

Disaster risk finance for better response to COVID-19 and other risks

Audience questions & comments

Question 1 - Sumit Dugar - *Speed is key for client government to get funds and how long does it take to reach people! Is there an analysis for that?*

Sophie Evans – This type of information can be found in the Productive Safety Nets Programs (PSNP), the Hunger Safety Net Programs (HSNP) and other shock responsive social protection evaluations, which have got really good descriptions and detailed analysis of that timeliness.

Evie Calcutt – World Bank include project milestones to be achieved, including the speed at which hunger safety net programs reach beneficiaries after being triggered.

Question 2 – Gabriel Fernandez - *Thank you Olivier for a succinct presentation on DRF. Many African countries are calling for debt forgiveness to support their national efforts for post Covid-19 recovery. What role can the World Bank linking with IMF play in supporting this call to make financing available for DRF mechanism and toward a progressively universal DRF mechanism in Africa? Can this be linked towards achievement of SDGs and Africa 2063?*

Evie Calcutt – The World Bank President stressed in July the need to extend the timeframe for the Debt Service Suspension Initiative (DSSI) and to conduct consultations about this need to improve the debt resolution process. The intention of this is to allow vulnerable countries and especially those in Africa, where debt stress was already a real issue, to be more financially resilient towards disasters and crisis including Covid-19. With that compound risk issue in mind, and in addition to the further development of ex-ante finance instruments including market-based instruments, this could help countries improve the time, speed and efficiency of their post disaster response. The World Bank President stressed that this agenda is even more important because of Covid-19.

Question 3 – Moses Kumaoron Orfega – *For Evie Calcutt - Your scale up graph is really interesting and useful. But I'm just wondering how fast data can be updated in times of a disaster to expand coverage (benefits and beneficiaries)?*

Evie Calcutt – Really good question. I work closely with the SP team in Malawi, leading the DRF component there, where the government is working to scale up their social cash transfer program. In the wake of Covid they want to use that cash transfer program to release funds to new beneficiaries quite quickly. Predominantly, that safety net covers beneficiaries from rural areas, not those living in the 2-3 big cities in the country. However, they found that those urban people were those most affected by the

economic crisis. Because they have been working on a shock responsive SP program, and already having these conversations, investing in these systems, etc., they were able to respond fairly quickly and register a number of beneficiaries. Now, they are already making payouts to those beneficiaries. Had they not been in that position, they would have found that much more time consuming. The gold standard is to have a very quick way to register people. In some countries, those systems exist, or they already have shock responsive SP systems, or they already had that conversation; In these cases, they were able to leverage on that and things were able to happen more quickly.

Question 4 – Ruby Khan – For Emma Mistiaen - *Can you please speak to the point of internal coordination and collaboration within the Bank between the SP, DRF and PFM teams when in countries, particularly when supporting countries to build capacity with government budgets and advocating for DRF and SRSP within the budgets? In many countries, providing fiscal space within national budgets is one of the areas where the Bank's advocacy with governments to budget enough funds for SRSP and SP would be well received by SP practitioners.*

Emma Mistiaen – Very good question. I can give some example of how this has been done: the first one is in Kenya where we did work very closely with the DRFI team for the preparation of the DRF strategy. We also worked closely together on a Cat DDO (Catastrophe Deferred Drawdown Option - an instrument that can disburse when a catastrophic event is declared) operation where the DRF strategy was a Prior Action. Similarly, when we worked to design the Hunger Safety Net Program financed by the World Bank and DFID, we involved the DRF team very closely in the discussion with the Government, as well as with the Minister of Finance when we discussed the financing plan for the Hunger Safety Net Program. Another example is ongoing discussions in Senegal where we are also engaging with the World Bank macro team, the DRF team and the SP team. There were discussions on a DPO budget support operation, where we are jointly discussing with the Government on potential triggers. There is also a potential Cat DDO operation where ongoing discussion are held with these team internally within the World Bank, and jointly with the Government, including with technical sector ministries and the Ministry of Finance.

Question 5 – Moses Kumaoron Orfega - For Lindsey Paul Jones - *Impressive analysis. Are there any ongoing efforts to enable countries to apply this approach for disaster risk financing and management?*

Lyndsey Paul Jones – The objectives that we have for this particular tracking exercise is that we are aiming to have a regional and country-level applications. At the moment, it is still a prototype. We are conscious that it would not be a good thing to be disseminating information as long as we cannot fully know that it is robust. We are hoping that in the next few months and weeks we improve the methodology,

incorporate as much information and indicators that we can, and when we feel it is ready to be good enough for decision making, we can supply it to the relevant people. Because it is country-level based rather than subnational, we are probably looking more at regional level decision makers and people who have a portfolio-level approach, rather than at country-level applications for now. However, we hope to expand this to analytics giving insights at subnational level. I would add that is really important to think about how we communicate this: It is not just about having a tracking system that will lead to important uptake measures, it also requires a thorough and dedicated process about how to integrate risk information into effective decision making. Whether that is horizon scanning exercises, or bringing people together, it is crucial to think carefully about how we communicate each of that risk information, make it transparent, understandable, and hopefully interactive. Each of those things are really important when you think about the use and translation of that risk information into DRF and social protection mechanisms as well. This type of initiative is not unique: FEWS Net is in a sense a compound risk tracker, as it tracks issues other than food security, such as conflict, fragility, institutions, etc. which are factored in in some of the metrics. The objective of this larger compound risks tracking effort is not to look at this from siloed sector-level approach but to try to bring different sectors together and have a more comprehensive overview.

Question 6 – Cishahayo Ismael – *For Emma Mistiaen - Is Kenya hunger safety net program funded by the government or other? How do they target the beneficiary households?*

Emma Mistiaen – The Hunger Safety Net Program is currently fully financed by the Government, meaning that the Government finances all the regular cash transfer programs and the shock responsive cash transfers. However, as mentioned earlier, there is a program set up around Disbursement Linked Indicators (DLIs) where the World Bank and DFID disburse money upon achievement of the results. One of the first result under that operation was that the Government would take over cash transfers under that operation, which they achieved, and financing was disbursed. There is also an ongoing DLI according to which every year that the Government manages to finance the emergency cash transfers, the World Bank and DFID disburse financing upon achievement of that result. On the targeting, the Hunger Safety Net Program targets use a Proxi Means Testing (PMT) approach, so the households that are registered in the social registry are ranked according to the PMT formula and this is combined with a community validation.

Question 7 – Osborne Sibande - *Is there a methodology for tracking/monitoring national budget (especially in developing countries) allocation to disaster risk financing/social protection?*

Sophie Evans – There isn't a standard mythology, a lot of this comes from countries' willingness to have their public financial records interrogated. A lot of this relates to public financial management work, looking at balance sheets, tracking surveys, etc. It's where we get a sense of financial losses that are not regularly disclosed, especially in developing countries or low-income economies. We are currently working on a longer piece of research which objective is to analyse how Covid is impacting the national budgets. We are working with a couple of countries with some teams embedded in the Ministries of Finance and in local financial authorities to understand what public funds are being diverted toward Covid (for instance, how much is to be allocated to the health care budget instead of the education budget). The goal is to try and get an indication of the sort of real time decision making that countries are able to make to create the right fiscal space for themselves to deliver their own Covid response. We have a really good outline on the humanitarian flows. We have just done a piece of work with the recent Development Humanitarian Initiative (DHI) report. DHI have a really good macro picture of how funds are flowing and a pretty decent analysis of some of the private sector flows relevant from a DRF perspective.

Evie Calcutt – At the World Bank, there are a number of public expenditure reviews done in conjunction between governments and our colleagues in the macro team. Until very recently, those reviews didn't focus on the funding allocated to disaster response. However, we have been working closely with our macro colleagues to start developing disaster related reviews. We are doing this in a couple of countries, and we are hoping to develop a more standard methodology on how to do that. There is a balance between some of the instruments available and tracking expenditures for those instruments, and it is not always clear where money is set aside particularly for specific disasters. A number of countries are exploring how to do that and being able to see where they can be more efficient, assess the amount of funding that they have to reallocate, etc. That feeds into the narrative of the importance of risk analytics and understanding funding needs.

Mr Bakar Haji (Somalia) - Hello everyone, It is my pleasure to attend this very interesting webinar. My name is Mr. Bakar Haji from Somalia, I have been active as an independent activist in the Disaster Risk Finance here Somalia since April 2019, when I received my certificate about FUNDAMENTALS OF DISASTER RISK FINANCE from The Disaster Risk Financing and Insurance Program of the World Bank Group. I am currently member of the World Bank Regional Investment Promotion Certification Program in the Horn of Africa. Is there any DRF and SP programs in Somalia, so I can contribute to it?

Emma Mistiaen – There is an existing cash transfer program that was approved in August 2019 which is active. There is also a program for emergency locust response that was just approved end of June 2020, so not yet effective.