REVIEW OF THE IDA CRISIS TOOLKIT

Background Note

May 31, 2019
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<td>Fiscal year (FY) = July 1 to June 30</td>
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| ADRiFi | Africa Disaster Risk Financing |
| ADB | African Development Bank |
| AIO | Agricultural Intelligence Observatory |
| ARC | Africa Risk Capacity |
| AsDB | Asian Development Bank |
| ASEAN | Association of Southeast Asian Nations |
| ASP | Adaptive Social Protection |
| Cat DDO | Catastrophe Deferred Draw-Down Option |
| CCRIF | Caribbean Catastrophe Risk Insurance Facility |
| CERC | Contingent Emergency Response Component |
| CMU | Country Management Unit |
| CRW | Crisis Response Window |
| CPF | Country Partnership Framework |
| DALY | Disability-Adjusted Life Year |
| DLI | Disbursement-Linked Indicators |
| DPF | Development Policy Financing |
| DPO | Development Policy Operation |
| DRC | Democratic Republic of the Congo |
| DRM | Disaster Risk Management |
| EVD | Ebola Virus Disease |
| EO | Earth Observation |
| ESA | European Space Agency |
| EU | European Union |
| FAM | Famine Action Mechanism |
| FAO | Food and Agriculture Organization |
| FCS | Fragile and Conflict-Affected Situations |
| FCV | Fragility, Conflict and Violence |
| FEWS NET | Famine Early Warning Systems Network |
| GCRP | Global Crisis Risk Platform |
| GFDRR | Global Facility for Disaster Reduction and Recovery |
| GRI | Global Risk Financing Facility |
| H-D-P | Humanitarian-Development-Peacebuilding |
| HIV/AIDS | Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome |
| IBRD | International Bank for Reconstruction and Development |
| ICRC | International Committee of the Red Cross |
| ICT | Information and Communications Technology |
| IDA | International Development Association |
| IEG | Independent Evaluation Group |
| IFC | International Finance Corporation |
| IPC | Integrated Phase Classification |
| IPF | Investment Project Financing |
| JEE | Joint External Evaluation |
| MIGA | Multilateral Investment Guarantee Agency |
| MTR | Mid-Term Review |
| NAPHS | National Action Planning for Health Security |
| NGO | Non-Governmental Organization |
| OECS | Organization of Eastern Caribbean States |
| PBA | Performance-based Allocation |
| PCRAFI | Pacific Catastrophe Risk Assessment and Financing Initiative |
| PDNA | Post-Disaster Needs Assessment |
| PEF | Pandemic Emergency Financing Facility |
| PCRIC | Pacific Catastrophe Risk Insurance Company |
| PforR | Program-for-Results |
| PIC | Pacific Island Countries |
| PREP | Pacific Islands Resilience Program |
| SCD | Systematic Country Diagnostic |
| RMI | Republic of the Marshall Islands |
| RRA | Risk and Resilience Assessment |
| SATBHSS | Southern Africa Tuberculosis and Health Systems Support |
| SEADRIF | Southeast Asia Disaster Risk Insurance Facility |
| UN | United Nations |
| UN OCHA | United Nations Office for the Coordination of Humanitarian Affairs |
| WBG | World Bank Group |
| WFP | World Food Programme |
| WHO | World Health Organization |
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EXECUTIVE SUMMARY

i. This note responds to the request from Participants at the IDA18 Mid-Term Review (MTR) in November 2018 and the IDA19 Replenishment meeting in April 2019 for a review of IDA’s crisis-related toolkit. Given the World Bank Group’s (WBG) ongoing institutional focus on crisis prevention and preparedness, such a review is timely and would inform discussions on the IDA19 policy package. To avoid duplication, this note builds on past papers on this topic and makes references to other IDA19 Replenishment papers where relevant. The focus of this note is on natural disasters, food insecurity and public health emergencies. Other areas such as debt vulnerabilities, Fragility, Conflict and Violence (FCV) risks and climate change are discussed in other IDA19 Replenishment papers.

ii. IDA has developed an extensive crisis toolkit over the years. The toolkit covers different types of vulnerabilities, at various points of the risk continuum—from upstream resilience-building to post-crisis interventions. Trust funds complement IDA’s work in this area by supporting analytical products, technical assistance, capacity-building and piloting of new solutions. Building on a wide array of tools currently in use across the WBG, the Global Crisis Risk Platform (GCRP) was established to further galvanize a coherent institutional approach to crisis risk management across different types of vulnerabilities, with a focus on addressing multidimensional risks. The process of establishing the GCRP also highlights the need to raise awareness of existing solutions and promote more strategic and systematic utilization.

iii. Effective crisis risk management requires adopting a combination of tools based on each country’s needs and circumstances. No single instrument or funding source can meet all needs. To illustrate, it is important that financing tools are layered within risk financing strategies that ensure the instruments are applied to different types of risks appropriately. Such strategies should aim to bring together various mechanisms—from a country’s domestic resources to instruments from IDA and other actors—in a coherent fashion to strengthen financial resilience against crises, depending on the frequency and severity of risks that the country faces.

iv. Compared to humanitarian actors, IDA’s comparative advantages are in supporting resilience-building and enabling development responses to crises—with a focus on integrating crisis risk management into broader development agendas and country systems. Importantly, a key part of enhancing resilience involves the basic building blocks of development, such as governance, quality infrastructure, health and education systems, social protection programs and macroeconomic stability—areas in which IDA has longstanding experience and expertise. For instance, at a fundamental level, it is difficult for a country to be prepared for, let alone be able to respond effectively to, crises if its debt vulnerabilities are high. In crisis situations, IDA is typically not a first responder, unlike humanitarian agencies and national governments. That said, many IDA countries experience natural hazards, food insecurity and disease outbreaks in the context of complex long-term challenges such as fragility, conflict and displacement, where development and humanitarian mandates are likelier to overlap. The IDA19 Special Theme: Fragility, Conflict and Violence paper highlights IDA’s ongoing work at the Humanitarian-Development-Peacebuilding (H-D-P) nexus in a range of FCV settings, including where the WBG’s comparative advantage lies

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2 These are risks that span multiple risk types such as macroeconomic shocks, natural disasters, food insecurity, public health emergencies, and conflict and insecurity.
and how the WBG is exploiting synergies with partners. The forthcoming WBG FCV Strategy will further clarify and sharpen the WBG’s role in such contexts.

v. This review also assesses the utilization of IDA’s crisis toolkit, and the findings vary across different risk areas.

- For **natural hazards**, IDA financing for Disaster Risk Management (DRM) is sizable, underpinned by rising client demand. The bulk of resilience-related activities has been funded by Performance-based Allocations (PBA). There is a strong orientation towards mainstreaming resilience, supported by partner initiatives such as the Global Facility for Disaster Reduction and Recovery (GFDRR) and the World Bank Tokyo DRM Hub. By instrument, Investment Project Financing (IPF) comprise over 90 percent of the DRM portfolio. The use of Development Policy Financing (DPF) and Program-for-Results (PforR) Financing is modest but rising, and such instruments help strengthen DRM policy frameworks. The priorities ahead are: (i) leveraging resources and mobilizing private capital for resilience; (ii) promoting more resilient and quality urbanization and infrastructure; (iii) supporting climate-resilient development; and (iv) improving effectiveness in fragile and conflict-affected environments.

- For **food insecurity**, the key gaps identified include the need to strengthen mid- to long-term investments to tackle the root causes of severe food insecurity and bolster resilience, as well as to scale up consistent and predictable early action in response to food security warnings. The Famine Action Mechanism (FAM) seeks to address these challenges by serving as an umbrella mechanism to help tackle food insecurity across both resilience and response, in collaboration with partners. As food insecurity is a slower-onset crisis, IDA19 proposes to enable the Crisis Response Window (CRW) to support response interventions to such events at an earlier juncture.

- For **public health emergencies**, the IDA Regional Window has been the main vehicle for supporting disease surveillance, given the incentive of its 1:3 leverage of PBA resources. Many IDA clients have considerable gaps in public health emergency preparedness and response capacities. Demand for IDA financing to strengthen pandemic preparedness has increased since the 2014–2015 Ebola crisis but remains relatively modest. As disease outbreaks are also slower-onset in nature, it is likewise proposed for the CRW to support earlier responses to contain their spread and limit repercussions.

- Finally, IDA supports **financial preparedness** to crises in various ways. IDA helps advance reforms to legal, regulatory, and macro-fiscal frameworks that are essential for building financial resilience. IDA also offers contingent financing instruments such as Contingent Emergency Response Components (CERCs) and Catastrophe Deferred Drawdown Options (Cat DDOs), and client take-up is expanding. In addition, IDA supports and complements other actors such as regional risk pools and the private sector. Overall, the various risk financing tools are part of the broader package of financial solutions for managing crisis risks. More work remains to galvanize greater financial protection against crises, and the new Global Risk Financing Facility (GRiF) is an important partner to this vision.
vi. **IDA19 will advance the crisis risk management agenda in various ways, with a focus on further mainstreaming resilience-building.** The varied findings across the risk areas above call for the IDA19 policy elements to be targeted rather than broad-based. Importantly, resilience-building is part and parcel of development, and the core of IDA’s work on prevention and preparedness will continue to be done through PBA resources. On IDA19 policy commitments, under the *Governance and Institutions* Special Theme, IDA will commit to support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions—including technical assistance, lending and investment. Under the *Climate Change* Special Theme, IDA will support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes, by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health. In addition, the paper on *Demand for IDA19 Resources and the Strategy for their Effective Use* presents further details on how IDA19 is envisaged to strengthen crisis risk management, including through the Regional Window, the CRW and the FCV Envelope. Paragraph 51 of this note summarizes these policy elements.
I. INTRODUCTION

1. This note responds to the request from Participants at the IDA18 Mid-Term Review (MTR) in November 2018 and the IDA19 Replenishment meeting in April 2019 for a review of IDA’s crisis-related toolkit. Given the World Bank Group’s (WBG) ongoing institutional focus towards prevention and preparedness, such a review is timely and would help inform discussions on the IDA19 policy package.

2. This review builds on a rich set of papers on this topic. Two Board papers were produced on the Global Crisis Risk Platform (GCRP), which was established to engender a more strategic and coherent approach to crisis risk management. These papers are the broadest in scope. They cover an extensive stock-take of the WBG’s crisis-related initiatives, and identified indicative performance metrics to position the WBG to meet its strategic objectives and remain fit-for-purpose. Two recent reviews were also produced on the Crisis Response Window (CRW)—an IDA vehicle which provides additional resources to respond to major crises and help countries return to their long-term development paths—including a synthesis report by the Independent Evaluation Group (IEG). The Centre for Disaster Protection likewise contributed useful insights. Annex 1 summarizes the key takeaways from these various papers.

3. Given the range of risks faced by IDA countries, this note focuses on natural disasters, food insecurity and public health emergencies to avoid duplication with other IDA19 papers. Debt vulnerabilities are discussed in the following papers: Debt Vulnerabilities in IDA Countries (October 2018), Debt Vulnerabilities in IDA Countries: Policy Options for IDA19 (March 2019) and Addressing Debt Vulnerabilities in IDA Countries: Options for IDA19 (June 2019). FCV risks are covered in the IDA19 Special Theme: Fragility, Conflict and Violence paper (May 2019), and climate issues are discussed in the IDA19 Special Theme: Climate Change paper (May 2019). Cross references are made where relevant. The paper on Demand for IDA19 Resources and the Strategy for their Effective Use (May 2019) presents the key takeaways from this review and the details of crisis-related elements in the IDA19 package.

4. This note is structured as follows. Section II provides an overview of IDA’s crisis toolkit, including how the tools fit together and IDA’s role in crisis risk management vis-à-vis other actors. Section III assesses the utilization of the toolkit according to different risk areas, and discusses key gaps. Section IV concludes and summarizes how IDA19 will advance the crisis agenda.

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II. OVERVIEW OF IDA’S CRISIS TOOLKIT

A. What is in IDA’s crisis toolkit?

IDA has developed an extensive toolkit for helping countries to manage their crisis risks. The toolkit covers a range of different types of crises, at various parts of the risk continuum—from upstream resilience-building to post-crisis interventions. A variety of instruments and funding sources are available.

Figure 1 articulates the toolkit across four dimensions.

Figure 1: There is an extensive crisis toolkit for IDA countries*

* Most tools here are IDA-specific; some such as IPFs, DPFs and the GCRP also apply to IBRD countries.

** Extension to the left depicts the IDA19 proposal for the CRW to support earlier responses to slower-onset crises.

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6 The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) also developed initiatives, e.g., in the 2008/09 global financial crisis, IFC pioneered the Global Trade Liquidity Program and Global Trade Finance Program, while MIGA developed the Financial Sector Initiative.

7 An informal internal survey on IDA’s crisis toolkit underscored the importance of raising staff awareness of different instruments. This suggests a need to consolidate, rather than proliferate, the toolkit and to promote more systematic use of existing solutions. Respondents also highlighted the need for advisory services, speedier delivery of funds across internal and external processes, and dedicated resources to address slower-onset crises. Ideas to further promote resilience included more outreach to clients and staff; additionality in resources similar to the IDA Regional Window’s 1:3 leverage; making resilience a core component of Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs); and continued focus on the basic building blocks of resilience.

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By type of intervention: IDA’s toolkit supports countries in strengthening resilience as well as managing the impact of crises through response and recovery interventions. Please see Box 1 for the typology of terms.

By resources: The left-hand panel of Figure 1 describes three broad funding sources, also depicted in greater detail by the purple boxes. The mainstay of IDA financing is core IDA resources, primarily comprised of Performance-based Allocations (PBA) and the proposed IDA19 FCV-related allocations. These are supplemented by IDA windows—such as the CRW and the Regional Window—that provide additional funds for operations which focus on specific needs. Clients could also access other financing through trust funds or by purchasing insurance coverage offered by regional catastrophe risk pools, which are mainly financed by donors and supported by IDA’s technical expertise.

By instruments and services: These are depicted by the boxes in blue. They entail traditional instruments such as Investment Project Financing (IPF) and Development Policy Financing (DPF). Crisis responses are often channeled through Additional or Supplemental Financing to such operations. Crisis-specific tools—such as Emergency Recovery Projects, Contingent Emergency Response Components (CERCs) in IPFs, as well as DPFs with Catastrophe Deferred Drawdown Options (Cat DDOs)—are also used, as are market-based mechanisms like insurance and weather derivatives. Notably, contingent tools such as CERCs and Cat DDOs constitute pre-arranged financing that can be accessed rapidly should a disaster strike. Advisory services and technical assistance are also an important part of the toolkit.

By crisis: Finally, the right-hand panel categorizes the toolkit by types of crises. The broad range of vulnerabilities covered reflects IDA’s global reach and multi-sectoral expertise, which positions IDA well to help countries tackle multidimensional risks as well as events with cross-border spillovers (Box 2). To further support effective crisis risk management across different risk types, the WBG has established the GCRP as a dedicated platform for multi-risk crisis risk management. Alongside the GCRP, the Famine Action Mechanism (FAM) addresses food insecurity in particular and plays a convening role to set strategic directions, deepen collaboration and leverage internal and external expertise in this field.

6. Trust funds are an important complement to IDA’s work in this area. Those with a thematic focus on crises include the Global Facility for Disaster Reduction and Recovery (GFDRR) and the Global Risk Financing Facility (GRiF). The GFDRR is a trust fund initiative which helps countries build resilience across the risk continuum. Managed by the World Bank, the GFDRR contributes to implementation of the Sendai Framework for Disaster Risk Reduction by helping countries to integrate disaster risk management and climate change adaptation into development strategies, and to recover from disasters effectively. It supports and complements IDA’s work through its analytical products, technical assistance and capacity-building to help vulnerable countries strengthen their resilience. Paragraph 48 elaborates on the GRiF.

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8 These are risks that span multiple risk types such as macroeconomic shocks, natural disasters, food insecurity, public health emergencies, and conflict and insecurity.

9 Please see paragraph 9 for an elaboration of the GCRP.

10 These are complementary—the GFDRR funds upstream analytical work and technical assistance for risk management activities, while the GRiF offers support for prearranged financial solutions that disburse quick liquidity after a crisis.
**Box 1: Typology of Crisis-related Interventions**

Building resilience entails a collective set of actions across the risk continuum. **Prevention** refers to activities geared towards reducing or eliminating risks, such as investing in vaccinations and resilient agriculture production systems. Where risks cannot be significantly mitigated, the focus is on lessening the repercussions through **preparedness**, e.g., by developing early warning systems, disaster response protocols and risk layered financing strategies. **Response** interventions focus on addressing needs in the immediate aftermath of a crisis, such as restoring basic services and livelihoods. Finally, **recovery** entails longer-term rehabilitation and reconstruction, including “building back better” to strengthen resilience to future shocks. The foregoing is informed by analyses that enhance the **understanding of risks**.

These phases are not always distinct. For instance, unlike sudden-onset disasters like earthquakes, slower-onset events such as food insecurity unfold over a longer period and are likely preceded by warnings months in advance. The typologies could also take on specific meanings in different risk areas. In the realm of disease outbreaks for example, **preparedness** refers to a variety of health and non-health interventions, capabilities and capacities to better detect, prevent, protect, control and respond to the spread of disease and mitigate the risks to international travel and trade, as well as to reduce social disruptions. **Response** involves interrupting the transmission chain of the pathogen and containing the disease outbreak.

For simplicity and presentation purposes, “resilience” in the context of this note generally refers to **prevention and preparedness before a crisis strikes**, while “response” refers to interventions in the **aftermath of a disaster**. This is the approach for differentiating the financing trends between resilience- and response-related operations in Section III. It should be noted, however, that IDA’s response interventions often do integrate “build back better” elements to strengthen resilience to future shocks.

Importantly, resilience does not only entail activities that are explicitly crisis risk management in nature, but also includes the basic building blocks of development. Efforts to strengthen governance, health and education systems, quality infrastructure, social protection programs and macroeconomic stability all play an important role. These are areas in which IDA has longstanding experience and expertise. The World Bank Group’s ongoing institutional focus to mainstream crisis risk management in its operations would help integrate such aspects into broader development agendas and country systems.

**Box 2: Crises Without Borders**

Crises can often entail cross-border spillovers that propagate and amplify the repercussions of shocks. The 2017 drought and famine in the Horn of Africa and Yemen was a regional crisis characterized by the interplay of multidimensional risks. Natural disasters and climate change are often threat multipliers in Fragility, Conflict and Violence (FCV) settings, exacerbating food insecurity and displacement, and in turn deepening pre-existing conflict and fragility. The 2014–2015 West Africa Ebola epidemic was another salient example of a cross-border crisis. Weak surveillance systems and public health infrastructure, as well as the Ebola Virus Disease (EVD) spreading into densely populated urban centers, contributed to difficulties in containing the outbreak. Besides Guinea, Liberia and Sierra Leone, the EVD spread to seven other countries—Italy, Mali, Senegal, Spain, the UK and the US.

**IDA19** is envisaged to scale up support for regional and global public goods solutions. The IDA Regional Window would support single-country projects that strongly focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers. The Refugee Sub-Window—to be re-named the Window for Host Communities and Refugees—will continue to mitigate FCV spillovers by financing operations that provide medium- to long-term economic opportunities for refugee and host communities.
7. Effective crisis risk management requires a comprehensive approach that utilizes a combination of tools based on a country’s needs and circumstances. No single instrument or funding source can meet all needs. To illustrate, it is important that financing tools are layered within risk financing strategies that ensure the instruments are applied to different types of risks appropriately.

8. Integrated risk financing strategies demonstrate how various instruments can be layered together in a coherent manner to strengthen protection against crises. Figure 2 presents a stylized representation of such use.

- For low-intensity but often-recurring events, the most efficient approach is for countries to invest to reduce their vulnerabilities. From a financial response point of view, addressing small-scale disasters is typically most efficiently handled through budgetary mechanisms or national contingency funds, as these events can be budgeted and planned for more easily.

- Conversely, instruments such as sovereign insurance are used to address exceptional high-impact but low-frequency events, given the associated premiums that countries have to pay. Using these tools to protect against frequent disasters would be costly and less efficient.

- The middle layers of risks can be addressed by various means, including pre-arranged financing via contingent instruments such as Cat DDOs and CERCs which provide quick-disbursing funds after a disaster. They also galvanize preparedness and recovery when used in concert with resilience-building measures.

Source: Adapted from World Bank, 2017. Technical Contribution to the G20 on Sovereign Climate and Disaster Risk Pooling.
9. **Within the WBG, the GCRP supports a coherent institutional approach to crisis risk management.** First established in 2016 as the Global Crisis Response Platform,\(^\text{11}\) it was subsequently renamed the Global Crisis Risk Platform to emphasize a growing institutional focus on prevention and preparedness. The GCRP delivers analytical and convening services to support improved identification, monitoring and management of crisis risks, with a focus on multidimensional risks. Annex 2 lays out the GCRP work plan and indicative performance metrics around five priority areas, namely, support to (i) risk monitoring and diagnostics; (ii) strategic programming; (iii) crisis risk financing; (iv) operational effectiveness; and (v) internal institutional arrangements for crisis risk management. To date, the GCRP has focused on building the foundations for institutionalizing crisis risk management tools and approaches across Bank policies and operations.\(^\text{12}\) Going forward, it would focus on developing tailored “packages of support” for country teams.\(^\text{13}\)

C. **What is IDA’s role vis-à-vis other partners?**

10. **IDA is one of many actors in the global humanitarian and development architecture for crisis risk management.** Countries have primary responsibility in this area and are complemented by an extensive web of external actors that span humanitarian agencies, development institutions, bilateral partners, Non-Governmental Organizations (NGOs), risk pooling mechanisms and the private sector. When crises overwhelm a country’s resources and capacity to respond, external actors provide critical assistance to save lives and protect livelihoods.\(^\text{14}\) The roles and comparative advantages of different institutions depend on the type of disaster.

11. **While it is beyond the scope of this review to conduct a detailed mapping of the toolkits of other humanitarian and development institutions, a few broad developments can be discerned.** First, much efforts have gone into \textit{improving the effectiveness and coverage} of crisis tools. Risk pools for example are investing in customized regional probabilistic catastrophe risk models that give many countries first-time access to state-of-the-art risk assessment and financing tools. Second, the \textit{funding gaps for response and recovery nonetheless remain significant}. IDA’s experience showed that such needs often outstrip available resources. According to the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA),\(^\text{15}\) of the estimated US$25 billion needed to respond to crises across 41 countries in 2018, only US$15.2 billion, or 61 percent, was actually raised. The competition for limited resources has often entailed a “tragedy of choice”,\(^\text{16}\) with “forgotten crises” that are underfunded due to

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\(^{12}\) This includes building a WBG-wide risk monitoring group; a GCRP core team; developing a multi-risk monitoring and modelling methodology; strengthening sectoral risk monitoring and modeling; and convening senior management meetings to ensure high-level attention to crisis risks.

\(^{13}\) This entails country-level, multi-risk solutions. It would comprise crisis risk assessment tools to support risk-informed programming, including examining the range of vulnerabilities a country faces, assessing their frequency and expected magnitudes, and developing risk mitigation plans. It would also comprise diagnostics to support dedicated risk financing solutions, including analyses of gaps in country-level planning and limitations in take-up of financing instruments.


\(^{16}\) Berlin cited in Binder et al, 2013.
reasons such as being out-of-the-headlines, politically sensitive or smaller in scale. Third, in some areas there is a welcome increase in investments by governments and regional organizations to address crises, and also a rise in South-South cooperation such as among the Association of Southeast Asian Nations (ASEAN) and the African Union. Fourth, another bright spot is that more partners are increasingly focused on prevention and preparedness. Examples include risk pool insurance, the Asian Development Bank’s Disaster Risk Reduction (DRR) financing mechanism and the African Development Bank’s Africa Disaster Risk Financing (ADRiFi) Program. Such developments are generally more advanced for natural disasters but are being broadened to other risk types. Fifth, various initiatives have emerged to address the confluence of humanitarian and development imperatives.

12. IDA’s role is to support resilience-building and enable development responses to crises. IDA is typically not a first responder, unlike humanitarian agencies and national governments that mount immediate post-disaster efforts such as search and rescue as well as food drops. This demarcation of roles is clear in most cases like earthquakes and floods where IDA complements the work of humanitarian actors. That said, many IDA clients experience natural hazards, food insecurity and disease outbreaks in the context of complex long-term challenges such as fragility, conflict and displacement—where development and humanitarian mandates are likelier to overlap. Such situations call for partnerships that are designed around the comparative advantages of different institutions. The IDA19 Special Theme: Fragility, Conflict and Violence paper highlights IDA’s ongoing work at the Humanitarian-Development-Peacebuilding (H-D-P) nexus in a range of FCV settings, including where the WBG’s comparative advantage lies in this area and how the WBG is exploiting synergies with partners. The forthcoming WBG FCV Strategy will further clarify and sharpen the WBG’s role in such FCV contexts.

13. More broadly, IDA has several comparative advantages in crisis risk management and is particularly well-placed to help integrate and mainstream such work into broader development agendas and country systems.

   (i) **Staying engaged and taking the long view**: Unlike humanitarian and some NGO partners that are focused on providing immediate relief during emergencies, IDA’s development mandate necessitates continuous long-term engagement in countries, long after an emergency subsides. IDA is therefore well-positioned to see its clients through the ebb and flow of crises and to connect its work to countries’ long-term development trajectories.

   (ii) **Leveraging country solutions**: Importantly, IDA helps integrate crisis risk management into the broader development agendas and country systems of its clients. Its crisis responses are embedded into and delivered through country programs, and its day-to-day work helps lay the foundations for prevention and preparedness which in turn enable more effective interventions during emergencies. Indeed, a key part of resilience-building involves the basic building blocks of development such as governance, quality infrastructure, health and education systems, social protection programs and macroeconomic stability—areas in which IDA has longstanding experience and expertise.

   (iii) **Major presence in Fragile and Conflict-affected Situations (FCS)**: FCS are among the most susceptible to shocks and face multiple vulnerabilities such as conflict,
natural hazards, food insecurity and displacement. IDA has significantly scaled up its resources to FCS in IDA18. IDA19 will build on this by proposing a new FCV Envelope that contains resources dedicated to support IDA FCS facing different kinds of FCV risks, in alignment with the pillars of the FCV Strategy. Please see the IDA19 Special Theme: Fragility, Conflict and Violence paper for details.

(iv) **Comprehensive value proposition:** Few actors have IDA’s broad cross-sectoral expertise and global reach. IDA provides an extensive range of support across different realms of crisis resilience through areas such as advisory services, applied risk assessments and financing (Figure 3). In the ongoing Ebola outbreak in the Democratic Republic of Congo (DRC) for instance, IDA provides support not only via health operations but also through community engagement projects in a conflict-affected part of the country.

(v) **New frontiers:** IDA is well-placed to contribute to new frontiers such as modelling of multidimensional risks, and supporting governments to integrate financial resilience to shocks as a core component of their macro-fiscal frameworks. Another innovative area is the Space Partnership between the Bank and the European Space Agency (ESA), which aims to leverage satellite Earth Observation (EO) data and big data technology to systematize such information in the planning and implementation of development projects.

Figure 3: IDA supports countries across different realms of crisis resilience
III. UTILIZATION OF IDA’S CRISIS-RELATED TOOLKIT

14. **This section presents key analytics on the utilization of IDA’s crisis-related tools over the last decade.** A few caveats are in order. First, as there is no harmonized data set on IDA’s crisis-related financing, the charts are produced using different data collation methodologies, depending on the type of risk area featured. Second, the charts are therefore not comparable across different crisis types, and should generally be used to instead discern trends across time within each chart. Third, this analysis focuses on natural disasters, food insecurity and public health emergencies to avoid duplication with other IDA papers. Fourth, finding appropriate benchmarks to interpret the data is sometimes challenging. For instance, while there is a standardized global measure for assessing national capacities to detect, prepare for and respond to pandemics, it is harder to find a widely-adopted common measure for natural disasters.

15. **The findings vary across different types of risks.** For natural disasters, the volume of resilience-related financing comprises a sizable share of total IDA commitments. On the public health front, IDA has a long history of responding to crises such as the Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome (HIV/AIDS) epidemic and, more recently, the 2014–2015 Ebola crisis in West Africa. While such interventions were driven by emergencies, IDA financing for investments in pandemic preparedness over the last decade has increased since the 2014–2015 Ebola crisis, albeit still relatively modest.

16. **This note also recognizes that more work remains.** Attention to crisis risk management fluctuates over time, and the motivation to stay on course could wane once the worst effects of a disaster subside. Political opportunity costs could also come into play, as the benefits of resilience-building could materialize years after a government’s tenure has ended. Further, countries have to consider trade-offs in using concessional IDA resources for addressing vulnerabilities to future shocks when there are often other pressing development challenges in the here and now. This incentive dilemma is magnified for risks such as pandemics, as resilience investments in this area largely have invisible payoffs until a crisis materializes, and may also be perceived as global public goods that countries are less willing to pay for using national budgets. Another challenge is in slower-onset events such as disease outbreaks and food insecurity, where policymakers may lack the impetus or wherewithal to act early to address such risks before they escalate into larger and costlier crises.

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18 With the exception of some charts, e.g., see explanatory notes for Chart 1.
19 See Section III.C on public health emergencies.
A. **Natural Disasters**

**Key Points**
- IDA financing for natural disaster risk management is sizable, driven by increasing client demand. The bulk of resilience-related activities has been funded by PBA resources.
- There is a strong orientation within the Bank towards mainstreaming resilience-building efforts.
- By instrument, IPFs comprise the dominant share. The use of DPFs and Program-for-Results (PforR) is modest but rising, and such instruments help strengthen DRM policy frameworks.
- The priorities ahead are: (i) leveraging resources and mobilizing private capital for resilience; (ii) promoting resilient and quality urbanization and infrastructure; (iii) supporting climate-resilient development; and (iv) improving effectiveness in fragile and conflict-affected environments.

17. **IDA financing for Disaster Risk Management (DRM) is sizable, underpinned by rising client demand.** Given various available data sources, the analysis is performed using three approaches to derive this consolidated view. The first approach uses *theme code* tags to identify DRM activities, which allows separation into resilience and response components (Charts 1 and 2). The methodology for tagging DRM operations has evolved over the years, which creates some uncertainty for trend analysis across time as certain tags are only recently introduced and tracked—giving rise to likely underestimation in earlier years. That said, recent data shows that resilience-related commitments comprise a sizable share of total IDA commitments, reaching 12 percent in FY18. This is a conservative estimate as the data only takes into account operations that directly pertain to DRM and excludes those in areas such as water management which contribute indirectly to mitigating or managing the impacts of weather variability. The second approach draws from *project/program level* data, and depicts CRW and other IDA resources used to respond to natural disasters that qualified for CRW support (Chart 3). The data here is primarily response financing, but also encompasses resilience activities via “building back better”. Finally, the third approach also uses *project/program level* data, based on identification of DRM-related activities in project documents. While this approach does not differentiate between resilience and response, it affirms the conclusion that IDA financing for DRM-related activities has been substantial (Chart 4).  

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21 It bears noting that the estimates here are likewise conservative. Many types of interventions reduce risk, but only indirectly—e.g., financial inclusion projects. However, the WBG only considers DRM operations as those with DRM as an explicit objective. Certain types of interventions that help manage weather variability (such as water management or irrigation), or support long-term adaptation to climate change (such as changes in agriculture systems), are not considered DRM interventions even though they contribute indirectly to resilience.
THEME CODE LEVEL DATA

Chart 1: Resilience-related activities comprise a sizable share of total IDA commitments

![Chart 1: Resilience-related activities comprise a sizable share of total IDA commitments](chart1.png)

Source: Staff calculations

Note: Some theme codes are recently introduced; hence there are likely underestimates in earlier years.

Chart 2: Theme-level data on crisis responses is more modest

![Chart 2: Theme-level data on crisis responses is more modest](chart2.png)

Source: Staff calculations

PROJECT / PROGRAM LEVEL DATA

Chart 3: Across all sectors, the amount of CRW and other IDA funding for natural disaster responses and building back better is considerable

![Chart 3: Across all sectors, the amount of CRW and other IDA funding for natural disaster responses and building back better is considerable](chart3.png)

Source: CRW Eligibility Notes

Notes:
1/ Shows CRW and other IDA funding for natural disasters that qualified for CRW support; hence excludes smaller-scale events.
2/ Where CRW funds are processed as Additional or Supplemental Financing, the data excludes the parent operation.
3/ Data reflects point-in-time snapshots, at the time individual CRW Eligibility Notes were submitted to the Board.
4/ The IDA18 column includes expected CRW funds for responding to the recent Cyclone Idai.

Chart 4: An alternative approach affirms that IDA financing for overall DRM-related activities has been substantial

![Chart 4: An alternative approach affirms that IDA financing for overall DRM-related activities has been substantial](chart4.png)

Source: Staff calculations
18. **The combined evidence points to DRM being a core part of the overall IDA portfolio, with the bulk of resilience activities being funded by PBA.** It is estimated that around 25–30 percent of the resilience-related financing in Chart 1 was funded by IDA windows, suggesting that the bulk of such activities has been financed from countries’ PBA envelopes. The demand for DRM operations reflects IDA’s multisectoral expertise that enables it to deliver comprehensive client support spanning disaster risk reduction, preparedness and financial protection. PBA resources for instance support large reconstruction programs, such as the post-earthquake Nepal Housing Reconstruction Program which serves as a single window platform for rural housing reconstruction. Another example is the Freetown Emergency Recovery Project—expected to be approved in the next FY—which lays the foundations for investment in urban resilience and supports the transition from recovery to risk management, so as to reduce the impact of future disasters.

19. **IPFs comprise over 90 percent of DRM operations, though there has been some increase in the use of DPFs and PforRs to fortify DRM policy frameworks.** In particular, the Cat DDO—a contingent financing option embedded in DPFs—was introduced to IDA countries in IDA18. Cat DDOs are particularly valuable for galvanizing broader policy dialogue and reforms on strengthening resilience. For example, Kenya’s Cat DDO entailed Prior Actions that focused on addressing climate-related vulnerabilities—84 percent of Kenya’s land is arid or semi-arid, and the livelihoods of farmers and pastoralists are susceptible to increased variability of rainfall patterns. PforRs have only recently been adopted for DRM purposes but hold potential for future use, as much of DRM work involves institutional and regulatory improvements combined with investments, which the PforR instrument is well-placed to align. The Mozambique PforR, for example, supports the government’s technical, financial and operational capacity for disaster preparedness. Overall, these policy efforts are in line with the WBG’s commitment to achieve Target E of the Sendai Framework to “substantially increase the number of countries with national and local disaster risk reduction strategies by 2020”.

20. **Climate change is one of the foremost challenges of our time and IDA has significantly scaled up its efforts in this space.** Climate change is an important contributor to the increased frequency and severity of natural disasters and extreme weather events, and is a major long-term risk to diverse areas such as health, livelihoods, food security, water supply, human security and economic growth. Such threats could roll back hard-won development gains in IDA countries which remain disproportionately susceptible, especially small islands and communities reliant on agricultural and coastal livelihoods. IDA18 has ushered in a strong foundation to support IDA countries in tackling these challenges, and there has been significant progress in mainstreaming climate change into IDA operations. For details, please see the IDA19 Special Theme: Climate Change paper.

21. **IDA has made significant strides in mainstreaming natural disaster risk management.** Efforts are underway to ensure that this percolates IDA’s work, from systematic risk screening to integration of natural risk reduction measures in its operational system. The Operational Risk Assessment Framework has been updated to include natural risks, which requires that all new projects are systematically screened for disaster and climate risks, and that such risks are considered in all country strategies. Innovation continues apace, with the rollout of new initiatives such as ThinkHazard!, an online tool for assessing natural hazards. The WBG also continues to exercise its thought leadership through its analytical and advocacy efforts, including prominent
flagship reports such as the 2016 report on *Investing in Urban Resilience*\(^\text{22}\) which projected that up to 77 million urban residents could fall back into poverty as a result of climate change alone. Another flagship product was the 2017 *Unbreakable*\(^\text{23}\) report which estimated that 26 million people fall into poverty each year due to natural disasters and provided an assessment of benefits from various policy interventions.

22. **IDA is also striving to ensure that its DRM approach is gender-sensitive and considers marginalized and disadvantaged groups.** Such approaches are emphasized, for instance, in the Sendai Framework and the Dhaka Declaration on Disability and Disaster Risk Management. Within the Bank, Global Practices are taking steps to operationalize the WBG Gender Strategy 2016–2023, including highlighting the gender gaps—in endowments, economic opportunities, asset ownership and/or agency—most relevant to their work. In the context of DRM, some of these efforts include integrating gender assessments in disaster risk identification, reduction and preparedness, to understand and address the different needs of men and women in DRM investments and promote women’s empowerment for broader resilience-building.

23. **Partner-supported initiatives play a key role in spurring resilience-building efforts, including through high quality and resilient infrastructure.** This is a core focus of the Japan-World Bank Program for Mainstreaming DRM in Developing Countries. Examples of such initiatives include the *Resilient Transport Initiative*, the *Communities of Practice on Resilient Water Supply and Sanitation*, the *Resilient Energy Systems*, and the *Safer Schools* initiative which aims to augment the ability of school infrastructure to withstand natural disasters, thereby saving lives and minimizing disruptions to education. The World Bank Tokyo DRM Hub, which is the implementing arm of the Program, supports innovative projects in countries and hosts a large Knowledge Program. A key priority of the Hub is to support integration of disaster resilience measures in investments across sectors, especially quality infrastructure. In addition, investments in early warning systems and hydromet services have seen strong growth, thanks to dedicated hydromet programs for Africa and South Asia supported by partners of the GFDRR, and endeavors such as the *Climate Risk and Early Warning Systems (CREWS)* initiative. Much effort has also gone towards Small States, which are especially vulnerable to natural hazards and have been key proponents of resilience-building (Box 3).

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More remains to be done, and four WBG priorities have been identified. Around half of IDA countries have WBG-supported programs that contribute to ensuring that DRM is a national focus (Chart 5). Regions such as Latin America and the Caribbean, South Asia as well as Europe and Central Asia have done especially well, with close to all IDA countries having undertaken such WBG programs. That said, continued efforts are needed, including to broaden the country coverage. In addition, four DRM priorities have been identified. First, the WBG would step up mobilization of private capital to help countries finance resilience activities and manage the financial fallout of disasters. Second, another priority is to strengthen the resilience and quality of urbanization and infrastructure. Cities are particularly vulnerable due to concentrated populations, and require investments in areas such as effective drainage, coastal protection and resilient transport systems. Third, the WBG would help prepare its clients to transition to a climate-resilient and low-carbon future. Please see the IDA19 Special Theme: Climate Change paper which proposes policy commitments to not only help countries manage the downside risks of climate change, but also leverage economic prospects on the upside. Fourth, the

Box 3: Managing Natural Catastrophes in Small States

The Pacific region is heavily exposed to natural hazards and climate change. Pacific Island Countries (PICs) are vulnerable to diverse natural disasters such as floods, droughts, tropical cyclones, earthquakes, volcanic eruptions, and tsunamis. The average annual ocean and land temperatures in the Pacific are increasing, as is the seasonality and duration of rainfall. Tropical cyclones are expected to increase in intensity in the coming decades. Sea levels are rising as are storm surges, worsening coastal erosion and saline intrusion of freshwater aquifers. These adversely affect agriculture, fisheries, coastal zones, water resources, health and ecosystems, and thus threaten entire communities and economies.

Strengthening resilience to such threats is a key focus of IDA’s engagement in the Pacific. This is being done at both regional and country levels. On the regional front, IDA has supported the institutionalization of the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) to help reduce the financial vulnerability of participating countries—namely, Republic of the Marshall Islands (RMI), Samoa, Tonga and Vanuatu—to natural disasters. Building on the PCRAFI, the Pacific Islands Resilience Program (PREP) supports these countries to strengthen early warning and preparedness; create a framework for stronger, prioritized investments in resilience, including to retrofit key public buildings to international standards; and improve countries’ financial capacity to respond to natural disasters. Country-specific operations—for example in Kiribati, Samoa, RMI, and Vanuatu—aim to help increase resilience amid climate change by mitigating the effects on crops and water supplies, and strengthening coastal infrastructure. IDA is also supporting PICs to address all layers of crisis risk financing through a combination of instruments, such as Development Policy Operations (DPOs), Catastrophe Deferred Drawdown Options (Cat DDOs) and Contingent Emergency Response Components (CERCs), as well as procuring catastrophic risk insurance through PCRAFI.

IDA countries in the Caribbean are likewise highly vulnerable. The region is twice as likely to be hit by natural catastrophes than the global small states average, with over 320 natural hazards occurring between 1950 and 2016. The Category 5 Hurricane Maria which struck Dominica in 2017 was a stark illustration of the impact from such events. The Post-Disaster Needs Assessment (PDNA) estimated that damages and losses amounted to US$1.3 billion, or 226 percent of Dominica’s Gross Domestic Product (GDP). The WBG was the first development partner to respond with a US$100 million package. Dominica benefitted from three elements in IDA’s crisis toolkit: (i) immediate mobilization of US$10 million through the CERC in its existing Disaster Vulnerability Reduction Project; (ii) frontloading of up to US$40 million from Dominica’s IDA18 Performance-based Allocation (PBA) to finance emergency projects on housing reconstruction and agriculture livelihood and resilience; and (iii) US$50 million from the Crisis Response Window (CRW).
WBG would enhance its DRM effectiveness in fragile and conflict-affected environments. Climate change and natural disasters act as threat multipliers in such contexts, and could exacerbate grievances and deepen pre-existing fragility.

**Chart 5: Around half of IDA countries have WBG-supported programs that contribute to ensuring that DRM is a national priority**

Source: WBG Tier II Corporate Indicators (IDA countries only)

*Note:* The dark shaded areas per region show the number of countries with WBG-supported programs that contribute to ensuring that DRM is a national priority with a strong institutional basis for implementation, in alignment with the Sendai Framework.

**B. Food Insecurity**

**Key Points**

- It is estimated that the WBG has provided over US$60 billion in financing for addressing food insecurity since the 1980s, making it one of the largest sources of development finance in this space. Two-thirds of this amount has come from IDA, with the rest from the International Bank for Reconstruction and Development (IBRD) and trust funds.
- The FAM is established as an umbrella mechanism to help tackle food insecurity across both resilience and response, in collaboration with partners.
- The main gaps identified from dialogue with partners include the need to strengthen mid- to long-term investments which tackle the root causes of severe food insecurity and bolster resilience, as well as to scale up consistent and predictable early action in response to food security warnings.
- It is proposed that IDA further contributes to the FAM agenda by enabling the CRW to support responses to address food insecurity at an earlier juncture.

25. **Food insecurity remains a persistent development challenge.** Today, 113 million people are experiencing crisis-levels of food insecurity, and over half of them are in conflict-affected situations. Food security is driven by complex intersections of conflict, poverty, extreme weather, changing climate and food price shocks, among other factors. The magnitude of needs has grown significantly over the past few years, testing the limits of an underfunded

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25 Conflict is a particularly important driver of today’s famines as nearly every famine since the 1980s has occurred in countries affected by conflict or institutional fragility.
international humanitarian system. From a human capital standpoint, food insecurity increases child mortality and stunting, and impairs cognitive development of children in-utero at the time of the famine. There is considerable evidence that responding earlier to emerging food insecurity risks saves lives, reduces suffering and significantly increases the cost effectiveness of deployed resources.

26. A new database constructed for an upcoming paper estimated that IDA has provided significant volumes of financing for food insecurity interventions (Charts 6 and 7). On the resilience front, IDA has supported investments in areas such as irrigation and plant and animal health, and helped foster policies to engender efficient food production and adoption of safety net systems.26 Meanwhile, response-related interventions peaked in 2017 when IDA mounted a US$1.8 billion famine and drought response package to support the countries in the Horn of Africa and Yemen (Chart 7). As the data used here is at project/program level, there is some crossover between “Resilience” and “Response”—an operation could include both types of activities but is counted either as “Resilience” or “Response” depending on its main content. The drop after FY15 in Chart 6 hence partly reflects this classification approach. This period coincided with IDA’s drought and famine response in the Horn of Africa and Yemen, and the resilience activities to “build back better” would mainly be classified under Chart 7 on “Response”. The decrease hence does not mean that the need for resilience has abated, since food security—especially as influenced by natural disasters—could be cyclical. By country group, FCS make up a rising share of IDA food insecurity operations for both resilience and response activities (Chart 8). By sector, response-related interventions are mostly delivered through social protection programs (Chart 9). Overall, the WBG is estimated to have provided some US$60 billion in financing for food insecurity across both resilience and response since the 1980s, making it one of the largest sources of development finance in this space. Two-thirds of this amount came from IDA, with the rest from IBRD and trust funds.

27. The consensus from dialogue between the Bank, the United Nations (UN), major bilateral partners, NGOs and leading academics has coalesced around three key gaps in tackling food insecurity:

(i) First, there is a need to strengthen medium- and long-term investments which tackle the root causes of famine. This includes prioritizing countries which chronically experience crisis-levels of food insecurity and for which multi-year financing can help stabilize and ultimately improve worsening conditions. Such support would provide technical assistance to strengthen and develop the systems required to protect incomes, food security and nutrition, health, water and sanitation, among others.

(ii) Second, there is a need to scale up consistent and predictable early action in response to elevated famine warnings. Food security warnings do not reliably translate into timely release of funds and remedial actions. Despite strong evidence that earlier interventions save lives and are significantly more cost-effective, financing often follows rather than precedes the escalation of food insecurity. Establishing a stronger link between early warnings and resultant funding and action can mitigate such shocks and help prevent further deterioration.

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26 Social protection systems in Ethiopia and Kenya for instance used IDA funds to build early warning systems, implement productive safety nets and risk-reducing public works, hence strengthening the resilience of vulnerable households.
(iii) **The third area is a need to bolster data analytics and implementation arrangements.** This entails complementing existing famine early warnings systems with more quantitative and timely analytics to better detect and forecast emerging famine threats. It also includes systematically strengthening dialogue and planning for short-, medium- and long-term needs across the humanitarian and development communities, at both the country and global levels.

### PROJECT / PROGRAM LEVEL DATA

**Chart 6**: There is a need for greater resilience investments to tackle food insecurity

![Chart 6](chart6.png)

**Chart 7**: IDA financing for food insecurity response is generally high compared to resilience

![Chart 7](chart7.png)

**Chart 8**: FCS comprise a rising share in the number of food insecurity operations

![Chart 8](chart8.png)

**Chart 9**: Response-related interventions are mostly delivered through social protection programs

![Chart 9](chart9.png)

*Note*: Charts 6–9 draws from a database constructed for an upcoming paper. Operations related to food insecurity were identified by a combination of algorithmic text mining and expert review. The data is at project/program level.
28. **The FAM seeks to address these challenges by serving as an umbrella mechanism to tackle severe food insecurity across both resilience and response.** Its objectives include promoting resilience to food insecurity and finding ways to link early warnings concretely to financing and implementation arrangements. The FAM collaborates with both humanitarian and development stakeholders and builds on existing famine early warning systems to help translate such warnings into streamlined financial decision-making. It also strengthens preparedness by supporting efforts to develop country-level action plans. These plans draw on established processes and aim to: (i) analyze the drivers of severe food insecurity risk; (ii) take stock of major efforts across the development and humanitarian communities and analyze gaps; (iii) set priorities for long-term investments to build resilience; (iv) determine how best to scale-up early action in response to warnings; and (v) identify appropriate links to existing country and global systems. Such plans would support ongoing efforts led by various international partners and help build the capacity of national governments. They would also link to IDA’s core work across critical sectors such as social protection, nutrition, agriculture and water management, among others.

29. **IDA is contributing to the FAM agenda.** IDA is currently providing technical and policy expertise to support the FAM’s work in areas such as modeling of food insecurity risks (Box 4) and informing the design of famine preparedness plans. The Agricultural Intelligence Observatory (AIO) was also launched and could generate in near real-time high resolution geospatial and temporal analyses to more proactively target safety net and other interventions.

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**Box 4: Leveraging Data & Analytics**

As part of the ongoing work of the FAM, the WBG is piloting new quantitative models that seek to identify the likelihood of food security conditions evolving into crises. This work complements existing famine early warnings systems, and pilot models are being developed for Afghanistan, Burkina Faso, Mauritania, Nigeria, Somalia, South Sudan, and the Sahel (Niger, Mali, Chad). After the successful launch of this proof of concept, efforts are expected to be scaled up to cover 20 to 25 countries that are highly exposed to severe food insecurity. The figure to the left illustrates some of the insights already being provided by these early models. This includes generating a robust decomposition of the structural drivers of food insecurity in a given country.

Such efforts require strong collaborations with various partners, including global technology firms which have explored the potential applications of innovative tools such as Artificial Intelligence and Machine Learning. This work has included designing an ensemble model that uses advanced algorithms to estimate and forecast the near-to mid-term risk of famine and severe food insecurity at local levels, i.e., districts and provinces. These efforts leverage a range of open source, remotely-sensed imagery as well as georeferenced survey data which can enable faster analysis of constantly evolving and complex situations.

**Partners include the WFP, FAO, IPC, UN Office for the Coordination of Humanitarian Affairs Data Center, the Famine Early Warning Systems Network (FEWS NET), the ICRC and the EU Joint Research Center.** Additionally, Amazon Web Services, Google and Microsoft as well as academic institutions such as Stanford University have provided critical support for these efforts to date.

* The Integrated Phase Classification (IPC) is an internationally-recognized standard for assessing food insecurity using a five-level scale: 1=Minimal; 2=Stressed; 3=Crisis; 4=Emergency; and 5=Famine.

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27 These are FAM first mover countries: Afghanistan, Chad, Somalia, South Sudan and Yemen. They were selected via a consensus-based approach with input from partners across governments, UN, Red Cross and NGOs. Somalia is in non-accrual to IDA and would be eligible for IDA financing pending resolution of its arrears.
30. More could be done to galvanize earlier action to address food insecurity, and it is proposed that the CRW steps into this role. Unlike sudden-onset disasters like earthquakes where the devastation is obvious, and resources can be mobilized faster, the impetus to react to slower-onset events such as food insecurity may not be as clear in the earlier stages when the repercussions are less visible. Going forward, it is proposed that the CRW supports earlier responses to such events, including through pre-arranged financing to address worsening food insecurity. Please see the paper on Demand for IDA19 Resources and the Strategy for their Effective Use for details. While the CRW was originally conceived as a vehicle of last resort, there is a strong case for earlier interventions to slower-onset crises to help contain their effects before they escalate into major catastrophes, thereby saving lives and protecting livelihoods. For instance, CRW funds could be channeled through adaptive social safety net programs that could be scaled up in the event of shocks (Box 5).

**Box 5: Adaptive Social Safety Nets**

Social protection programs are an important element of resilience-building and protecting vulnerable communities from the repercussions of crises. Across the world, governments are positioning their national social protection programs as the first line of defense against predictable shocks. Indeed, social protection programs are the largest sectoral recipient of CRW funds, accounting for some 30 percent of CRW financing. Such programs help households to absorb, cope with and recover from disaster impacts. Adaptive safety nets also strengthen resilience through investments in livelihoods, public works to build local infrastructure, and investments in human capital.

The Bank has drawn on different tools to respond to this evolving demand. Within regular IDA-funded operations, Disbursement-Linked Indicators (DLIs) and/or standalone components can finance the scale-up of social protection programs in the event of shocks, such as in Kenya and Ethiopia. Additional Financing to existing operations has also been used, e.g., when the CRW helped respond to the 2016 El Niño in Ethiopia, Lesotho, Malawi, Madagascar and Mozambique. Countries like Madagascar are also exploring the use of funds from contingent instruments such as Cat DDOs and macro-insurance products to reach communities most in need through social protection programs. Many countries also channel trust fund and humanitarian resources through such programs. Operational reviews show that such responses would be more effective if funds were pre-arranged in the case of slower-onset disasters.

Adaptive social safety nets have been shown to effectively help build resilience and support crisis response. For instance, Ethiopia’s Productive Safety Net Program (PSNP) is designed to scale up in response to drought. In 2012, the CRW provided US$70 million to supplement the PSNP Drought Risk Financing Mechanism (RFM). The PSNP RFM intervention occurred in two months, versus an average response time through the humanitarian system of eight months. It supported an additional 3.1 million people outside of the regular PSNP caseload and extended the duration of transfers for 6.5 million existing beneficiaries. This response was widely credited with alleviating the worst impacts of the drought. A subsequent CRW allocation of US$100 million in 2016 provided additional assistance to 7.2 million PSNP beneficiaries affected by drought. Another example is Madagascar, whose social safety net program provided cash transfers and nutrition services to households hit by El Niño. A recent evaluation showed that beneficiary households had 10 percent more assets, and better nutritional and educational outcomes.

Under the IDA19 Climate Change Special Theme, IDA will support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes, by supporting programs that incorporate Adaptive Social Protection (ASP) into national protection systems or reduce climate threats to health. The possible ramifications on human health outcomes include a higher risk of mortality and morbidity from heatwaves, as well as a rise in the number of undernourished people in the event of deteriorating food security—such as in drought or flood conditions. Please see the IDA19 Special Theme: Climate Change paper for details.

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28 As food insecurity itself is not covered by the CRW, the link to a natural disaster, economic shock and/or public health threat is needed to qualify, similar to the rationale for the CRW’s drought and famine response in 2017.
C. Public Health Emergencies

Key Points
- The Regional Window has been the main vehicle for supporting disease surveillance, given the incentive of its 1:3 leverage of PBA resources.
- Most IDA clients have considerable gaps in public health emergency preparedness and response capacities. IDA financing to strengthen pandemic preparedness has risen significantly since the 2014–2015 Ebola crisis, albeit still relatively modest.
- In IDA19, IDA would undertake a policy commitment to support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans. IDA19 would also utilize the Regional Window to support single-country operations with a strong focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers.
- As disease outbreaks are slower-onset crises, more could also be done to enable earlier response interventions to contain their spread and limit repercussions. IDA19 proposes that the CRW fills this role, and that the toolkit be streamlined vis-à-vis the Pandemic Emergency Financing Facility (PEF) Cash Window.

31. Many IDA countries have large gaps in public health emergency preparedness and response capacities (Chart 10). Fifty-one IDA clients have undertaken a Joint External Evaluation (JEE) which assesses a country’s national capacity to prevent, detect and respond to epidemics and pandemics. Of these, 38 countries have completed National Action Planning for Health Security (NAPHS) or a similar comprehensive pandemic preparedness plan, and 10 are at an advanced stage of completion. These assessments grade country capacities on a scale of 1 to 5, and many IDA countries have low scores across the functionalities assessed. That said, the costs of strengthening resilience against pandemics are not out of reach. Recent JEE costings suggest that most countries need to spend between US$0.45–2.57 per person per year to achieve an acceptable level of preparedness—less than two percent of what they spend on healthcare.

32. There is good progress on the IDA18 policy commitments on pandemic preparedness, but none of the 38 preparedness plans developed so far have been financed. There are two pandemic-related policy commitments under the IDA18 Governance and Institutions special theme: (i) to support at least 25 IDA countries in developing pandemic preparedness plans; and (ii) to support at least 25 IDA countries in developing frameworks for governance and institutional arrangements for multi-sectoral health emergency preparedness, response and recovery. Against the target of 25 countries, 38 have developed pandemic preparedness plans as of March 31, 2019. The components of preparedness plans include, inter alia, mapping of risks and hazards, identification of available resources, development of appropriate national stockpiles, and capacity to support operations at the national, provincial and community levels during a public health emergency. However, these plans are yet to be financed. In IDA19, IDA would undertake a policy commitment under the Governance and Institutions Special Theme to support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions—including technical assistance, lending and investment.

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29 The JEE is a transparent external evaluation of a country’s ability to find, stop and prevent disease threats. It assesses capacities across 19 areas of epidemic preparedness and response that are scored, first by a domestic expert and then by an external group of international experts. The results are reported by the WHO.

30 Staff analysis of costing of JEE plans in IDA countries.
Chart 10: Many IDA countries have low public health emergency preparedness and response capacity

Average of scores on indicators R 1.1–2.4 on preparedness and emergency response operations

33. **IDA financing for pandemic preparedness increased significantly after the 2014–2015 Ebola crisis in West Africa, but demand remains relatively modest (Chart 11).** The number of such operations stand at six to seven new operations per year between 2016 and 2018. As of March 31 this year, 30 countries have active IDA projects with preparedness-related activities, amounting to US$687 million of IDA resources over the lifetime of these projects. This translates to around US$137 million annually for pandemic preparedness, much lower than the US$1.6 billion that the JEE costing suggests. Of these 30 countries, 21 have used IDA Regional Window resources to leverage their PBA for pandemic preparedness activities. Indeed, the Regional Window has funded the bulk of these activities at 53 percent of such financing, with the rest being funded by PBA (46 percent) and the Refugee Sub-window (one percent).

34. **This points to countries being generally less reluctant to utilize their PBA resources for strengthening pandemic preparedness.** Low-income countries spend much less on healthcare than their high-income counterparts, with median per-capita expenditure by the two groups at US$100 and over US$2,000 respectively. However, low-income countries face a much higher burden of disease with 40,000–70,000 Disability-Adjusted Life Years (DALYs) per 100,000 individuals, compared to high-income countries which have 10,000–30,000 DALYs per 100,000 individuals. Following from the incentive dilemma discussed in paragraph 16, there is conceivably less impetus to invest in pandemic preparedness as the results are largely invisible—compared to, say, new construction works. Such investment could also be seen as a global public good that governments are less willing to pay for using national budgets.

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31 This is calculated based on an average spending on preparedness of US$1 per person per year.
33 The Disability-Adjusted Life Year (DALY) is a measure of overall disease burden, expressed as the number of years lost due to ill-health, disability or early death. It is a way of comparing the health and life expectancy of different countries.
Chart 11: IDA financing for pandemic preparedness rose significantly after the 2014–2015 Ebola crisis, but demand remains relatively modest

Source: Staff calculations

Note: The data was produced through a review of project documents for World Bank operations that are mapped to the Health, Nutrition and Population Global Practice. The review entailed identifying components, or activities within components, which are related to preparedness strengthening and their associated costs.

35. The IDA Regional Window has therefore been more successful in galvanizing pandemic preparedness, given the incentive of its 1:3 leverage ratio. Examples of operations funded by the Regional Window include the Regional Disease Surveillance Systems Enhancement (REDISSE) Program, the East Africa Public Health Laboratory project, the Southern Africa Tuberculosis and Health Systems Support (SATBHSS) project, and the Sahel Malaria and Neglected Tropical Diseases program. In addition, a regional health project is under preparation for countries in the Organization of Eastern Caribbean States (OECS) which, if approved, would be a boost for the Caribbean in terms of strengthening the region’s preparedness for pandemics and disaster-related health risks.

36. IDA19 is envisaged to further mainstream and deepen such efforts. Overall preparedness of national health security systems is a fundamental global public good, and is essential for building global resilience to risks and making progress towards universal health care. Investing in pandemic preparedness and system-wide resilience contributes to poverty alleviation, especially since infectious diseases tend to disproportionately impact the poor. Under the IDA19 Governance and Institutions Special Theme, IDA would undertake a policy commitment to support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans. IDA19 would also utilize the Regional Window to support single-country operations with a strong focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers. This would enable countries to benefit from the Regional Window’s 1:3 financing incentive for such operations.

37. On the response front, there is no active tracking of financing volumes for addressing disease outbreaks and pandemics, but data can be drawn from various sources. The CRW has allocated US$620 million to two public health emergencies—US$420 million to Guinea, Liberia and Sierra Leone for the 2014–2015 Ebola epidemic, and US$200 million for the 2017 cholera outbreak in Yemen. The CRW also supported health-related interventions to natural disasters, e.g., of the US$100 million in CRW funding to Haiti following the 2017 hurricane, US$15 million was used for combating cholera. In addition, CERCs have been activated thrice in
the recent past for health-related events—US$10 million in 2017 to address cholera outbreaks in Yemen; US$2.5 million in 2018 for Lassa fever in Nigeria; and US$80 million to contain the 2018 and 2019 Ebola outbreaks in DRC.

38. **As disease outbreaks are slower-onset crises, more could be done to support earlier interventions to contain their spread and limit the human and economic toll of such events.** An analysis of the responses to recent disease outbreaks—including the H1N1 episode in 2009, the Ebola epidemic in 2014–2015 and the Zika virus in 2015—concluded that delays in response, due in part to the slow arrival of critical financing, resulted in greater disease spread and deaths as well as in avoidable social, economic, and institutional repercussions. Estimates for Sierra Leone showed that while international support to the country’s response helped to avert 56,600 cases of Ebola, an additional 12,500 cases could have been prevented had such support arrived a month earlier.\(^{35}\)

39. **IDA19 proposes that the CRW steps into this role, and that the toolkit be streamlined vis-à-vis the PEF Cash Window.** The CRW already caters to public health emergencies but is designed to respond as a last resort. Accordingly, its current health-related triggers require both a declaration of national public health emergency as well as a World Health Organization (WHO) declaration that the outbreak is of potential international importance, and the latter condition sets a very high bar for access. There is value in having the CRW intervene earlier in the context of outbreaks, as these are slower-onset events where timely responses could help prevent propagation of infectious diseases, thereby saving lives and reducing economic losses. The PEF Cash Window is set up to address smaller-scale outbreaks but is resourced more modestly at US$64 million. Combining select features of the CRW and PEF Cash Window will therefore create a valuable product for IDA countries to access funds to fight disease outbreaks at an earlier stage. In the interest of consolidating the crisis toolkit and the WBG’s fund-raising efforts, it is proposed that the CRW assumes the function currently performed by the PEF Cash Window. Please see the paper on *Demand for IDA19 Resources and the Strategy for their Effective Use* for details.

**D. Financial Preparedness**

<table>
<thead>
<tr>
<th><strong>Key Points</strong></th>
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<tbody>
<tr>
<td>➢ A comprehensive approach to financial resilience allows countries to have multiple sources of funds to respond to events of different frequencies and magnitudes.</td>
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<tr>
<td>➢ IDA countries require assistance to overcome barriers to implementation of financial solutions.</td>
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<tr>
<td>➢ IDA promotes financial preparedness in various ways. IDA helps advance reforms to legal, regulatory, and macro-fiscal frameworks. It also offers contingent financing instruments such as CERCs and Cat DDOs, and client take-up is expanding. In addition, IDA seeks to support and complement the work of other actors such as regional risk pools and the private sector, whose products are part of the broader package of crisis risk financing solutions.</td>
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40. **Financial preparedness to manage contingent liabilities from disasters is a key element of resilience-building.** IDA is promoting the use of comprehensive risk retention and risk transfer financial packages—including national reserves, risk transfer, and contingent

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financing instruments—to enhance the financial protection of client countries against climate and disaster shocks. Such tools provide valuable quick-disbursing funds in the immediate aftermath of a disaster and complement ex-post facilities such as the CRW which focus on recovery and reconstruction. These pre-planned approaches also reduce reliance on ad-hoc humanitarian aid and budget reallocations and help reinforce budget and fiscal resilience. This sub-section analyses various types of pre-arranged financing tools available to IDA countries—CERCs, Cat DDOs, risk pool insurance and market-based products—and discusses the constraints and gaps that remain.

41. **CERCs are increasingly being embedded into IDA projects, although actual activation has been low (Chart 12).** A CERC is a contingent financing tool that channels uncommitted balances from existing projects to disburse quickly during a disaster. It is embedded in an IPF and can be pre-allocated with funds or without funds. Notably, CERCs enhance preparedness by having teams frontload the groundwork—such as engaging clients in strategic dialogue and stipulating the implementation modalities to be used in a crisis—as opposed to scrambling amid an emergency. Examples of CERC activation include the responses to Tropical Cyclone Gita in Tonga; to Hurricane Maria in Dominica and to the Ebola outbreaks in DRC. The Africa region has the highest proportion of CERCs (Chart 13). Feedback however indicates that countries and Bank teams are generally reluctant to activate CERCs given the opportunity costs of doing so, as CERCs typically extract funds from existing projects whose original objectives could be partly jeopardized if new resources are not forthcoming to make them whole again. Moreover, teams need to invest in the planning and fiduciary groundwork, usually in the form of an Operations Manual, to make CERCs operationally ready to be activated and implemented should a crisis hit. The paper on *Demand for IDA19 Resources and the Strategy for their Effective Use* discusses how the CRW will further encourage the use of CERCs.

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**Chart 12:** More CERCs are being embedded into IDA projects, but actual activation has been low

**Chart 13:** The Africa region has the highest proportion of CERCs

Source: Staff calculations
42. **The Cat DDO is a contingent financing option under DPFs that was introduced to IDA countries in IDA18.** The Cat DDO enables countries to secure pre-arranged financing, based on a program of policy and institutional reforms, that can be disbursed quickly to address natural catastrophes, including health-related events. Funds are channeled as budget support after the drawdown trigger—typically the member country’s declaration of a state of emergency—is met. To qualify, countries need to have: (i) an adequate macroeconomic policy framework; (ii) an agreed program of policy and institutional reforms; and (iii) preparation for, or existence of, a satisfactory DRM program. These latter conditions are especially valuable, as it provides Bank teams with an opening to promote policy dialogue and reforms in DRM.

43. **As countries may be reluctant to use concessional IDA funds for contingent purposes, the IDA Cat DDO is designed to reduce the opportunity costs and promote take-up.** Notably, if a country funds its Cat DDO using concessional core IDA allocations, only 50 percent of the Cat DDO amount would come from its IDA country envelope, with the balance matched by IDA’s overall resources. Upon cancellation or expiry of the Cat DDO, clients could also recommit the concessional core portion of undisbursed balances for other purposes, so that they do not lose these resources if no eligible crises transpire. There have been two IDA Cat DDOs to date, with another two slated by end-FY19 and more are in the FY20 pipeline. IDA is taking time to build this portfolio. Clients have indicated interest and are at varying stages of readiness to adopt the Cat DDO, including some that face challenging macroeconomic policy conditions.

44. **While not an insurer itself, IDA also supports financial preparedness through its work on regional risk pools.** IDA’s contributions to risk pools span a range of areas, from supporting the initial capitalization of the Caribbean Catastrophe Risk Insurance Facility (CCRIF), to providing Regional Window funds to help countries defray the cost of insurance premiums in some cases, to assisting with the technical design of programs. Looking ahead, IDA would explore avenues for collaboration with the newly-developed Southeast Asia Disaster Risk Insurance Facility (SEADRIF). Notably, catastrophe risk pools are broadening their value proposition from being pure insurance providers to also offer financial and advisory services. The Africa Risk Capacity (ARC) and the Pacific Catastrophe Risk Insurance Company (PCRIC) are helping countries to develop standardized contingency plans, and all regional platforms have invested extensively in developing customized regional probabilistic risk models. The SEADRIF is an example of this new generation of regional risk pools. To be sustainable, risk pools should be part of the broader package of financial solutions offered to countries. Disaster risk insurance products offered by risk pools are efficient ways to provide timely financing for rapid post-disaster response. Experience shows, however, that payouts received from risk pools are only a small fraction of actual disaster losses. Other financial instruments should also be used by countries to finance the cost of more frequent catastrophes and of long-term reconstruction.

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36 Across both IDA and IBRD, there have been 17 Cat DDOs approved totaling US$3.2 billion: 15 in IBRD countries and two in IDA countries—Kenya and Samoa.

45. In addition, IDA offers a unique value proposition for helping countries to access market-based insurance and insurance-like products. It provides an end-to-end solution that ranges from advice on the design of suitable products and insurance coverage, to intermediating to take the risks to the market. IDA intermediation provides an impartial, non-commercial platform anchored in an institutional commitment to transparency and financial credibility for the benefit of clients, market counterparts and development partners.

46. Several points on IDA’s role and complementarities bear emphasis. First, the Bank has a long history of successfully bringing new risks to the market for the first time. The PEF, which provides insurance against pandemics, illustrates IDA’s instrumental role in developing a completely new market solution that makes such coverage possible. No other development institution currently offers these capabilities to interface with markets. Second, IDA does not seek to compete with risk pools but rather encourages and complements their work. Establishing an entity that has the capacity to meet country needs and is a credible counterpart for markets is non-trivial and takes time. For example, IDA supported Pacific Island Countries to access market coverage for years prior to the establishment of the PCRIC. Third, IDA can support countries to access different markets and financial solutions. Accessing capital markets may be preferable for certain coverages and this may not be possible through risk pools or other insurers. Fourth, IDA’s intermediation platform supports countries by transforming insurance into other insurance-like products which may be more suitable in certain legal or regulatory environments. This transformation may not be possible through commercial insurers which are often regulated to only write insurance policies. The Bank has been able to intermediate coverages in different forms to meet a range of client needs, and can use different contract forms to access various market counterparts to ensure competitive pricing for clients.

47. More work remains to galvanize sustainable financial protection among IDA clients. The demand, interest and capacity of client countries tend to be key determinants of the components of integrated risk financing strategies. Governments are increasingly asking to finance their contingent liabilities, including for public assets including infrastructure, national-subnational cost sharing and social safety nets. That said, countries in IDA typically lack the financial wherewithal and capacity to procure multiple types of financial protection. Take-up could also be limited by perceptions that a single instrument would be sufficient for meeting needs, or countries gravitating to more concessional facilities that cater to the “middle layer” of risks while coverage of high-impact events remains low—indeed, procuring catastrophe insurance can be expensive for many low-income countries. IDA and other partners hence have a role to help incentivize pre-planned risk financing approaches that include a mix of financial instruments, such as through premium support and technical assistance.

48. The newly-established GRiF, set up within the Bank with support from Germany and the UK, is an important partner to this vision. It does not offer risk financing products directly, but provides grants for country-owned systems and instruments in line with the vision and principles of the InsuResilience Global Partnership. The GRiF aims to pilot and scale up pre-arranged risk financing instruments, including insurance, to boost financial resilience to shocks and promote the role of countries as effective risk managers. It represents a significant step beyond existing support that is focused on technical work, as it seeks instead to provide the financing

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38 To this end, IDA has helped the CCRIF to access capital market capacity through a Cat Bond in 2014, which ultimately benefited several IDA member countries. Additionally, IDA intermediated the first execution of weather derivatives to hedge drought and maize prices in Malawi from 2008 to 2011.
needed to reduce the barriers to scale up innovative solutions—such as piloting new risk pooling mechanisms, testing insurance premium financing for the poorest countries and new types of contingent financing to complement insurance, including contingent investment loans. If proven effective over time, some of these approaches could be mainstreamed into the conventional toolkit.

49. **Overall, IDA offers a package of financial solutions and helps clients integrate such tools into broader country frameworks.** First, IDA’s longstanding expertise in advancing reforms to legal, regulatory, macroeconomic and capital market frameworks help lay the foundations for building financial resilience to disasters, including by improving the policy environment to crowd-in private solutions where possible. Second, IDA helps governments to design and implement integrated risk financing strategies. While IDA countries still need to build capacity in this area, all successful efforts start with concrete first steps such as developing risk assessment tools and public asset registries, as well as integrating crisis risk management into macro-fiscal frameworks. Third, IDA’s concessional financing tools are part of the broader package of solutions that also includes products from other players such as risk pools and the private sector (Figure 2). To illustrate, IDA offers contingent instruments such as Cat DDOs for mitigating the “middle layer” of risks. This complements the use of private-oriented solutions to address high-impact exceptional events, with IDA playing a supportive role such as providing technical advice, capacity-building and market intermediation services as well as helping to defray insurance premium costs in some cases. Such services are currently offered for natural disasters and weather risks and IDA is now proposing to expand it to commodity price risk. In addition, since not all risks can be mitigated, the CRW serves as a source of funds that is generally accessed as a last resort. It could also be used for disasters that do not breach the parametric thresholds of insurance products.

**IV. CONCLUSION**

50. **The analysis in Section III shows that the findings vary across different risk areas.** Overall, IDA has provided significant support to its client countries in crisis risk management. More work remains, and this agenda continues to be an important one going into IDA19. While IDA countries in general would benefit from greater resources for crisis risk management, the gaps and constraints are more evident in some areas than others. The varied findings across risk areas call for IDA19 policy elements to be targeted rather than broad-based.

51. **IDA19 will advance the crisis risk management agenda in various ways, with a focus on further mainstreaming resilience-building.** Under the *Governance and Institutions* Special Theme, IDA will commit to support at least 25 IDA countries to strengthen the implementation of pandemic preparedness plans through interventions—including technical assistance, lending and investment. Under the *Climate Change* Special Theme, IDA will support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes, by supporting programs that incorporate ASP into national systems or reduce climate threats to health. In addition, the paper on *Demand for IDA19 Resources and the Strategy for their Effective Use* presents further details on the crisis-related elements in the IDA19 policy package. For instance, the Regional

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40 This would allow IDA countries that are importers or exporters of commodities to protect their fiscal budgets against commodity price fluctuations in line with their fiscal and debt management strategies and Country Partnership Frameworks. For details, please see the paper on *IDA19 Financing Framework*, May 24, 2019.
Window will support single-country projects with a strong focus on prevention of and preparedness for natural disasters and pandemics, where they might address cross-border spillovers. The CRW will support greater utilization of CERCs, and enhance and make more explicit the linkages between CRW usage and subsequent core IDA programming on resilience. It is also proposed to allow the CRW to support earlier responses to slower-onset crises—namely, disease outbreaks and food insecurity—and to link such support to resilience-building efforts. In addition, the envisaged new FCV Envelope will provide dedicated resources to support IDA FCS facing different kinds of FCV risks. IDA19 also proposes to do more to help countries manage commodity price fluctuations.41

52. Finally, several other ideas were contemplated but deemed operationally challenging or conceptually difficult to justify. One such notion was a preparedness sub-window within the CRW. While this could confer benefits, the varied findings across different risk areas suggests that it may inadvertently cause substitution of PBA resources in some areas and be too blunt a tool. Further, there is no agreed percentage of financing to spend on reducing crisis risks—while it is generally accepted that countries should do more to strengthen resilience, it is less clear what levels of funding would be deemed sufficient or sustainable. Given the finite IDA19 resource envelope, scaling up financing in one area entails trade-offs against other priorities, which again argues for a more targeted rather than broad-based approach—as the latter could require larger resource implications and trade-offs. There is also a lack of clear common benchmarks for assessing which operations should qualify, given the wide range of risks that the CRW covers. More fundamentally, resilience-building is part and parcel of development and should be funded using PBA resources. This is already the case for natural disasters in general. Where more targeted support and incentives are needed to promote crisis preparedness, this would be done via existing vehicles such as the Regional Window and in some cases, the CRW. Another idea that was explored but not adopted was that of results-linked allocations to incentivize resilience. While promising, not all risk types have clear standardized metrics to measure the adequacy of resilience against shocks, which likewise introduces operational difficulties. Finally, it is not proposed to alter the current pricing framework for IDA’s crisis tools. While it seems intuitive to use pricing as a policy lever to promote resilience and reduce reliance on the CRW as a perceived bailout mechanism, IDA financing for crisis response—including CRW resources—is already priced the same as ex-ante resilience investments.42 Making crisis responses more expensive would be hard to justify, especially when IDA support is critical during emergencies. There are fundamental policy issues with using CRW access or pricing as a “stick” to motivate change. Meanwhile, IDA financing for resilience interventions is already highly concessional, and further reducing the price only of such activities is difficult to defend given other development priorities, not to mention the income implications for IDA. Instead, IDA19 sets out other (non-price) ways to address this incentive issue and reduce reliance on the CRW by galvanizing resilience-building efforts. This includes enhancing and making more explicit the linkages between CRW usage and subsequent core IDA programming on resilience, as well as including information in CRW Eligibility Notes on whether a country is a prior CRW beneficiary and its resilience-building efforts since it accessed CRW resources.

41 Please see the paper on IDA19 Financing Framework, May 24, 2019.

42 The CRW already adopts the standard IDA financing terms for each country.
Annex 1: Recent Papers That Touch on the WBG Crisis Toolkit

- **Board paper on the Global Crisis Response Platform (August 2016):** Responding to calls from the Development Committee in April 2016, this Board paper brought together the World Bank Group’s (WBG) various crisis mechanisms under the aegis of the Global Crisis Response Platform. The Platform’s main value-add was envisaged as providing “scaled up, systematic and better coordinated support for managing and mitigating crises, across the spectrum of risks and vulnerabilities” faced by the WBG’s clients.

- **Board paper on the Global Crisis Risk Platform (GCRP) (July 2018):** This follow-up paper presented a detailed stock-take of the WBG’s wide array of crisis-related initiatives. It articulated the GCRP’s key objectives of facilitating a “pivot” from crisis response to prevention and preparedness, as well as strengthening the WBG’s ability to support client countries in addressing multidimensional risks. It also presented indicative performance metrics by end-FY21 that spanned five key areas (Annex 2).

- **IDA18 Mid-Term Review (MTR) paper on the Crisis Response Window (CRW) Review of Implementation (October 2018):** The CRW is assessed to have generally performed admirably against five core objectives: (i) whether it has responded to the most severe crises; (ii) its timeliness; (iii) the extent of burden-sharing; (iv) its implementation flexibility; and (v) how it has helped countries to “build back better” after a disaster. The paper also posed questions on the CRW’s future policy directions, including whether and how it should spur the shift towards prevention and preparedness, while preserving its core character as a response vehicle.

- **The Independent Evaluation Group’s (IEG) synthesis report on IDA’S Crisis Response Window, Lessons from Independent Evaluations Group Evaluations (March 2019):** This report assessed the CRW’s performance against the objectives of rapid response; transparency and predictability; support for resilience; and support for long-term development goals. CRW-funded operations “have been timely, with average ‘time to delivery’ much shorter than the average for World Bank IPF operations”, and “performed better than the average IDA operation in delivering project outcomes”. The challenges identified include difficulties in measuring the CRW’s value-add as such funds are usually pooled with regular IDA financing, and potential trade-offs between IDA’s Performance-based Allocations (PBA) and its principle of non-earmarked financing, given the expanded resources for IDA windows over the years.

- **Papers from the Centre for Disaster Protection (March 2019):** This set of papers discussed various aspects including managing the financial cost of disasters, the CRW and the role of development insurance. For instance, it calls on IDA to focus on building the delivery systems needed for crisis responses and increase the coverage of shock-responsive social protection systems. On the CRW, it supports reviewing the eligibility criteria to allow earlier responses to slower-onset crises such as drought and famine, and advocates greater transparency on the allocation approach and tracking of CRW-funded projects. The Centre also calls on IDA to work with development insurers, as well as to connect financing to prevention and preparedness measures and to monitor risk financing arrangements.
## Annex 2: Global Crisis Risk Platform (GCRP) Focus Areas and Indicative Performance Metrics

<table>
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<tr>
<th>GCRP Focus Area</th>
<th>GCRP Objective</th>
<th>Indicative Performance Metrics (by end of FY21)</th>
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</table>
| Integrated crisis risk monitoring, analysis, and knowledge | Identify countries facing multidimensional and compound risks to inform investments in preparedness and prevention, and strengthen tools for integrated risk and crisis monitoring at country level.                                    | • Cross-country risk-monitoring mechanism to identify and model multidimensional risks, with initial focus on natural hazards, economic/financial risks, pandemic risk, conflict, and food security, developed and operational*  
• Country-based dynamic risk or crisis monitoring dashboard/digital platform piloted in five countries |
| Strategic programming to mitigate crisis risks       | Support use of integrated crisis risk management to promote prevention and preparedness in CPFs and strategic programming in selected high-risk countries, including promotion of cross-border crisis risk management programming as appropriate.            | • Multidimensional crisis risk assessments inform Country Partnership Frameworks (CPF) in five countries                          
• Improved Country Management Unit (CMU) and client access to expertise and knowledge on crisis risk management through learning events and a virtual community of experts across sectors and regions
• Creation of a repository of analytical work and recent experience in crisis risk management that is easily accessible to all WBG staff |
| Crisis risk management financing                    | Facilitate improvements in the Bank’s crisis-related financing mechanisms and instruments, and explore additional financing solutions                                                                                                      | • Increase in number of Contingent Emergency Response Components (CERCs) / Catastrophe Deferred Draw-Down Option (Cat DDOs) and/or other risk transfer and pooling mechanisms in high-risk countries
• Preparation of a Board paper that explores options to trigger upstream financing to stem famine risks before they reach the crisis level
• Country-level crisis risk financing assessment/stocktaking conducted in 5 high-risk countries |
| Crisis risk management operational effectiveness and support | Enhance the delivery of Bank operations in crisis contexts and insecure environments and strengthen partnerships, including with humanitarian actors, for greater impact in crisis situations. | • Tools and guidance on “fit-for-purpose” approaches for operating in insecure environments developed, e.g., third-party monitoring, innovative use of Information and Communications Technology (ICT)
• Joint United Nations–World Bank Humanitarian-Development-Peace Nexus Initiative updated and expanded |
| Institutional arrangements for crisis risk management | Strengthen internal arrangements for supporting GCRP operationalization and ensuring Senior Management attention on crisis risk management, in particular early preventive action.                                               | • Regular GCRP meetings at the Chief Executive Officer (CEO) and director levels take place
• Dedicated GCRP support team established |

* Existing and new crisis risk monitoring methods and models would form the basis of this work.