Welcome to the webinar

Disaster risk finance for better response to COVID-19 and other risks
This joint effort is inspired by colleagues and organisations working to disseminate and discuss the most recent content on social protection responses to COVID-19.

The initiative has three major components:

1. A weekly special edition of a dedicated newsletter, featuring a compilation of relevant information from all over the world on social protection initiatives dealing with COVID-19;
2. Weekly webinars to foster discussions and exchanges;
3. An online community to systematise the information gathered on the topic and foster discussion.
Next webinar at socialprotection.org:

Social Protection and Violence against Women and Girls in the Indo Pacific region: Responding to COVID-19
Tuesday, 18 August at 1 PM (AEST)
socialprotection.org presents:

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

Presenters:

Olivier Mahul (World Bank, Program Manager, Disaster Risk Financing and Insurance Program)

Evie Calcutt and Simon Hagemann (Financial Sector Specialists in the World Bank’s Crisis and Disaster Risk Finance Team)

Emma Mistiaen (World Bank – Social Protection)

Lindsey Paul Jones (World Bank Global Crisis Risk Platform)

Sophie Evans (Centre for Disaster Protection)

Moderators:

Evie Calcutt and Simon Hagemann (Financial Sector Specialists in the World Bank’s Crisis and Disaster Risk Finance Team)
Presenter

**Olivier Mahul**

Program Manager, Disaster Risk Financing and Insurance Program – World Bank

Dr. Olivier Mahul is Practice Manager of the World Bank’s Crisis & Disaster Risk Finance Unit where he oversees the Disaster Risk Financing and Insurance Program (DRFIP), the WB-UK Disaster Risk Finance Hub in London, and the Global Risk Financing Facility (GRiF) in partnership with the Global Facility for Disaster Reduction and Recovery. Since he joined the World Bank, Olivier has been involved in the development of innovative disaster risk financing and insurance solutions in more than 40 countries and he has led the creation of flagship regional initiatives such as the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the Pacific Catastrophe Risk Insurance Program (PCRAFI), and the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). Olivier holds a Ph.D. in Economics from Toulouse School of Economics and post-doctorates from Wharton Business School and University of California at Berkeley.
Evie Calcutt is part of the Crisis and Disaster Risk Finance team in the Finance, Competitiveness, and Innovation Global Practice of the World Bank based in London, UK where she coordinates the work of the Crisis and Disaster Risk Financing team in the Africa region. Evie is a qualified actuary with experience of insurance and investment projects in the public and private sector, at KPMG and the UK Government before joining the World Bank. As an actuary her experience is advising clients how to better understand and communicate uncertainty, perform quality assurance and manage their contingent liabilities. Since joining the Bank, she has worked globally on disaster risk financing.
Simon Hagemann works for the Crisis and Disaster Risk Finance team of the World Bank. He previously worked as a Senior Policy Officer with the German Federal Ministry for Economic Cooperation and Development where he helped develop G7 and G20 initiatives on climate and disaster risk finance and insurance. Before, he worked for the World Bank on climate and forestry in Africa, for the United Nations Development Programme on climate adaptation in Africa, and for PricewaterhouseCoopers in Switzerland. Simon holds degrees in International Relations and Economics from Sciences Po Paris, Sciences Po Grenoble the European University Frankfurt.
Emma Mistiaen is a Senior Social Protection Specialist in the Social Protection and Jobs Global Practice at the World Bank. She started working for the World Bank in Latin America in 2004 supporting work in the Environmentally & Socially Sustainable Development Department in Argentina, Chile, Paraguay and Uruguay. Since 2007 she has been working in the social protection sector in the Africa region, including leading operational and analytical work in Eastern and Southern Africa and most recently in West Africa, particularly in Cabo Verde, The Gambia and Senegal. She also forms part of a regional team leading analytical work related to adaptive social protection in the Sahel and holds a Master’s degree in Economics from the University of Linkoping in Sweden.
Lindsey Jones is a Senior Risk Monitoring and Analytics Specialist at the World Bank where he supports the Global Crisis Risk Platform in developing early warning systems to track compound disaster risk. He is also a Research Associate at the London School of Economics, conducting research on issues related to climate change adaptation and disaster risk reduction, and where he gained his PhD on resilience measurement. Lindsey has designed and led a number of large international research programmes in Africa and Asia, having held positions at the Overseas Development Institute, CGIAR Research Program on Climate Change, Agriculture And Food Security (CCAFS) and Commonwealth Scientific and Industrial Research Organisation (CSIRO).
Sophie Evans is a specialist in risk, climate and innovative financing, having led strategic global projects from within the private sector for partners including governments, multilaterals, and international corporates. Within the leadership team of the Centre for Disaster Protection, Sophie is responsible for leading the Centre’s operational work in low- and middle-income countries. She has a BSc in International Relations and Politics from Oxford Brookes University, an MA in Intelligence and International Security from King’s College London and completed her legal qualifications in 2017.
Share your questions to the speakers! 

*type them in the chat bar*

Also, interact with us on Twitter (@SP_Gateway):

- #SPorgWebinar
- #SPcovid19
- #COVID19
- #SPresponses
DISASTER RISK FINANCE FOR SOCIAL PROTECTION,
TO BETTER RESPOND TO COVID-19 AND OTHER RISKS

Social protection responses to COVID-19 Webinar Series

August 11th 2020

Disaster Risk Financing & Insurance Program

Supported by WORLD BANK GROUP
The Agenda

1. DRF to strengthen financial Resilience
2. DRF for shock responsive SP, to better plan and respond to shocks
3. DRF for shock responsive SP in Kenya & Senegal
4. Risk monitoring to support better preparedness
5. Tracking funding flows to understand equity of coverage
1. DRF to Strengthen Financial Resilience

Olivier Mahul: WORLD BANK – PRACTICE MANAGER OF THE CRISIS AND DISASTER RISK FINANCE UNIT, FCI
Global economic losses from disasters are on average more than US$300 billion a year.

Disasters force 26 million people into poverty every year.

Well designed macro-fiscal policies can help mitigate these impacts by the provision of funds when needed most, at the sovereign and sector levels.
Disaster Risk Finance solutions build a comprehensive approach to resilience

1. Physical Resilience
   Reduce risk and Prevent disasters
   e.g. quality infrastructure

2. Social Resilience
   Help households and society cope with shocks
   e.g. shock responsive social safety nets

3. Financial Resilience
   Core Mandate of Finance Ministers
   Pre-arranged predictable funding when disasters strike to protect the fiscal balance, subnational governments, households, and businesses
Our Portfolio: CDRF is active in more than 60 countries

- Sovereign Risk Finance
- Agricultural insurance
- Property catastrophe insurance
- Crisis risk finance
- Macro-fiscal protection
- Disaster risk management
- Resilient infrastructure
- Resilient livelihood

Analytics for Financial Risk Management
Knowledge Management and Policy Dialogue
Operations under the Fast Track COVID-19 Facility

The WB has moved quickly for a strong initial response to the health emergency. US$6 billion from IBRD and IDA focused on responding to critical health sector needs. US$8 billion from the IFC to help companies cope with the immediate operational and financial impacts of COVID-19.

In parallel, a broader social and economic response program has been launched to help countries to cope with the economic and social crisis, for up to $160 billion. 100+ programs are being launched, focused on protecting the poor and vulnerable, supporting businesses and strengthening economic resilience and speed of recovery.
2. DRF for Shock Responsive SP, to better plan and respond to shocks

Evie Calcutt and Simon Hagemann
(World Bank – Crisis and Disaster Risk Finance, FCI)
What is Disaster Risk Finance?

Enabling earlier, predictable action to protect lives and livelihoods and safeguard growth and development

Pre-arranged finance to increase the speed, predictability and effectiveness of disaster response and recovery
The Four Core Principles of Disaster Risk Finance

**Timeliness of Funding**

Speed matters but not all resources are needed at once.

**Disaster Risk Layering**

No single financial instrument can address all risk.

- Market Based Instruments
- Contingent Financing
- Budgetary Instruments

**Disbursement of Funds**

How money reaches beneficiaries is as important as where it comes from.

**Data & Analytics**

Sound financial decisions require the right financial information and data.
The Three Pillars for Success

1. **COORDINATED PLAN and SYSTEMS** for post-disaster action agreed in advance

2. Fast, evidence-based **DECISION-MAKING PROCESS**

3. **PRE-PLANNED FINANCING** to ensure plans can be implemented
   - Ensures funds are available quickly when–and only when–they are required
   - Binds partners to pre-agreed objectives, decision processes, and implementation and modalities
   - Promotes greater discipline, transparency, and predictability in post-disaster spending
   - Ensures rapid mobilization of funds, reducing humanitarian costs and potentially saving money
Multiple benefits of responding early to shocks and disasters

**Direct Welfare Benefits**
Late response can lead to decreased child nutrition and reduction in income per capita (GDP). Studies showed that the later the response, the more costly the impact for households.

**Pre-empts negative coping strategies**
Households tend to cope with disasters by selling livestock and productive assets, and reducing food consumption, for example. These responses often have long-term, irreversible and sometimes intergenerational effects.

**Reduces the cost of response**
According to recent studies, a late humanitarian response costs approximately 7 times that of an early response, and donors could save up to 30% on humanitarian aid spending if investment was provided earlier.

**Macro-economic impact**
Financing disaster responses means governments have to divert scarce resources away from basic public services undermining national development. The extra costs associated with late response exacerbates this.
Financial preparedness key to managing compounding risks

The impact of the COVID-19 health, economic and fiscal crisis compounded with a further shock, such as severe drought, will likely be worse than the sum of each shock taken separately.

*When two or more risks interact, the potential collective effect can be greater than the sum of its parts - we describe this as compounding risk.*

Although we can’t predict individual events, we know where they are most likely to occur.

Preparedness and early action for these compounding risks is key to reduce the impact of the shock, increase the speed of recovery and cost-effectiveness of response.
What is Shock Responsive Social Protection (SRSP)?

SP systems help individuals and families, especially the poor and vulnerable, cope with crises and shocks, find jobs, invest in the health and education of their children and protect the aging population (World Bank).

Shock responsive SP systems are those that can respond to shocks by using regular social safety net programs with scalability mechanisms to reach more people or deliver more assistance.
Shock responsive SP can scale up after disasters to reach more people and deliver more assistance.
The case for a DRF approach to Shock Responsive SP

**Reactive**

1. Decisions to trigger a response often happen only after the crisis has hit
2. PDNAs or local vulnerability assessments might need to be undertaken to quantify impact
3. Funding appeals need to be made for the resources to respond
4. Decision to scale-up assistance is often made too late

**Proactive**

With DRF approach

1. Decision to trigger a response happens as soon as possible following a shock / before communities are severely affected by its negative impacts
2. Actors more inclined to act early as benefit of early action are acknowledged by all
3. Assistance to affected communities provided on-time
Six Steps
Towards strengthening Financial Resilience through SRSP

01 Develop a Risk Profile

02 Decide on policy priorities

03 Design the Scalability Mechanism

05 Finalize the mechanism rules and devise a DRF strategy to support costs

04 Estimate the Cost of the scalability mechanism

06 Monitoring And Evaluation
Understanding the cost of disaster response and putting the financing in place to provide response funds is of limited benefit if the assistance cannot be channelled to disaster affected populations efficiently.

### Applying a DRF approach to SRSP – Three Lessons

<table>
<thead>
<tr>
<th>Lesson 1</th>
<th>Lesson 2</th>
<th>Lesson 3</th>
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<tbody>
<tr>
<td>1. Using risk information to understand potential cost</td>
<td>Understanding the cost of responding to disasters before they occur is an essential element of a DRF approach</td>
<td>Ensuring funds are available when they are needed is another critical element of an effective DRF strategy</td>
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<tr>
<td>2. Pre-planning the funding required to ensure timely response</td>
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<td>Understanding the cost of disaster response and putting the financing in place to provide response funds is of limited benefit if the assistance cannot be channelled to disaster affected populations efficiently</td>
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<td>3. Putting effective disbursement systems in place</td>
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Applying a DRF approach to SRSP

How do these lessons support better response for ongoing crises like COVID-19 as well as new ones?

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<tbody>
<tr>
<td><strong>1. Using risk information to understand potential cost</strong></td>
<td>The current crisis is not expected to be over quickly and for some counties the peak health and economic impacts are still ahead of us. The data, analytics and modeling on the spread of COVID-19 and its economic impact is key to ensure that responses are targeted as effectively as possible.</td>
</tr>
<tr>
<td><strong>2. Pre-planning the funding required to ensure timely response</strong></td>
<td>DRF instruments need to be developed or updated urgently to replace resources drained by the COVID-19 crisis and ensure funding is available when the next disaster strikes. A robust system can be designed through enabling partial early-scale-up as a no regrets mechanism to the most vulnerable households.</td>
</tr>
<tr>
<td><strong>3. Putting effective disbursement systems in place</strong></td>
<td>Expanding registries of potential SP beneficiaries appears essential to include newly affected populations such as urban communities. Mobile phones and other digital technologies should also be harnessed to effectively channel assistance.</td>
</tr>
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3. DRF for shock responsive SP in Kenya and Senegal

Emma Mistiaen
(World Bank – Social Protection and Jobs)
**Shock-responsive safety nets – Kenya and Senegal**

### Kenya

**Existing Single Registry** - around 1.3 million households registered (around 40% of the poor) and benefitting from the National Safety Net Program

**Hunger Safety Net Program** – existing shock-responsive program – 100,000 regular beneficiary households with ability to expand to an additional 270,000 households

### Senegal

**RNU – Social Registry** – around 560,000 households (50% of the poor)

**PNBSF – National Safety Net Program** (300,000 households – 30% of the poor) Shock-responsive pilot – food insecurity, floods, fires – discussions around future shock-responsive program
Key Pillars for a shock responsive Social Protection System

Collaboration with SPJ and DRFIP is particularly important for
• pillar 3 and 4 – using data to inform shock-response
• pillar 5 – ensuring reliable and sustainable financing

1. Government Leadership

2. Defining Institutional Arrangements
   • Within and across
   • Government
   • With Non-Government Organizations

3. Information

4. Program

5. Finance

Investing in a more adaptive social protective system
1. Government capacity building through engagement and dialogue
2. Exposure and historical data analysis undertaken in Kenya and Senegal
3. In Senegal, initiating dialogue around a DRF strategy
4. In Kenya, supporting preparation of DRF strategy and specific financing plan for the safety net program
Investments up front in the delivery systems is critical:

**Social registry** in place (Senegal and Kenya ongoing);

**Beneficiaries** – two groups (in Kenya) Group 1 - poorest households – regular bi-monthly payments and Group 2 - households eligible for emergency payments

**Electronic payment system** – in Kenya all households have a bank account

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**Lessons learned (1/2)**

**Having a shock-responsive program in place enables fast response**

Kenya Hunger Safety Net Program existing pre-agreed methodology (VCI index) and implementation arrangement

**Senegal’s lack of existing shock-responsive program** limited the use of the safety net systems for COVID response - Government response to COVID – 1,000,000 households supported with a food distribution with targeting was based on the Social Registry (RNU)
Objective and automatic triggers important for speedy response

Emphasis on early, **quick and transparent** response – important to respond to shock

In Kenya, the use of Vegetation Condition Index (VCI), using satellite data has enabled regular and timely triggering of shock-responsive payments.

Need for **continuous review and confidence** in trigger (in Kenya reliance of a single indicator as a trigger)

Disaster Risk Financing Strategy in place can help ensure adequate funding

In Kenya the Government has successfully financed shock-responsive safety net in 4 counties (plans to expand further) – DRFI led dialogue on strategy

In Senegal discussions ongoing with DRFI team around preparation of a DRF strategy, including the safety net program
4. Risk monitoring to support better preparedness

Lindsey Jones
(World Bank – Global Crisis Risk Platform)
Multi-hazard dependencies can increase or decrease risk

In risk analysis, it is recognized that hazards can often combine to worsen their joint impact, but impact data for a rail network show that hazards can also tend to be mutually exclusive at seasonal timescales. Ignoring this overestimates worst-case risk, so we therefore champion a broader view of risk from compound hazards.

John K. Hillier, Tom Matthews, Robert L. Wilby and Conor Murphy

The interplay among natural hazards affects risk globally, and this is expected to evolve as climate changes (for examples, see refs. [1-3]). Conventional modelling has focused on impacts from each hazard in isolation[4], but this is being as examples, we illustrate that, from this perspective, some hazards tend to be mutually exclusive due to low-frequency modes of variability. Pairwise views of a multi-hazard environment that target instances where risk is exacerbated[5] might therefore overestimate clear that hazards can be influenced by modes of atmospheric variability in ways that reduce the likelihood of some hazard combinations, thereby moderating tail-end (that is, worst-case) risk (Fig. 1). How such risk moderation works is explained using an

Moving beyond isolated events

Research addressing compound and connected events, and their integrated risk to the natural and built world, is gaining momentum. Paradigms are now evolving to classify and analyse the processes forming such links — whether physical or societal, direct or indirect — and the role of climate change in their ultimate impacts.

Another consideration is that not all risks compound or exist independently, and the impact of one can affect or moderate the impact of another. In a Comment, John Hillier and colleagues discuss the need to account for mutual exclusivity in multi-hazard risk assessment. As an example, they consider the impact of the El Niño-Southern Oscillation (ENSO) on Australia. In the summertime, an active El Niño decreases the number of landfalling tropical cyclones.

Compound climate risks in the COVID-19 pandemic

The COVID-19 pandemic will be an unprecedented test of governments' ability to manage compound risks, as climate hazards disrupt outbreak response around the world. Immediate steps can be taken to minimize climate-attributable loss of life, but climate adaptation also needs a long-term strategy for pandemic preparedness.


Fig 1: Likely upcoming climate hazards during the COVID-19 pandemic. Climate-attributable risks are likely to interact with the COVID-19 crisis all around the world, with many already crossing borders and likely to do so over the next 12 to 18 months.
Growing interest in tracking compound risk in development and humanitarian settings.

COVID-19 underscores the need to consider overlapping threats. Also highlights importance of shock responsive social protection.

Opportunities to link multi-hazard early warning with ex-ante risk reduction and strengthening of SP activities.

Yet, little know about how disasters interact and compound at different scales.
Designing a simple compound risk monitoring system

**Aim:** to quantify country-level compound risk as part of the GCRP

Act as an early warning system to guide global and regional decision makers in advance of compound disaster events

Draw on existing risk indexes and metrics wherever possible

Need to recognize conceptual and methodological limitations: seek to a tool that is ‘good-enough’ to inform high-level decision making
Start by separating risk into eight core components: natural hazards, food security, conflict, macro-economic exposure to COVID-related disruptions, fiscal risk, household-level vulnerability to COVID, fragility/institutions as well as COVID response capacity.

Indicators aggregated, with risk thresholds assigned for each component.

Examine existing and emerging risk at county-level

Update inputs in real-time (where available), including COVID-related expansion of SP systems

Risk components treated in isolation (for now)
EXISTING COMPOUND RISK (STATIC)

Number of risk factors: 8
Caribbean
A particularly active hurricane season across the Caribbean is expected in the coming months. S&P estimates COVID-related travel restrictions will see the tourism sector decline by 60-70%. Heightened food insecurity affects Haiti.

LAC
High COVID infection rates across much of continent, particularly for Brazil, Ecuador and Peru. Large decline in economic growth expected in the coming 12 months as a result of the pandemic.

Central and West Africa
Mounting food security concerns for many countries, amidst rapid rise in COVID infection rates, including DRC, Niger, Nigeria and Burkina Faso. A second Ebola outbreak in DRC. Escalating violence in Sahel region may lead to mass displacement, warns UNHCR.

MENA
Low capacity to respond to the ongoing COVID pandemic amongst fragile and conflict-affected states. Food insecurity concerns in Yemen, already the world’s largest humanitarian crisis. Social unrest linked to ongoing economic crisis remains a concern in Lebanon.

South Asia
Compounding effects of weather conditions and ongoing conflict are leading to concerns about food insecurity in Afghanistan. Large increase in COVID cases in recent weeks.

Horn of Africa
Compounding effects of adverse seasonal weather, desert locust outbreak, persistent insecurity and COVID restrictions are leading to heightened food security concerns, notably for Somalia, South Sudan and Ethiopia.

Southern Africa
Ongoing drought conditions and worsening food insecurity notably Madagascar, Zimbabwe and Malawi. COVID-related disruptions to anti-malaria programmes could lead to a doubling in malaria fatalities. Heightened insecurity in Mozambique’s Cabo Delgado.
Importance of tracking compound risk two-fold:
Affects need for/mobilization of additional SP mechanisms (e.g. COVID) Can also influence delivery of pre-existing SP initiatives

Multi-dimensional early warning systems needed in strengthening anticipatory action across spectrum of SP activities

Effective tracking of compound risk can improve targeting and prioritization of SP systems (both spatial and temporal)

Insights from GCRP show that emerging risk doesn’t necessarily correlate with past risk
Highlight countries that may not be on decision-makers’ radar (e.g. Mozambique, Montenegro, Botswana, Cyprus)
Encourage greater use of multidimensional outcome-oriented thresholds for disbursement that can be applied at scale (including indexing)

Promote the use of sequential triggers, providing early no-regrets payouts to the vulnerable communities

High-level compound risk early warning used to bring diverse stakeholders together – needs to be followed up with detailed sector-specific monitoring
Next steps for compound risk monitoring in support of DRF and SP

- Further develop aspects of seasonality in modelling of compound risk
- Consider sub-national resolutions (of greater relevance to many SP stakeholders)
- Starting to overlay emerging/near-term risk information with status of DRF initiatives (e.g. Isaias).
- Link monitoring with dedicated horizon scanning tailored to SP applications (including targeting of relevant windows of opportunity)
5. Tracking funding flows to understand equity of coverage

Sophie Evans
(Centre for Disaster Risk Protection)
COVID-19: TRACKING GLOBAL ODA FLOWS TO MEET CRISIS NEEDS
What have we tracked?

SIZE AND TYPE OF FLOWS

US$39 billion has been committed to over 100 countries by the IMF, WB, regional banks, and UN.

G20 debt relief would amount to about another US$10 billion.

Most of the funds committed are loans, about 23% are on concessional terms from the WB and IMF.
US$39 BILLION HAS BEEN COMMITTED BY INTERNATIONAL ORGANISATIONS THUS FAR. THE LARGEST FLOWS ARE FROM BRETTON-WOODS INSTITUTIONS. IF G20 COUNTRIES FOLLOW THROUGH ON THEIR DEBT RELIEF COMMITMENT, THIS WILL BE ABOUT AN ADDITIONAL US$10 BILLION.

Graph shows flows as of May 22, in millions of dollars

G20 Bilateral debt relief is an estimate based on what has been promised: debt suspensions from May to December for select poor countries. However, data on the value of relief is limited, and it is not clear which countries have followed through on the promise. See annex slide for method used in calculating the value of debt relief.
MOST BRETTON WOODS FLOWS ARE LOANS. IMF COMMITMENTS ARE TWICE THAT OF THE WB.
BRETTON WOODS ASSISTANCE HAS GONE TO OVER 100 COUNTRIES, TO DATE MOST HAS GONE TO SUB-SAHARAN AFRICA.

Commitments have been made quickly. Disbursement is also proceeding apace.
BRETTON WOODS LOAN COMMITMENTS HAVE BEEN MOBILISED QUICKLY RELATIVE TO COVID-19 IMPACT.

WB/IFC, IMF loan commitments (excluding IMF augmented loans, CCRT in graph) as of May 22, 2020.
Commitments to the UN Appeal have been increasing rapidly, but funding is much below the US$6 billion requirement.

<table>
<thead>
<tr>
<th>Funding status</th>
<th>Count</th>
<th>Amount (US$)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>112</td>
<td>616,994,185</td>
<td>38%</td>
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<tr>
<td>Paid Contribution</td>
<td>176</td>
<td>264,316,412</td>
<td>60%</td>
</tr>
<tr>
<td>Pledge</td>
<td>7</td>
<td>195,390,516</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>295</strong></td>
<td><strong>1,076,701,113</strong></td>
<td><strong>100%</strong></td>
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As of 1st May

The total amount of commitments and paid contributions increased from US$881 million on 1st of May to US$1.01 billion on the 20th of May. Many pledges became commitments or paid contributions during this time (pledges went from about 18% of the total funding to less than 1%).

The requirement of funding went from US$2 billion to US$6 billion.

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<tr>
<td>Commitment</td>
<td>142</td>
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<tr>
<td>Paid Contribution</td>
<td>217</td>
<td>344,361,559</td>
<td>59%</td>
</tr>
<tr>
<td>Pledge</td>
<td>6</td>
<td>3,680,037</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>365</strong></td>
<td><strong>1,015,882,115</strong></td>
<td><strong>100%</strong></td>
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As of 20th May
IS THIS NEW OR REALLOCATED LENDING?

The IMF emergency lending is new money, but it is harder to answer this question for development banks and UN flows. The best data available to answer it is from the WB1:

**IDA:** US$1.3 billion is being lent for Covid-19 support in addition to country allocations. This is coming from the remaining Crisis Risk Window funds in IDA18 (about US$300 million) and other IDA windows (the private sector window and the Syrian refugees in Lebanon set-aside). To the extent that these other IDA windows were not allocated and would not have disbursed this represents new funding, but this may not have been the case.

US$195 million from the PEF is being disbursed through CERCs, which are not yet included here.

**IBRD:** There was additional space for lending that was not being used (between US$4-7 billion), and this is being used for additional lending to IBRD countries.

Flows have been directed towards economic losses rather than the places where poverty will increase most as a result of the crisis. This could reflect the higher value of development loan flows relative to humanitarian grant flows.
COVID-19 has demonstrated the critical importance of shock-responsive social protection systems (these same principles can be used to strengthen the shock-responsiveness of other critical sectors, such as health, nutrition and education services, or integrate ‘financial shock absorbers’ into vulnerable economic sectors).

We are learning from COVID-19 and looking at how using DRF principles can strengthen SP systems ex-ante to enable them to respond earlier and more flexibly to cope with broader crises (this is means learning from the private sector).

How can we apply the principles of disaster risk financing to broader crises, including compounding shocks?

Key principles:

- Strengthening capacity for risk monitoring to ensure earlier action, with a greater focus on leading indices (e.g. market conditions, food prices) and outcome indicators (food insecurity)
- Scalability protocols to include secondary triggers based on outcome indicators (e.g. food insecurity indicators and thresholds, such as FEWSNET IPC), as well as traditional drought/vegetation indices used as a primary trigger
- Use sequential triggers to provide early no-regrets payouts to the most vulnerable communities
- Layering ‘soft’ and ‘hard’ financing, including reserves and contingent finance, to ensure responsiveness
Q&A Session

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

Make sure to answer our webinar survey, available after the session!

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