

GRiF Early Phase Evaluations

How has GRiF influenced the risk financing agenda within the World Bank

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Global Risk Financing Facility

Supporting Early Action to Climate Shocks, Disasters, and Crises

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ACRONYMS

CA	Contribution Analysis
DAC	Development Assistance Criteria
DRF	Disaster Risk Finance
DRFIP	Disaster Risk Finance and Insurance Program
DRM	Disaster Risk Management
FCI	Finance, Competitiveness, and Innovation
GFDRR	Global Facility for Disaster Reduction and Recovery
GP	Global Practice
GRiF	Global Risk Financing Facility
ICR	Implementation Completion Report
IEG	Independent Evaluation Group
ISR	Implementation Status Report
KII	Key Informant Interview
MDTF	Multi-Donor Trust Fund
MEL	Monitoring, Evaluation and Learning
MTR	Mid-term Review
NGO	Non-governmental Organization
OECD	Organisation for Economic Co-operation and Development
PAD	Program Appraisal Documents
QCA	Quantitative Comparative Analysis
QER	Quality Enhancement Review
SC	Steering Committee
TC	Technical Committee
TOC	Theory of Change
TOR	Terms of Reference
TT	Task Team
TTL	Task Team Lead
WB	World Bank

EXECUTIVE SUMMARY

The Global Risk Financing Facility (GRiF) is a Multi-Donor Trust Fund (MDTF) supported by the World Bank (WB), the United Kingdom and Germany, and jointly managed by the Disaster Risk Finance and Insurance Program (DRFIP) and the Global Facility for Disaster Reduction and Recovery (GFDRR). GRiF provides technical and financial support to strengthen the financial resilience of government client response(s) to climate and disaster shocks by pre-arranging and/or scaling-up disaster risk financing instruments including, but not limited to, market-based tools such as insurance. Formally launched in October 2018, the program started implementation in January 2020. Since then, GRiF has funded nearly \$100 million in grants directly related to its mission¹.

To measure progress toward GRiF's development objective and to examine the effectiveness of GRiF grants, GRiF developed a Monitoring, Evaluation and Learning (MEL) framework which defines the systems that support GRiF's ability to measure its success against intended results as expressed in the GRiF Theory of Change (TOC).

This study is part of GRiF's demand-driven rolling evaluation plan -- a feature of the MEL framework -- and provides key findings to the following question: ***How GRiF has influenced the risk financing agenda within the WB, particularly by: i) embedding financial planning into new sectors; and ii) applying risk financing concepts to new contexts and risks.*** To answer this question, the GRiF Secretariat commissioned a research team to conduct a qualitative study. After completing a desk review, the research team interviewed a series of technical and subject-matter experts from GRiF's Technical Committee (TC), Task Team Leads (TTLs) and Task Team (TT) members preparing for or implementing GRiF grants. The team also interviewed personnel from the GRiF Secretariat, DRFIP and GFDRR. From these interviews, the team coded, discussed, and documented emergent themes.

Key Findings

From the data collected, the following eight themes emerged:

Theme 1: GRiF has raised awareness, understanding and interest on the opportunity of DRF across WB Global Practices (GPs) and with clients and partners. Most respondents agreed that the WB's approach to DRF is increasingly becoming more sophisticated and tailored to countries, risks, and sectors. GRiF has successfully expanded the dialogue and interest in DRF into new sectors, such as transport, energy, and water. This success is due, in part, to the time the GRiF Secretariat and others in DRFIP spent on capacity-building. GRiF's capacity-building efforts were noted and lauded by several respondents. GRiF success is also attributed, in part, to the active engagement of GRiF TC members who serve as GRiF advocates for their GPs. In addition to successful expansion to new sectors, GRiF has also expanded the dialogue on DRF to new contexts, in particular fragility, conflict and violence (FCV)-affected countries. For example, GRiF has active early engagements in Burundi, Afghanistan, the Democratic Republic of Congo (DRC), and Somalia (see Box 1 and Box 2). Finally, largely through its global grants window, GRiF is also bringing together the WB, donors, and civil society, creating '*more balance between [the] supply and demand*' of DRF.

Theme 2: GRiF is changing the way the WB approaches DRF by embedding financial solutions into larger sectoral projects rather than offering them as a separate mechanism. While previously the WB largely addressed DRF in silos, most notably through DRM projects, today, many respondents acknowledge that, thanks to GRiF, the WB is approaching disaster and climate risk in a more systematic way. This systematic approach to addressing DRF solutions was reflected by respondents in several ways, for example: (i)

¹ Figure as of June 30th, 2020 per GRiF Annual Report 2020, in draft

through more frequent inclusion of DRF in sector strategy discussions; (ii) through the incorporation of DRF at the design stage of larger WB lending International Development Association (IDA) projects, (iii) by linking DRF to distribution systems; and (iv) by leveraging GRiF funding within larger projects to bring impact to scale.

Theme 3: GRiF incentivizes WB clients to explore an expanded portfolio of options in DRF. Many respondents noted that GRiF provides governments with the funding needed to explore DRF solutions that, countries would otherwise not pursue. As one respondent put it, GRiF is a ‘low-risk’ way to introduce DRF. Several respondents also pointed out that GRiF provides incentives not just to finance ministries but also to line ministries, broadening the reach of DRF across sectors. Acknowledging that GRiF funding provides a space for innovation, a few respondents suggested that GRiF could take more risks, like exploring the use of social media data in data-poor environments.

Theme 4: COVID-19 has demonstrated that GRiF grants are flexible, allowing for easy pivots. Several TTL’s using GRiF funding in their projects expressed gratitude for GRiF’s flexibility in making adjustments that address the COVID-19 pandemic. The GRiF Secretariat explained that GRiF is responding to COVID-19 in three ways. First, by awarding small grants for short-term analytical work that explores how to incorporate financial preparedness to compound shocks into COVID-19 response and recovery projects that are currently being prepared. Second, to co-finance operations that will design and establish financial solutions to compound shocks. Finally, to revisit the existing pipeline to see where projects might restructure to add a compound risk component. For example, in Sierra Leone, the team quickly moved toward using GRiF money to unlock support for a COVID-19 response that expanded the social protection beneficiary pool to those who lost their jobs, particularly women. (see Box 3).

Theme 5: GRiF has bolstered the WB’s ability to support policy dialogue and government decision-making in the application of DRF solutions. Several respondents noted that GRiF-funded technical assistance (TA) has helped support policy dialogue, leading to important reforms. The GRiF Secretariat reflected that what GRiF can accomplish depends on a government’s starting point. For example, conversations with countries like Burundi and Sierra Leone with low institutional capacity, differ greatly from those with Indonesia which already has a well-defined risk financing strategy and several contingent credit lines.

Theme 6: GRiF is responding to the need for more comprehensive modeling that addresses interconnected and compound risks. Not surprisingly, given the ongoing COVID-19 crisis, the impact of compounding risks was at the forefront of respondents’ minds. Several interviewees noted that the effect of compound risks is not well understood and therefore not adequately addressed in most risk models. Several respondents indicated that the work funded through the GRiF Crisis Analytics grant is an important first step in tackling these modelling gaps.

Theme 7: Given the time needed to see how these pilots evolve, the GRiF funding and timeline for support may be too short. Some respondents noted that this timeline is particularly constricted for DRF efforts in new sectors, where the preparatory work can take multiple years. Other respondents pointed out that funding time frames may conflict with government political agendas. For example, governments, for political reasons, may not be able to secure ongoing budget support for a DRF instrument if a severe event does not occur within the election cycle, to demonstrate the success of that instrument. Several respondents also expressed concern that demand for GRiF funds is outpacing supply.

Theme 8: There are several areas of opportunity for DRF and GRiF. Respondents noted that there are several areas where, in the future, GRiF support may be useful. First, as noted previously, in the case of fiscal shocks that emerge from climate disasters or other shocks, such as COVID-19. Some respondents recommended that GRiF should address more perils such as pests (e.g. locusts), disease management, or

price risk and its impact on food security. Another possibility is to look at expanding to even more sectors. The GRiF Secretariat noted that it had initial conversations with other GPs such as Health and Education, but given that GRiF funding is nearly fully programmed, they have not pursued these leads. Should more funding become available, GRiF would need to decide whether to continue to strengthen the sectors and contexts where GRiF has made initial headway or whether to explore some of these new opportunities, continuing with its mandate as an experimental pilot.

The findings from this report largely support the GRiF TOC, suggesting that the early causal pathways in the TOC are occurring as expected. Since the study was narrowly focused, researchers cannot say much about intermediate and longer-term outcomes and impacts beyond that GRiF appears to be well positioned to see these results emerge in the future.

1. Introduction

The GRiF is a WB MDTF that provides grants to test, pilot, and scale-up financing instruments that help developing countries better manage the financial impacts of shocks and crises.² By providing funds and TA, GRiF supports WB government clients in the design and implementation of financial instruments that are best suited, given the country context, to support rapid liquidity following a disaster. It is expected that this financial planning will enable earlier action to protect vulnerable people and expedite post-disaster response and recovery.

In early 2019, as GRiF was mobilizing, the Secretariat developed a funding/engagement strategy that involved a two-prong approach. First, understanding that large sectoral projects are slow to develop, GRiF planned to focus on supporting existing WB programs where policy dialogue on DRF was already underway. In doing so, GRiF could gain early traction and more immediate wins.³ Second, GRiF aimed to extend awareness and outreach across a broader range of WB GPs where DRF was not widely used. The GRiF Secretariat intentionally cast a wide net to see what types of engagements might emerge. In this way, GRiF is itself an innovative pilot, a testing ground for DRF solutions across multiple contexts, sectors, and risks.

This early-phase evaluation is framed as a short research study contributing to GRiF's MEL Framework. Through a series of interviews with WB GP managers, TT leaders, and members of the DRFIP, the study explores how and in what ways GRiF has influenced WB's thinking and approach to disaster DRF in its projects. Of interest to this study is to examine in more detail how successful GRiF has been in implementing this strategy – both in advancing existing risk financing dialogues and in penetrating new sectors and contexts.

2. Methods

The primary question driving this study is : ***“How has GRiF influenced the risk-financing agenda within the WB, particularly by: i) embedding financial planning into new sectors; and ii) applying risk-financing concepts to new contexts and risks?”***

Since GRiF is still quite new, the study focuses exclusively on WB staff and consultants who have actively engaged with GRiF. Given the narrow focus and scope, the evaluation team approached this research as a qualitative study, exploring the shared experiences of WB subject matter experts to assess how GRiF has influenced the WB's DRF agenda.⁴ The study methods included a desk review for context, and a series of key informant interviews (KIIs).

² [GRiF Information Sheet \(2019\)](#). World Bank Group, Washington DC, February. Please also note: In 2019, the GRiF Secretariat finalized a Monitoring, Evaluation and Learning (MEL) Framework (MEL Framework), based on a well-articulated Theory of Change (TOC). One component of the GRiF MEL Framework is the **Evaluation Framework**, which includes: (i) a set of evaluation questions that link directly to the expected results in the TOC, and also map back to Organization for Economic Co-operation and Development (OECD) development assistance criteria (DAC), addressing issues of program efficiency, effectiveness, relevance, impact and sustainability;² (ii) an evaluation plan that discusses how these questions might be answered and outlines a process by which these questions can be addressed over the lifetime of the trust fund.

³ GRiF (2020) GRiF Strategy for Prioritization of Funds,

⁴ See Creswell, J.W. (2013). *Qualitative Inquiry & Research Design: Choosing Among the Five Approaches*. Thousand Oaks, CA: SAGE Publications, Inc. (pp. 77-83)

Desk Review. To understand the background and detail associated with the scope of GRiF-funded projects, and to gather insights into how the GRiF Secretariat, GRiF TC and the GRiF Steering Committee (SC) discuss and/or deliberate on GRiF proposals and projects, the research team reviewed:

- GRiF Scoping Notes (27);
- GRiF Grant Concept Notes (16);
- GRiF TC meeting minutes (1);
- GRiF SC minutes (4);
- GRiF workplan (1); and
- Funding strategy documents (1).

These documents allowed the research team to prepare the study Inception Report which included three KII guides for different respondent audiences.

KIIs. The selection of KIIs for the study was purposeful and done in collaboration with the GRiF Secretariat. The team chose WB personnel engaged with GRiF across a variety WB GPs, including three broad groups, defined below.

- WB staff from the GRiF Secretariat, DRFIP, and the GFDRR who engage with WB GPs and countries;
- WB TTL and TT members who work on specific country projects in specific sectors; and
- GRiF TC members with specific sectoral knowledge.

The research team conducted 19 virtual interviews (11 males; 8 female) out of a sample of 22 respondents (see Table 1). The number of interviews is consistent with generally accepted practice for conducting qualitative, phenomenological research.⁵

Table 1: Number of Respondents Interviewed by Area

Area	Number of Respondents
Social Protection	2
Water	1
Energy	1
Urban and DRM	1
Agriculture	2
Fragile, Conflict and Violence	1
Transport	1
Food Security	1
GRiF Secretariat	2
DRFIP	6
GFDRR	1
Total	19

The research team anonymized the responses and then organized them by question. The researchers then divided the data for review, individually organizing and coding data by emergent themes for each of the three KII data collection instruments. On completion of this first round of coding, the team discussed where their themes overlapped to develop a single combined set. As a final step, the researchers reviewed their data against the final set of themes, re-coding data as needed to obtain more accurate counts of how frequently a given theme was discussed.

⁵ Creswell, J.W. and Miller, D.L (2010). *Determining Validity in Qualitative Inquiry*, Theory Into Practice, Volume 39, 2000 - Issue 3, SAGE Thousand Oaks California.

Limitations. One limitation of this research was that all interviews were conducted virtually rather than in person. The use of virtual data collection was due to COVID-19 social distancing requirements and country-specific lockdowns during the data collection phase of this study. Typical limitations associated with using virtual data collection methods include dropped connections and poor video and/or audio quality, and, most importantly, the inability of researchers to read non-verbal cues, even on video calls.⁶

3. Setting the Stage: a brief background on DRF

In most developing countries, prior to 2000, financial management of disasters was largely handled through an ad hoc combination of disaster funds, budget reallocations, and reliance on donor assistance.⁷ A lack of robust tools to enable the quantification of risk, coupled with the low technical and financial capacity of government clients, posed barriers for the development of DRF instruments. By the mid-2000s, the Hyogo Framework for Action and the advent of new models and tools to quantify, manage and price risk, led to innovations in these instruments, including market-based solutions, available for developing countries. These advances included parametric catastrophe bonds, weather derivatives, regional risk pool and disaster contingent credit.⁸

The WB, through Finance Competitiveness and Innovation (FCI)/DRFiP was actively engaged in these developments. However, according to one respondent, historically within the WB, DRF mostly existed as a component of DRM projects. It served a narrow focus, answering the question of what governments can do in advance to receive the funding needed for a quick recovery post-disaster. Many of these early initiatives therefore designed and funded stand-alone financial instruments that were not comprehensively integrated into sector-specific DRM strategies. By 2014, the WB and other stakeholders working in humanitarian response began to recognize that a government's limited understanding of DRF posed a major constraint to development, which climate change threatened to exacerbate.⁹ Lessons learned from early DRF projects pointed to the need for more strategic policy engagement that could help governments become 'better risk managers,' in particular in countries the WB labels as FCV-affected. According to one respondent, GRiF was conceived and designed to address these identified barriers.

Even prior to the launch of GRiF, according to one respondent, in the last six to seven years, the WB saw an increasing number of governments focus on the development of DRF strategies. More recently, DRF has evolved in the Social Protection sector. Many countries are advancing shock-responsive systems that can scale up post-disaster. Within this context, the WB has supported the design of finance and insurance instruments that provide post-disaster liquidity to fund these mechanisms, reducing post-disaster financial hurdles. Outside of DRM and more recently, Social Protection, the WB GPs have not historically engaged in DRF mechanisms. As one respondent from the Agriculture sector noted, "*[Previously], the only financial planning we saw in projects was a contingency emergency response component [with] no budget but [it] allowed [governments] to shift money from other components into the emergency.*" A key objective of GRiF has been to expand awareness, dialogues, and thinking about DRF to new sectors, contexts, and risks. The GRiF evaluation study sheds light on how this initiative has unfolded.

⁶ Archibald, M.M., R.C. Ambagtsheer, M.G. Casey and M. Lawless. (2019) *Using Zoom Videoconferencing for Qualitative Data Collection: Perceptions and Experiences of Researchers and Participants*. International Journal of Qualitative Methods, 10: 1-8. Available at: <https://journals.sagepub.com/doi/pdf/10.1177/1609406919874596>.

⁷ GFDRR (2014). *Financial Protection Against Disasters: An Operational Framework for Disaster Risk Financing and Insurance*. World Bank Group. Washington DC.

⁸ *ibid*

⁹ *ibid*

4. Findings

The findings of the study are organized by theme. The researchers found eight overarching themes emerge from the analysis which are, in turn, broken down into sub-themes. Each broad theme lists the number of respondents who expressed the idea during the interviews. These themes are listed and discussed in no specific order.

Theme 1: GRiF has raised awareness, understanding and interest on the opportunity of DRF across WB GPs and with clients (14)

Theme 2: GRiF is changing the way the WB approaches DRF by embedding financial solutions into larger sectoral projects rather than offering them as a separate mechanism (13)

Theme 3: GRiF incentivizes WB clients to explore an expanded portfolio of options in DRF (13)

Theme 4: COVID-19 has demonstrated that GRiF grants are flexible, allowing for easy pivots (9)

Theme 5: GRiF has bolstered the WB's ability to support policy dialogue and government decision-making in the application of DRF solutions (10)

Theme 6: GRiF is responding to the need for more comprehensive modeling that addresses interconnected risks (10)

Theme 7: Given the time needed to see how these pilots evolve, the GRiF funding and timeline for support may be too short (8)

Theme 8: There are several areas of opportunity for DRF and GRiF (7)

Theme 1: GRiF has raised awareness, understanding, and interest in the opportunity of DRF across WB GPs and with clients (14)

This study provides evidence that GRiF has built awareness, capacity, and interest around DRF within WB GPs. Perhaps most telling is that the GRiF MDTF is almost fully programmed. Current donor contributions total US\$286.6 million and the GRiF portfolio and pipeline is estimated at US\$276.6.¹⁰ GRiF is scoping projects in agriculture, energy, transport, and water (see Figure A). As a recent strategy document notes, *'for the first time, a dedicated risk financing component is being scoped in large energy and water projects rather than as stand-alone technical assistance.'* (GRiF 2020). Table 2 breaks out the GRiF Portfolio by sector. As of the close of the WB fiscal year 2020, the GRiF portfolio included 12 active project grants (in bold), 11 projects in scoping, of which 10 received a GRiF scoping grant, six completed grants, two projects in the pipeline, and three deprioritized opportunities.¹¹

¹⁰ GRiF(2020) *GRiF Strategy for Prioritization of Funds*, World Bank internal document, April 2020

¹¹ According to the FY2020 GRiF Annual Report, the following projects were **completed**: Disaster Risk Financing and Insurance in Sri Lanka and the Maldives, Improving Post-Disaster Damage Data Collection – Inventory and Conceptual Design (pilot in Armenia), and Fiji Domestic Catastrophe Insurance Market Development (PCRAFI). The following projects were **dropped**: The following projects were dropped from the pipeline: Horn of Africa Regional Livestock Insurance Project, Lesotho Jobs and Economic Transition, Nepal Shock-Responsive Safety Nets, Colombia Systems for Sub-National DRM, Financial Instruments for Regional Coverage in Central America, and Mauritania Shock-Responsive Safety Nets.

Table 2: GRiF Portfolio by Sector

Sector	Full grants approved by GRiF SC	Projects approved for scoping by GRiF SC
Agriculture	DRC (1)	West Africa (1) Senegal (1) Rwanda (1)
DRM and Urban	Mozambique (1)	Philippines (1)
Global	Challenge fund (2) Start Network (1) FAM Global Analytics (1) Crisis Risk Finance Analytics (1) Post-disaster Assessment Analytics (1) Impacts of COVID-19 on Small Medium Enterprises (1)	Risk Financing Fellows (1) Water Liquidity Facility (1)
Energy		Myanmar (1)
Macro Fiscal	Morocco (1) SEADRIF (Cambodia, Lao, PDR, Myanmar, Morocco) (1) Jamaica (1) Indonesia (1)	SEADRIF Capitalization (1) SEADRIF Replica (1) Burkina Faso (1)
Social Protection	Afghanistan (1) Malawi (1) Sierra Leone (1)	Bangladesh (1) Somalia FAM pilot (1)
Water		Bangladesh (1)
Transport		Burundi (1)

According to several respondents, thanks to GRiF, there has been a notable increase in awareness of DRF and its potential value to clients across different global GPs. As one respondent in DRFIP noted, “*within WB projects people appreciate the value of risk finance more and GRiF has been critical to this...*” Similarly, another DRFIP participant remarked, “*GRiF’s arrival has made significant changes to raise awareness on DRF.*” One respondent working in the water sector commented that he holds a PhD and is still learning how to work with the new ideas that DRF solutions present.

Several participants noted the role of the GRiF TC in advocating for GRiF, and the inclusion of DRF instruments within larger WB projects. The role of TC members as advocates within the WB GPs was outlined in the GRiF Scoping Plan approved by the SC on November 30, 2018 and updated on January 15, 2019.¹² This technique has proved effective. For example, as one respondent explained, after the first TC meeting, the GRiF Secretariat was invited to the management meeting with all the transport GP managers to share more information on the GRiF MDTF. Following that meeting, the Secretariat was in turn invited to present to several regional transport staff. These meetings led to the Burundi Roads project which is now under discussion (see Box 1).

¹² The role of the TC was also reiterated in the GRiF Guidance Note for Task Teams, also updated on January 15, 2019.

Box 1: Burundi Shock-Responsive Resilient Roads Fund

In collaboration with the Transport GP, GRiF is preparing to fund a project that supports the establishment and operationalization of a third financing window within Burundi's government-owned National Road Fund. The Resilient Roads Fund is intended to mitigate the economic losses resulting from post-disaster infrastructure damage by pre-positioning contingency funds to provide rapid post-disaster infrastructure repairs and road rehabilitation. In this case, the contingent finance would be provided by government resources likely through the existing fuel tax levy. This project is ground-breaking in several ways. It is one of the first projects in the transport sector to embed a DRF component from project design; it builds upon an existing institutional mechanism - the Resilient Roads Fund, embedding risk financing into core sectoral mechanisms, underscoring GRiF's systems approach to integrating DRF solutions; and it is being considered in a low-capacity country.

One reason the GRiF Secretariat is excited about this project is that it can envision how the initial project, if successful, can expand to new, more sophisticated instrument types that help support more holistic (and layered) thinking about risks and how to finance them. For example, one respondent explained that ideally, overtime, the government would think about how market-based solutions could help insure the fund

Respondents acknowledged and expressed appreciation for the significant time the GRiF Secretariat and others in DRFIP spent on capacity building. Multiple TTLs noted that they are still learning as they work through DRF options specific to the context and countries where they work. For example, one respondent, referring to a project in Sierra Leone stated, *'disaster risk finance is new, and everyone is learning.'* Similarly, a respondent from the transport sector explained that DRF, and understanding how it is applied, is new, and that with GRiF they are *'learning how to help the government understand DRF solutions and applications'* within transport projects. Another respondent noted with appreciation the collaboration with GRiF in the development of a guidance note for Agriculture TTs to help explain how to introduce financial instruments into agriculture projects. The respondent noted further that this effort has helped build the capacity of the agriculture team.

Clients' interest in DRF seems to be growing with increased awareness within the WB GPs. As one respondent noted, they have *"seen an increase in client appetite for information on DRF both by governments and NGOs."* Respondents underscored that the design of DRF solutions is ultimately demand-driven by clients and therefore rising awareness is reflected in increased demand. Reflecting on their work in lower-income countries, one respondent noted, *"many think that one cannot offer more sophisticated risk models and insurance. However, there is a lot of value in considering and exploring insurance products. Which before {GRIF} these countries thought they could not understand or afford."*

Several respondents noted that while governments generally have some understanding of insurance, comprehending the complexities of a risk-layered approach to DRF remains a challenge. One respondent explained that GRiF support is helping Ministries of Finance as well as line ministries to become better risk planners and managers.

Most respondents agreed that the WB's approach to DRF is increasingly becoming more sophisticated and tailored to countries, risks, and sectors. For example, one respondent described a project in Indonesia where the WB team, in collaboration with the government, developed an innovative public insurance instrument that protects public buildings. The pilot was launched in late 2019 and covered ministry of finance buildings. During flooding in early 2020, the program had already proved its value. The government, with WB support, is now working to scale up to cover buildings from more ministries. In addition to the public asset insurance program, the government is developing a dedicated fiscal

mechanism – a ‘pooling fund’ – to improve the financing of disaster response costs and implement a sophisticated risk layering strategy for the government of Indonesia. This effort is supported through a large WB lending project. GRiF co-financing enables the required capacity and systems building that made the government comfortable to move ahead with this ambitious reform. The respondent went on to say that the concept of a ‘pooled fund’ is novel since this type of lending operation has not previously been used in Indonesia.

Similarly, in the energy sector, one respondent explained how GRiF engagement and TA has helped low-income countries like Myanmar better understand the use of insurance mechanisms in optimizing their financial resources and strengthen system assets. The respondent observed that GRiF has helped to prepare the analytics to scope out investments to strengthen energy substations from hazards. In this way, GRiF has been “*operationally relevant and a great benefit.*” The team is now able to model what the government will need to set aside to counter regularly occurring disasters that disrupt energy transmission systems. With this information, the team will work with the government to explore the integration of DRF into a large energy project.

Expanding dialogue in FCV- affected countries. The GRiF Secretariat noted that FCV-affected countries have different capacities and needs. It was concerned early on, that GRiF would not see traction in FCVs, for one because there was tension between what donors were looking to do – put in place more sophisticated market-based solutions – while operating in some of the most vulnerable countries where capacities are low and implementation is thus inherently challenging. However, the Secretariat was ‘pleasantly surprised’ and there has been progress in FCV-affected countries in terms of appetite and solutions. A total of five respondents noted that GRiF is helping to provide openings for discussions on DRF FCV-affected states. One respondent explained that FCV-affected countries represent a “*a very interesting environment to test market instruments and financial risk instruments,*’ and that GRiF has demonstrated a ‘*willingness to engage with fragile states.*’

The GRiF global grant supported a World Bank initiative called the Famine Early Action Mechanism (FAM) by funding work to explore whether or not a stochastic model on famine can be used for insurance. While not specifically designed for FCV-affected states, if viable, it has the potential to expand the dialogue and opportunity for DRF in these countries. According to the respondent, the model has pushed the frontiers of what is technically insurable. The respondent sees the potential of applying this model at the portfolio level.

With the early success of the FAM global grant, GRiF is now also supporting through a separate scoping grant the preparation a pilot of FAM in Somalia. The GRiF Somalia grant is supporting the preparation of a Famine Action Mechanism action plan for response financing which is intended to align the WB and other partners, particularly those operating in the humanitarian space, around joint financial planning for famine response. This alignment is a first step in what GRiF anticipates will lead to future support in the design of a risk finance instrument. One respondent noted that the Somalia GRiF engagement is somewhat different than in other countries because the WB often works through outside actors (humanitarian agencies) rather than with the government directly. The existing social protection program, run by the World Food Programme (WFP), is, for example, one potential project in which a future GRiF grant may be embedded.

Similarly, Afghanistan, an FCV-affected country with little bandwidth to engage in these types of discussions, is actively involved in DRF thanks to GRiF support. As one respondent noted, ‘*we wouldn’t have gone as far as we’ve gone without GRiF.*’ (see Box 2).

Box 2: Afghanistan: Drought Early Warning, Finance and Action Project (EWFAP)

Through GRiF, Afghanistan will introduce shock-responsive social protection across 22 drought-affected provinces. The GRiF grant is the first of its kind in Afghanistan to pre-arrange financing to support food insecure households prior to (and after) disaster. The GRiF grant will establish the delivery system for a shock responsive social protection program linked to pre-arranged financing, including insurance and early warning systems to increase the resilience of vulnerable households during droughts. During non-drought years the system will provide cash or in-kind food transfers to food insecure households. During drought events, the system will scale up transfers to affected households. This grant directly supports building the government systems needed to handle liquidity once received from multiple donors, post-disaster. One respondent noted that when you speak with the Government of Afghanistan, they know what they want to do and that they want to pre-arrange financing for disasters. After disaster strikes, however, government officials have no bandwidth or systems to respond to donor inputs and to channel the money they receive to address disaster impacts. There are “*too many pots of money,*” and no preplanned sources of finance, so “*everything is coming after disaster and it all arrives at once.*” GRiF support to the shock responsive social protection project is expected to help the government improve and streamline the delivery of funding for disaster response.

Another project in the DRC is looking to design a risk-transfer solution as part of a comprehensive financing systems that will protect smallholder farmers’ investments in climate resilience.¹³ One respondent described this initiative as a ‘poster project’ for GRiF. The respondent went on to say that in most GRiF projects, the government is the beneficiary of the funding, whereas in the DRC, the intended beneficiary is the farmer.... ‘*this concept is exactly what GRiF was set up to test.*’

GRiF is also making inroads in Sierra Leone (Box 3), Myanmar and Burundi (Box 1). Many of these projects are in early stages of development.

One question particularly relevant to FCVs is the length and level of the subsidy. One respondent reflected that FCVs have relied on humanitarian partners for decades, and that it may not be realistic for countries to assume full ownership (and funding) of a DRF solution within three years.

GRiF is helping donors, the WB and civil society work more closely on DRF solutions. A few of the respondents noted that within DRF, there is a need for better coordination between the WB, civil society and donors. These respondents acknowledged GRiF’s role in strengthening these links. First, GRiF is funded by key donors, The Department for International Development (DFID) and The Federal Ministry of Economic Cooperation and Development (BMZ), who closely collaborate with GRiF through members of the SC and various working groups. Second, GRiF is an active partner of InsuResilience, which brings together global stakeholders, including donors and civil society. Third, GRiF is actively working with civil society through some of its grants. For example, GRiF is working with the Start Network, a collective of 42 NGOs working in the humanitarian realm, to ‘*design the financial infrastructure of an operational NGO counterpart to deploy donor funds efficiently and effectively to frontline humanitarian NGOs using blended approaches that combine pre-arranged funds and leverage insurance.*’¹⁴ As one respondent noted, GRiF “*creates more balance between supply and demand.*”

¹³ *Democratic Republic of Congo (DRC): Risk Transfer Solutions for Enhanced Contingency Financing for Agriculture and Food Security.* GRiF Scoping Note.

¹⁴ *Design of the Start Financing Facility – Supporting humanitarian financing reform for NGOs,* GRiF Grant Concept Note, pg. 4, internal document

Overall, the GRiF Secretariat feels that it has *'demonstrated the proof of concept'* that once funding and TA are put on the table, there is a need and an appetite for DRF solutions across countries and sectors.

Theme 2: GRiF is changing the way the WB approaches DRF by embedding financial solutions into larger sectoral projects rather than offering them as a separate mechanism (13)

The narrative around how the WB approached DRF in the past was reflected in respondents' comments like, *'previously teams were working in silos'* or *'previously DRF was always a separate project that often involved a trade-off with investment in DRR [Disaster Risk Reduction].'* Today, many respondents agree that, in part thanks to GRiF, the WB is approaching disaster and climate risk in a more systematic way which takes many forms, described below.

DRF is now more frequently included in broader sector strategy discussions. One respondent explained that, increasingly, the WB is including risk finance into broader discussions on sector strategy. For example, when reflecting on Bhutan¹⁵, one respondent noted, *'Previously there was no appetite for DRF in Bhutan because it appeared as a standalone DRF project rather than DRF layered into a new or existing project – [the proposed] project would not be a standalone, but rather contribute to an engagement that will expand. [This] is a novel approach given the size of the country.'*

DRF is now more frequently being included at the project design stage. Several respondents noted that GRiF grants have enabled TTs to incorporate DRF at the design stage of WB lending (IDA) projects. They pointed out that this early inclusion is a critical advancement as it is difficult to change a project to add DRF instruments mid-stream.

GRiF is helping link DRF to distribution systems. One respondent noted, *'GRiF grants have helped to incentivize the link between post-disaster liquidity and distribution mechanisms, better integrating these within government systems.'* Today, DRF within the WB, is thinking more broadly about how to embed distribution mechanisms to channel the expected increase in post-disaster liquidity more effectively. As one respondent noted, *'GRiF is a great piece of the puzzle to fill gaps in our delivery.'*

WB promoting a more comprehensive approach to address DRF. One respondent explained that in sub-Saharan Africa, there is a large burden that comes with disasters, and significant demand for DRF solutions and transfer mechanisms, yet that traditionally DRF was not a large part of most existing packaged responses. They added that in sub-Saharan Africa, *"the agriculture sector is dipping into negative growth every three years – you cannot insure your way out of this."* The respondent went on to say that they were happy the WB is promoting a more comprehensive approach, which is useful, getting the WB away from only performing ex-post transfers. Similarly, another respondent, who works in the water sector, noted that with GRiF, *"we can bundle these instruments into a program design to have a comprehensive disaster management approach."* The respondent explained further that prior to GRiF, the financial instruments that supported the preparedness and rapid response functions were not initially part of typical water project designs.

GRiF helping bring DRF impact to scale. One respondent described GRiF's value-add in its ability to embed DRF into larger projects, creating a 'leverage effect,' or a way to bring the impact of DRF to scale. They explained,

¹⁵ Early conversations are ongoing in Bhutan, which has currently not been approved for scoping.

“[The] impact factor is quite unique for GRiF. All development projects take time; what we have observed thus far – when you come with a significant pot of money beyond TA [and] when you can embed that within a project, it sets up the project for impactful results. GRiF is uniquely positioned to do that. [For example] the social protection project in Malawi – this component by itself is unique. The component would not have existed [without GRiF]. The component involves government co-financing with GRiF. [The] investment of \$2M grant will have a significant impact on the 100M project. Gives us [WB] credibility with the client. GRiF enabled the Malawi project to engage in significant financial reform. This is the ratio we are looking for.”

With governments keenly focused on value for money, the GRiF grants create a space to use limited funding for greater impact. GRiF supports risk management and resilience building activities which governments are often hesitant to fund and implement given budget constraints.

GRiF support to systems-building. The idea of embedding is also framed around systems building. One respondent, describing the project in Afghanistan noted,

“GRiF specifically has enabled systems building in Afghanistan... the Afghanistan project is an early warning, early finance, early action program. Systems end-to-end. It looks at the government systems all the way to [a] household receiving the payout via a social protection mechanism. GRiF in this case has acted like a needle and thread to stick these three elements together.”

A second respondent also noted GRiF’s effort to support systems integration, *“What we are trying to do is to embed these shock responsive tools within the larger operations.”* They go on to explain the extent of these efforts, from fiscal policy dialogue to changing legislation to expanding budgets, all geared toward broader financial resilience within government.

Theme 3: GRiF incentivizes WB clients to explore an expanded portfolio of options in DRF (13)

A member of the GRiF Secretariat explained that, in the last ten years, there has been momentum in the upstream work the WB does with clients to allow countries, overall, to better understand their contingent liabilities – what is covered and what is not covered in terms of the cost of disasters. The member of the GRiF Secretariat went on to say that now, with many countries having done this initial work, there is increased interest to build out a strategy to fill in the gaps in emergency response.

However, as several respondents noted, there are many political economy issues related to disasters. Governments are always faced with competing priorities. For example, one respondent noted, *‘If you have a four-year government, they take advantage of disasters to show how they can respond; ... but get criticized to pay premiums and insurance that doesn’t pay out [during the policy’s terms].’* Similarly, another respondent noted, *‘it is a balancing act between disaster risk finance solutions and disaster risk reduction solutions. Why should I pay a premium for access to funds when I could use the money to build better infrastructure?’*

GRiF was created to address these hurdles. As one respondent noted, *‘GRiF was set up to experiment, to go beyond areas where DRF typically works,’* to see whether the combination of the provision of substantial grant funding and TA could help incentivize broader policy discussions, and the development

of pilot projects around DRF in new areas. There is ample evidence from those interviewed to demonstrate that these incentives are working.

GRiF has an ‘opportunity’ to explore DRF strategies. Interviewees made comments such as *“Our work hasn’t changed; but GRiF has added possibilities;”* or, *“GRiF opens opportunities.”* The range of opportunities discussed by respondents was broad, from creating awareness and increased discussion around DRF to build capacity on ‘what is possible,’ to improving the analytical work around DRF, to piloting different funding mechanisms. As one respondent noted, *“the provision of grant finance is a great way to incentivize people to come to the table.”* Another respondent noted, *“[DRF] is highly technical work and GRiF helps us to grow our work – sell to country directors; sell DRF solutions to the government client. GRiF gives us great latitude to have an additional instrument to spearhead this work; appetite to expand these types of projects to address more government client’s needs.”*

GRiF as a ‘low-risk’ way to introduce DRF. One respondent noted the value of GRiF scoping grants as a low risk way to introduce DRF.

‘One of the risks that the TTLs need to evaluate is the complexity of the work; TTLs and even the clients are able to conduct the underpinning analysis; operational set up, etc. This helps them to be more comfortable in injecting DRF into the projects.’

Another respondent echoed the sentiment, *“[GRiF] allows for greater degrees of freedom. [My project] wouldn’t have been the same without GRiF; sourcing money to support policy dialogue and engagement and not detracting from other engagements.”*

GRiF helping to incentivize line ministries. Three respondents noted that GRiF has played an important role in incentivizing not just ministries of finance but other line ministries: *“What GRiF has brought is a way to incentivize line ministries to develop ex ante solutions in agriculture, transport, urban, social protection. GRiF is part of the broader set of tools and instruments; exploring whether market-based solutions including insurance are applicable [in these areas].”* Similarly, another participant noted that *“[GRiF] instrument fosters the technical areas ability to do their work and incorporate DRF; [it] is a good way to mainstream the DRF agenda.”*

While GRiF provides a space for innovation, some challenge GRiF to be even bolder. While many agreed that GRiF is expanding into new sectors, risks, and contexts, two respondents posited that GRiF should take more risks to drive this expansion. For instance, one respondent underscored that teams work mostly with sovereign governments and thus cannot afford to take too many risks. They recommend that GRiF *‘consider a more risk-taking approach [such as] looking at social media data in data-poor environments.’* Another participant noted that the *“Bank is risk averse/conservative. GRiF could be used in more risky situations to get into new sectors.”* They went on to say that it is about finding the right balance between operations and lending portfolios – how to go beyond TA to embed DRF into lending operations.

Theme 4: COVID-19 has demonstrated that GRiF grants are flexible, allowing for easy pivots (9)

Those leveraging GRiF funding expressed appreciation in GRiF’s relative flexibility, specifically in light of the COVID-19 pandemic. A recent GRiF publication explains that in vulnerable countries the pandemic threatens (i) to overwhelm health and civil protection systems; (ii) deplete emergency funding, shrinking the fiscal space; and (iii) increase vulnerability, particularly of the least resilient households.¹⁶ The

¹⁶ GRiF (2020). *Financial preparedness against climate and disaster shocks in the time of COVID-19*. World Bank Group.

document goes on to explain that while GRiF does not support pandemic response or direct economic recovery, it does play a critical role in supporting financial preparedness for future shocks and emergencies.

The GRiF Secretariat explained that GRiF responded to COVID-19 in three ways. First, by awarding small grants for short-term analytical work that incorporates financial preparedness to compound shocks into COVID-19 response and recovery projects that are currently in the making. For example, the Global Analytics program reprioritized some of its analytics to focus on compound risks in the ongoing pandemic. According to the Secretariat, there is now an ongoing pilot looking at six countries to assess the potential financial impact on governments from COVID-19 as well as compounding effects for when it interacts with other types of shocks. Second, to co-finance operations that will design and establish financial solutions to compound shocks. These includes designing a crisis window in a partial portfolio credit guarantee scheme in Burkina Faso, as well as a potential national/regional/global water liquidities facility to ease the stress on water utilities from compounding shocks of disasters during COVID-19. Finally, by revisiting the existing pipeline to see where projects might restructure to add a compound risk component. For example, in Sierra Leone, the team quickly pivoted to use GRiF money to unlock support for a COVID-19 response, expanding the social protection beneficiary pool to support those who lost their jobs, particularly among women. (see Box 3).

Box 3: GRiF Sierra Leone and COVID-19

Sierra Leone has experienced significant natural disasters, including regular flooding and landslides, the catastrophic landslide on Sugarloaf Mountain in Freetown in 2018 and the 2014-2016 Ebola outbreak. In the original project, GRiF funds were to be used to design the shock responsive social protection component, where in turn, IDA would provide the contingent funding for disasters related to drought and Ebola. With the outbreak of COVID-19, the team was able to use GRiF money from the systems building component of the project to develop an emergency manual for COVID-19 which allowed the government to unlock the IDA funds. According to one respondent, normally this process of shifting project funds can take six months, while the team was able to do it in 3-4 weeks. The approximately US\$4million helped to establish and use a “contingency window” that unlocked close to US\$30 million to flow through social protection systems. According to one respondent, this funding provided income support to 29,000 beneficiaries in five towns; 94 percent were women who owned microenterprises that were forced to shut down due to the pandemic. GRiF support thus enabled the government to respond to the crisis more quickly.

The GRiF Secretariat worked with donors to determine how they might strategically fund COVID-19-related projects. As a result, GRiF re-prioritized its portfolio to make more space for projects that respond to compound risks. For example, the pipeline now includes a project that focuses on modelling the funding gap on water utilities from compound shocks. The model would ‘estimate the potential size of the problem, identify appropriate solutions to address this problem, and help explore a facility to provide liquidity to utilities and maintain critical services in the face of climate shocks affecting countries recovering from COVID-19.’¹⁷

Another example comes from Afghanistan. The proposed project originally focused on food security related to drought. Since the COVID-19 outbreak, however, project thinking has evolved to look at a

¹⁷ *ibid*, pg. 4

broader set of risks. Similarly, in Indonesia, due to COVID-19, the project is now expanding the scope of its DRF solution to include health shocks. As one respondent noted, these changes are well within GRiF's mandate to address climate shocks, disasters, and 'other crises.'

The GRiF Secretariat underscores that each project is different, however, and that each project TT must work with its clients to determine whether it makes sense to pivot. For example, in the DRC, GRiF is supporting the design of an insurance that will protect farmers who are investing to make crops more resilient in the future. Since COVID-19 does not directly impact the crops, the team decided not to address COVID-19 via this mechanism. In contrast, in Rwanda, the project under preparation is providing a guarantee to banks that lend to farmers. In the event of a climate shock and if reserves are low, the bank can get additional financing to continue lending. In this case, the team decided to include other risks that might impact lending.

Theme 5: GRiF has bolstered the WB's ability to support policy dialogue and government decision-making regarding the application of DRF solutions (10)

GRiF-funded TA has helped support policy dialogue, leading to reforms. One respondent, using Indonesia as an example, explained how GRiF TA grants were instrumental in designing a DRF framework/strategy: *'[The]technical assistance funds were critical; otherwise how would that strategy have been developed – this directly shows value of GRiF and the DRF solutions it provides.'* Similarly, also in Indonesia, a second respondent recognized that the team would not be where it is without GRiF. GRiF is supporting DRF TA to implement a lending operation which will establish a pooling fund to back effective disaster response. The respondent noted that the DRF team coming to Indonesia was a significant step in gaining the government's trust. They added that through its communications at the highest levels of policy making, the team conveyed the need for DRF, it was understood by the government, and subsequently the support for DRF work has continued. The team is now working on policy recommendations that will formalize the pooling fund, after which the respondent believes that specific regulations on the fund and its trigger will follow.

Another respondent observed, thanks to GRiF support, an uptick in legal reform across multiple sectors, noting that *'these reforms are backed by WB operations and can [therefore] address sectors such as emergency response, health, water management, DRR, and conflict.'*

Yet, another respondent commented on the improvements in policy dialogue in Sierra Leone. They noted that, prior to GRiF, the inclusion of DRF and disaster response in social protection was *'sporadic and not pre-planned because there were no systems in place.'* This fragmented system resulted in duplications of effort, which led to significantly delayed government response to recent disasters. The respondent went on to note that, thanks to GRiF and others, since 2019, there has been high-level policy dialogue on developing a risk response strategy, including analytical support to inform policy on disaster and risk financing.

One respondent aptly summed it up by saying *'we shouldn't underestimate the impact of GRiF technical assistance, in particular the work around policy dialogue. These efforts have helped shape and advance DRF strategies, the absence of which created bottlenecks to setting up DRF instruments.'*

GRiF meets countries where they are and adds value. The GRiF Secretariat goes on to explain that a key principle for GRiF is additionality, beginning with meeting a government/line ministry where they are and then helping them get to the next level. For example, conversations with countries like Burundi and Sierra Leone which have low institutional capacity are very different from those with Indonesia which already has a well-defined risk financing strategy and several contingent credit lines. As one respondent noted,

'in the case of the transport sector in Burundi (low capacity), we need to build the capacity of the Ministry of Finance and the Ministry of Transportation at all levels.' Thus, GRiF support in low-capacity countries may focus on policy dialogue and TA in understanding the DRF options, while in higher-capacity countries it may focus on more sophisticated instruments, such as parametric insurance. One respondent underscored that it is important that TTs know that GRiF offerings go beyond premium subsidies and insurance, and that *'GRiF needs to continue to educate teams to ensure that Bank personnel understand that money isn't just being pushed back into the private sector.'*

Theme 6: GRiF is responding to the need for more comprehensive modeling that addresses interconnected risks (10)

One DRF challenge raised by several respondents was the need to address compound risks to account for the interdependency between different risks. As one respondent explained, *'floods are addressed by some instruments and other financial instruments address food security. [It is] difficult to know with flood or typhoon whether it will lead to food security issues.'* The compounding impact of risk is not well understood and thus not addressed in most DRF projects. Several respondents noted that GRiF is responding to the need for more comprehensive risk models that better quantify the impacts of cascading events. One respondent emphasized that in this area *"GRiF is the first mover and ahead of the curve."*

The advent of COVID-19 has put the issue of modelling compound and dynamic risks to the fore and GRiF is responding. As one respondent noted, *'risks can evolve'* and designing a solution for a specific crisis may not be enough. Thus, the challenge is how to anticipate the evolution of the risk to design the instruments accordingly. Several respondents pointed to the GRiF Crisis Risk Analytics grant that looks at the potential of using satellite and other big data (drone, social media) for new applications in risk modelling. GRiF hopes that innovations or pilots emerging from this grant will provide a better picture of risk by providing near real-time loss information. According to some, such pilots are already yielding fruit - *"GRiF grants have brought specialist areas (in modelling) together to produce some promising pilots [for example, around] drought in West Africa."* They went on to note, that for this project, they were looking at covering the food systems rather than limiting it to only insuring agricultural production.

Theme 7: Time is needed to see how these pilots evolve, the GRiF funding and timeline for support may be too short (8).

Another theme that emerged from discussions with respondents was that the DRF component of a project, particularly in new sectors such as water, energy, and transport, needs time to lay the foundation so that a full grant can materialize.

Several respondents expressed a general concern that the timeframe of GRiF support may be too short. One respondent noted that *'these are all conversations'* and while there is clear interest and progress being made toward the design of these systems, it is too early to demonstrate tangible results. It is now a question of *'what is the institutional environment and what would need to change there so what we propose happens.'* Similarly, when referring to the global analytics grant, one respondent discussed the need for time for ground-truthing: *'[Our] work is heavily guided by theoretical models...but [we] need to test against real data.'*

Another pressure that points to time as a barrier is a government's political agenda and the election cycle. As one respondent claimed, *'to see success we need time...but while we are working on the technical and insurance development we are working against political agendas.'* Similarly, the time needed to test systems may not coincide with a severe event occurring during the relatively short funding cycle. As one respondent declared, *'in looking at GRiF, there is a need to take time for reflection based on initial disasters.'* For some, this idea translated to the need for additional funding, *'[We] need to support client beyond initial transaction'.*

Respondents also voiced concern that GRiF is over-subscribed (5). Here, the primary concern was that demand was outpacing supply. One respondent reflected, *'just looking at social protection there is quite an uptake; if the same interest occurred in other investments across sectors the demand could outstrip the supply.'* Likewise, another participant noted, *'We have to define how this will work; how to arbitrage between the different requests.'*

Theme 8: There are several areas of opportunity for DRF and GRiF (7)

When asked about untapped areas that might be a good fit for DRF solutions, respondents came up with several.

DRF for fiscal shocks. The advent of COVID-19 has many people thinking about compounding or interrelated risks. These risks are particularly important in the fiscal space. Four interviewees discussed how the shutdown of businesses due to COVID-19 created not just an economic shock but a fiscal shock in the form of tax shortfalls. While the pandemic is one example, respondents noted that other natural disasters can be equally disruptive. As mentioned earlier, GRiF, through its portfolio and pipeline, is already starting to address these challenges.

DRF for multiple perils. It would be beneficial if more perils were covered within the scope of DRF, for example, pest (e.g., locusts) and disease management, among others. More challenging is price risks and impacts on food security. In West Africa, DRF is looking at covering the food systems rather than only insuring agricultural production. It is difficult to isolate specific impacts, particularly in import-dependent countries (conflicts, oil prices, etc.). Another respondent also mentioned locusts as an example of a rare risk that would merit insurance coverage.

The GRiF Secretariat discussed with the Health and Education GPs where and how DRF solutions may be feasible. Since existing GRiF funding is nearly fully programmed, they have not mobilized in these sectors. The Secretariat noted that if it had more time, it would be an opportunity to explore these innovative topics.

In the future, GRiF could go in several different directions. As one respondent noted, much depends *'on the ambition of donors.'* According to respondents within the Secretariat, if more funding becomes available, one option would be to double-down on the six sectors that GRiF is currently working in and *'go deep,'* focusing on the entry points that already exist, and work to expand and strengthen this portfolio to create much needed traction as is currently found in the social protection sector. A second option is to continue with its mandate as an experimental pilot, working to create new entry points with other sectors. Here the Secretariat sees opportunity in sectors focused on human capital – such as education and health. A third option would be to address other perils.

5. Contributions to the TOC

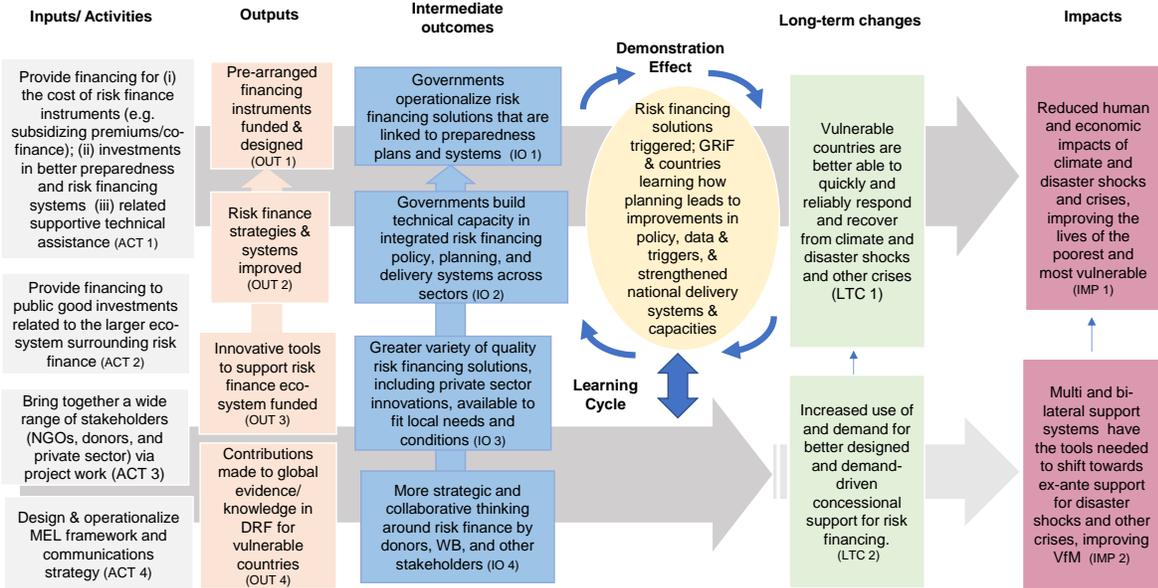
The GRiF MEL framework recommends the use of Contribution Analysis (CA) as the analytical framework through which to capture, analyze, and build the evidence base that supports movement along the GRiF TOC.¹⁸ To support this effort, the researchers developed a results matrix in Excel that lists, by row, each result in the TOC and maps against each result salient evidence from this evaluation.

Once mapped, the researchers first looked for evidence of progress toward each result. If the evidence was found, next, researchers looked for evidence that the intervention (in this case GRiF) had directly contributed to the achievement of (or progress toward) the result. Finally, researchers looked for any evidence of alternative explanations that would help explain the result. Once these pieces of evidence were documented, the researchers developed what are called ‘evidence stories’ to formally document contributions and challenges toward any given result.¹⁹ The evidence stories serve to test the links in the TOC to determine whether the logic holds together.

The researchers noted that the evidence stories largely support the TOC results, an encouraging sign that the early causal pathways in the TOC are occurring as expected and that one can expect to see intermediate and longer-term outcomes and impacts emerge. However, the researchers note with caution that this internal WB study was narrowly focused. Consequently, there was no room to triangulate data with other stakeholders.

Since this study focused on GRiF influence on the WB DRF agenda, the evidence mostly relates to early linkages in the TOC. The research team found supportive evidence for GRiF Activities 1-3 and outputs two and three. The study also found emerging evidence for Intermediate Outcomes 1,2, 4 (see Figure 1).

Figure 1: GRiF TOC



¹⁸ See GRiF MEL Framework for more details.

¹⁹ Normally these are called contribution stories; however, since, in the early years of GRiF, we don't expect intermediate and longer-term results to have fully materialized, we use the term *evidence story* rather than contribution story to note progress toward rather than full result achievement.

This evidence is documented in the below evidence stories. The shading of the results box, indicates that on a red, amber, green (RAG) rating system, where green indicates positive progress, amber indicates some progress; yet some challenges, red indicates that there may be issues with the TOC as first envisioned, and grey indicates ‘too soon to tell.’

Result	ACT_1: Provide financing for (i) the cost of risk finance instruments (e.g. subsidizing premiums/co-finance); (ii) investments in better preparedness and risk financing systems (iii) related supportive TA.
Summary	GRiF is fulfilling its mandate to support investments in better preparedness and risk finance systems and provide supportive TA.
Progress	<p>*GRiF MDTF is almost fully programmed. Current donor contributions total US\$286.6 million, and the GRiF portfolio and pipeline is estimated at US\$276.6.</p> <p>*At the close of the WB fiscal year 2020, the GRIF portfolio included 12 active project grants (in bold), 11 projects in scoping, of which 10 received a GRiF scoping grant, six completed grants, two projects in the pipeline, and three deprioritized opportunities</p> <p>*GRiF collaboration with Agriculture GP to develop a guidance note for TTs to help explain how to introduce financial instruments into agriculture projects.</p> <p>*GRiF is helping link DRF to distribution systems. One respondent noted, ‘GRiF grants have helped to incentivize the link between post-disaster liquidity and distribution mechanisms, better integrating these within government systems.’ Today, DRF within the WB is thinking more broadly on how to embed distribution mechanisms to channel the expected increase in post-disaster liquidity more effectively. As one respondent noted, ‘GRiF is a great piece of the puzzle to fill gaps in our delivery.’</p> <p>*GRiF funding scoping and grant in FCV-affected countries, including DRC where the intended beneficiaries of DRF are households rather than governments.</p>
Challenges	<p>*Two respondents posited that GRiF should take more risks to drive this expansion.</p> <p>*Three respondents reflected a general concern that the timeframe of GRiF support may be too short.</p> <p>*Respondents also expressed concern that GRiF is over-subscribed (5). Here, the primary concern was that demand is out-pacing supply.</p>

Result	ACT_2: Provide financing to public good investments related to the larger eco-system surrounding risk finance.
Summary	There is emerging evidence that GRiF is fulfilling its mandate to provide financing to public good investments that strengthen the larger ecosystem of DRF.
Progress	<p>*GRiF is supporting eight global public good grants and has three additional grants under discussion: Risk Financing Fellows Program; Innovation Investment Fund; and Gender & Risk Finance Program.</p> <p>*Evidence to support that these programs are well received and useful: (i)a GRiF global grant for the Famine Action Mechanism (FAM) is funding a stochastic model on famine, exploring whether or not it can be used for insurance. According to the respondent, the model has pushed the frontiers of what is technically insurable. The respondent sees the potential of applying this model at the portfolio level; (ii) Global Analytics grant where components of program shifted to focus analytics on identifying the financial impacts of compound risks. Now an ongoing pilot looking at six countries to see how COVID-19 interacts with other types of shocks; (iii) Several</p>

	respondents noted that GRiF is responding to the need for more comprehensive risk models that better quantify the impacts of cascading events. One respondent noted that in this area “GRiF is the first mover and ahead of the curve;” (iv) GRiF grants have brought specialist areas (in modelling) together to produce some promising pilots [for example, around] drought in West Africa.” They go on to note, that for this project, they are looking at covering the food systems rather than limiting it to only insuring agricultural production.
Challenges	*None identified.

Result	ACT_3: Bring together a wide range of stakeholders (NGOs, donors, and private sector) via project work.
Summary	Emerging evidence to support that GRiF is bringing new actors into dialogues around DRF – across new sectors and countries and in addressing compound risks.
Progress	<p>*GRiF generating awareness and interest across a range of WB GPs. For instance, GRiF has projects being scoped in agriculture, energy, transport, and water; one respondent notes “within WB projects people appreciate the value of risk finance more and GRiF has been critical to this...” Similarly, another DRFiP participant remarked, “GRiF’s arrival has made significant changes to raise awareness on DRF.”</p> <p>*GRiF effectively leveraging its TC to expand DRF discussion to new sectors. Example: TC meeting - Secretariat invited to Transport GP management meeting, resulting in the Burundi Transport project - first in this sector and now under discussion.</p> <p>*Increased awareness within the WB GPs appears to be translating into increased interest in DRF by clients; a respondent said they have “seen an increase in client appetite for information on DRF both by governments and NGOs.”</p> <p>*GRiF is helping donors, the WB and civil society work more closely on DRF solutions (4). GRiF grant to StartNetwork and collaboration with donors and InsuResilience. GRiF “creates more balance between supply and demand,” a respondent said.</p> <p>*Five respondents mentioned that GRiF is helping to provide openings for discussions on DRF FCV-affected states. In Afghanistan, an FCV country with little bandwidth to engage in these types of discussions, there is interest. As one respondent noted, “We wouldn’t have gone as far as we’ve gone without GRiF.”</p>
Challenges	*None identified.

Result	OUT_2: DRF strategies & systems improved.
Summary	Initial evidence suggests that GRiF has directly supported improvement in DRF strategies and systems through increased policy dialogue and TA around DRF.
Progress	<p>*Sierra Leone: thanks to GRiF and others, since 2019, there has been high-level policy dialogue on developing a risk response strategy, including analytical support to inform policy on disaster and risk financing, and about which agency should be responsible for DRF. GRiF funding also provided social protection systems strengthening. One respondent noted “disaster response prior to GRiF was sporadic and not preplanned because there were no systems in place.”</p> <p>*Indonesia: One respondent noted that the DRF team coming to Indonesia was a significant step in gaining the government’s trust. Through their communications at the highest levels of</p>

	<p>policy making, the team conveyed the need for DRF, it was understood by the government and the support for DRF work has continued. They are now working on policy recommendations that will formalize the pooling fund, after which the respondent believes that specific regulations on the fund and its trigger will follow.</p> <p>Evidence of support to systems integration: Sierra Leone SP, Malawi SP, Afghanistan.</p>
Challenges	<p>*The extent to which a country is prone to disaster and risk, including the type(s) and the government’s ability (understanding, capacity, structural support, policies and/or regulations in place, budgeting priorities etc.) to respond effectively to such disasters.</p>

Result	OUT_3: Innovative tools to support risk finance eco-system funded.
Summary	Evidence suggests that GRiF funding has provided multiple data sources and innovative tools for GPs to support DRF integration and decision-making.
Progress	<p>*Nine respondents agreed that that the approach to DRF in the WB is becoming more sophisticated and tailored to countries, risks, and sectors.</p> <p>*One respondent noted that flood forecasting and modeling has existed for 30 years; WB projects have mobilized these tools, but GRiF has enabled dialogue about applying the flood forecasting and models for financial decisions.</p> <p>*One respondent noted: (i) a public insurance pilot in Indonesia focused on protecting government buildings/infrastructure in the event of flooding, which they are in the process of scaling up; and (ii) a novel pooling fund.</p> <p>*In Somalia where one respondent is dealing with severe food insecurity, GRiF provided funding for a feasibility study partnering with insurance firms to build a stochastic risk model, which has pushed the frontiers of what is technically insurable. The respondent sees the potential for the application of this model at the portfolio level.</p> <p>*In sub-Saharan Africa, rather than just looking at precipitation data, combining satellite data alongside data from the ground, for example, satellite data on vegetation. The respondent referenced a pilot in Uganda on social safety nets triggered via an index-based insurance mechanism, which resulted in a cash for work program. He said, <i>“There is a lot of scope to use innovative technologies.”</i></p> <p>*Four respondents mentioned using GRiF grants to better model risk.</p>
Challenges	<p>*The compounding impact of risk is not well understood and thus not addressed in most DRF projects.</p> <p>*One respondent noted that it would be advantageous if more perils were covered within the scope of DRF; pest and disease management is an example, locusts (also noted by a second respondent), etc. What is more difficult is price risks and impacts to food security. In West Africa, the team is looking at covering the food systems rather than limiting it to only insuring agricultural production. It is difficult to isolate specific impacts, particularly in import dependent countries (conflicts, oil prices, etc.); this includes modeling the consequences of price hikes.</p>

Result	<p>IO_1: Governments operationalize risk financing solutions</p> <p>IO_2: Governments build technical capacity in integrated risk financing policy, planning, and delivery systems across sectors.</p>
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	IO_4: More strategic and collaborative thinking on DRF
Summary	While it is still early, there is emerging evidence that government awareness, understanding and capacity around DRF are improving, at least one risk finance instrument has been put in place and, at least within the WB, there is more strategic thinking around DRF
Progress	<p><u>IO_2: capacity</u></p> <p>*Energy: One respondent explained how GRiF engagement and TA has helped poor countries like Myanmar better understand how insurance mechanisms can be used to optimize their financial resources and strengthen system assets. They observed that GRiF has helped to prepare the analytics to scope out investments to strengthen energy substations from risk. The team is now able to model what the government will need to set aside to support regularly occurring disasters that disrupt energy transmission systems.</p> <p>*Three respondents noted that GRiF has played an important role in incentivizing not just ministries of finance but other line ministries. One respondent explained that GRiF support is helping MoFs as well as line ministries to become better risk planners and managers.</p> <p>*GRiF funded TA has helped support policy dialogue, leading to reforms. One respondent, using Indonesia as an example, explained how GRiF TA grants were instrumental in designing a DRF framework/strategy, the <i>“technical assistance funds were critical; otherwise how would that strategy have been developed – this directly shows value of GRiF and the DRF solutions it provides.”</i></p> <p>*One respondent noted that, looking at the two objectives of the Bangladesh project, both are subject to disaster risks -- it is insufficient to address these risks via traditional infrastructure approaches; flood protection, dredging, navigation, etc. do not deal with unintended consequences without the integration of DRF. The respondent also noted the need for financial instruments to deal with the full impact of disaster.</p> <p>*Prior to GRiF, one respondent noted that the Water GP didn’t have the <i>“comparative advantage”</i> in integrated rapid response and recovery. With GRiF <i>“comes the idea of emphasizing preparedness and rapid response; preparing for large floods that exceed design capacity could be dealt with via a flood insurance instrument.”</i></p> <p>IO:1 Instruments put in place</p> <p>*GRiF Secretariat noted that Sierra Leone instrument is in place and has already paid out. Not much more came out about this topic in the study.</p> <p>IO:4 Collaborative and Strategic thinking</p> <p>*It is clear that the WB is thinking more strategically and collaboratively around DRF; however this information will need to be triangulated to determine how broadly this collaboration extends outside the bank.</p>
Challenges	<p>*Time for projects to evolve is critical.</p> <p>*Several respondents noted that while governments generally have some understanding of insurance, comprehending the complexities of a risk-layered approach to DRF remains a challenge.</p> <p>*Even with available technological and analytical innovations, citizens and governments using them remains a challenge and is largely based on local DRF capacities.</p>

6. Conclusion

This study examined how GRiF has influenced the risk-financing agenda within the WB. The researchers found evidence that GRiF is helping to embed financial planning into new sectors, working with WB GPs in Water, Transport, and Energy. The study also found evidence that the WB is applying risk financing concepts to new contexts, in particular in FCV-affected countries such as DRC, Afghanistan, and Burundi; and to new risks, looking at ways to address compound risks such as emerging fiscal shocks resulting from COVID 19. Respondents noted that these successes were achieved through strong collaboration and capacity-building by the GRiF Secretariat and the DRFIP team, and through the advocacy work of the GRiF TC.

The GRiF is also influencing the way the WB approaches DRF by seeking to introduce and insert risk-financing solutions into larger sectoral projects early, at design stage. Respondents note that having these early conversations helps lay the foundation for disaster finance solutions by allowing time and space for the legal and policy dialogue that must be done in advance to ensure these projects move forward.

Several respondents noted that GRiF helps incentivize not just finance ministries but also line ministries. The provision of a substantial pot of money complemented with technical assistance to explore different DRF options is a low-risk way for governments to identify and test the appropriate contextual solution. To this end, respondents also appreciated, as a pilot, GRiF's flexibility and willingness to pivot in light of the COVID-19 pandemic, where the GRiF portfolio and pipeline were reexamined and projects were allowed to shift focus. GRiF has also supported advances in risk modelling, shedding light on the impacts of interconnected and compound risks.

With all GRiF grants, space and time is needed to see how these pilots will evolve. Some respondents are concerned that GRiF funding and timelines are too short to enable the breadth and depth of impact envisioned in the GRiF TOC. Several respondents also expressed concern that GRiF is oversubscribed. Participants identified several areas of opportunity for GRiF that include expanding to additional sectors such as health and education; addressing new perils such as pests or compound risks; or simply making an effort to deepen the work GRiF is currently doing in social protection, agriculture, transport, energy, and water.

While this study was narrowly focused on WB staff involved with GRiF, there is strong emerging evidence that early results in the GRiF TOC are being achieved.