

Comprehensive Disaster Risk Management

Strategies for Building Resilience

June 21, 2022

9:00-10:15 am ET



TODAY'S
Agenda



Opening Remarks



Technical Presentation



Open Q&A



Closing Remarks



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Today's Speakers



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Disaster Risk Management

A powerful approach for identifying and managing risks



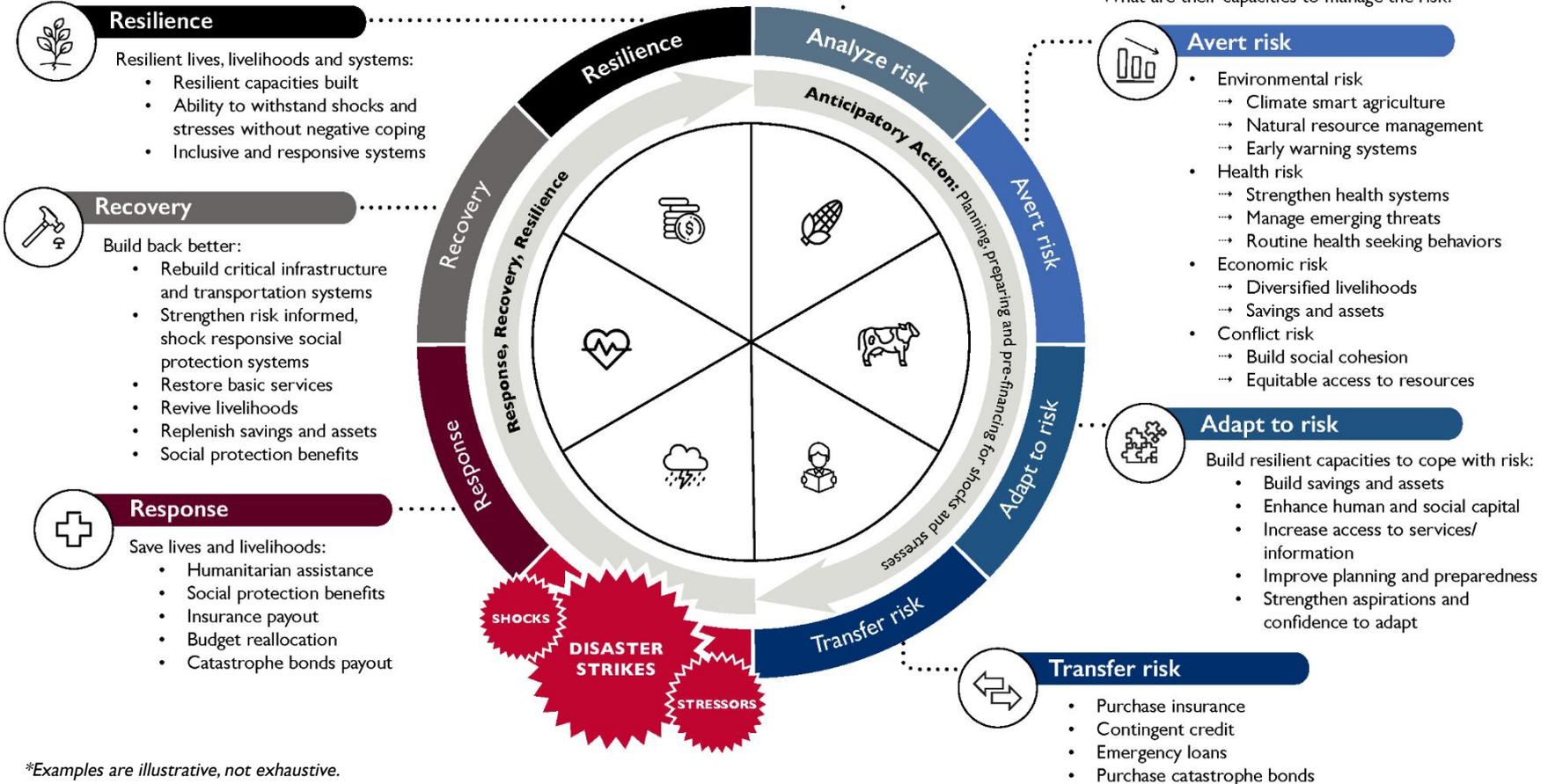
USAID
FROM THE AMERICAN PEOPLE

Disaster Risk Management

Individuals, households, communities, and systems are able to identify their risk exposure and plan and prepare for how to manage risks, thus lessening negative impacts and improving resilient outcomes.

Disaster Risk Management (DRM)

A tool for resilient outcomes



*Examples are illustrative, not exhaustive.

Disaster Risk Management

Avert risk

Minimize risk exposure:

Environmental risk

- ✓ Promote climate-smart agriculture
- ✓ Improve data availability and access
- ✓ Strengthen early warning systems

Health risk

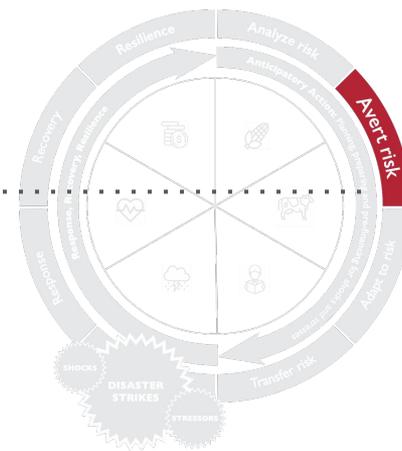
- ✓ Strengthen health systems
- ✓ Manage emerging threats
- ✓ Promote routine health-seeking behaviors

Economic risk

- ✓ Diversify livelihoods
- ✓ Build savings and assets

Conflict risk

- ✓ Strengthen social cohesion
- ✓ Increase equitable access to resources



Example:

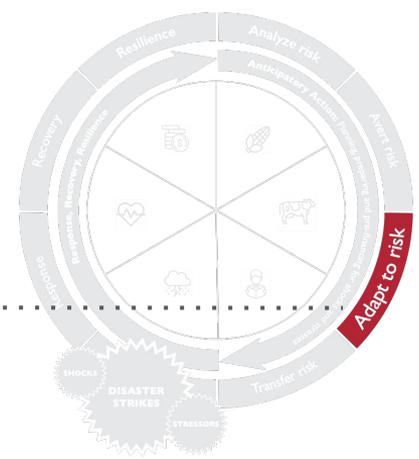
In 2019, Cyclone Idai—the biggest storm to ever hit Africa—caused 447 deaths and massive destruction in Mozambique. A shift to systems thinking, better early warning systems, resilient housing, and WASH programs can reduce the risk of loss of life and livelihoods in future storms.

Disaster Risk Management

Adapt to risk

Build resilient capacities to cope with risk:

- ✓ Build savings and assets
- ✓ Enhance human and social capital
- ✓ Increase access to services/information
- ✓ Improve planning and preparedness
- ✓ Strengthen aspirations and confidence to adapt



Example:

In Ethiopia, USAID layered livelihood diversification activities, drought insurance, and health insurance onto the national Productive Safety Net Program (PSNP).

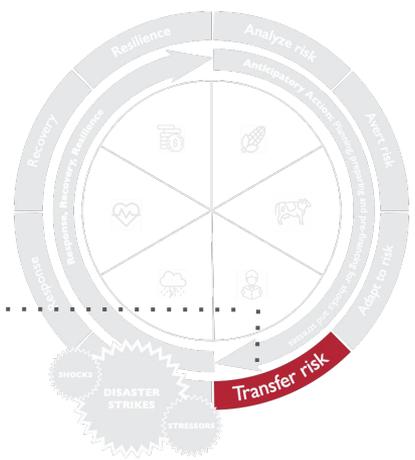
These investments helped people diversify their incomes and protect the assets they were building through the PSNP, increasing their ability to withstand future shocks without compromising their well-being.

Disaster Risk Management

Transfer risk

Share what you can't bear:

- ✓ Purchase insurance
- ✓ Purchase catastrophe bonds
- ✓ Secure contingent credit
- ✓ Prearrange emergency loans



Example:

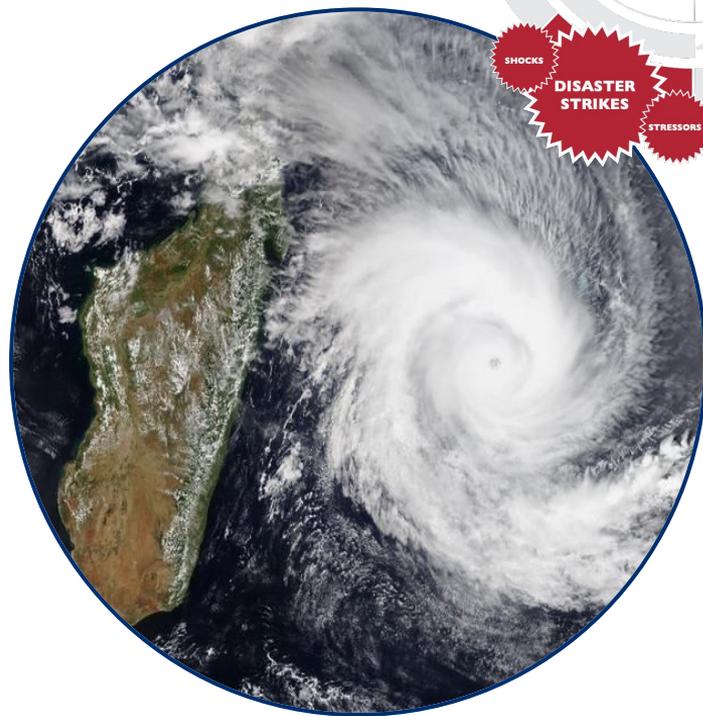
With USAID support, WFP bought an indexed-based insurance policy for drought for the people of Mali in 2021. It triggered, yielding \$7 million in disaster relief.

Disaster Risk Management

Disaster strikes

Cyclone Batsirai hits Madagascar 2022

- ✓ **Madagascar was prepared to weather the storm:**
 - Priority risks were pre-identified
 - DRM strategy was developed pre-disaster
 - Risk exposure was reduced through natural resource management activities to build cyclone-resilient villages
 - Risks the government could not manage were transferred through a sovereign risk insurance policy.



Disaster Risk Management

Response

Save lives and livelihoods:

- ✓ Humanitarian assistance
- ✓ Social protection benefits
- ✓ Insurance payout
- ✓ Catastrophe bonds payout
- ✓ Emergency loan issued
- ✓ Contingent Credit payout
- ✓ Budget reallocation



Disaster Risk Management

Recovery

Build back better:

- ✓ Rebuild critical infrastructure and transportation systems
- ✓ Restore basic services
- ✓ Revive livelihoods
- ✓ Replenish savings and assets
- ✓ Strengthen risk-informed, shock-responsive, and adaptive social protection systems



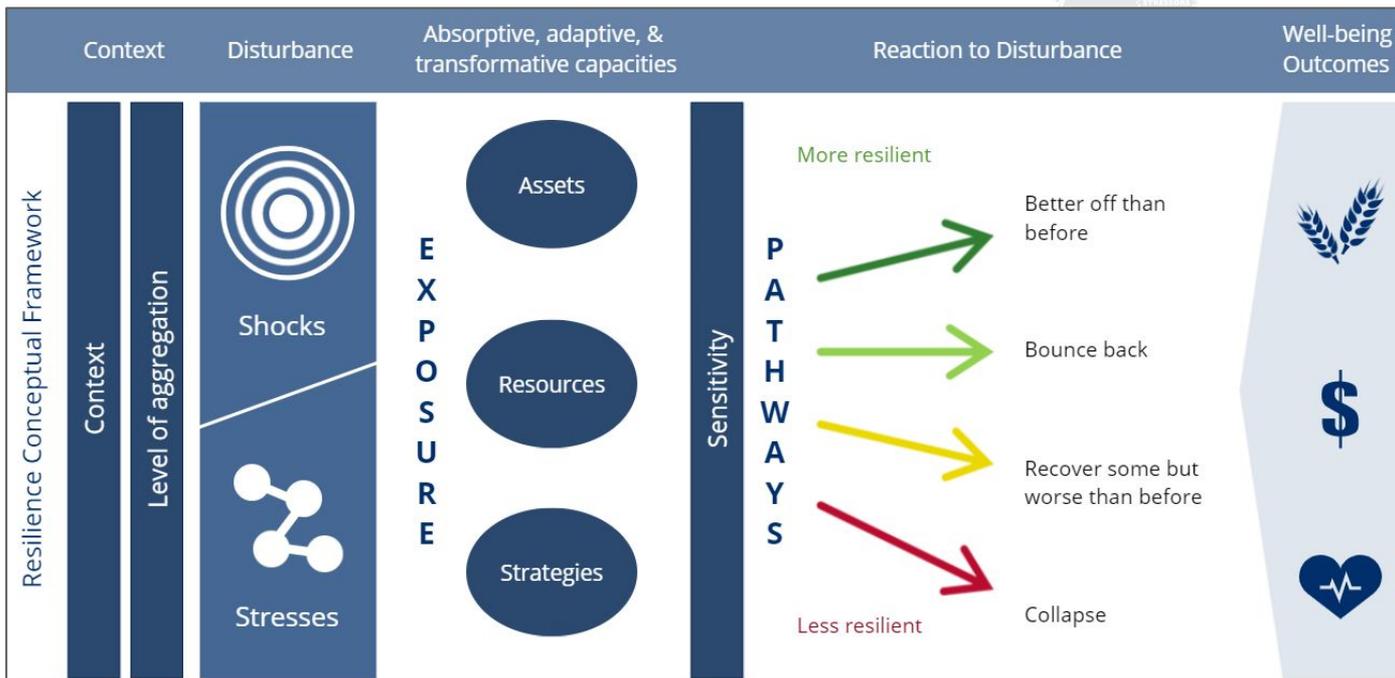
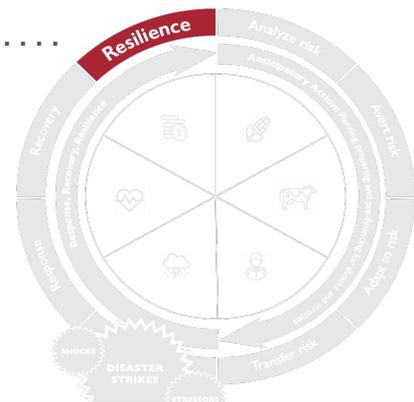
Resilience Conceptual Framework

Resilience

Resilient lives, livelihoods, and systems:

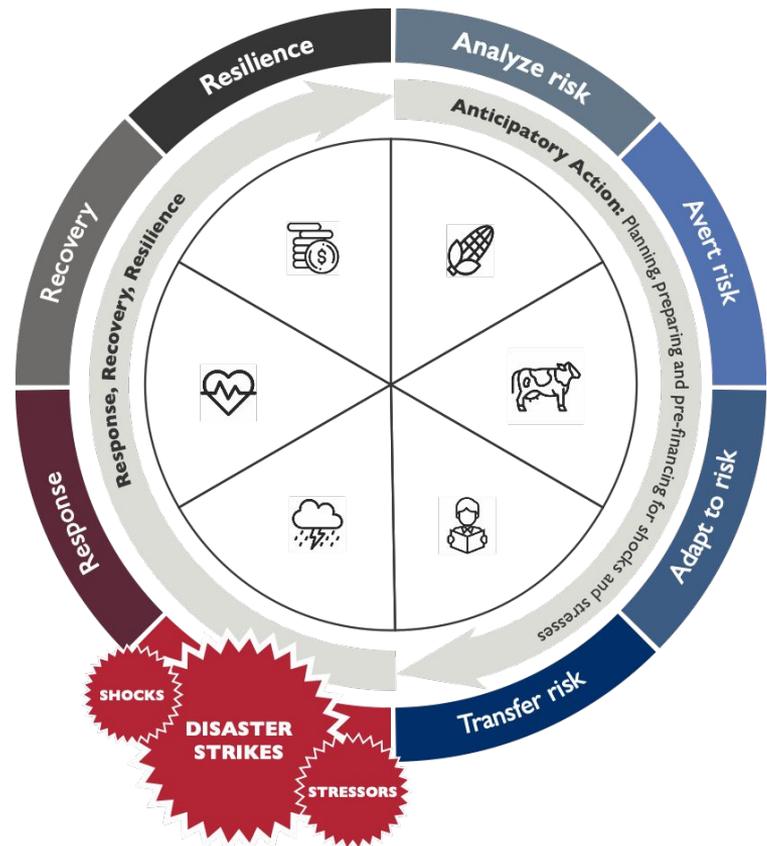
- ✓ Resilient capacities built
- ✓ Ability to withstand shocks and stresses, without negative coping, enhanced
- ✓ Inclusive and responsive systems developed

Derived from no 7 paper of building Resilience for Food and Nutrition Security, T.R. Frankenberger, 2014



Key Takeaways

- ✓ DRM offers an approach for understanding risk probability and exposure, and provides a set of tools for managing risks.
- ✓ Early, predictable, and well-coordinated responses can lessen negative coping mechanisms, shorten recovery periods, and ensure resilient outcomes.
- ✓ USAID supports countries in mainstreaming disaster and climate risk management into national and local development planning, and identifying and pre-financing appropriate disaster risk financing mechanisms.

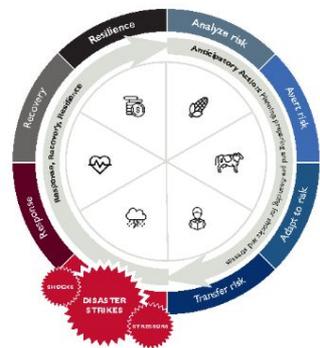


Social Protection

USAID views social protection as a set of policies and programs aimed at preventing, reducing, and eliminating economic and social vulnerabilities to poverty and deprivation from birth to old age.

Social Protection

A set of policies and programs aimed at preventing, reducing and eliminating economic and social vulnerabilities to poverty and deprivation from birth to old age



Disaster Risk Management (DRM)

Social Protection objectives and outcomes

Reducing poverty and inequality

Protecting people across their life cycle and ensuring adequate living standards in the face of shocks and stressors

Improving economic opportunities through inclusive growth, formal and informal employment and diversified livelihoods

Social Protection components and tools

Social Assistance

- **Cash transfers**
 - Emergency
 - Poverty targeted
 - Child allowances
- **In-kind transfers**
 - Food
 - Vouchers
 - School feeding
 - Fee waivers
- **Climate-sensitive public works**
 - Watershed management
 - Communal land restoration

Social Insurance

- **Employee benefits**
 - Old age pensions
 - Sick leave
 - Severance payments
 - Workers compensation
- **Insurance**
 - Health
 - Disability
 - Unemployment
 - Crop and livestock

Labor Market Programs

- **Employment incentives (formal and informal)**
- **Employee protection policies**
- **Skill building and capacity development**
 - Internships and apprenticeships
 - Employment opportunities (formal/informal)
 - Climate-safe jobs
 - Diversified livelihoods

Robust social protection systems allow poor and marginalized populations to break intergenerational cycles of poverty, increase gender equity and social cohesion and strengthen human and social capital that leads to economic growth and greater self-sufficiency.

Social Protection in SDGs 2030 Agenda

SUSTAINABLE DEVELOPMENT GOALS



Also housed in ILO Recommendation 202 on Social Protection Floors.

10.4 REDUCED INEQUALITIES

Adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality.

1.3 NO POVERTY

Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and vulnerable.



8.5 DECENT WORK AND ECONOMIC GROWTH

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

3.8 GOOD HEALTH AND WELLBEING

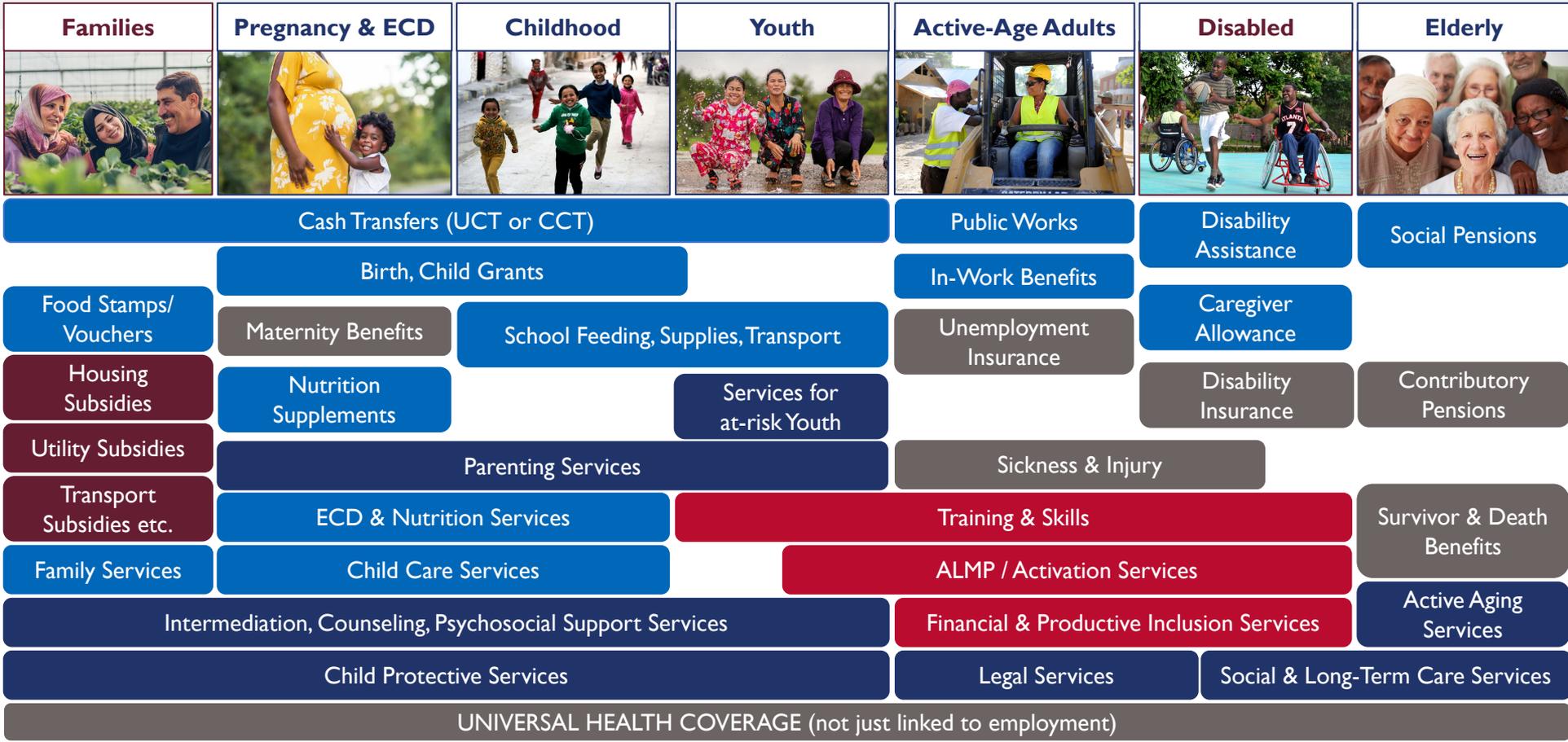
Achieve universal health care coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

5.4 GENDER EQUALITY

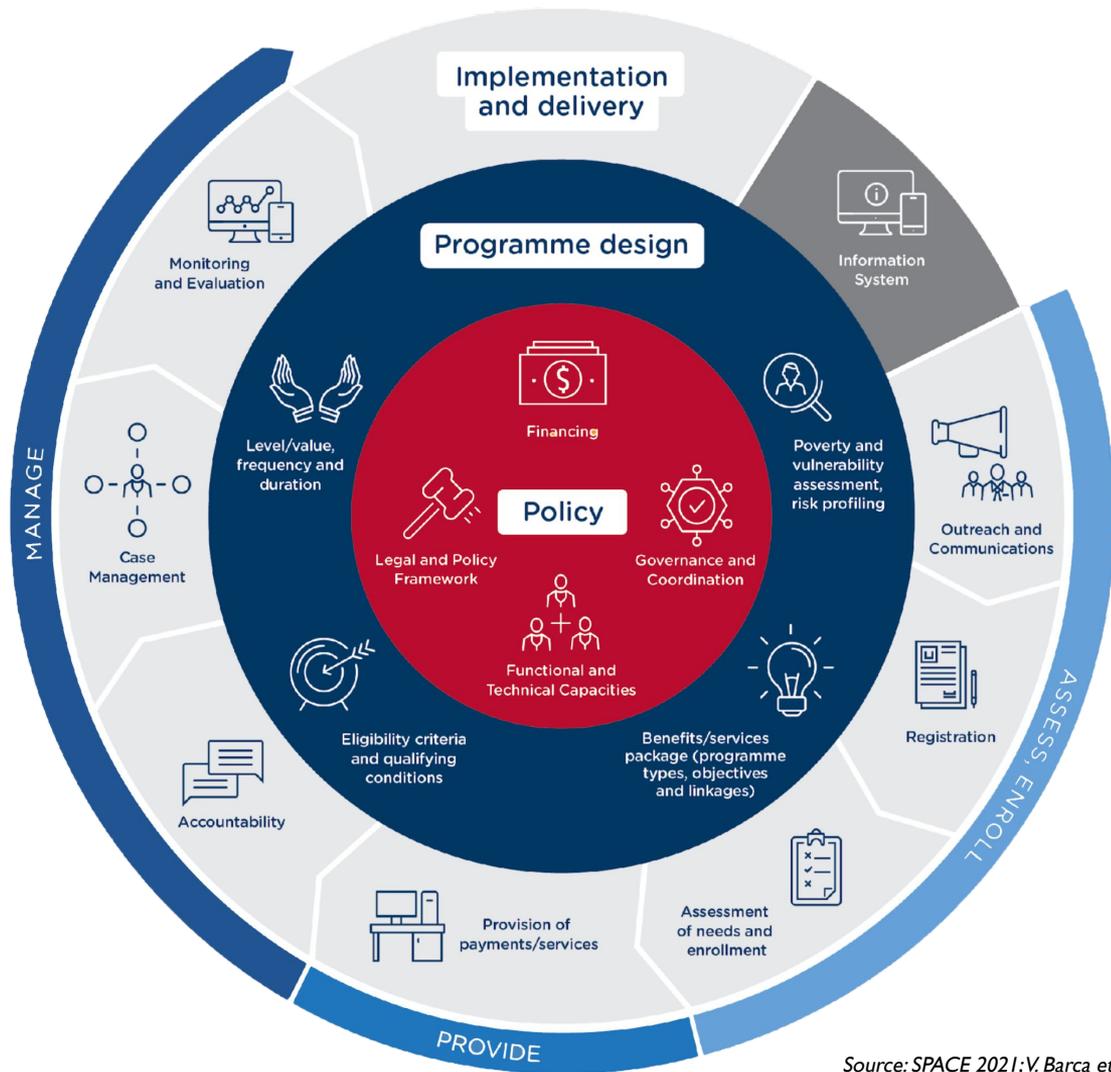
Recognize and value unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies and the promotion of shared responsibility within the household and the family, as nationally appropriate.

Core Social Protection System

Set of policies and programs to protect people from shocks across a life cycle, equip them to improve their livelihoods, and create opportunities to build a better life for themselves and their families.



Core Social Protection System



Shock-Responsive Social Protection

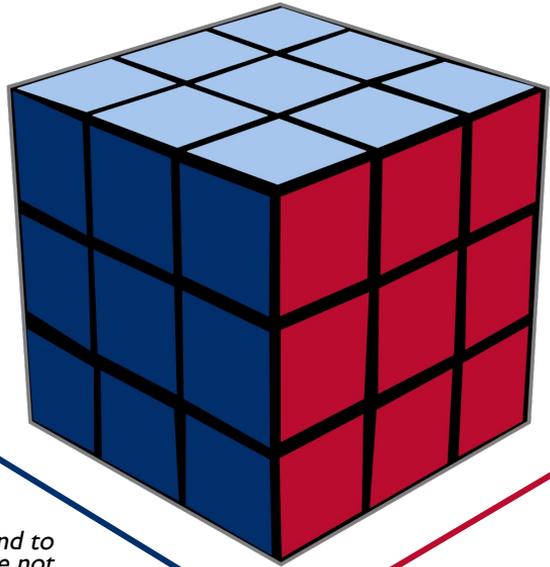
CORE SOCIAL PROTECTION

Level of Protection:
How adequately are risks covered?
ADEQUACY

Population:
Who is covered?
COVERAGE

Increase financial/nonfinancial protection

Extend to those not covered



System Strength:
Is the core social protection system high quality and institutionalised?
QUALITY

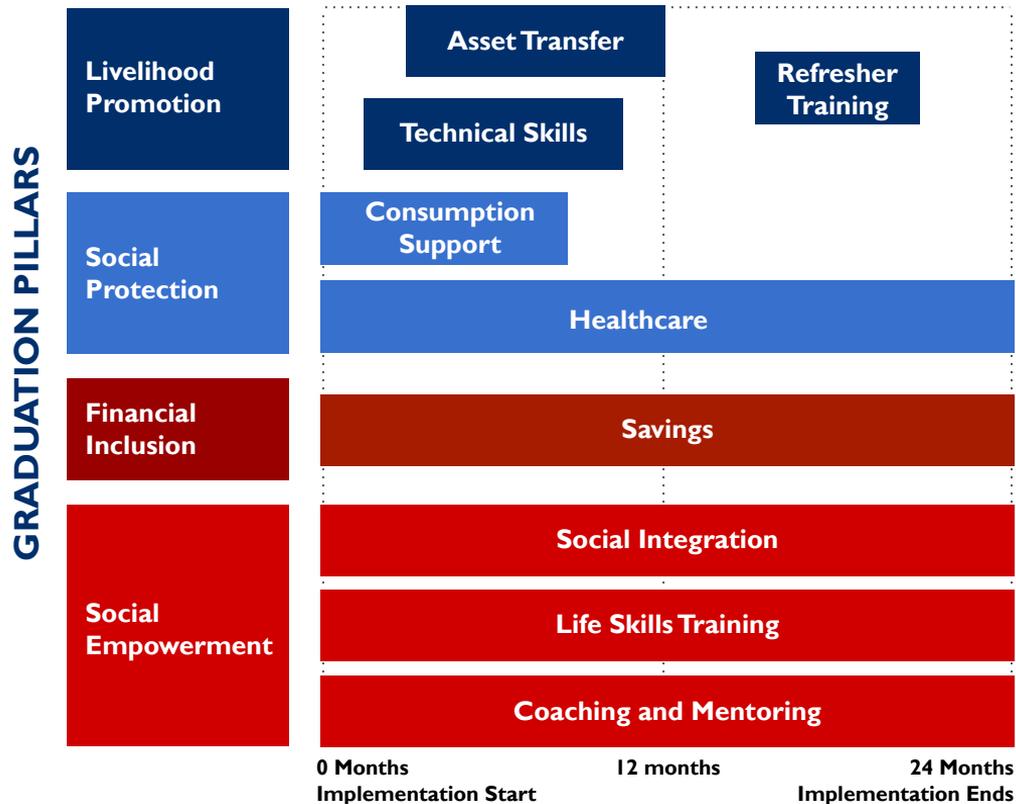
Include other benefits/services

Benefits/Services:
Which risk/contingencies are covered?
COMPREHENSIVENESS

Adaptive Social Protection

Economic inclusion is a layered and sequenced set of interventions that address the multidimensional needs of the poorest.

GRADUATION INTERVENTIONS



OUTCOMES

Sustainable Livelihood Resilience

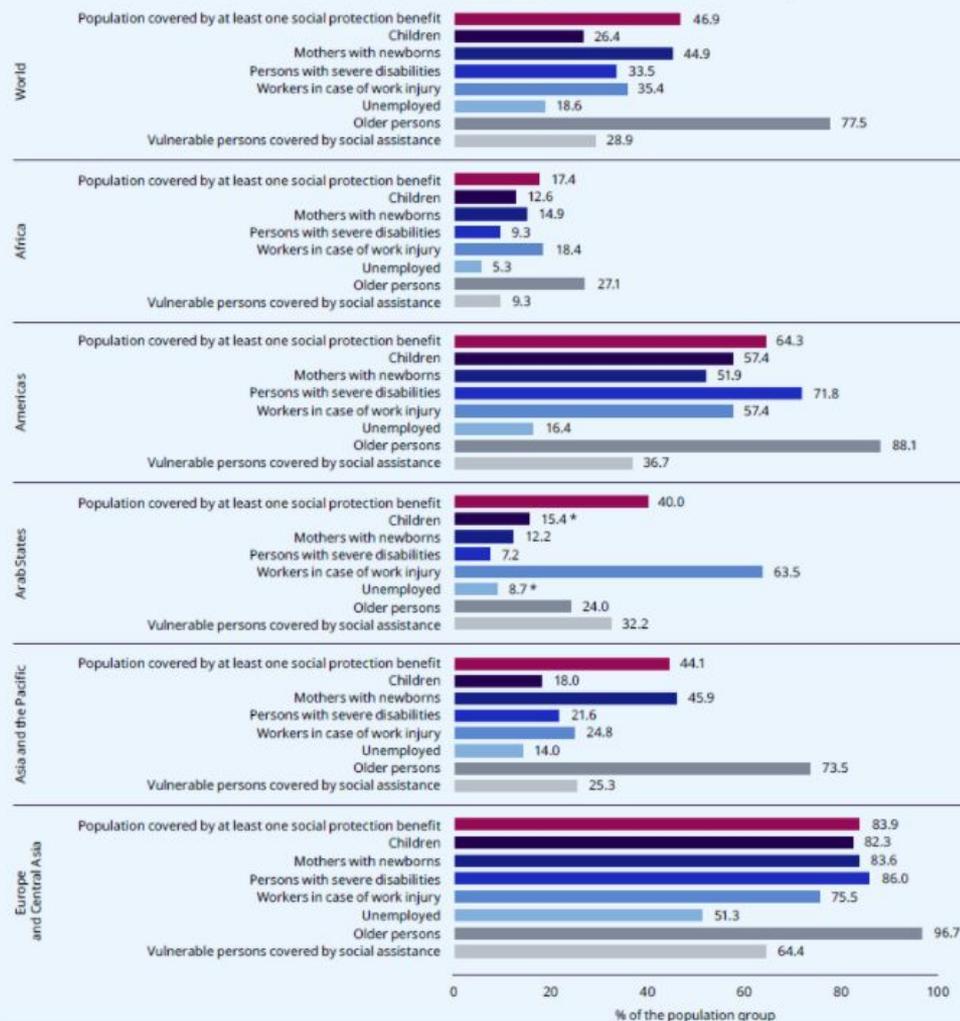
- Increased Assets
- Savings
- Access to Financial Services
- Productive Skills
- Livelihood Diversity
- Access Markets and Services
- Food Security
- Adequate Nutrition
- Increased Social Capital
- Psychosocial Resilience

Key Takeaways

- ✓ There is still a long way to go to achieve universal social protection.
- ✓ Strong social protection systems allow poor and vulnerable populations to break intergenerational cycles of poverty and augment human and social capital.
- ✓ Social protection is a valuable tool in USAID's mission to promote inclusive development, economic growth, improved health outcomes, and gender equality.
- ✓ Social protection can provide the transformational changes needed to respond to the challenges of the 21st century.

Source: ILO- World Social Protection Report 2020-2022

► Figure ES.1 SDG indicator 1.3.1: Effective social protection coverage, global and regional estimates, by population group, 2020 or latest available year



Disaster Risk Financing (DRF)

Ex-ante financial tools to manage risk.



Disaster Risk Management (DRM) and DRF



Disasters can lead to billions of dollars in humanitarian assistance, erode development gains, and increase the risk of political instability, as well as diminish future economic growth.



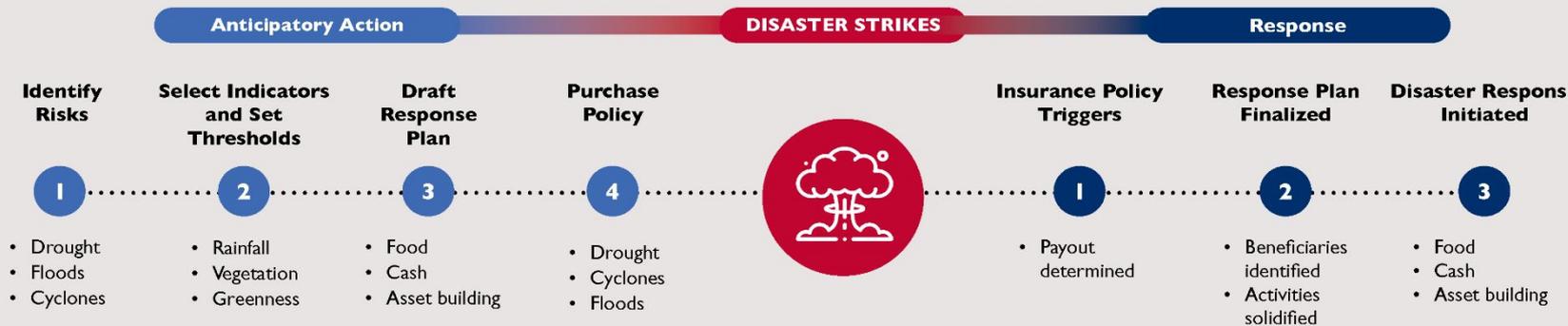
Early, predictable, and well-coordinated responses can mitigate negative coping mechanisms, such as reduced food consumption, livestock death, and distressed productive asset sales.



Pre-arranged financing:

- Ensures disaster risk management plans can be implemented
- Binds partners to pre-agreed objectives, decision processes, and implementation plans
- Promotes greater discipline, transparency, and predictability in post-disaster spending
- Protects future economic growth potential

Example of a Sovereign Risk Insurance for a Country



Disaster Risk Financing as a Valuable Risk Management Tool

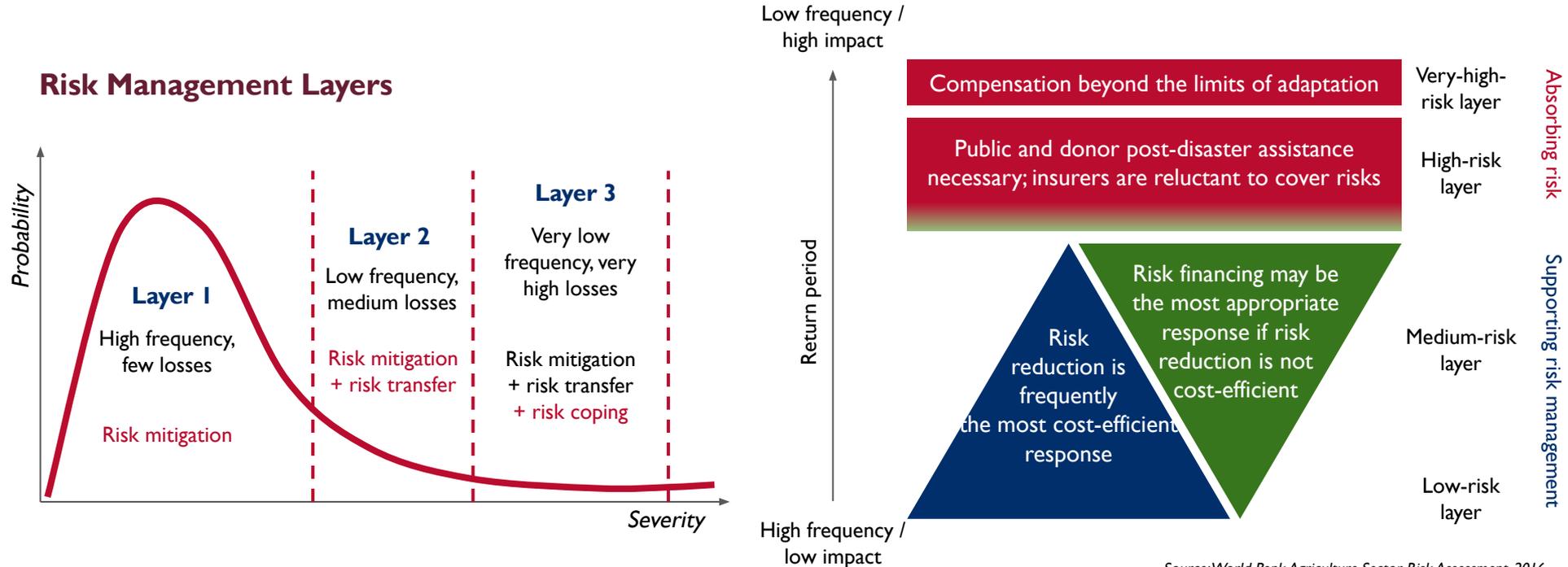
- ✓ DRF improves climate and disaster risk management through the use of financial instruments, like insurance, to finance pre-agreed response activities so that support can reach vulnerable people more timely than through traditional response channels.
- ✓ Every USD \$1 spent on the safety net and resilience programming in Ethiopia, Kenya, and Somalia results in net benefits of between USD \$2.30 and USD \$3.30 (CabotVenton, 2018).
- ✓ Early response and resilience for 15 million people in Kenya, Ethiopia, and Somalia (including social protection) could have saved USD \$4.3 billion over the previous 15 years, or an average of USD \$287 million per year (CabotVenton, 2018).

Outcome: Strengthen the ability of host country governments to prepare for and fund ex-ante disaster relief.

Disaster Risk Financing

- ✓ No single instrument can address all risks.
- ✓ Risk layering is the practice of tailoring the appropriate tools for the severity and frequency of a hazard.

Risk Management Layers



Risk Layering in Agriculture

Source: World Bank, 2021: [Module 1 - Introduction to Disaster Risk Finance for Agriculture](#).

Degree of Risk	Household/Community	Markets	Government
Nonspecific	<ul style="list-style-type: none"> ● Avoiding exposure to risk ● Sharecropping ● Farmer self-help groups ● Water resource management 	<ul style="list-style-type: none"> ● New technology ● Improved seeds 	<ul style="list-style-type: none"> ● Irrigation infrastructure ● Agriculture research and extension ● Early warning systems ● Weather data systems
Low	<ul style="list-style-type: none"> ● Crop diversification ● Savings in livestock ● Food buffer stocks 	<ul style="list-style-type: none"> ● Formal savings 	<ul style="list-style-type: none"> ● Routine social protection programs
Moderate	<ul style="list-style-type: none"> ● Labor diversification ● Risk pooling (peers, family, members) ● Informal lending 	<ul style="list-style-type: none"> ● Formal lending (credit) ● Risk sharing (input suppliers, wholesalers) 	<ul style="list-style-type: none"> ● State-sponsored lending ● Contingent credit ● Credit guarantee schemes ● Risk-sharing facilities ● Shock-responsive social protection
High Catastrophic	<ul style="list-style-type: none"> ● Reduce consumption ● Remove children from school ● Sale of productive assets ● Default on loan ● Migration ● Do nothing 	<ul style="list-style-type: none"> ● Insurance (indemnity and index) 	<ul style="list-style-type: none"> ● Disaster relief ● Social funds ● Catastrophe bonds ● State-sponsored pandemic insurance ● Credit-guarantee schemes ● Risk-sharing facilities

USAID Partnerships and Investments

Relevant USAID Partnerships:

- ✓ InsuResilience Global Partnership (IGP)
- ✓ Risk Informed Early Action Partnership (REAP)
- ✓ Insurance Development Forum (IDF)
- ✓ Universal Social Protection 2030 (USP2030)
- ✓ Social Protection Interagency Cooperation Board (SPIAC-B)

Current USAID/RFS Investments:

- ✓ ARC Replica; ADRiFi; (Sovereign insurance)
- ✓ Financial Resilience Program; Quality Index Insurance Certification
- ✓ FTF Innovation Lab: Markets, Risk and Resilience; BOMA Project



Key Takeaways

1.

Disaster risk management plans allow countries, communities, and households to identify their risk exposure, plan and prepare for how to manage risk, and transfer what they cannot bear.

2.

Robust social protection systems that are agile, shock-responsive, and adaptive can save lives and avert social and economic losses in future crises (whether climatic, pandemic-related, or economic).

3.

Early, predictable, and well-coordinated responses to shocks and stresses can mitigate negative coping mechanisms, such as reduced food consumption, livestock death, and distressed productive asset sales, as well as protect future economic growth potential.

4.

Prearranged finance increases the speed, predictability, and effectiveness of disaster response and recovery.

5.

Strengthening local systems' capacities to prepare for and fund ex-ante disaster relief, as well as bolster social protection systems, allows poor and vulnerable populations to break intergenerational cycles of poverty and augment human and social capital that leads to economic growth and greater self-reliance.

6.

The need for comprehensive risk management plans, robust social protection systems, and preplanned financing mechanisms for disasters is more urgent than ever in the face of increasing frequency and intensity of climatic events.



Thank You

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