, the Grant Custodian or donors funding the programmes.

Members are asked to report serious incidents as soon as reasonably practicable and in any event within 48 hours via email to reporting@startprogrammes.org.

**HOW TO SUBMIT AN INCIDENT REPORT**

If any of the above incidents occur in relation to Start Network-funded activities, members are required to report to reporting@startprogrammes.org as soon as reasonably practicable, and in any event within 48 hours. If in doubt, report.

Where incidents involve a financial loss (such as fraud, terrorism financing and sanction incidents), there is no minimum amount for an incident to be reportable. All incidents should be reported, even if there is no loss.

Members should respond promptly to any questions raised on incident reports and continue to provide regular updates on each incident.

The reporting member will provide further information to the Start Ready team with regular updates on each report, as well as a final report describing the actions taken to investigate
or audit, the findings of the investigation or audit, any remedial steps taken, and a final assessment of the value of any associated losses.

It is imperative that even the suspicion of misuse of funds is reported to the Start Ready to ensure accountability to our stakeholders (crisis-affected people, Start Network members, and donors).

If you have any doubt over whether a matter is reportable, you should email reporting@startprogrammes.org immediately.

Start Ready Mandatory Requirements
21 If any of incidents mentioned in Section 18 occur in relation to Start-funded activities, members are required to report to reporting@startprogrammes.org as soon as reasonably practicable, and in any event within 48 hours. If in doubt, report.
22 Members should respond promptly to any questions raised on incident reports and continue to provide regular updates on each incident.
23 If Members have any doubt over whether a matter is reportable, you should email reporting@startprogrammes.org immediately.

GLOSSARY

Operational terminology

Bribery and Corruption
Offering, giving, receiving or soliciting a financial or other advantage in connection with the performance of a position of trust or a function that is expected to be performed impartially or in good faith. It includes: 'facilitation payments' (e.g. small unofficial payments demanded by low-level officials to secure or expedite the performance of a routine or necessary action); 'the giving or receiving of gifts and hospitality if used as a reward, inducement or encouragement for preferential treatment, or inappropriate or dishonest conduct.

Fraud
An act of deception intended for personal gain or to cause loss to another party (even if there is no actual gain or loss).

Terrorist
Anyone who threatens or uses serious violence anywhere in the world for the purpose of advancing a political, religious, racial or ideological cause. It includes, for example, any organisation or individual listed by the UK, US, UN or EU governments as a designated, prohibited or proscribed party.

Terrorist Financing
Providing money, property, assets or other resources, as well as obtaining any of these through theft, corruption, deception or any other misuse.

Theft
Dishonestly taking or appropriating any item of property that belongs to another.

Serious Incidents
A serious incident is described in the Charity Commission’s guidance as an adverse event, whether actual or alleged, which results in or risks significant:
- harm to a charity’s beneficiaries, staff, volunteers or others who come into contact with the charity through its work;
- loss of a charity’s money or assets;
- damage to a charity’s property; or
• harm to a charity’s work or reputation.

'Significant' means 'significant in the context of [a] charity, taking account of its staff, operations, finances and/or reputation.'  

Source

Categorization of incidents:

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>Violence or crime</td>
<td>Legal/compliance</td>
<td>Violations of laws/regulations</td>
</tr>
<tr>
<td>Safety</td>
<td>Accident or illness</td>
<td>Reputational</td>
<td>Damage to image or reputation</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>Corruption, theft, fraud, diversion</td>
<td>Operational</td>
<td>Inability to achieve objectives, capacity gaps, access constraints</td>
</tr>
<tr>
<td>Information</td>
<td>Data loss, breach, misuse</td>
<td>Safeguarding</td>
<td>Any form of harm or accident caused by or related to project activities including exploitation, death, physical and sexual abuse, neglect, and harm caused by irresponsible data management. For further guidance please see here [LINK]</td>
</tr>
</tbody>
</table>

Technical terms:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRF</td>
<td>Disaster Risk Financing - having plans, systems and finance in place before an event to ensure that adequate finance can flow rapidly and effectively in an emergency, reducing impacts and speeding up recovery.</td>
</tr>
<tr>
<td>Coverage application</td>
<td>Forms sent out to Start Network members in countries with Disaster Risk Financing systems, which were used as applications to submit requests for Start Ready coverage (or funding allocations) from Start Ready.</td>
</tr>
<tr>
<td>National Reserve</td>
<td>An earmarked amount of funding, taken out and removed from the global risk pool and countries to be spent on operational readiness activities and to ensure agencies are ready to act in an anticipatory way (for example, prepositioning). National reserves are governed by a group of Start Network members in that country.</td>
</tr>
<tr>
<td>Basis Risk Global Fund</td>
<td>An amount that is separated from the Global Risk Pool and put into a segregated pool that can be used to fund activities for basis risk events.</td>
</tr>
<tr>
<td>Building Blocks</td>
<td>Start Network’s framework for how to build and implement a DRF system. <a href="https://buildingblocks.startnetwork.org/">https://buildingblocks.startnetwork.org/</a></td>
</tr>
<tr>
<td>Contingency Plans</td>
<td>A pre-agreed list of costed activities, including targeting, detailing what the organisation should do if an event is predicted.</td>
</tr>
<tr>
<td>Lead time</td>
<td>The time period between a forecast of an event and the event itself.</td>
</tr>
<tr>
<td>Operational Readiness</td>
<td>An NGO’s preparedness actions that members should have in place in advance to enable rapid initiation of activities. This can involve prepositioning of items, preparing contracts and protocols, training staff or volunteers. It usually takes place before the season of risk begins (e.g.: heatwave season)</td>
</tr>
</tbody>
</table>
### Threshold/Trigger
An agreed or designed index and associated threshold, designed and agreed in advance of the event/pay-out, which when met or exceeded (or the value is a below a certain level), funding is released to activate a pre-agreed (contingency plan. That index could be a combination/aggregate or an amalgamation of datasets which aim to accurately represent the impact which the DRF aims to protect against. This is the point that prearranged financing is attached at.

### Insurance terms

#### Basis Risk
In simple terms, basis risk can be described as the difference between what a model predicts and the reality on the ground. In terms of funding, it represents a gap between the amount of funding released, and the amount of funding needed or the actual cost of a specific event. There are two aspects of the basis risk to consider as part of this modelling which we have defined below:

- **“Trigger Uncertainty”** which we denote as the risk that the payouts based on the trigger model do not accurately match the actual cost and need on the ground following the peril. For example, the metric from the underlying model might suggest a payment based on a parametric measure. This payment might not be sufficient to cover the actual loss caused by the event.

- **“Model Uncertainty”** which we denote as the risk that the loss curve estimated using the available data and used in the capital model are not representative of the loss curves of the underlying trigger models that will determine the payments. (Definition by GAD-CDP)

To read more about this see Annex 4 or visit: [https://www.disasterprotection.org/publications-centre/basis-risk-in-disaster-financing-for-humanitarian-action](https://www.disasterprotection.org/publications-centre/basis-risk-in-disaster-financing-for-humanitarian-action)

#### Stretch / Efficiency ratio
The stretch of the pool. This is a ratio between coverage offered and amount of capital held in the risk pool to make risk pool pay-outs. The higher number, the more the pool is being stretched – more funding allocated than funds available. This is because it is not likely that all funding offered will be used (i.e., not all risks will materialise).

#### Insolvency
All funds in the pot gets completely spent and depleted (there is no funds left available in the global risk pool before the end of the year). The probability of insolvency can be expressed before (gross) and after (net) the impact of the reinsurance pay-out.

#### Return period
The probability of the event occurring at a specific severity level and therefore making a disbursement of funds, measured in years.

#### Reinsurance
Cover that pays out once the risk pool capital has been depleted. This provides additional capital in the event that all funds in the risk pool are spent and provides further capital up to a certain limit. This depends on the amount spent and the reinsurance market pricing conditions. It guarantees of payments of funds to improve the solvency position of the pool if a “bad” year with many risk pool losses were to occur.

#### Reinsurance Premium
The amount spent to purchase the reinsurance cover.
RELATED DOCUMENTS AND TEMPLATES

- Start Ready video
- Start Ready two-pagers
- Start Ready FAQs
- Building blocks framework
- Start Ready Committee TOR and decision-making scenarios
- Start Ready activation confirmation form
- Basis Risk Application form
- National reserves application forms and report form
- Start Ready Core Minimum Standards
- Start Ready offline report form in English, French, and Spanish
ANNEXES

ANNEX 1: CERTIFICATE OF COVERAGE

The Certificate of Coverage provides a document that is issued once funds have been pre-positioned by the Committee, provided to each country system detailing their coverage. The document provides full description of the level of coverage they have been pre-positioned, the period of coverage (which season will be included), national reserve allocations, and conditions of this coverage. The latest version of this document (still in draft at time of writing) can be found here.
ANNEX 2: REINSURANCE

Reinsurance could be purchased on the global Start Ready pool to protect against the risk of paying out too often and emptying the Start Ready pot. Reinsurance would protect specifically against the risk of an improbable scenario in which many more crises than expected occurred in one year, requiring the release of more funds than are held in the Start Ready pool. The reinsurance payout would act as a top up to the pool if and when it dips below a certain level (usually when all funds have been used). Once topped up with the payout the pool would operate as normal. Once the Committee has pre-positioned funds across risks, they will also inform the Start Network team if they decide to purchase reinsurance on the pool. If so, they will need to stipulate the conditions for this insurance product and instruct Start Network staff to proceed with the purchase.
ANNEX 3: NATIONAL RESERVES

What is it?

National Reserves are allocations made from the Start Ready pooled fund, this is segregated out from the main global risk pool and allocated on a country-by-country basis. Each country who has successfully applied and received an allocation has the ability to use this fund to support members in the duration of the risk pool year (May – April).

What is it for?

The National Reserves are designed to support members in their seasonal preparedness and operational readiness work. This is acknowledging that the Start Ready systems relies on activating funds based on forecasts which tend to have short lead times. The contingency plans which are developed involve anticipatory and early actions with time sensitivity and rapid implementation. Recognising the challenges that this involves, the National Reserves are designed to help members with some of the inputs needed to ensure they are ready to implement those activities within the short lead times available.

The National Reserves therefore are designed to promote preparedness and readiness of members pre-selected to respond, for the purpose of funding actions, activities, or measures taken that improve the capacity of organisations to pre-empt, act in advance of, manage and respond to forecasted crisis. This involves strengthening capacities that enable effective and efficient anticipation or response to situations.

The fund can only be used in relation to the risks which are part of Start Ready (i.e., flood preparedness if the members have a flood DRF system in Start Ready). All activities must directly relate to improving the efficiency and effectiveness of Contingency Plans which have already been approved, and for pre-selected members.

How to apply for it?

Applications for national reserves can only be made once a year as part of the system’s application to Start Ready for annual coverage. This is typically in February/March of each year. The request should be written into this coverage application form which is put to the Start Ready Governance Committee for decision making. The response will be communicated by the Start Ready team following decision making. This is typically in April/May.

What can it be used for?

The fund can be used for any preparedness or operational readiness activities that the membership feel would strengthen their ability to implement agreed contingency plans. This is spent on a no-regrets policy, meaning that this investment is considered valuable regardless of if there is or is not an activation/event.
The fund cannot be used to purchase capital items/operational equipment above the value of £1,000 (defined as any non-consumable item of equipment purchased for or in relation to a Project which is not of a direct benefit to the intended beneficiaries of that Project). Items above the value of £500 may be permissible but must be declared to the Start Ready team prior to procurement and might not be accepted depending on demand. The fund also cannot be used for general system build or maintenance activities which would typically be implemented by the host agency and already part of a dedicated build/hosting budget. This might include, hosting of models, renting of office space for hosted staff members, workshops for drafting contingency plans.

Below is a non-exhaustive list of what could/could not be included:

<table>
<thead>
<tr>
<th>National Reserve activities likely to be accepted</th>
<th>National Reserve activities unlikely to be accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Developing agency specific SOPs</td>
<td>- Purchase of vehicles</td>
</tr>
<tr>
<td>- Pre-signing agreements with suppliers, partners, government authorities</td>
<td>- Purchase of laptops</td>
</tr>
<tr>
<td>- Training staff on response plans</td>
<td>- Hosting or licensing fees for forecast models</td>
</tr>
<tr>
<td>- Training volunteers on early warning systems</td>
<td>- Office rental</td>
</tr>
<tr>
<td>- Developing feedback mechanisms for rapid roll-out</td>
<td>- Ongoing contributions to staff employment</td>
</tr>
<tr>
<td>- Capacity strengthening activities for partners/staff</td>
<td>- Workshops/consultancies to develop impact and vulnerability assessments or contingency plans</td>
</tr>
<tr>
<td>- Developing IEC materials</td>
<td>- Activities planned for post-activation/forecast (this should be part of the contingency plan)</td>
</tr>
<tr>
<td>- Targeting activities</td>
<td></td>
</tr>
<tr>
<td>- Stockpiling distribution items (i.e., sandbags, hygiene kits)</td>
<td></td>
</tr>
<tr>
<td>- Pre-positioning distribution items</td>
<td></td>
</tr>
<tr>
<td>- Developing cash transfer modalities</td>
<td></td>
</tr>
</tbody>
</table>

How to decide how to use it?

How these funds are best utilised to achieve this goal will be dependent on the context and hazard, which should be decided in-country. We therefore encourage cross-membership agreement for using this fund done in-country and signed off through the relevant in-country governance structure (for example, National Steering Committee of the Hub). This is according to the governance structure outlined in the coverage application form which was submitted before pool going live.
**How to access it?**

Once agreement for the fund has been reached, members must complete the Start Ready National Reserve Notification of Spend form found here: [English](#) or [French](#). This must be completed, approved by the relevant in-country governance structure, and submitted to Start Ready via [startready@startnetwork.org](mailto:startready@startnetwork.org).

The Start Ready team will then review the form, and if approved, draft award letters for the transfer of funds. Please allow up to two weeks for this.

**When to use it?**

This fund must be proactively used ahead of the peak of the risk season, if not the start of the risk season. This is to ensure that the funding is being used responsibly and to ensure maximum opportunity for it to be used effectively. If the funding has not been requested before the peak or activation of the risk, it may be withdrawn.

It is recommended that the implementation period is sensible and completed within a few months of the start of the risk season, however, all spends must be done before the end of the Risk Pool (April). Any unspent funds will be recouped and returned to the global Start Ready pot.

**What reporting is required?**

Start Ready expects light-touch reporting following the completion of the project which needs to be done on [this template](#). More monitoring and learning requirements might be asked if there is an activation as part of an evaluation to help us better understand the effectiveness of this preparedness activities.
In the disaster risk financing context, there are generally three possible categories of basis risk:

- **Model error**—the inherent errors found within a model's data and calculations;
- **Outcome uncertainties**—the uncertainty within which the model operates (the difference between the model results and real-world results);
- **Social miscommunication or misinterpretation** of a model and product’s capabilities

However, Start Ready will only accept certain types of basis risk as a vehicle for Basis Risk funding. Therefore, a basis risk activation within Start Ready is when “the Start Ready Committee have agreed to release basis risk funding as a result of a model misfiring or mis-predicting”

Immediately below are a list of examples that fit the Start Ready basis risk definition; examples of unaccepted basis risk examples follow.

**Accepted examples in which a basis risk form might include (but are not limited to):**

- Model error: A crop model in X country stated that rainfall was sufficient for the modelled crop, cassava, to grow. Thresholds for the release of funds were not met. However, there was an error in the growing season of cassava in the model, which misaligned the rainfall and crop vulnerability.
- Model error: A fluvial flood has occurred of severe severity level in a part of a particular country. Evidence of the damage using alternative forecast and observational data is clear, yet the model did not predict any level of crisis.
- Model uncertainty: The heatwave model has not predicted a crisis. However, Start Network members and partners in country X have evidence of an oncoming crisis
based on alternative forecasts. *E.g.*: satellite data and local met offices are predicting a heatwave within a ten-day period.

Please note that the request for a basis risk payment must be: 1) of the severity that the DRF financing is attached at and 2) show how the predefined risk (i.e. fluvial flood, typhoon, agricultural drought, heatwaves) has not been picked up by the model.

Please see below a flow diagram:

**Not accepted example**

- Social miscommunication or misinterpretation of a model and product’s capabilities: A flood model in Bangladesh did not predict a major flash flood, as it was only able to model riverine flooding. Thresholds were not met, and funding was not released despite large scale crop and property losses.
- Outcome uncertainty: A cyclone model predicts that a category 2 cyclone will make landfall in 2 days, and financing is released. In fact, the cyclone intensifies and reaches a category 3 and more funds are required that was pre-agreed.

**Positive basis risk**

For good practice, if there is evidence of a positive basis risk event it is recommended to fill out the form and/or communicate to Start Ready team ASAP. In other words, when the model reaches its financing thresholds, but is not needed, or when it releases more money than needed. For example:
• A cyclone model predicts that a category 3 cyclone will make landfall in 2 days, and financing is released. In fact, the cyclone weakens and only reaches a category 1 and minimum funding is required.

• A flood model in Pakistan predicts that within 2 weeks, 500,000 people will be affected by flooding over 1 metre in depth, and financing is released. In reality, the effect of a dam negates the effect of the flood, but man-made flood defences were not included in the model.

However, once the money is released from Start Ready, it is considered spent. If the host agency and members of that particular country decide remedial activities are no longer needed or will be of value (i.e., positive basis risk), then it is up to them to return the funds to Start Ready risk pool. Agencies should email startready@startprogrammes.org if this is the case, and must seek approval from Start Ready if they wish to implement any activities/incur costs outside of the award contingency plan.

More information on the process for applying to basis risk funding, and the form needed to be completed and submitted can be found here.
ANNEX 5: START READY GOVERNANCE DECISION-MAKING PRINCIPLES

The Start Ready Governance Design Group, which existed from June to December 2021, was tasked with the development of a governance structure and process for Start Ready.

During the design of the Start Ready governance structure, the Design Group used the following Start Fund principles as sources for the principles for decision-making that were later agreed by the Start Ready Committee in early 2022:

1. The Committee should abide by the same guiding principles as the Start Fund. These are impartiality, performance excellence, subsidiarity (including locally-led approaches) and collective stewardship. A more detailed description of these can be found at the end of this Annex.

2. Decision making under uncertainty: Start Network has previously commissioned research into navigating uncertainty. The recommendations from this research are key for the Start Ready Committee who will be making significant decisions – all involving some level of uncertainty. These are:
   - Distinguish risk from uncertainty.
   - Consider the level of uncertainty associated with each context, hazard and prediction.
   - Recognise that there isn’t necessarily a right or wrong outcome when facing uncertainty: the stewardship of Start Ready is risk-taking rather than risk averse, following a no-regrets approach to decision-making about anticipatory activities that meet relevant criteria. If events do not unfold as forecast, any unspent funding can always be returned.
   - Ensure that all information is considered ahead of a decision-making meeting.
   - Regularly reflect on the decision-making process and the outcomes of those decisions. Please note that the governance terms of reference stipulate that a yearly review of decision making is recommended and expected.
   - Remember that not all decision making should be rigidly bound to rules or what has been done in the past. Instead, true expertise should be shared through facilitated discussion and decisions should be based on this shared expertise, taking into account the current context and decision.
   - Identify and be aware of biases that promote and inhibit the goals of Start Ready during decision-making meetings.

3. The Start Fund has a rich history and experience of using external advice and research in decision making. The Start Fund receives briefing notes from a third-party service provider (currently this is ACAPS) to support its decision-making process. This partnership can provide learnings for the Start Ready Committee who will be using external financial advice to make similar humanitarian funding allocation decisions. Briefing notes give an overview of a crisis and provide
independent verification of the information received from members, allowing for more informed and rigorous decisions to be made. The briefing notes have proved valuable for decision-makers in verifying the information received from members, and in identifying key sectoral needs and upcoming trends of the particular crisis.

4. **Research conducted and published by the Start Network in 2019** shows that successful and coordinated disaster risk financing systems have eight characteristics. These are: transparency, openness, joint data, localisation, flexibility, preparedness, learning and risk layering. The Committee should familiarise themselves with these, to keep in mind what a quality system needs (and what perhaps some systems may be lacking) when making decisions about funding. This will be particularly relevant in 2023, when applications for coverage from Start Ready will include a checklist of minimum standards or quality self-assessments that countries complete when submitting their coverage applications.

Further information about key decisions, and the guiding principles that should be used to inform them, can be found in the [Annex of the Committee’s ToR](#). These were theoretical scenarios developed by the Governance Design Group. The Start Ready programme may evolve in time, and the scenarios the Committee are faced with might change too. However, this document can serve as an additional reference for the Committee’s first year of operation.

**Start Fund principles** (referenced above)