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STRESS TESTING SOCIAL PROTECTION

A rapid appraisal of the adaptability of social protection systems and their readiness to scale-up

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A Guide for Practitioners

Version 1



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For feedback and further information, please contact Christian Bodewig (cbodewig@worldbank.org) and Ugo Gentilini (ugentilini@worldbank.org)



Designed by



ABBREVIATIONS

ASP	adaptive social protection
BRACED	Building Resilience and Adaptation to Climate Extremes and Disasters
DRF	disaster risk financing
DRM	disaster risk management
EP&R	Emergency Preparedness and Response Directorate
EWS	early warning systems
ISPA	Inter-Agency Social Protection Assessments
NGO	nongovernmental organization
SP	social protection
UNDRR	United Nations Office for Disaster Risk Reduction

1 What is Adaptive Social Protection?

Social protection (SP) programs are fundamental in responding to the impact of shocks, whether covariate or idiosyncratic, by helping to mitigate their impacts as well as build resilience to future shocks. Well-designed and well-implemented programs have a transformative quality and can significantly enhance human capital and productivity, reduce inequalities, build resilience, and break inter-generational poverty. However, to ensure that the changing needs of the vulnerable populations are met efficiently and effectively, an SP system requires flexibility to adjust its response depending on the circumstances.

Adaptive social protection (ASP) is a focus area within the larger social protection sector, which has emerged in response to the need to build resilience of the poor and vulnerable to covariate shocks, such as natural disasters, economic crises, pandemics, conflicts, and forced displacement. This focus area brings together the social protection, disaster risk management (DRM), and climate change adaptation sectors to leverage their respective contributions in reducing household vulnerability and building household resilience.

One of the central tenets of ASP systems is ex ante planning and investment that includes identifying and defining before the crisis hits, the processes, systems, triggers, actors and responsibilities critical to scaling in times of crisis.¹ By anticipating increased demands on the SP system in times of crisis and implementing an adaptive social protection approach, a country is able to strengthen its response not only during and after the crisis but also before the crisis as social protection programs enable vulnerable households to build resilience against shocks thereby mitigating or obviating some of the impact.

Inherent in ASP is the need to identify vulnerability to covariate and idiosyncratic shocks and to assess the potential impact of these shocks on households. This could include loss of employment, income and assets; food insecurity; and displacement, for example. This exercise gives an opportunity to plan, ex ante, policy and programs that can mitigate these impacts, which can ensure a timely response. For example, an ex ante needs assessment coupled with the country's

¹ World Bank. 2020. "Adaptive Social Protection Building Resilience to Shocks." World Bank, Washington, DC

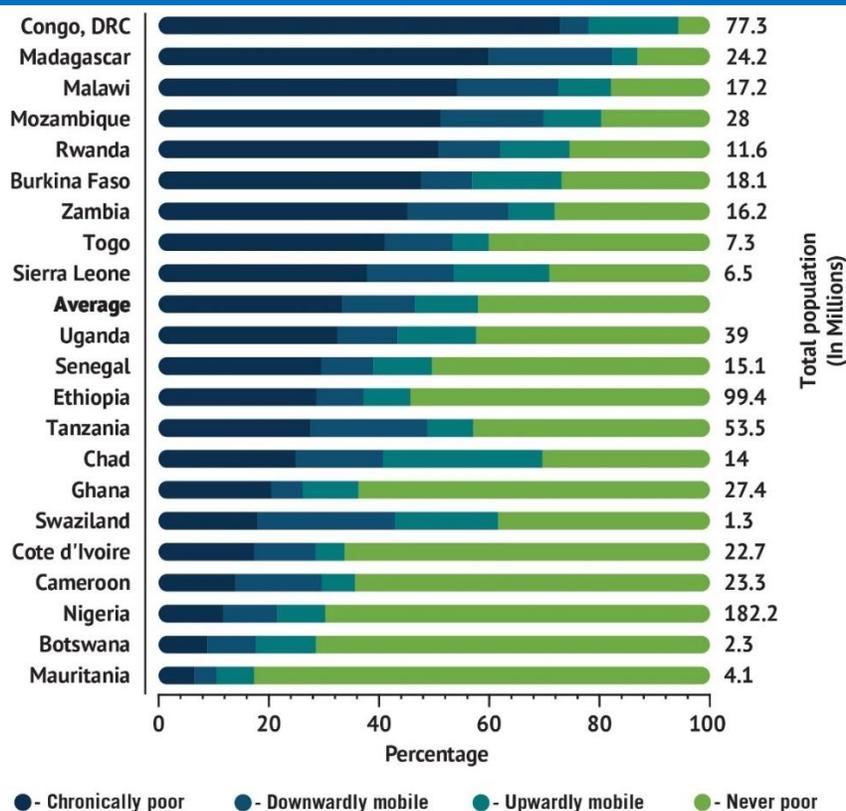
risk profile can ensure that all vulnerable populations are provided with benefits concordant with their needs.

Additionally, ASP entails pre-agreed coordination and working relationships with the various actors and stakeholders such that when a crisis hits, roles and responsibilities are clearly known, and a response can be delivered without any delay and waste of other resources. This requires a streamlined response, which is more likely when the government is the lead body for crisis response planning and implementation while humanitarian and private sector actors complement wherever the government lacks capacity.

1.1 Why ASP is Important

A household's resilience to a shock can be thought of as a product of its capacity to **prepare** for, **cope** with, and **adapt** to it.² More resilient households are better able to “bounce back faster”,³ hence regaining their well-being more efficiently after a shock. This resilience is critical as it prevents the households from resorting to negative coping strategies such as missing meals or taking children out of school, which exacerbate their wellbeing and the household can spiral into intractable poverty with intergenerational impacts. Severe shocks such as earthquakes, typhoons or droughts, can not only erase hard-won gains by the households but can also reverse their economic trajectory.

Figure 1: Chronic and transient poverty in Africa



Source: Dang and Dabalén 2017, as cited in Beegle, Coudouel, and Monsalve 2018.

Note: Poverty statistics are from the latest household survey year for each country. “Chronically poor” are households that were poor in both periods of the analysis; “downwardly mobile” are households that fell into poverty in the second period; “upwardly mobile” are those that were poor in the first period but not in the second; and “never poor” are households that were nonpoor in both periods.

Households that are closest to the poverty line are especially vulnerable to shocks, and even a small variation in their incomes can push them into poverty (see Figure 1). Even wealthier households are not immune to the impact of these severe shocks, leading to increased rates of poverty overall.

² World Bank. 2020. “Adaptive Social Protection Building Resilience to Shocks.” World Bank, Washington, DC

³ Schipper, E., and L. Langston. 2015. “A Comparative Overview of Resilience Measurement Frameworks.” ODI Working Paper 422, Overseas Development Institute, London.

1.2 ASP in Action

During a crisis, ASP programs can adapt to offer temporary assistance in a range of ways. They can expand “vertically” and offer greater assistance to existing beneficiaries and/or they can expand “horizontally” and use existing program systems to provide assistance to additional beneficiaries (see Figure 2). Many governments struggle to finance any flexing or scaling of SP programs, as constraints to borrowing, low tax income and multiple competing priorities limit the available fiscal space.⁴

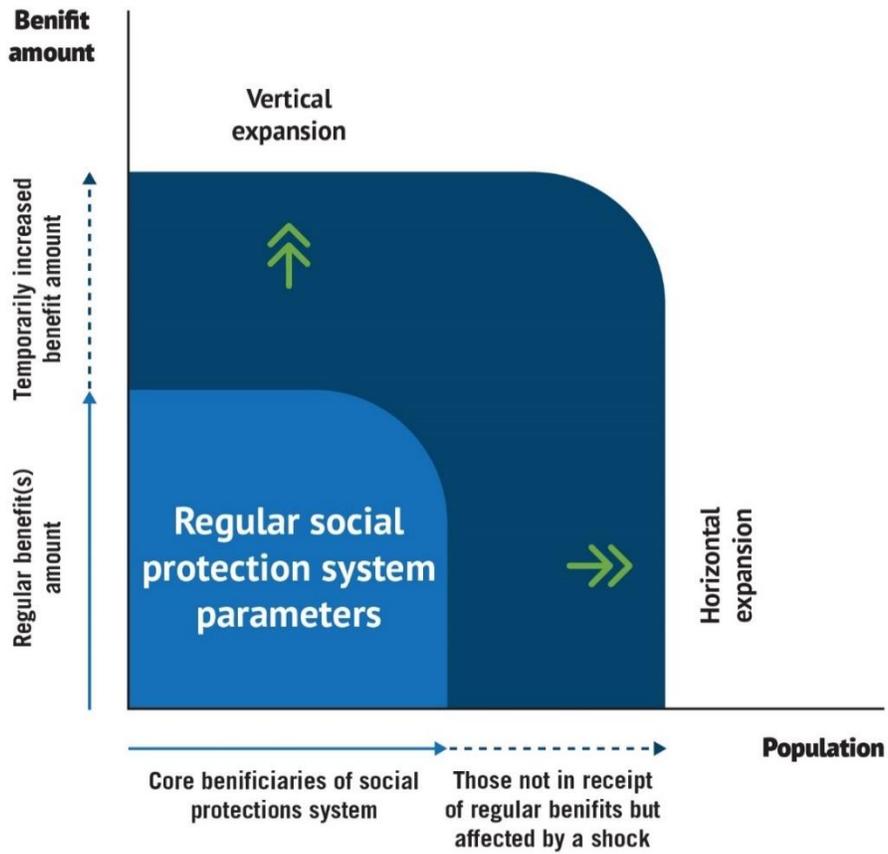
Countries with strong social protection systems in place can respond swiftly to shocks and are able to reach a higher percentage of affected population. Asfaw and Davis (2017), based on their cross-country analysis in Africa, conclude that safety net programs build household resilience although their impact on risk management varies across countries. However, cash transfer programs consistently seem to strengthen community ties and increase household savings, which enables them to pay off debts and reduces their likelihood to rely on negative coping mechanisms. In reference to the impact of climate shock, the authors conclude that households that were already receiving cash transfers in Zambia, especially the poorest ones, suffered less from weather shocks and had improved food security.⁵ Additionally, households that are already covered by safety nets tend to recover more quickly. For example, the Government of Fiji responded to the Tropical Cyclone Winston in 2016 by both vertically and horizontally expanding its social protection coverage. Ivaschenko et al (2019) show that the existing beneficiaries of safety net programs were more likely to recover from the impact of shock as compared to those households that were not the existing beneficiaries.⁶

⁴ Bastagli 2014; Barrientos and Niño-Zarazúa 2011

⁵ https://link.springer.com/chapter/10.1007/978-3-319-61194-5_11

⁶ Ivaschenko, O., Doyle, J., Kim, J., Sibley, J., Majoka, Z. “Does ‘Manna from Heaven’ help? The role of cash transfers in disaster recovery—lessons from Fiji after Tropical Cyclone Winston.” 2019. Overseas Development Institute. <https://onlinelibrary.wiley.com/doi/epdf/10.1111/disa.12411>

Figure 2: Social protection programs: Vertical and horizontal expansion



Source: World Bank

2 The Stress Test Tool: Overview and Objectives

The current Covid-19 pandemic has further underscored the importance of crisis preparedness and response. As a result, there is a growing interest in figuring out ways to scale-up social protection systems to ensure that the affected population receives assistance in a timely manner and can circumvent the short and long-term negative impacts.

Similar to the stress test in financial sector, a “stress test” of SP systems could help provide information in a relatively *simple, analytical and rapid way*, on a country’s ability to adapt or scale its SP system as well as to identify priority areas for improvement. Countries are making significant progress in enhancing their capacity to predict and manage crises, e.g., through early warning systems, specific assessments of system characteristics (e.g., through various ISPA tools⁷), coherent scalable programs (e.g., Ethiopia), risk financing mechanisms (e.g., Uganda), and other initiatives. A stress test would *complement* these initiatives by providing a snapshot of the “scalability frontier” of a given country.

Despite overwhelming evidence on the benefits of investing in ex ante crisis preparedness, it has been hard to quantify the level of preparedness that indicates the magnitude of gaps, which if fulfilled, would allow the system to successfully respond to shocks of varying degrees. An assessment can highlight the coverage of social protection programs for the most vulnerable households including the efficacy and efficiency of those programs. Additionally, it can also identify gaps in social protection programs which can inform future policy. Through this exercise, the countries will take stock of their existing programs that are available to households after a shock hits and elucidate the flexibility and capacity, or lack thereof, of those programs in responding to shocks of varying magnitudes and types. The assessment can provide the basis for investments in particular areas of SP systems that will strengthen its shock responsiveness. Figure 3 lists the outputs and outcomes of a stress test.⁸

⁷ ISPA is the Inter Agency Social Protection Assessments, <https://ispatools.org/>

⁸ World Bank. 2020. “Adaptive Social Protection Building Resilience to Shocks.” World Bank, Washington, DC

Figure 3: Objectives for Stress Testing Social Protection



However, this tool is **not a one size fits all** and thus requires a level of contextualization by the user to guide the discussions with the government and other stakeholders. This tool will help the user facilitate the discussion and capture the qualitative aspects, with the goal of reaching some type of consensus in relation to assigning a score.

Since the tool offers an assessment of adaptive social protection systems, the analysis is grounded on countries' capabilities as revealed by available data and information. Yet history shows that at times, countries are able to creatively innovate in ways that may not be entirely possible to capture via technical appraisals. As such, the assessment should be considered conservative, with the ingenuity of staff, decisionmakers and practitioners often playing a major and, in a way, impromptu role in leaping forward both crisis preparedness and response performance.

This guidance note provides direction and understanding into how to use the Stress Test Tool, providing insight from experience of having developed and implemented it. The Stress Test Tool has two parts: the first one simulates the potential impact (and subsequent needs) of shocks of various intensities whereas the second one attempts to capture the level of preparedness of the social protection system to respond to the heightened needs. The latter will provide scores (quantitative measures) as well as descriptive scales with a stylized high-level description of systems based on their scores (qualitative).

3 Features of the Stress Test Tool

The Stress Test Tool is a **tool to assess the adaptiveness of social protection systems, in particular their ability to respond to shocks**. The design of social protection systems is context-specific, but the ultimate objective remains consistent which is to support individuals and households at various lifecycle stages to help address emerging vulnerabilities.

This tool provides a framework with which users can convene relevant stakeholders to engage in meaningful and informed discussions around potential gaps in their Social Protection Programs such that solutions can be explored and implemented.

This assessment can be used on its own to inform and catalyze improvements to a country's SP Program as well as serve as an entry point for a more comprehensive assessment of specific components and aspects of an SP system, utilizing any number of other tools developed to target those specific components (see Appendix D for resources).

When using the Stress Test Tool, it is advisable to implement both Parts, although there may be capacity and/or data constraints, in which case if a user is unable to conduct one of the two parts, the information from each part is valuable on its own and can contribute to policy dialogue. The tool provides a methodical way of analyzing shock responsiveness and can be leveraged to deepen the understanding of one's counterparts and provide a framework for engagement.

Some features of the Stress Test Tool include:

- **Tool is widely applicable:** While this tool has been developed such that it can apply to a wide variety of contexts, it may not fit all of them and as such, the user will need to facilitate the discussion, capturing the qualitative aspects, with the goal of reaching some type of consensus in relation to assigning a score.
- **Partnership model:** This tool encourages taking a holistic approach and collaboration across different actors and stakeholders such as finance, disaster response, social protection, poverty, etc. It can be deployed jointly and act as a vehicle to see the system and agree on the actions to strengthen the system.

- **Centers resilience building in policy dialogue:** This tool not only focuses on shock or post shock but also on ex ante investment in poor and vulnerable households. It highlights the importance of systems and programs building resilience prior to a shock hitting.
- **Centralized vs. decentralized systems:** This tool is most suitable to be implemented to assess a centralized national SP system. However, for decentralized SP programs, each program will have to be treated as a separate unit.
- **Assesses ability to respond to shocks:** The tool assesses if a country is able to respond to just some shocks but not well, to some shocks well, to all shocks well, etc showing a type of gradation from 0 to all to illustrate areas for improvement across a spectrum.
- **Great gauge for recurrent shocks:** This tool is very good at assessing the capacity of government to respond to recurrent midsize or even large shocks. However, it may be a bit less accurate in assessing the once in a lifetime shock (such as Covid) where a lot of governments ‘pulled up their bootstraps’ and found a way to respond.
- **One tool, two parts:** While the tool is meant to be used with both parts implemented, however it is possible to use them separately and still garner enough value to inform policy dialogue. Together or separately, the parts can be used as a basis of project preparation and as a guide on where to develop areas of work with a country.
- **Three approaches provided for Part One:** The country data needed to implement Part One may not be available and/or up to date and so users have the option of 3 different approaches to ascertain the types and magnitude of gaps in coverage.
- **Lean questionnaire in Part Two:** Part Two is a targeted assessment tool and is meant to be concise and focus on key necessary elements of an adaptive social protection program. It is meant to complement other tools already in existence and for deep dives into specific aspects of SP programs, there is a resources Appendix listing other tools (See Appendix D).
- **Quantitative and qualitative outputs:** This is a systematic view of the SP system leading to designated technical work with all sorts of possible outcomes for further engagement. By using the tool, a country can identify the gap and magnitude as well as specific areas that need strengthening to develop adaptive social protection programs. The tool does result in a rigorously produced quantitative score, elicited in extensive consultation and discussions through which priority areas are identified for strengthening.
- **Indicative aggregate score for Part Two:** The overall aggregate score in part two is purely indicative and is to be used to focus stakeholders towards making progress rather than as a way to benchmark across countries.
- **Focus on cash transfers:** With a full recognition of the key role played by food assistance and in-kind transfers during crises and beyond, the tool focuses its assessment on cash transfers. This stems from three sets of reasons: (i) a growing share of both social protection and humanitarian assistance is provided in the form of cash; (ii) in-kind transfers raise issues that go beyond the scope of this tool, such as supply chain management functions (e.g., storage, warehousing, transport) that may deserve a separate tool; and (iii)

cash transfers provide the most natural form of partnership between different government ministries; between development partners; and between the public and private sector.

3.1 Part One: Scenario Building and Assessing Need

The first part of the Stress Test Tool examines the main sources of risk that are likely to require a large scale up of social protection in a given country and provides an estimate of the number of people in need of support in the aftermath of different types and intensities of shocks. The tool will highlight the needs that a system must be capable to meet by calculating the number of people that need to be covered as a result of a shock, the degree to which they are covered by existing programs and therefore whether the system needs to increase support to existing beneficiaries (vertical expansion) or increase the number of beneficiaries (horizontal expansion).

Discussing and clarifying likely scenarios in which the social protection system will need to scale is an essential step of the Stress Test Tool. This allows the country team to agree on the types of shock that are most important to consider with implications for the types of early warning systems needed and the speed of support. It also allows the team to quantify the challenge facing the system and understand the scale of vertical or horizontal expansion needed.

Part One is a data intensive process but can be replicated in different countries. There are three different methods that can be used based on the data that is available. Each approach provides an indication of the number of people that are likely to be in need of social protection.

- **Simulation approach:** Models the poverty impact of shocks that have occurred in the past in a country, then combines this information with historical data on hazards to simulate poverty for a full range of events.
- **Scenario approach:** Identifies shocks that have a reasonable probability of occurrence in a country and identifies a few scenarios with varying degrees of shock intensity and then uses historical data or other available estimates to define the magnitude of impact on households.
- **Multilevel approach:** Relies on a tool that exists for quantifying the amount and nature of vulnerability in a country and determining how much of that vulnerability is a result of covariate shocks that affect a whole community at once.

3.2 Part Two: Scalability and Adaptiveness of Social Protection

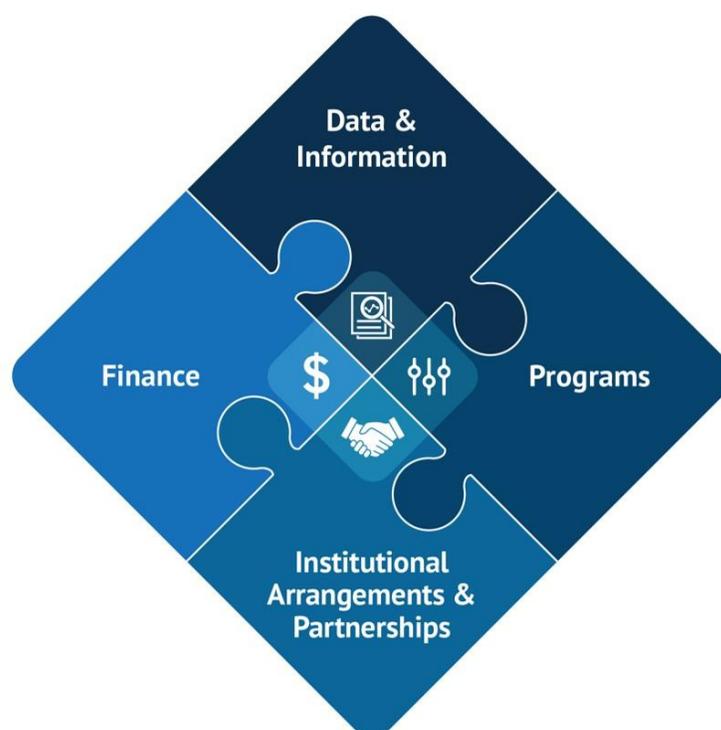
Part Two of the Stress Test Tool assesses the strength of a country's social protection system to adapt and build resilience. It does this by highlighting areas where investments could be made that would result in improving the social protection system prior to, during, and after the shock. In brief, Part 2 results in an assessment of social protection system *readiness* to build resilience to shocks and to respond to them.

3.2.1 A Framework for strengthening ASP systems

Table 1: Four Building Blocks

Blocks	Framework
Programs and delivery systems	Traditional approaches to safety nets need to be revisited to ensure they are responsive to shocks, e.g., beneficiary selection may require different criteria, and program benefit packages and delivery chains may need adjustment.
Data and Information	Information on household vulnerability to shocks and their capacity to cope and recover is critical for design and implementation of ASP programs. ASP design needs to draw on analysis of disaster risk and integrate with assessments of household poverty and vulnerability. Social registries need to become more dynamic to be deployed during a shock.
Finance	Risk financing strategies are a core requirement of proactive response planning to enable funding to be available in case of a shock, limiting delays in response and preventing reliance on negative coping strategies.
Institutional arrangements and partnerships	Government leadership is critical to ensure coordination of actors, based on clear articulation of roles and responsibilities, which can save time and so that unnecessary delays can be avoided. Governments should lead the ASP agenda by setting resilience-related objectives in policies and strategies, including social protection, DRM, and climate change adaptation, and establishing the standards and procedures to guide the integration of nongovernmental organizations and humanitarian actors.

Figure 4: Framework for adaptive social protection: Four Building Blocks



Source: World Bank

3.2.2 Technical Methodology

The adaptiveness of an SP system is a function of the robustness of each of the building blocks. Using a scoring system, Part 2 assigns a score of 1 to 5 for each component based on questions in each section. The final score will be an average of scores in the building blocks. Based on this score, a country's SP system is rated across categories ranging from latent to advanced.

Since quantitative data is not available at a disaggregated level for many countries, the ratings and scores mainly rely on a qualitative questionnaire and a thorough consultation with relevant stakeholders. The application of the tool leads to dialogue and discussion amongst stakeholders as they wrestle with where they land within each component. This discussion and consensus are the purpose of the tool as the quantitative score is just a way to direct the discussion and results that can then be used to formulate and guide concrete actions to address the identified gaps.

The tool does not consider 'advanced' relative to a country's own development level, but more as an absolute and as such, the numerical scores are meant to signify a country's own status against an established definition or level of achievement.

However, there is no prescriptive path toward progressing and strengthening one's ASP system as each country determines its path to development based on contextual factors such as institutional setup, political will, economic and financial constraints, comparative advantage, etc. So a country's overall score may not represent what the same score in another country may represent. Countries may be at the same level of development of their ASP systems but for different reasons. Hence a comparison between countries based on an overall score could hide nuances inherent in the development process. For a holistic view or comparison, the overall score must be considered in conjunction with the disaggregated score for each building block (see Figure 5).

Figure 5: Example of Scoring for Part Two



4 Considerations When Using Part Two

When implementing the Stress Test Tool there are some aspects for consideration that impact how it is deployed but also how the outputs can be interpreted to inform action. Some of these relate to the context and some relate to overarching considerations and good practices for the use of this Tool.

4.1 Questionnaire Design Choices

In order to account for the varied contexts within which Part Two (3.2) will be deployed while maintaining its focused lean approach, the developers made some deliberate trade-offs which are summarized below, and which provide users useful insight into the development process. This awareness better equips the user to apply and interpret the tool with different stakeholders and environments and over time for the same country.

An assessment of system readiness that can help quantify a country's readiness to respond to shocks can:

- Give an estimate of the capacity of response that the current system is capable of by comparing current coverage with the need estimated.
- Highlight areas of future investment and strengthening to improve the *ability* to scale coverage⁹, benefit delivery, and financing by identifying constraints in the existing system that are restricting the scalability and readiness.
- Can help ascertain the ease of identifying target population, expanding coverage, and of delivering benefits.

The following sections will ask two types of questions: those that can help identify gaps and those that can help identify constraints to scalability.

⁹ Here coverage refers to population covered by social protection systems. In an event of shock, expansion in the total coverage can be vertical as well as horizontal, which requires additional resources, institutional and financial capacity and coordination mechanisms.

4.1.1 Quantitative versus Qualitative

There were suggestions to add more specific and disaggregated quantitative questions to bring more accuracy and specificity (for example, quantitative data disaggregated by urban/rural, or by income quintiles, etc.). Since the constraint is that some quantitative data is not available at a disaggregated level for many countries, so such questions were taken out that relied heavily on such data.

4.1.2 Adaptation in Absolute versus Relative Terms

It is important to understand that this tool is assessing adaptability as an absolute, and the tool is looking at a system which includes the context. For example, if the shock response expansion has specific programs/design features to reach women but it only targets women who have a bank account in a country with low levels of financial inclusion. Then even if 100% of women with a bank account are included (an impressive *relative* achievement), in *absolute* terms, the program is not doing well on inclusion of women as the women's population that does not have a bank account has been excluded.

Assessing the responses on the adaptability of a system and determining where a country falls on the scale ranging from latent to advanced must be done on the basis of an absolute versus how well the country may be doing in relation to its own development.

4.1.3 Weighting or not to Weight

Throughout the development and piloting of Part Two (3.2), the issue of weighting particular questions or subcomponents was debated and ultimately discarded. Though based on anecdotal evidence, some building blocks seemed to contribute more to a system's adaptability but to assign a weight, there is a need to quantify how much each building block contributed. This was not possible to undertake with the available resources.

It was also not clear whether one building block is more important than another, or whether the importance of one building block over another might be country specific and as such might differ from one country to another. Moreover, placing too much emphasis on the numerical score might unduly signal a level of quantitative rigor attributable to that numerical score.

Part Two (3.2) as stated in the Technical Methodology (3.2.2) above, relies on qualitative assessments which capture myriad nuances and aspects of a country's particular and specific SP program with the numerical score accorded to any building block or its subcomponents merely an indicative number around which to build consensus.

4.1.4 Country income classifications

While this tool has been developed to be applied in countries across the spectrum of income classifications, there may be questions or issues that presume a baseline that is above the starting point of query.

4.2 Contextual Considerations

Contextual considerations are important while implementing this tool and interpreting the subsequent results. For example, whether the country is high-income or low-income; whether the shocks a country is exposed to are slow onset or rapid onset or both; whether the country has a centralized or decentralized SP system and whether there is one or multiple SP programs; etc.

4.2.1 Risk Profile

The issue of the risk profile of a country is an important consideration when engaging in both facilitating the assessment and in the interpretation of the outputs from the assessment. Some important questions to raise include: 1. What is the nature of the hazards that a country faces? 2. Are they slow onset such as a drought or rapid onset such as a flood or are both of equal probability?

Different types of hazards may impact both the response *needs* as well as the *delivery capacity* of the social protection system. For example, fast onset hazards such as hurricanes or earthquakes may cause a breakdown of infrastructure – including electricity, water, and more broadly of markets – that may not occur as a consequence of a slow-onset drought. This will affect the *needs* of affected populations, who may require shelter and food, at least in a first response, rather than cash.

Beyond the needs for assistance, the *capacity* of the social protection system to deliver assistance will also be impacted, as existing mechanisms may no longer be functional. Digital payments may for example be impeded by a lack of network or electricity more broadly, requiring a shift to other payment modalities. Fast and slow onset hazards also put differential pressures on social protection programs in terms of timelines for the provision of assistance, with responses in case of fast-onset hazards required within days, and less likely to be provided *ex ante*.

The tool thus focuses on capturing existing needs assessment tools, their linkages to existing social protection systems, as well as flexibility in the response mechanisms. These broad parameters are limited in their capacity to reflect, *ex ante*, very context-specific implications of fast onset hazards, but should be part of the broader dialogue on the adaptive capacity of social protection programs, with likely cross-sectoral implications (for instance with DRM, energy, infrastructure, or agriculture).

4.2.2 Centralized versus decentralized SP

This tool assumes that the assessment is being conducted at the national level, but many countries have decentralized systems or would have national and state/province level programs simultaneously. In such situations, it is recommended that the tool is used to score a province/state rather than the entire country. If multiple provinces/states are being assessed, then it should be clarified when presenting the scores.

4.3 Good Practices

Now let's look at some overarching considerations and good practices when implementing the tool. These are things to keep in mind as you engage in the process of the Stress Test Tool and are suggestions related to how you engage with your client and their responses.

4.3.1 Inclusivity

While Part Two (3.2) has direct questions about inclusion of women and other vulnerable groups, which include people with disabilities, elderly, refugees, etc. these groups should be kept in mind throughout the assessment in relation to qualifying and understanding responses. In most cases, mechanisms such as grievance redressal system exist that help to increase accountability and inclusivity but it is important to know whether any specific measure has been taken to make these systems more accessible to these vulnerable and often marginalized groups. This requires an assessment of key constraints that they face e.g., women often face mobility constraints so programs requiring them to travel to other places to collect their benefit may not be the most suitable.

Therefore, when implementing the tool, an “inclusion lens” should be used to better identify areas of improvement within an existing system and tease out some of the nuances of the responses to have fuller view of the scope of the adaptation.

4.3.2 Stakeholder Engagement

There is no one right way of undertaking consultation. Given its nature, the process will always be context specific although this tool necessitates a more intensive and active form of consultation. Typically, engagement involves in-depth exchange of views and information, leading to joint analysis and decision-making. This increased level of engagement tends to generate a shared sense of ownership in the process and its outcomes.

Additionally, it's important to have the right stakeholders included in this assessment process. The more central a particular stakeholder or group is in SP adaptation, the more important it is for them to be properly informed and encouraged to participate in the process since it may have direct bearing on them for action.

Not all stakeholders in a particular group or sub-group will necessarily share the same concerns or have unified opinions or priorities but ultimately a numerical value should be agreed upon for each of the four building blocks.

It is both good practice and common courtesy if feasible to follow up with stakeholders whom you consulted, to let them know what has happened and what the next steps in the process will be or the action that is being undertaken.

5 Part One: Assessing Needs Under Different Scenarios

There are many reasons why people fall into poverty. People can fall into poverty due to ill-health or losing their employment. And there are certain moments in the lifecycle in which poverty is more likely, for example when a person enters old age. Safety nets and social assistance can provide much needed support during these times. In this piece of work, however we are focused on events that cause many households at once to fall into poverty—covariate shocks—and that require the whole social protection system to expand to prevent a large increase in a society’s poverty rate. Climate shocks, pandemics, conflict, or sudden adverse price changes are examples of such events.

The goal of Part One (3.1) is to describe these types of events, the scenarios, against which the social protection system should be tested. What are the large-scale shocks that will cause many people to fall into poverty at once and lead to system overload if the system is not well-able to adapt? How many people are likely to need support during these events, in which parts of the country, and how much support will they need? Are they already covered by the existing social protection system—requiring the amount of support to increase to existing beneficiaries (vertical expansion)? Or are they currently non-beneficiaries requiring the system to expand to cover more beneficiaries (horizontal expansion)?

Whilst this part of the tool has been phrased in terms of identifying those that will fall into poverty as a result of these events, other outcomes such as food security can similarly be considered and this may be more relevant for some contexts.

The scenarios start by defining the **type of event**. This is used in Part Two to inform the shocks that the system needs to be ready for in early warning systems, contingency plans and financing, for example. It also provides an indication of the timing of support as some events require much more immediate assistance to be provided to households than others. The events selected should reflect the risks the country faces and the situations in which it is most likely to need to scale up social protection.

Secondly the scenarios detail the **amount of support** needed: the number of people that will need to be supported, with some basic characteristics such as rural/urban location and the degree to

which they are covered by existing programs (depending on the context this could mean both the main social protection programs and relevant insurance schemes. These pieces of information are crucial for setting the stage against which the adequacy of the social registries, payment systems and financing is assessed.

The following two subsections outline: (i) how to select the events and (ii) how to estimate the number of people need. There are different options available for (ii) and the choice of option for a given country will depend on the level of detail on needs that are required, the data and analysis that is already available, and the amount of time that the team has available to complete the tool. We discuss how teams should choose between the different approaches.

5.1 Type of Events

In this initial version of the tool, we identify three types of events that should be considered: climate shocks, food price shock, and a health shock.¹⁰

The climate shocks that are relevant for a given country will vary based on their exposure to natural hazards. This can be determined by selecting the highest-ranking natural hazard in the INFORM risk index (not including pandemic), or the 2-3 highest ranking if more than one is above a score of 7. The INFORM risk index can be found [here](#).¹¹

A food price shocks is the second type of event to be considered. The global food price crisis of 2007-8 informs this scenario. For some countries other food price shocks may be more salient than the food price crisis of 2007-8 (for example in Ethiopia, the food price crisis of 2010-11 was larger in magnitude as the country was relatively unaffected in 2007-8). (Climate shocks and pandemics may also have impacts on food prices and this is captured in how these shocks are modelled, here we are referring to a food price shock that is caused by other factors such as movements in global prices, trade shocks etc.).

The third type of event is a pandemic. The covid-19 crisis provides the global scenario for this event. For some countries Ebola provides a similar example of human-to-human disease transmission.

The timing of support that will be needed can be determined by the nature of the shocks and a review of recent evidence, including from high-frequency surveys conducted during the covid-19 pandemic¹² (see Table 1 for a summary).

¹⁰ It is possible for these shocks to coincide and the likelihood of this and compounding effects of the shocks occurring simultaneously can also be considered in defining relevant scenarios for the stress test.

¹¹ <https://drmhc.jrc.ec.europa.eu/inform-index>

¹² Sanchez-Paramao and Narayan; Bundervoet and Davalos; and Hill, Skoufias, and Maher.

Table 1: Type of event and speed of response

Type of event	Fast or slow onset	Average	Very fragile setting
Drought	Slow	4 months	
Flood	Fast	Immediate	Immediate
Cyclone/hurricane/typhoon/tsunami	Fast		
Earthquake	Fast		
Food price	Fast		
Epidemic	Slow (fast once socially distancing restrictions and knock-on trade effects kick in)	4-6 weeks	

5.2 Scale of Need

Typically, we call those that are at risk of being poor in the future, vulnerable to poverty. The conventional approach of quickly identifying who is vulnerable, is to look at those living above the poverty line but below the vulnerability line—often 1.5 times the poverty line—and count them and those already in poverty as vulnerable to poverty in the future (Figure 6, panel a and b). This provides some indication of the number of people likely to be in need in a crisis. However, not everyone above the poverty line is equally vulnerable to falling into poverty from the shocks identified in (i). These shocks also differentially impact those already in poverty (Figure 6, panel c).

Ideally, we would estimate the number of people who will be in poverty for the types of events identified in (i). We outline three options that can be used by the country poverty economist to do this. These are summarized in Table 2 and described in the next paragraphs. Further details of how to implement these options are provided in the annexes.

In case none of these options can be used the number of people in a country that are vulnerable to poverty along the lines of Figure 6, panel b can be calculated and used as a last resort. This can be determined from povcalnet by specifying a poverty line that is 1.5 times the official rate used and using the resulting headcount poverty rate.¹³ All approaches require, at a minimum, the presence of a household survey that is used to measure poverty. In some cases, a survey exists and data on poverty has been provided to povcalnet but the survey is not available for further analysis.

¹³ This is only available separately for rural and urban areas for some countries.

Figure 6: Poverty and vulnerability



The first option is the simulation approach. It relies on modelling the poverty impact of shocks that have occurred in the past in a country, then combining this information with historical data on hazards to simulate poverty for a full range of events. Further details and references are provided in Annex 1. The advantages of this approach are that it is possible to identify needs for different types of shock, including differentiating between an extreme shock (a 1 in 20-year event for example) and a more moderate, more frequent shock (a 1 in 5-year event for example) without making a lot of ad-hoc assumptions. The challenge is that it is data intensive and is only available for some types of event (mainly climate shocks). This work is becoming more widely available but is still only available for some countries and some shocks. If this does not exist it will require considerable investment to estimate. Given it only exists for some types of shock it will likely need to be combined with the second option for the shocks it is not available for.

The second option is the scenario approach. In this approach assumptions are made about likely scenarios for the main shocks that have been identified. Information from available analysis at the country level and analysis in similar countries is used to specify these scenarios. The level of poverty is then estimated based on these assumptions using household data. Further details are provided in Annex 2. The scenario approach is essentially a more ad-hoc version of the simulations approach where only the bad years are considered and simplifying assumptions are used to conduct the simulations. This approach provides information for specific types of shock, including differentiating between a severe and moderate shock, but the data requirements are much

lighter—it only requires household data. However, it can be challenging to make plausible assumptions.

The third option is the multilevel approach. This approach relies on a tool that exists for quantifying the amount and nature of vulnerability in a country and determining how much of that vulnerability is as a result of covariate shocks that affect a whole community at once. This provides an indication as to the number of people that are likely to be in poverty in a crisis. Further details and references are provided in Annex 3. The advantage of the approach is that it does not require anything more than the type of household survey data that is usually available (like the scenario approach) and it does not require ad-hoc assumptions about how households are affected in different scenarios. An additional advantage is that a tool has been developed that allows this to be readily implemented. The disadvantage of this tool is that there is no link to specific shocks—it is not clear what type of shocks have made households poor, nor how severe they are. It may not be the case that shocks that affect a whole community at once are large enough to warrant a significant scale-up of the social protection system.

Table 2: Summary of Approaches

	Data required	Pre-existing analysis required	Analysis to conduct	Information about specific shocks
Simulation approach	Household data Historical event series (about 20 years)	Relationship between shock and consumption, for different households	Yes, do file available	Yes
Scenario approach	Household data	Information or analysis that can inform assumptions about which households will be affected and by how much, and how much prices will be impacted	Yes, do file available	Yes
Multilevel approach	Household data	None	Yes, tool available	No

Existing evidence suggests the three approaches provide quite similar results. Skoufias and Baez (2021) provide a comprehensive comparison of the simulation and multilevel approaches and show that they provide similar estimates across a number of countries in sub-Saharan Africa. All three approaches have been implemented in Ethiopia (the simulations approach as part of developing the stress-testing tool and the multilevel approach by Skoufias et al 2019). The results presented in Table 3 below indicate broadly similar numbers, although the share of households to be reached in a crisis from the multilevel approach is a bit lower (a result of a small share of vulnerability estimated as covariate in Ethiopia). This is likely on account of the fact that the probability of falling into vulnerability used in the multilevel approach is quite high, so it is more likely to reflect a moderate shock rather than a severe, less frequent shock. Please see Appendix B for more detailed use cases on each of the three approaches.

Table 3: Comparing Across Approaches (Ethiopia in 2011)

Approach	% Share of population to be reached in a crisis		
	National	Rural	Urban
Simulation approach			
Moderate drought	37	40	26
Severe drought	39	42	28
Scenario approach			
Moderate drought	35	37	
Severe drought	40	43	
Food price shock	28		27
Pandemic	32		28
Average	34	40	28
Multilevel approach			
All covariate shocks	27	28	18

So, how should country teams choose which approach to use? Figure 7 provides a summary of the output and requirements of the different approaches.

- **Data requirements:** All approaches use household data that is used for country poverty estimates. This is the only data requirement for method 3. Method 1 requires hazard data. Method 2 can benefit from this data too but can also be implemented without it.
- **Time requirements:** Method 1 requires the most investment in analysis as it requires significant time investment from country poverty economists or consultants that they supervise in original data analysis. Method 2 requires some bespoke coding and assumptions for a country that will need to be done by country poverty economists or their consultants, but it relies on a simple approach and can be done in a short period of time. Although the approach underlying Method 3 is complex, there is a well-established user-friendly tool for implementing the method, and an increasing number of countries have estimates from this approach that can be drawn on. If this is not the case, but there has been a lot of analysis in a country on the income and price effects of shocks then method 2 may be an easier method to implement. This choice between method 2 and 3 should be taken in light of the existing analysis that is available for the country.

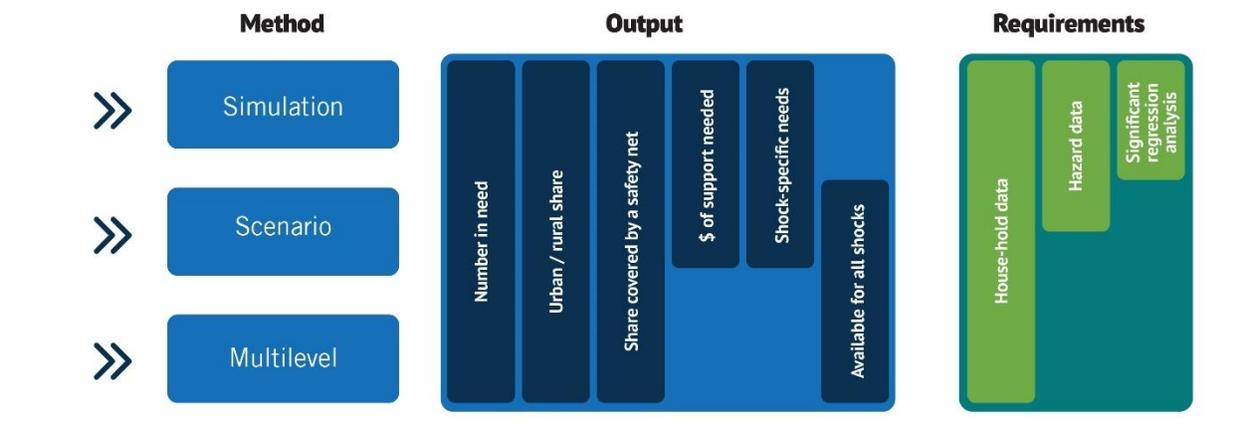
Whilst the available data and time will often determine the approach taken, the decision may also be influenced by the type of outputs desired from the stress-test:

- **A shock specific output:** Understanding the stresses put on the system by different types of shock can be an important part of assessing how ready a country's social protection system is to respond. For example, a country may be well placed to respond to a drought that hits rural areas but not to a price shock that primarily hurts households in urban areas. If this type of distinction is important then method 1 or 2 should be chosen over method 3. If

having a general idea of the need (regardless of its cause) suffices then method 3 could prove to be a good choice.

- Precision of estimates of need:** Undertaking the investment required of method 1 is worthwhile if the project team has time and getting a precise estimate of the number of households in need is important for assessing how ready a system is. The greater precision offered by method 1 can be useful to assess further progress needed in an already high performing system. If a system is far from meeting needs, investing in this type of detailed analysis is not necessary for completing the tool, although it may prove useful for other reasons (for example, designing triggers for scale-up).

Figure 7: Choosing from among the different approaches



6 Part Two: Scalability and adaptivity of social protection

At this stage, it is important to distinguish between social protection system and safety net programs (a subset of the social protection system), which may seem to be used interchangeably in this questionnaire tool but is trying to capture different information. Those questions that refer to the social protection system will help ascertain system wide factors that can be leveraged for the shock response. For example, total coverage of social protection programs gives an understanding of percentage of (vulnerable) population that is already within reach. In contrast, questions on safety nets (or other specific programs) aim to highlight factors that can have a direct impact on enabling households to build resilience to and cope with shocks.

Snapshot of a country's safety nets landscape

A quick assessment of the current state of a social protection system can provide a benchmark to contextualize the impact of shock(s) as discussed in Part One.

	Question	Response guide
1	What percent of GDP does the government spend on safety nets?	Percentage. Spending on safety nets indicates the availability of financial resources, which is instrumental in responding to a shock efficiently and effectively.
2	What is the coverage of safety nets programs in the bottom two quintile?	Percentage. There is no significant difference in vulnerability of people who are slightly above the poverty line. Those in the bottom two quintiles of income or consumption distribution are most likely to be affected by shocks.
3	What is the coverage of safety nets programs among population below the USD 1.9 (and USD 3.2) per day poverty line?	Percentage. Definition of vulnerability can vary across countries, but poverty lines can provide a benchmark for policy dialogue.
4	What are the main shocks that the country is most vulnerable to?	There are multiple databases and indices that can be used to ascertain this. For example, INFORM Index or World Bank's Think Hazard database

Four Key Building Blocks

The efficiency and effectiveness of a social protection system is based on how developed the supporting structure and ecosystem is. There are four key building blocks with multiple sub-components that provide a holistic view of this ecosystem: 1) programs and delivery systems (comprised of programs, delivery systems and payment systems); 2) data and information (including early warning systems and social registries); 3) finance; and 4) institutional arrangements and partnerships (including government leadership and institutional arrangements). The adaptability of a system in response to changing needs depends on how well a country is doing on each of these components. Each component will be scored between 1 and 5 in light of responses to questions in corresponding sections. An aggregate score will be the average of scores within these four categories.

6.1 Building Block 1: Programs and Delivery Systems

This building block is focused on assessing not just the ability of the SP programs and the delivery systems to scale and adapt to a shock, but to a large degree, whether the country has/is anticipatory in planning for those shocks. In other words, has the country anticipated and planned for what needs changing in its delivery and payment mechanism in a non-normal situation? Have protocols been anticipated and put in place or agreed upon?

The subcomponents and questions seek to evaluate the ability of the SP system to scale both horizontally and vertically when and as needed. This would include looking at whether the system is inclusive and provides benefits that meet specific population’s needs or whether there are communication and grievance channels for example. Additionally, there are questions that evaluate the ability of benefits to reach beneficiaries as it reflects the effectiveness of the SP system in reaching the beneficiaries efficiently and in a frictionless way.

6.1.1 Programs

This subcomponent aims to assess the baseline system and how far reaching it is in terms of coverage as well as how adequate it is in terms of the diversity of programs. Having a strong SP system helps in increasing the resilience of households before a shock hits. Adaptive social protection concerns both responding to a shock but also building resilience to shocks beforehand. For example, if a household is already engaged in diverse livelihoods, it is more likely to be resilient to the impact of shock as a result of income diversification.

Questions	Answers
<p>1 What kind of noncontributory cash/in-kind transfer programs does the government operate?</p>	<ul style="list-style-type: none"> • None, or donor/NGO-run programs only = 1 • Government-run programs exist, but in limited geographic areas = 2 • Government-run programs exist nationally but are limited to specific categories (e.g. disability, old age pension) = 3 • Government-run programs are operated nationwide but are fragmented or overlapping = 4

Questions	Answers
<p>2 What kind of livelihoods/employment protection programs exist?</p>	<ul style="list-style-type: none"> • A coordinated government-run program(s) is present nationally covering the life-cycle/primary vulnerable categories without fragmentation or overlaps¹⁴ = 5 • None, or donor/NGO-run programs only = 1 • Selected programs exist (some of them run by the government), but are limited in scope/coverage and/or to certain geographic areas = 2 • Programs exist nationally but are limited in scope and/or coverage (e.g. skills training only) = 3 • Various programs (delivering, e.g., skills plus cash, credit and/or counseling) are operated nationwide with reasonable coverage, but are fragmented or overlapping = 4 • An integrated government-run livelihoods program/suite of programs (or in complete coordination with NGOs) is operating nationally with appropriate coverage = 5
<p>3 Does the amount of benefit provided during shocks contribute to maintain household consumption and welfare?</p>	<ul style="list-style-type: none"> • Amount of benefit far from allowing households to maintain pre-shock consumption levels =1 • Amount of benefit covers a small part of the consumption impact and decision on amount is based on resources available rather than standard protocol =2 • Amount of benefit covers significant portion of the consumption impact, though coverage still a priority (can sometimes cover a lot sometimes a little) =3 • Amount of benefit provided compensates significantly (though not fully) for consumption impact, with some parameters for transfer amount outlined in protocol and minimal acceptable value = 4 • Amount of benefit provided compensates for potential consumption impact with formal guidelines/standards in place= 5
<p>4 What is the coverage of social protection programs in the country? <i>This question will give an estimate of percent of population that already has some kind of coverage which can speak to the resilience building aspect of the system</i></p>	<ul style="list-style-type: none"> • 0-15%=1 • 15%-30%=2 • 30%-50%=3 • 50 to 70%=4 • Over 70%=5

¹⁴ Here caution against overlap does not imply that one household cannot be targeted by multiple programs. It is considered an overlap if one household is taking advantage of multiple programs that address similar vulnerabilities (e.g. cash transfer programs might be implemented by multiple agencies and without coordination between them, it is likely that they might end up targeting those who are also benefiting from other similar cash transfer programs. This can reduce coverage of programs and can lead to “double dipping”

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
Government does not have any substantial programs, most SP covered by NGOs and donors and limited coverage of SP, leading to low levels of resilience among its population	Government has some SP programs and limited coverage, which remain uncoordinated and thus limiting resilience building	Government has relevant programs at the national level and some basic coverage which can promote resilience	Significant coverage through SP, through national safety net programs, and livelihood ones ensuring strong resilience of population	Strong coverage of safety net and livelihood programs providing a suite of interventions and a lot of complementarity ensuring population is very resilient to shocks

6.1.2 Delivery systems

The delivery system subcomponent seeks to assess different parts of the delivery chain that are most important for ASP. The questions look at whether different parts of the delivery chain can be adapted or developed to be used for shock response, whether the adaptations are contextually relevant and useful for the specific shock or country, and whether they allow for reaching out to those who are not currently covered by the SP system. The COVID crisis underscored the vulnerabilities of the “missing middle” and the instrumental role of strong delivery systems in reaching them.

When looking at contextual relevance, the questions are broad in scope to allow teams to place the assessment in the specific country and system context. For example, if a country has multiple shocks, then the delivery system needed might be different for each shock. In addition, questions were not included for which data was lacking for many countries as some quantitative data is not available at a disaggregated level for many countries.

Questions	Answers
<p>1 Are there communication mechanisms in place that can be leveraged in times of a shock to inform target beneficiaries about the program?</p>	<ul style="list-style-type: none"> • No or target population is not accessible=1 • Yes, but instruments are used in an ad hoc manner and are not tailored to the target population (e.g. using pamphlets or using pamphlets in one language and not others when target population is illiterate) = 2 • Yes, with more effective strategies in some areas but is not implemented well in other areas = 3 • Yes, a comprehensive strategy is implemented (or is available) in both urban and rural areas, which are served by the program, but don't have capacity to expand to areas not currently covered = 4 • Yes, a comprehensive strategy that uses multiple sources (e.g., a mix of cell phone, tv/radio, newspaper and other print media, and local community leaders) is available that can be scaled up as needed= 5
<p>2 Is the delivery of assistance informed by a needs assessment?</p>	<ul style="list-style-type: none"> • There is no needs assessment tool=1 • There is a tool designed for needs assessments for cash as well as other assistance (such as food or shelter), but there are no mechanisms to link it to existing programs=2 • There is a tool designed for needs assessments and it informs the delivery of assistance through social protection programs via cash transfers=3 • There is a tool designed for needs assessments and it informs the delivery of assistance through social protection programs assistance other than cash transfers (such as food or shelter) =4 • There is a tool designed for needs assessments and it informs the delivery of assistance through the social protection programs via cash transfers as well as other assistance (such as food or shelter) =5
<p>3 How are beneficiaries enrolled in the program in times of shock?</p>	<ul style="list-style-type: none"> • No enrolment mechanisms specified in case of horizontal expansion or existing beneficiaries have to register again = 1 • In person near their place of residence at a specific time (no permanent structure available for registration) =2 • Self-enrollment in person (kiosk, one stop shop) or online/phone without provision for alternative access = 3 • Self-enrollment by phone or internet as well as in person = 4 • Automatic enrollment OR multiple mechanisms used that ensure everyone among target population¹⁵ can be enrolled =5
<p>4 What percentage of the poorest two quintiles of population has a government authorized/recognized ID (national ID, birth certificate, voters ID, tax ID, etc.)?</p>	<p>Total coverage</p> <ul style="list-style-type: none"> • 0-20%=1 • 20-40%=2 • 40-60%=3 • 60 to 80%=4 • Over 80%=5

¹⁵ 'Target population' refers to the intended beneficiaries of a particular benefit i.e. those who you want to be able to reach when you scale up a benefits/relief program

Questions	Answers
5 Can beneficiaries or target population register complaints? Is there a grievance redress mechanism in place to resolve the complaints?	<ul style="list-style-type: none"> • No or yes, but not functional =1 • Yes, but only through community committees/ in person and is limited to beneficiaries only =2 • Yes, there are multiple ways to register complaints, which can also be used by non-beneficiaries. However, complaint resolution process is not tracked =3 • Yes, there are multiple ways to register complaints with triggers for response that tracks complaint resolution process = 4 • Yes, there are multiple ways to register complaints with triggers for response and tracking of complaint resolution process. After complaint resolution, follow up with beneficiaries to get feedback = 5
6 Does the shock response expansion have specific programs/design features to ensure inclusion of women?	<ul style="list-style-type: none"> • No specific efforts are made to ensure inclusion of women=1 • Some efforts are made to improve access or outreach, but these are not effective or contextually appropriate =2 • Some efforts are made to improve access or outreach, including context-specific adjustments or measures to address upstream constraints (e.g. provision of IDs or SIM cards to women to have better access) = 3 • Shock response plan includes a social mobilization component on top of tweaks in design features that tries to influence behavior or change restrictive norms to improve women’s access to systems = 4 • The existing system already accounts for the major constraints faced by women and includes strategies to mitigate their constraints and improve access =5
7 Does the shock response expansion have specific programs/designs features to ensure the inclusion of other vulnerable categories (people with disabilities, elderly, refugees etc.)	<ul style="list-style-type: none"> • No specific efforts are made to ensure inclusion of other vulnerable categories=1 • Some efforts are made to improve access or outreach, but these are not effective or contextually appropriate=2 • Some efforts are made to improve access or outreach, including context specific adjustments or measures to address upstream constraints • Shock response plan includes a social mobilization component on top of tweaks in design features that tries to influence behavior or change restrictive norms or constraints to the inclusion of other vulnerable groups = 4 • The existing system already accounts for the major constraints faced by other vulnerable groups and includes strategies to mitigate their constraints and improve access=5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
The basic SP system delivery chain is limited and has no ability to flex and adapt to shocks.	The basic SP system is somewhat adequate and has minimal ability to adapt to shocks.	SP delivery system has some adaptive capacities to respond to shock. There is a focus on inclusion but right	SP system is for the most part adaptive and able to respond to different types of shock with some shortfalls. Efforts	SP delivery system fully adaptable to respond to all relevant shocks. Mechanisms in place to make the

Remains inaccessible to women and/or other vulnerable groups.	However, can remain exclusionary.	now addresses the needs of only some of the groups.	are made to be inclusive of all vulnerable groups but some groups remain excluded.	program accessible to all the vulnerable groups.
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6.1.3 Payment systems

This subcomponent seeks to assess the level of development of a country’s payment systems and takes an initial normative view towards digital payments as countries should be moving toward having the ability to process digital payments in their SP systems. But while digital payments are beneficial, without making investments in the digital financial ecosystem, digital payments can lead to exclusion or reinforce exclusion of certain groups that do not have access to digital financial services.

For this reason, when tackling this specific aspect of shock response, the tool doesn’t limit itself to digital payments and seeks to elicit the capacity to scale regardless of the tool used (cash or digital or other means). This allows flexibility for countries in which digital payments may not be possible yet, but are able to scale nonetheless relatively quickly, or for countries which suffer from rapid onset shocks such as hurricanes or floods, which render digital payments inoperable despite that capacity in the SP system in normal times.

Questions	Answers
1 Currently, how are benefits or cash transferred to the beneficiaries?	<ul style="list-style-type: none"> • Payments/transfers are cash based or in kind undertaken in person by MFIs or other and no set up for digital transfers¹⁶=1 • Payments/transfers cash based or in kind undertaken in person by MFIs or other but a small scale/pilot or discussion on digital transfers ongoing=2 • Some payments are digital or paid to bank accounts=3 • Most payments are digital or paid to bank accounts but use of funds is restricted to cash withdrawals from designated places =4 • All payments are digital with ability to spend directly from the account, e.g. by debit card at merchant POS machine=5
2 How quickly can the payment system scale? ¹⁷	<ul style="list-style-type: none"> • Payments would require significant time as system not in place or nor appropriate for response (i.e.,

¹⁶ Digital transfers or e-payment refer to prepaid cards, magstripe debit cards, smart cards, mobile money, accounts in financial institutions. Digital component does not have to be end to end but can refer to the sending the payment digitally to a bank account. Digital payments here include mobile payments, credit or debit cards, online bank account etc.

¹⁷ This question seeks to understand the speed at which response can happen irrespective of the mechanism used. During natural disasters digital payments may not be feasible, however the important aspect is to understand the country’s ability to deliver with speed regardless of mechanism. Generally, when doing physical transfers speed can be affected. Based on what stakeholders know of the general speed at which transfers can be made

Questions	Answers
	<p>payments or assistance would arrive significantly after the shock occurs, likely some months)=1</p> <ul style="list-style-type: none"> • Payments would experience some delay relative to shock as some systems in place but not most appropriate for some shock(s) identified in Part One (i.e. payments or assistance would arrive after the shock occurs, days to weeks)=2 • Payments would experience moderate delays- some could be quick while others would lag behind (i.e. payments or assistance relatively on time for some beneficiaries but delayed for others, no consistency in ability to respond on time)=3 • Payments can be made with little delay for some shock(s) identified in Part One (i.e most payments practically on time relative to the type of shock, “delays” are small, few days at most=4 • Payments can be made rapidly for all shocks identified in Part One (consider for different shocks different payment systems may be necessary, so ability to be able to adapt payment method as necessary-fit for purpose- is essential)=5
<p>3 What is the capacity of the payment system to handle a horizontal expansion of the main program?¹⁸</p>	<ul style="list-style-type: none"> • Expansion of payments/benefits cannot be done at scale of need and limited to already targeted areas/localities =1 • Expansion of payments/benefits can be done at limited scale of need (i.e. slightly more than the regular caseload, but mostly only if in same general area, or not multiple areas)) =2 • Some ability to moderately expand payments/ benefits relative to need (i.e. beyond current regular case load with some sizeable yet insufficient reach still) =3 • Significant ability to expand payments/benefits relative to need =4 • Strong ability to expand transfers/ benefits to cover most of the need or country if needed

¹⁸ This question seeks to understand how many beneficiaries can be reached with payments—scale of the scale up so to speak- irrespective of the mechanism. During natural disasters digital payments may not be feasible, however the important aspect is to understand the country's ability to reach all those who need to be reached. Generally, when doing physical transfers this can be more limited

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
No mobile or digital payments and no ability to scale payments in times of shocks	Possibility of mobile/digital payments for regular transfers but scale up of payments or assistance for shock response is limited in scale and experience severe delay	Some payments made by mobile/digital methods for regular system. There is some ability to scale payments or assistance delivered beyond current case load but moderate delays and limited ability to tailor payment system to specific shock or need	Majority payments are mobile/digital, with exception of very remote/vulnerable populations. In times of shocks payments or assistance delivery can be done with relatively no delay and reach significant scale	All regular payments are mobile/digital with in-built mechanisms to ensure access, but the system can also adapt to any shock (modify payment mechanism to suit shock) and respond relatively quickly and at the required scale

6.2 Building Block 2: Data and Information

In this Building Block, the tool seeks to assess the ability for the SP system to be informed so that appropriate and timely action can be taken. As a basis for this assessment, there is a need to evaluate the Early Warning systems and the social registries as two fundamental aspects of a country's ability to respond timeously and target the affected population(s).

6.2.1 Early Warning systems

Early warning systems (EWS) are integral for a function ASP system. The United Nations Office for Disaster Risk Reduction (UNDRR) defines EWS as *an integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and preparedness activities systems and processes that enables individuals, communities, governments, businesses, and others to take timely action to reduce disaster risks in advance of hazardous events.*

In general, functional EWS do not develop the capacity to assess risk but just to monitor and alert on the occurrence of a natural hazard event. Does it have the monitor and alert capacity? Does it have the institutional arrangements to channel information for action (protocols, contingency plan to implement, coordination mechanisms, etc.)? Does it have the capacity to perform scenario analysis?

Without the ability to forecast a shock and its likely location and impact, preparing a timely response is not possible. This subcomponent seeks to understand whether the ASP system can rely on an EWS system in the country. Please note it is not a complete assessment of EWS systems but looks to answer a few fundamental questions which are essential for ASP. It does not seek to be overly technical, but stakeholders with experience or knowledge of these systems can provide insight or support to better assess the EWS. Linking the SP system to early warning systems enables prediction of needs and allows for timely actions.

Questions	Answers
<p>1 Is/are there a functional EWS¹⁹ for the shock(s) the country is exposed to? (Shocks that are identified in Part One)</p>	<ul style="list-style-type: none"> • No=1 • Yes, but not fully functional or pilot form=2 • Yes, for some shock(s) and functional while some others exist but very weak /not fully functional =3 • Yes, for most or all shocks and mostly functional=4 • Yes, for all regular/known/recurrent shocks and with high functionality/multi-hazard early warning system=5
<p>2 Is the national EWS capable²⁰ of warning (monitoring and alerting) of one or more shocks identified in Part One?</p>	<ul style="list-style-type: none"> • Inadequate monitoring and warning capability of any hazard (for natural shock)/ or other shocks (health, food insecurity etc.) = 1 • Some but limited monitoring and/or warning capability of hazards /or other shocks =2 • Some adequate monitoring and/or warning capability for hazards /or shocks most relevant to the country, though some issues with accuracy still, and limited ability to monitor other less relevant more infrequent shocks = 3 • Significant monitoring capability for hazards /or other shocks most relevant to the country but no other hazards/shocks =4 • High level of monitoring and warning capability across hazards and/or shocks =5
<p>3 Has the government undertaken vulnerability and risk assessment(s) to assess the impact of shock(s) identified in Part One based on EWS data?</p>	<ul style="list-style-type: none"> • No detailed vulnerability or risk assessments by govt exist = 1 • Outdated or poor-quality assessment(s) of risk/vulnerability exist = 2 • Some assessment to determine impact of different shocks on different populations exists but relies heavily on external support /or is not wholly adequate = 3 • Government has the capacity to (and does) undertake risk/ vulnerability assessment for some shocks regularly based on hazard or shock exposure and data and provide granular data on people in need = 4 • Government has the capacity to (and does) undertake a credible risk/vulnerability assessment regularly that is capable of providing granular data on estimated people in need in advance or very quickly in response to multiple shocks = 5
<p>4 Is there an agreed trigger to initiate shock response or to scale up social protection systems in shock response (for the shocks identified in Part One)?</p>	<ul style="list-style-type: none"> • Shock response does not rely on EWS data for response = 1 • There is an ad hoc linkage shock response and EWS, where EWS data is used only sometimes = 2 • Some attempts to identify and document EW indicators, which can be used to plan disaster response, but actual timing and scale of response follow resources =3 • EW indicators are well-defined and documented with pre-agreed trigger thresholds to initiate a shock response. However, this is only limited to pilot programs or little coverage =4

¹⁹ An EWS is functional if it can monitor and alert on the occurrence of a natural hazard or shock

²⁰ Capable refers to ability to collect high quality, accurate data in real time. High quality data should have scientific basis

Questions	Answers
	<ul style="list-style-type: none"> Defined/automatic EW triggers that lead to relevant agencies initiating the shock response, which includes guidelines on amount and coverage for some shock(s) = 5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
No EWS or not functional	EWS covers one a/some shock(s) though not fully reliable or used in shock response and no clear understanding of impact of shock on households	EWS for a/some shock(s) is mostly reliable with some attempts to link it to shock response as well as attempts to understand impacts on vulnerable households	EWS for all shocks are mostly reliable with agreed upon triggers to initiate and plan the response. However, some issues with data quality and/or timeliness persist	EWS for all shocks with good quality and timely data with ability for real time monitoring across hazards and indicators with clear triggers and implementation guidelines and mechanisms in place

6.2.2 Social Registries

Registries or other forms of databases which include information about beneficiaries, or potential beneficiaries are essential in ASP systems. Registries/databases are essential in ASP systems, as they help identify populations e.g. disabled, elderly, youth, etc. which are impacted by certain shocks, based on their characteristics and vulnerabilities. For example, if a database has urban and rural households and there is a drought in rural areas, the registry facilitates identifying those rural households that are impacted and are in need of assistance based on their livelihood sources.

The efficiency and successful performance of the SP system relies on resources reaching the right people, so without a way to know who the beneficiaries are and how to reach them, a country could be investing in the wrong people. Even with universal coverage, there is still a need to know who the beneficiaries are to ensure they receive appropriate benefits.

While registries are common in many low-income countries, they are not the only database which can exist in a country that can be used for the purposes of adapting the SP system. It is possible that there are parallel systems that could be used for the purposes of scaling the SP system, which if the social registry is incomplete or has inadequate information, would be wise to use. It is not necessary that the registry/database that is used is owned/managed by the government as long as there are arrangements and agreements in place that allow the government to access the needed data.

In this subcomponent of questions, the purpose is to understand whether the country has a large enough database or databases which it can rely on to get information about potentially impacted households that need to be reached during a shock. Without this information, benefits to affected populations can be delayed.

Questions	Answers
<p>1 What kind of registry or database is used to target beneficiaries for a shock response?</p>	<ul style="list-style-type: none"> • A program social registry • Several program registries/databases • A national registry • A voter ID database • Humanitarian partners databases • Civil registry • Social security database • Telecom companies or client lists • Pension and social security databases • Dedicated MIS • None of the above/ad-hoc registration
<p>2 What is the difference in terms of urban coverage in the registry/databases²¹ vs. the likely affected urban population based on simulation? <i>To answer this question, there needs to be a number of average populations affected by shock from Part One. If you have not done Part1 simulation, please use an estimate on the number of people in need</i></p>	<p>Calculate the difference between simulated number of affected urban population and those in the registry</p> <ul style="list-style-type: none"> • Over 70%=1 • 50-70%=2 • 30%-50%=3 • 15-30%=4 • More households in the registry/database, or 0-15% fewer in the database than urban affected population%=5
<p>3 What is the difference in terms of rural coverage in the registry vs. the likely affected rural population based on the simulation? <i>To answer this question, there needs to be a number of average populations affected by shock from Part One. If you have not done Part1 simulation, please use an estimate on the number of people in need</i></p>	<p>Get the difference between simulated number of affected rural population and those in the registry</p> <ul style="list-style-type: none"> • Over 70%=1 • 50-70%=2 • 30%-50%=3 • 15-30%=4 • More households in the registry/database, or 0-15% fewer in the database than urban affected population%=5
<p>4 Share of records older than 3 years in the registry or database used? It can also be an approximation</p>	<ul style="list-style-type: none"> • Over 70% (or information not available) = 1 • 50-70%=2 • 30%-50%=3 • 15-30%=4 • 0-15%=5
<p>5 Based on approximation, are disaster prone areas covered by</p>	<ul style="list-style-type: none"> • None=1 • Few disaster-prone areas covered=2

²¹ Given there is a huge variation across countries in how they identify and reach target population, here registry/database can refer to social registry, beneficiary registry, any other database that has significant coverage (e.g. tax records, voter registration systems etc.), any database that is currently being used for a specific program or any database that can potentially be used for the purpose.

Questions	Answers
<p>the registry or relevant databases?</p>	<ul style="list-style-type: none"> • Some of the disaster-prone areas covered = 3 • Most of the disaster-prone areas covered =4 • All the disaster-prone areas covered =5
<p>6 Is there a protocol²² for updating the registry or relevant database (full update not day to day updates)?</p>	<ul style="list-style-type: none"> • No=1 • Yes, a protocol exists but has never been followed=2 • Yes, a protocol exists and has been mostly followed with some shortcomings (whether delays, or some deviation from the protocol or short of the full needed update) OR a protocol does not exist, but some updates have happened regardless = 3 • Yes, a protocol exists and has been followed and helped update the database completely, but the updates are irregular and at least 5 years apart = 4 • Update is regular and/or automatic =5
<p>7 Does the data in the registry or in the databases used allow targeting, identifying, locating, and contacting the beneficiary and transferring the benefit (i.e. having the address/phone/account information of the beneficiary) during shock response? <i>For seamless use of social registry during a disaster response, it must have adequate information that would allow targeting people based on changing needs (for example targeting for poverty while also being able to contact and locate them.</i></p>	<ul style="list-style-type: none"> • Data collected in the registry/database is not sufficient to target in a shock response =1 • Data collected in the registry/database is somewhat sufficient to target during a shock=2 • Data collected in the registry/database is mostly sufficient to target for a/some shock(s)=3 • Data collected in the registry/database is mostly sufficient to target for all shocks=4 • Data collected in the registry/database is fully sufficient to target for all shocks=5
<p>8 Do humanitarian partners use the government's registry or other relevant government databases for their response?</p>	<ul style="list-style-type: none"> • No, humanitarian partners use their own proprietary beneficiary lists, with little coordination of lists =1 • Some use it but not consistently, relying on their own lists with some coordination but remains insufficient =2 • All have access but don't use it consistently relying on their own lists partially with some coordination, but overlaps remain =3 • They have access but use their own proprietary lists. However, mechanisms in place to avoid overlap in targeted beneficiaries i.e. different programs are not covering the same beneficiaries=4

²² In ideal circumstances, a protocol would include the following but can vary from country to country:

- Frequency of data collection/update
- Whether it allows dynamic data entry
- Points of data entry or access (door to door, one stop shop, online etc.)
- Access to entry points by potential beneficiaries

Questions	Answers
	<ul style="list-style-type: none"> All have access and use it consistently /or humanitarian partners not involved in response =5
<p>9</p> <p>Are there other adequate (up to date, relevant data, geographic coverage) databases (telecom, humanitarians) available that can significantly expand reach?</p> <p>Note: beyond the data that the government mainly uses. (e.g. in the social registry).</p>	<ul style="list-style-type: none"> No other databases available=1 Databases available but not interoperable=2 Databases available and could be made interoperable but no data sharing pre-agreements = 3 Databases available and have data sharing pre-agreements = 4 Databases available, which are interoperable and allow seamless expansion, or the government does not need to rely on other databases as its own database/registry has full coverage = 5
<p>10</p> <p>Are there any data privacy regulations with specified course of action in case of privacy breach?</p>	<ul style="list-style-type: none"> No data privacy/security regulations exist = 1 Data privacy regulations exist but are not implemented = 2 Data privacy regulations exist with strict data sharing protocols with the private sector. However other government agencies can access and use this data = 3 Data privacy regulations exist with strict data sharing protocols where the beneficiary is made aware of all the entities that could access their data = 4 Data privacy regulations exist where beneficiary data is not shared with anyone. Other entities can only access aggregated or anonymized data = 5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
Registries/databases not adequate: Very low coverage of registry/beneficiary lists/databases which are fragmented and not adequate for targeting.	Registries/databases somewhat adequate: Registry/databases coverage is limited to no more than 50 percent of potential population in need shock prone areas covered. Limited ability to expand via non-government databases	Registry/databases cover between 50 to 70% of potential population in need with somewhat improved data, particularly in shock prone areas, though Interoperability limited still and some fragmentation remains	Registries/databases mostly adequate across shocks: cover(s) most of the potentially impacted population with significant coverage of areas susceptible to shocks and high degree of data reliability and accuracy	Registries/databases fully sufficient to respond to all shocks: Integrated social registry/complete databases covering nearly all population and can be updated frequently on demand and used across multiple shocks.

6.3 Building Block 3: Finance

To ensure the social protection system can meet increased needs following a shock, the government must be able to rapidly mobilize the surge resources required. Delays in the disbursement of disaster funding, even when available, increases the likelihood of the vulnerable

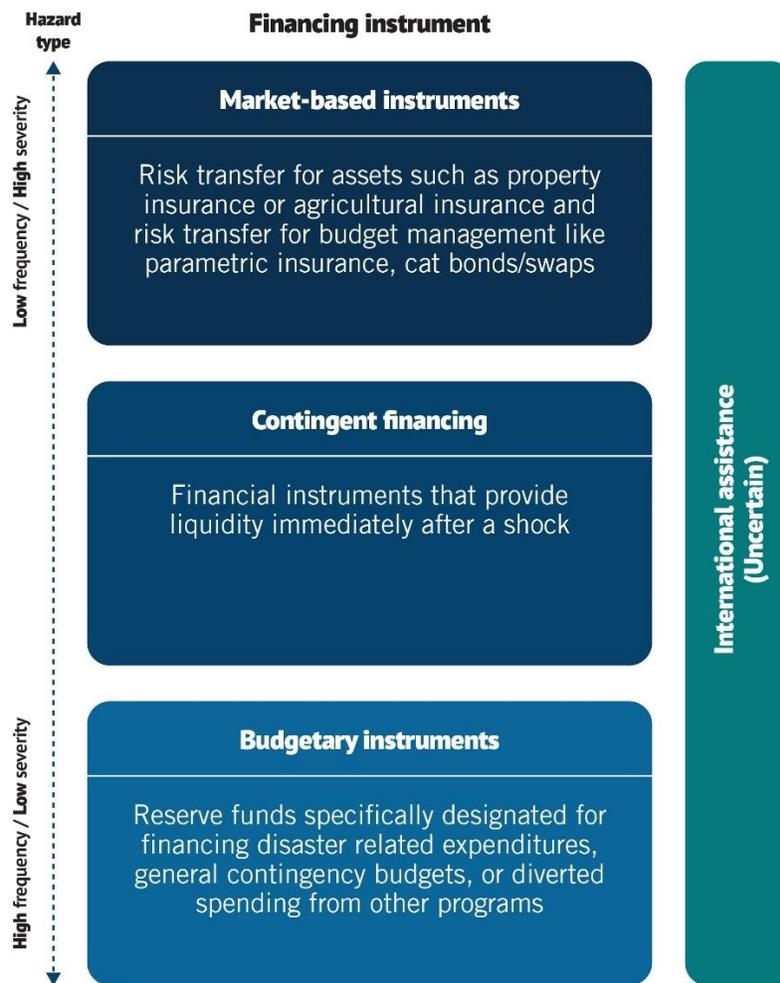
adopting negative coping strategies. A solution to the funding challenge is for governments to develop a financing plan before a disaster occurs. The financing plan outlines the financing instruments the government will draw upon in the event of a shock so that they can rapidly mobilize funding for the scale up of the SP system.

The details of the financing plan should be driven by an understanding of the potential costs and likelihood of different disaster frequency and severity scenarios. Based on international best practice of crisis risk financing, a risk layering approach (see Figure 8 below) is best as no one instrument will be able to efficiently meet the financing needs in all years (please refer to Appendix).

This subcomponent on finance seeks to ascertain the government's anticipation of their financing needs, i.e., their ex ante financial planning. The questions seek to answer the fundamental questions of whether the country knows how much money they will need and whether they have it earmarked so they don't have to reallocate funds away from existing programs and development goals.

International experience has shown that governments ideally combine different financial instruments to protect against events of different frequency and severity. This approach, known as risk layering, is part of a comprehensive financial protection strategy that mobilizes different financial instruments, either before or after a disaster strikes, to address the evolving need for funds. Risk layering ensures that finance is released when it is needed most, proportionate to the size of event helping to ensure that the most expensive instruments are used only in exceptional circumstances. The World Bank framework for Disaster Risk Financing and Insurance considers a three-tiered risk layering approach for the development of financing arrangements to cover the residual disaster risk that cannot be mitigated. These layers align to the basic principles of sound public financial management such as the efficient allocation of resources, access to sufficient resources and macroeconomic stabilization. The first layer, risk retention, relates to a country developing an internal layer of protection against disaster response needs to prevent the reallocation and diversion of regular budget and to protect development gains. The second layer, contingent financing, provides contingent financing, provides quick release funding that allows the country to meet its financing requirements following a sudden more severe event, for example a contingent line of credit triggered following a pre-defined disaster event. The third layer, market based instruments, which enable the government to transfer risk to the international markets, maximizing finance for development in the event of a catastrophic event, for example through risk transfer solutions such as catastrophe risk insurance, catastrophe bonds and derivatives.

Figure 8: Risk Layering Approach



Questions	Answers
<p>1 Does the Government have a national strategy, policy or legislation setting out commitments to disaster risk financing?</p>	<ul style="list-style-type: none"> • No disaster risk financing strategy or policy document/s exist = 1 • Disaster risk financing policy document/s are under development, or if they exist are outdated and not linked to any ASP interventions= 2 • Some disaster risk financing policies or strategies exist but not backed by legislation or financial instruments = 3 • Disaster risk financing policy exists for at least one shock and some legislative / financial commitments in place = 4 • Clear disaster risk financing strategy exists for wide range of shocks with supporting legal / financial instruments in place that mention ASP interventions = 5
<p>2 Does the government have ability to analyze and model the potential cost implications of the</p>	<ul style="list-style-type: none"> • No systems exist = 1 • No, but the government is actively building capacity in this area = 2 • Yes, an analysis has been performed based on historical data for a/some shock(s), including ASP scale-up plans = 3

Questions	Answers
shocks identified in Part One over time?	<ul style="list-style-type: none"> • Yes, an analysis has been performed based on historical data as per ASP scale-up plans for some shocks and is owned by the Government = 4 • Yes, an analysis has been performed based on historical data as per ASP scale-up plans for all shocks and is owned by the Government = 5
3 Is financing in place to ensure a timely response to disasters?	<ul style="list-style-type: none"> • No specific financing instruments earmarked, response fully dependent upon budget reallocation and external aid = 1 • Some disaster funding earmarked but fully dependent upon budget reallocation and external aid and not specifically for ASP response. Some coordination with development partners and ministries to access finance = 2 • Some financing instruments earmarked for ASP response to some shocks, but amount limited to smaller events/more regular scale-up. Where additional finance required this experiences delays = 3 • Some contingency financing and / or market-based instruments in place for some proportion of potential ASP costs. Larger and infrequent shocks not fully covered = 4 • Instruments are ear-marked to quickly cover the cost of ASP scale-up from all shocks. Minimal delays to response =5
4 Are there systems/mechanisms which can be utilized for ASP interventions? <i>Note: while some systems may not have been established for the purposes of ASP they are able to act in this way if needed.</i>	<ul style="list-style-type: none"> • No clear system/mechanism in place to scale up ASP assistance in place = 1 • Systems/mechanisms exist for final distribution of assistance in line with SP system – no upstream timelines or protocols exist. Systems to disburse and reconcile expenditure= 2 • Systems/mechanisms exist for the release of resources, but no clear timescales established and challenges in implementation remain. Systems to disburse and reconcile expenditure adequate = 3 • Systems/mechanisms and timescales for the release of resources exist but challenges in implementation remain. Good systems to disburse and reconcile expenditure down to beneficiary level = 4 • The processes and timescales exist for the release of all resources for ASP and good systems to disburse and reconcile expenditure down to beneficiary level = 5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
No government strategy, analysis or funding commitments for disaster risk finance, funding needs and allocation determined after the event with no guidelines on disbursement.	Strategy and costing analysis under development, no disaster risk finance instruments in place for ASP with funding needs determined after the event and requiring budget reallocation and vulnerable to delays.	Disaster risk financing strategy in place and some earmarked financial commitments for disaster response (including ASP) for some shocks.	Disaster risk financing strategy in place and earmarked financial commitments to ensure timely response, including a range of pre-positioned instruments for a proportion of potential ASP costs for some shocks.	Disaster risk financing strategy and portfolio of financial instruments regularly reviewed to provide full coverage of risk landscape and flexible to new shocks.

6.4 Building Block 4: Institutional Arrangements and Partnerships

Building Block 4 is concerned with assessing the ability of a country's government to lead shock response efforts, both ex ante and ex post, with this ability providing an indication of the overall development of a country's institutions. So, the questions in this section seek to ascertain the relative strength and capacity of governmental institutions to drive both planning for shocks and also for coordination with and of other stakeholders and actors in response to shocks.

6.4.1 Government leadership

Questions and issues in this subcomponent seek to evaluate a government's leadership in developing and leading shock response efforts i.e. whether they have a game plan, whether they can refer to the game plan and whether they can put it into action. For example, is there regulation that outlines who takes what role in the case of a shock? Ideally the government is the lead and entry point for coordination and other actors in country such as humanitarian organizations/NGOs align their efforts with the government.

Question	Answers
<p>1 Is there any government policy or strategy that recognizes the role of (adaptive) SP in disaster risk management?</p> <p>It refers to a government policy or strategy that clarifies or centers the role of SP in responding to and recovering from covariate shocks</p>	<ul style="list-style-type: none"> • No (A)SP or DRM strategy / policy =1 • Strategies / policies exist, but are outdated Or SP and DRM do not link to each other and ASP not mentioned=2 • Up to date strategies / policies exists with some recognition of the role of ASP in DRM (or vice versa) = 3 • Relevant SP and DRM strategies exist with strong complementarity and links to some legislation and fiscal commitments =4 • Clear and reinforcing commitment to ASP in SP and DRM strategies supported by appropriate legislation and fiscal commitments = 5
<p>2 Is there a contingency plan* or response plan (whether drafted by the government or not, it is recognized as such in times of crisis), with links to risk assessment which determines the actions to be taken in case of one of the shocks identified in Part One?²³</p>	<ul style="list-style-type: none"> • No=1 • There is a plan, but it was never activated during a shock/ not consistently activated OR there is a plan, but it is outdated and does not incorporate risk assessments=2 • There is an up to date plan which is/would be activated but does not have fully actionable implementation roadmap for an effective response and is not periodically reviewed nor tested=3 • There is an up to date, comprehensive and relevant plan for some shock(s), which includes risk assessment and scenario building which has been tested, is actionable and implementation-ready=4 • There is a plan for each/all shocks (including an action plan for unanticipated shocks), and clear guidelines as to when it is/would be activated and up to date and is tested/implemented regularly and refined = 5

²³ Contingency plan will include human resource as well as technical, financial, and institutional capacity. This may require reviewing the adequacy periodically and adjusting the available resources/contingency plans accordingly (if a country is vulnerable to only 1 shock, score will be 5)

Question	Answers
<p>How effectively²⁴ does the government lead the response plan²⁵ and implementation?</p> <p><i>The leadership of the government is independent of whether a contingency plan exists. This question seeks to understand what the actual role of the government is in the planning and implementation of response to a shock.</i></p>	<ul style="list-style-type: none"> • There are no government led ASP activities – all is led by humanitarian partners without coordination with SP or DRM=1 • Government (SP and/or DRM) and non-governmental agencies run parallel ASP initiatives without coordination =2 • Government (SP and/or DRM) and non-governmental agencies run parallel ASP initiatives with ad hoc post disaster coordination =3 • Government SP and DRM have functioning institutionalized linkages and coordination (sharing data and information and coordinate on response based on respective roles) but no coordination with non-governmental agencies=4 • Government SP and DRM have functioning institutionalized linkages and coordination (sharing data and information and coordinate on response based on respective roles) and a coordination mechanism with non-governmental agencies is functional=5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
<p>No strategy and/or ad hoc programming in place with no leadership role for the government</p>	<p>There is a strategy or policy, which is mostly outdated. At the same time, the government has limited capacity to lead the response.</p>	<p>The strategy is outdated but government institutions are strong, which enable the government to take lead in response. However, role of SP and DRM are not clearly delineated.</p>	<p>There is an up to date strategy and policy in place which clear defines the role of SP and DRM in shock response. Government has the capacity to respond on most aspects of shocks</p>	<p>Strong SP DRM strategy with government leading all aspects of response</p>

6.4.2 Institutional arrangements

The questions in this subcomponent seek to ascertain the level of coordination between agencies and organizations vis-à-vis shock response, e.g. is there coordination between government ministries and identified key stakeholders? If there is good coordination between institutions and if each institution knows its role and respective division of labor, then fewer resources are wasted and a country’s response to a shock is smoother and more efficient resulting in better outcomes for beneficiaries.

We might see that in response to Covid-19, that the ministry managing safety nets has taken the lead for the response, whereas we may see that the military takes the lead in cases of earthquake or large floods, so it is appropriate to assess the level of coordination amongst government ministries as well. And which part of the government takes the lead may also play into how coordinated and “partnered” is the ex ante approach as issues of trust may be more common when humanitarian organizations are involved as there can be differences in understanding.

²⁴ Effectiveness is based on whether the government is able to meet its targets
²⁵ It refers to the process of planning after a shock hit. Which agency or partner takes the lead in planning and implementing the response?

Questions	Answers
<p>1 Is there a public agency which is formally tasked with leading the SP? shock response efforts (for the shocks identified in Part One)?</p> <p><i>(whether centrally or decentralized depending on where decision making occurs)</i></p>	<ul style="list-style-type: none"> • No agency tasked =1 • No formal responsibility designated, but many agencies respond using their own systems and processes =2 • Several agencies tasked with response of some shock(s) (overlapping mandates) with limited level of coordination=3 • Clear responsibility and roles for some shock(s) assigned to agency(ies) though not for all shocks =4 • One agency tasked with shock response (or multiple agencies with designated roles and responsibilities) and covers all the shocks =5
<p>2 Is there a coordination mechanism or institutionalized linkage between DRM (or institutionalized system responsible for shock response) and SP agencies (for the shocks identified in Part One)?</p>	<ul style="list-style-type: none"> • No linkages: SP actors (or agency) do not have an active role and/or do not have coordination mechanism with DRM actors=1 • Ad hoc linkages (not institutionalized), OR coordination institutionalized but in reality, SP counterparts still struggle to coordinate with DRM counterparts=2 • Mostly functioning institutionalized linkages and coordination between SP and DRM for some shock(s) only (SP and DRM counterparts share data and information and coordinate on response based on respective roles for some shock only) =3 • Mostly functioning institutionalized linkages and coordination between SP and DRM actors for most shocks =4 • Strong linkages and institutionalized coordination mechanisms between SP and DRM for all shocks=5

Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)
Weak to non-existent institutional infrastructure for shock response with lack of assigned roles and responsibilities	Limited and unclear assigned responsibilities for some shock(s) and fragmented and weak coordination between SP actors and with DRM actors	Roles and responsibilities clearly assigned with some institutionalized coordination established particularly for some shock(s) though some overlap and gaps remain	Recognized roles and responsibilities of each agency to respond to the various shocks though some gaps and weaknesses remain (could be some overlap, delays, or missing actors)	Recognized roles and responsibilities for all shocks with strong coordination across all relevant SP and DRM actors without delays or any overlap

6.4.3 Interpretation of Outputs

As stated earlier in the guide, the scores within each Building Block as well as the aggregate score are guides which allow users to have a quick snapshot of where a country stands in relation to the development of its ASP system. The scores also enable users to monitor a country's progress over time. However, the scores are not intended to be the end all be all—what really matters is the conversation and discussion that occurs around each question to decide on a score, and that then guides the next steps and recommendations to follow to improve a country's ASP system.

When applying this tool, users may find that the system they are assessing actually falls between two answers; in such cases judgement has to be used and further discussion about why it may be closer to one answer versus the other must be had. The answers are archetypes or stylized descriptions of the systems and will never be able to accommodate all alternatives and designs. Since the score matters less than the conversation, there is no right or wrong for each answer, what matters is the discussion and agreement on a number and using those findings to work on changes and progress to strengthen and ameliorate the SP system.

Using the example below, we see that the dialogic process resulted in an overall aggregate score of 3.01 which would indicate that the SP system is just emerging. But by looking at the individual scores, one gets a much more nuanced and actionable picture of this system. The Building Blocks on financing and institutional arrangements and partnerships are evaluated as nascent while the numerical scores for programs and delivery systems are emerging and one subcomponent of data and information is established. The aggregate score masks the areas for priority action as well as providing a potentially false sense of development of the system.

Table 4: Example of Scoring Methodology

Building block	Sub-component	Number of questions	building block score	Scoring					
				Latent (1)	Nascent (2)	Emerging (3)	Established (4)	Advanced (5)	
Programs and delivery systems	Programs	3	3.6			3.5			
	Delivery systems	6				3.6			
	Payment mechanism	3				3.6			
Data and information	Early Warning Systems	4	3.4		2.75				
	Social registries	9					4		
Financing		4	2.5		2.5				
Institutional arrangements and partnerships	Government leadership	3	2.55		2.6				
	Institutions	2			2.5				
Total questions		33			(3.6+3.4+2.5+2.55=12.05)				
Average score					12.05/4 = 3.01				
Equivalent level					Emerging				

Appendix A: Definitions and Clarifications

Key terms and definitions of terminology

- **Clarifying adaptive social protection, contingency plans, and response plans:** the term “adaptive” social protection has been increasingly used to reflect the interaction between social protection, disaster risk management and climate change adaptation. Whereas a contingency plan is a course of action designed to help a government respond effectively to a significant future shock. A response plan is a course of action that the government intends to implement in reaction to a shock (for e.g., activation of an existing contingency plan could be a response plan. However, the government does not necessarily have to have a contingency plan to lead a response plan).
- **Emergency/shock response cash (or in-kind) transfer program:** any direct cash or in-kind-transfer social protection program that can be scaled up in response to a crisis; does not have to be a program specifically set up for disaster/shock response.
- **Household resilience:** the Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) framework developed by Bahadur et al. (2015) is the primary basis for definition of household resilience.
- **Livelihoods:** an ensemble of strategies and activities carried out by a household in order to make a living. It involves utilization of various household assets (natural, physical, financial, human and social) to produce income (monetary or in kind) and resulting in certain living conditions. A household asset provides labor income (through the use of the household members’ capacity to work in home or productive activities) and other sources of income (such as property rentals, remittances from relatives abroad, and others). A livelihood is more sustainable when it has a higher probability of withstanding external shocks such as natural disasters, economic instability, or personal hazards such as death or incapacitation of working members of the household.²⁶

²⁶ *Employment, Livelihood & Social Protection*, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_397636.pdf

- **Negative coping mechanisms:** when households look to smooth consumption, including by cutting consumption, selling productive assets, and removing children from school.²⁷
- **Overlap:** refers to overlapping of programs, not beneficiaries.
- **Risk layering or risk layering approach:** combining different instruments to protect against events of different frequency and severity. This approach is part of a comprehensive financial protection strategy that mobilizes different instruments, either before or after a disaster strikes, to address the evolving need for funds.
- **Social registries:** information systems that support outreach, intake, registration, and determination of potential eligibility for one or more social programs. They have both a social policy role, as inclusion systems, and an operational role, as information systems.²⁸
- **Target population:** refers to the intended beneficiaries of a particular benefit, including those who you want to be able to reach when you scale up a benefits/relief program.

²⁷ Hill, R., E. Skoufias, and B. P. Maher. 2019. *The Chronology of Disaster: A Review and Assessment of the Value of Acting Early on Household Welfare*. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/796341557483493173/pdf/The-Chronology-of-a-Disaster-A-Review-and-Assessment-of-the-Value-of-Acting-Early-on-Household-Welfare.pdf>.

²⁸ *Social Registries for Social Assistance and Beyond: A Guidance Note and Assessment Tool*. World Bank. 2017. <https://documents1.worldbank.org/curated/en/698441502095248081/pdf/117971-REVISED-PUBLIC-Discussion-paper-1704.pdf>

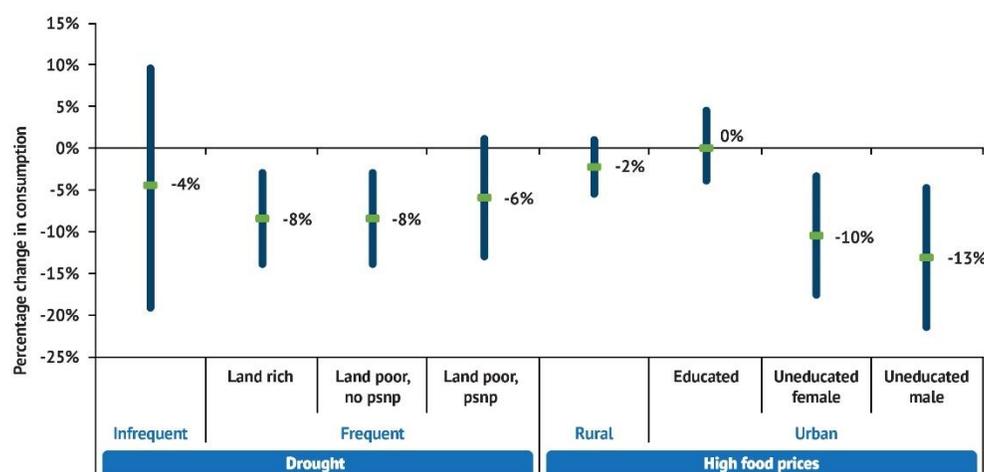
Appendix B: Part One Detailed Use Cases of Approaches

Appendix 1: Simulations Approach

In this approach the number of people in need for each level of shock is calculated. This approach is undertaken in three steps (full description in Hill and Porter 2017, Skoufias and Baez 2021).

- The loss to welfare that households experience as a result of different types of shock is estimated from recent household survey data merged with objective data on shocks. The key relationship that is estimated is that between consumption and the objective measure of shock data (e.g. satellite data on rainfall or NDVI, national price data). Ideally this relationship is allowed to vary across household types (for example a different impact is estimated for urban and rural households, households with educated heads etc.) This type of work is available for several countries and is often undertaken as part of a Poverty Assessment or in academic papers. An example of the estimates that result from this work is presented in Figure B.1.

Figure B.1 Impact of drought and food prices across groups in Ethiopia

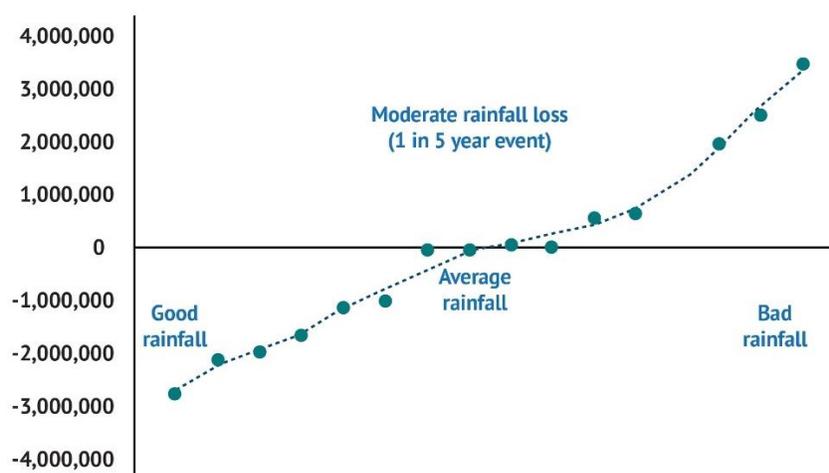


Source: Ethiopia Poverty Assessment 2015.

Notes: the drought impacts are calculated in this graph for a moderate drought with a 30 percent reduction in crops yields. Impacts are shown for places that infrequently have droughts and places that are drought prone. In drought-prone places the impact is differentiated for those that are land rich and land poor and those that are in the PSNP and not. Food price impacts are shown for rural and urban households separately. In urban areas separate impacts are estimated for educated and male/female heads.

- A probability distribution of the objective measure of the shock is constructed from historical data or risk modelling (this allows changes over time, such as climate change, to be incorporated). In Ethiopia this was done using historical data. The historical distribution of rainfall (aggregated in a WRSI) in each district was used. For price risk the assumptions were ad hoc.
- The relationship between shocks and welfare (#1) is combined with the probability distribution of the shock (#2) to simulate how many people will be pushed into poverty for each size of shock (or pushed out of poverty for good realizations of the shock). An example is given for rainfall in Ethiopia in Figure B.2. The historical distribution of rainfall is used to vary rainfall leaving everything else constant. The graph shows the number of people that are pushed in or out of poverty based on rainfall conditions. The number of people is calculated relative to the average. In better years good rainfall pushes people out of poverty compared to the average (negative numbers). In worse years people are pushed into poverty.

Figure B.2 Change in number of rural poor as a result of rainfall (Ethiopia)



Note: This distribution is generated using 16 draws based on the historical distribution from 1996-2011.

In this context a severe rainfall loss event—an event that occurs once every ten years—pushes 3.1 million people into poverty. A moderate loss event—an event that occurs once every five years—pushes 1.8 million people into poverty. Because the whole consumption distribution is used to estimate this, characteristics of who is expected to be poor can be generated. Some examples are provided below in Table B.1.

Table B.1 Characteristics of those pushed into poverty

	Moderate rainfall loss	Severe rainfall loss
Percentage of the newly poor that:		
Are living in PSNP districts	63%	64%
Are in Tigray region	24%	12%
Are female headed households	25%	28%

This method is simple but powerful and allows for a full understanding of the likely need. However, it is data intensive as it requires: (i) a relationship to have been estimated for the main shocks (this in turn requires household data collected during a recent shock), and (ii) a risk model for the main shocks. It is an open question as to whether the relationship estimated in (i) can be used across countries. Estimates from one country could be used in countries with similar economic structure where it is reasonable to expect the magnitude of the shock on a household of a similar type to be the same.

Appendix 2: Scenarios Approach

The key decision in this process is to describe the scenarios that the stress testing will be assessed against. The examples provided here are for Ethiopia and Niger. In both cases four events were selected:

- a drought of moderate intensity (1 in 5-year event),
- a drought of severe intensity (1 in 10-year event),
- a food price shock of a similar magnitude to the size of the food price shock experienced in many countries during the global food price crisis of 2007-8, and
- a pandemic transmitted through human-to-human interaction such as Covid or Ebola in West Africa.

For each of these events, the proportion of households immediately affected, the size of the direct shock and any knock-on economy wide effects were defined. The assumptions used are detailed in Tables B.2 and B.3. The evidence underpinning these assumptions is as follows:

Drought shocks

- *Share of rural population affected:* in both countries, 17-20 years of historical WRSI data was available which was used to determine how many households experienced what type of loss for both a moderate and a severe drought. The 4-5 worst years for Ethiopia and Niger were identified and an average of these used to define the moderate drought (for Ethiopia the simulation results were used to select the worst years in terms of poverty outcomes, in Niger the worst years in terms of the WRSI were selected). The two worst years were averaged for the severe drought.
- *The impact of rainfall loss on consumption:* For Ethiopia this was taken from the relationship estimated between WRSI and consumption that is reported in Hill and Porter. For Niger this was derived from analysis on the relationship between WRSI and yields and WRSI and prices. This gave an indication of the impact on crop income. Assumptions on the share of crop income in total income (informed by household survey data) and the marginal propensity to consume out of income (taken from estimates from Wolpin) was then used to calculate the impact on consumption. For Ethiopia, the regression results allow the impact of WRSI on consumption to depend on whether a household is in a drought-prone area or not and whether they are land rich or land poor. For Niger, one parameter is used for all households.

- *The impact of rainfall on prices:* For Ethiopia analysis in Hill and Fuje 2020 on the relationship between WRSI and prices was used to inform the expected price increases. For Niger analysis by Brunelin was used to inform the expected prices increases.

Food price shocks

Evidence for Ethiopia, consistent with evidence from other countries, shows that food price shocks are felt more severely in urban areas. Although regression analysis also indicates higher impacts for less educated households, for simplicity, we assume a constant impact on urban households. The size of the price increase was selected based on historical inflation and corresponds to the type of price increases experienced during the global food price crisis.

Pandemics

Recent literature of pandemic impact in Ethiopia reports a loss of urban income at -19% (Aragie 2020¹²). This is higher for high-income households, who however may better smooth consumption. For simplicity, we select a 40% adverse shock affecting 50% randomly selected urban households, which gives a similar poverty outcome to what is reported.

These assumptions are taken to the household survey data. Households are randomly selected to receive the consumption shock of the magnitude identified. The price shock is applied to all households. The new poverty level after the consumption reductions and the price increase is then calculated.

The results for both countries are presented in Tables B.4 and B.5.

Table B.2 Scenario parameters (Ethiopia)

Scenario	Who loses consumption?	What is size of the loss?	What is the price effect?
<i>Source of data</i>	<i>(i) data on historical losses; (ii) event series from a cat risk model; or (iii) assumed</i>	<i>(i) country-specific regressions relating shock measure and consumption; or (ii) literature from similar countries</i>	<i>(i) literature; or (ii) recent country experience</i>
Moderate natural hazard	35% rural households have a yield loss of 5% (WRSI) 20% rural households have a yield loss of 15% (WRSI)	The impact of WRSI loss on consumption is between 0.3-0.7 % for every 1% reduction in WRSI (depending on a household's location and land size. Hill and Porter 2017).	No food price increase
Severe natural hazard	25% rural households have a yield loss of 5% (WRSI) 40% rural households have a yield loss of 15% (WRSI)	The impact of WRSI loss on consumption is between 0.3-0.7% for every 1% reduction in WRSI (depending on a household's location and land size).	5% food price increase
Food price shock	All rural households	The value of agricultural income (0.73 of income on average for rural households) increased by 40%. With an impact on consumption assuming	40% food price increase

Scenario	Who loses consumption?	What is size of the loss?	What is the price effect?
		a marginal propensity to consume out of income of 0.9.	
Pandemic	50% of urban households	40% reduction in income	No sustained food price increase

Table B.3 Scenario parameters (Niger)

Scenario	Who loses consumption?	What is size of the loss?	What is the price effect?
<i>Source of data</i>	<i>(i) data on historical losses; (ii) event series from a cat risk model; or (iii) assumed</i>	<i>(i) country-specific regressions relating shock measure and consumption; or (ii) literature from similar countries</i>	<i>(i) literature; or (ii) recent country experience</i>
Moderate natural hazard	10% rural households have a yield loss of 25% (WRSI) 25% rural households have a yield loss of 20% (WRSI) 35% rural households have a yield loss of 10% (WRSI)	The impact of WRSI loss on consumption is 0.46% for every 1% reduction in WRSI (0.58% reduction in millet yields. Assuming 80% of poor household's income is from agriculture (fig 4.11 from the 2012 PA)). A marginal propensity to consume out of income of 1. Then an overall increase of prices of 1.3% which increases income by 0.78%.	1.3% food price increase (poverty line increase of 1.3*share of food basket in poverty line)
Severe natural hazard	15% rural households have a yield loss of 30% (WRSI) 10% rural households have a yield loss of 25% (WRSI) 10% rural households have a yield loss of 20% (WRSI) 45% rural households have a yield loss of 15% (WRSI)	The impact of WRSI loss on consumption is 0.46% for every 1% reduction in WRSI using assumptions above. Then an overall increase of prices of 2% which increases income by 1%.	2% food price increase (poverty line increase of 2*share of food basket in poverty line)
Food price shock	All rural households	The value of income increased by 24%.	40% food price increase (poverty line increase of 40*share of food basket in poverty line)
Pandemic	50% of urban households	40% reduction in income with a 36% reduction in consumption. Assuming an MPC of 0.9 in urban areas.	No sustained food price increase

Table B.4 Percent of the population in need (Ethiopia)

	National need	Rural need for shocks with large rural impact	Urban need for shocks with large urban impacts
<i>Baseline poverty (2011)</i>	29.7	32.0	25.5

	National need	Rural need for shocks with large rural impact	Urban need for shocks with large urban impacts
Moderate drought	35.4	37.3	
Severe drought	40.2	42.7	
Food price shock	28.6		27.2
Pandemic	32.3		28.1
Average	34.1	40	27.6

Table B.5 Percent and number of population in need (Niger)

	National need (% of people)	Rural need for shocks with large rural impact (% of rural households)	Urban need for shocks with large urban impacts (% of urban households)
<i>Baseline poverty (2014)</i>	45	49	13
Moderate drought	48	53	
Severe drought	50	55	
Food price shock	46		20
Pandemic	48		32
Average	48	54	26
Number of people*	12 million	11 million	1 million

*Taking the 2020 estimate of the population: 24 million

Table B.6 Additional Ethiopia results: poverty changes under different scenarios (compared to the survey year, 2011)

Change in:	1. Moderate Drought Shock		2. Severe Drought Shock		3. Food Price Shock		4. Pandemic	
	Poverty rate (percentage points)	Number of poor (million)	Poverty rate (percentage points)	Number of poor (million)	Poverty rate (percentage points)	Number of poor (million)	Poverty rate (percentage points)	Number of poor (million)
Aggregate	5.9	4.39	10.7	7.97	-1.9	-1.07	2.8	2.55
Rural	7.1	4.39	12.2%	7.72	-4.5	-2.78	0	0
Urban	0	0	1.8	0.25	12.1	1.71	18	2.55
Female HH	5.7		10.5		2		4.8	
PSNP areas	9.6		16.5		3.7		1.8	

Note: these changes are changes from the latest year of survey data, rather than from the average, so cannot directly be compared to Figure B.2 which are changes from the average.

Appendix 3: Multilevel Approach

A toolkit and a manual for the implementation of this two-level hierarchical model of consumption for the estimation of vulnerability to poverty based on cross-sectional data in different countries can be accessed at [Equity Policy Lab – Intranet](#)

The number of people that the safety net needs to be able to expand to reach is then given as the total of the poverty-induced vulnerability and the covariate-risk*risk-induced vulnerability. For example, the preliminary results estimated using this method for Pakistan (Haider and Meyer 2021) are provided in the table below (Table B.7). The number of people that need to be reached in an average crisis are 33 percent of the rural population ($22 + 0.31*37$) and 9 percent of the urban population ($7 + 0.10*20$).

Table B.7 Number of people that need to be reached

	Poverty rate	Vulnerability rate	Poverty-induced vulnerability	Risk-induced vulnerability	Idiosyncratic vulnerability for risk-induced vulnerable	Covariate vulnerability for risk-induced vulnerable
Pakistan	23	47	16	31	46	24
Rural	29	59	22	37	57	31
Urban	11	27	7	20	26	10

Appendix C: Disaster Risk Finance Instruments

National Reserve Funds

Disaster reserve funds can help governments better meet their post disaster financing needs and improve the speed of disbursement to the intended beneficiaries while strengthening overall fiscal stability. Establishing a disaster reserve fund can lead to improved planning for disasters, facilitate greater discipline, transparency and accountability in post-disaster spending and increase its efficiency, as well as strengthen fiscal stability after disasters. By setting aside limited amounts of cash to mitigate the effects of disaster shocks and reduce the need for budget reallocations. In turn this helps to lessen the negative impact of budget reallocations on economic development.

Generally, disaster reserve funds take three key forms: (i) extrabudgetary funds undertaken outside government laws and regulations; (ii) on budget contingency lines; and, (iii) on budget pass through accounts that are only used to channel money post disaster.

Improving financial planning and preparation through establishing a disaster reserve fund with dedicated resources minimizes the fiscal shock disasters have on government budgets. Having certainty of funds readily available improves governments' ability to manage the financial impact of disasters. For example, a fund can enable faster mobilization of funds for an emergency response, to immediately provide humanitarian assistance to populations affected by a disaster. The need for budget reallocations is also reduced, which often involves inter-agency negotiations; this can have negative consequences for planned investments and service provision.

Contingent Lines of Credit

Contingent credit is still viewed as a relatively new instrument, with current forms offering disbursement following an event of a pre-agreed magnitude. It can be fungible or conditional by design. Like other sources of credit, the amount available will depend on the development status of the country and the debt-servicing ratio. The advantage of contingent credit is that it can be a drawdown can be made within a 24-hour period.

The World Bank Catastrophe Deferred Draw Down (CAT DDO) provides a line of credit to countries upon successful completion of some policy actions that are completed in advance. The release of

the finance is contingent upon a disaster event happening and sequential national declaration of disaster/statement of emergency.

Sovereign Insurance

The risk of disaster losses can be transferred to the private insurance market, or capital markets in the case of catastrophe bonds, via sovereign insurance, i.e. where a government is the policyholder. Together with budget reserves, and contingent credit, sovereign risk transfers are key part of a comprehensive DRF strategy.²⁹

Sovereign insurance product to include an ASP can help to bring in finance when it is needed most. This could be done on a modelled loss basis which relies on the assessment of loss (or the amount of finance required to provide support to individuals/households for events of different levels of severity) using an agreed independent risk model, with a payout occurring if a modelled loss threshold is exceeded. Parametric index is a simplified version of this, using formulae to estimate loss from an event that has occurred. Parametric products pay out when an event occurs that meets a pre-agreed definition (in terms of type, location, and hazard intensity threshold). As such, they typically offer faster payouts but are subject to the greatest basis risk³⁰ of the four types of sovereign insurance. On the other hand, indemnity-based schemes require extensive loss assessment before a payout is determined.

²⁹ World Bank Sovereign Catastrophe Risk Pools A Brief for Policy Makers.

<https://documents1.worldbank.org/curated/en/603121502870773583/pdf/118676-WP-v1-PUBLIC.pdf>

³⁰ Basis risk occurs when there is a difference between the modelled loss and the actual on the ground loss. Any mismatch between the two will result in a discrepancy in the payout received. This could mean that either a payout is higher than the actual loss incurred (positive basis risk) or that the payout is less than the actual loss (negative basis risk).

Table C.1 Risk layering: Advantages and disadvantages of individual financial instruments

Type of instrument	Advantages	Disadvantages	Best suited for
Ex ante			
Contingency/reserve fund	<ul style="list-style-type: none"> • Can be cheap, particularly for frequent shocks • Fast • Allows implementers to plan • Allows governments to learn from experiences of others, since approach has been used in many contexts 	<ul style="list-style-type: none"> • Requires fiscal discipline • High opportunity cost of funds, given high rates of return on other government investments • Can be hard to defend annual allocations 	Low risk layer: frequent low-level events such as annual flooding or localized drought or conflict
Contingent credit	<ul style="list-style-type: none"> • Can be cheap, particularly for mid-frequency shocks • Fast, if conditions are met • Allows implementers to plan • Can incentivize proactive actions to reduce risk (e.g., CAT-DDO) 	<ul style="list-style-type: none"> • Has conditionality • Entails opportunity cost of loan • Adds to country’s debt burden; must be repaid 	Middle risk layer: higher magnitude events that occur less frequently but cause damage that exhausts the resources of national contingencies, such as widespread flooding or hurricanes
Market-based risk transfer instrument	<ul style="list-style-type: none"> • Leverages additional finance for infrequent events, making them more cost-efficient • Can be fast to disburse • Allows implementers to plan • Supports fiscal discipline • Promotes risk diversification 	<ul style="list-style-type: none"> • More expensive for frequent shocks • Can be vulnerable to criticism and “regret” • Can miss need • Requires a level playing field to negotiate • Entails trade-off between the cost of premiums and the frequency or scale of payout 	High risk layer: extreme, less frequent events occurring less often than every 5–10 years, such as severe droughts, hurricanes, or earthquakes
Ex post			
Humanitarian assistance	<ul style="list-style-type: none"> • Flexible; can respond to need • Doesn’t have to be repaid 	<ul style="list-style-type: none"> • Can be slow, so the hazard impact increases • Can be unreliable • Undermines planning 	Only as a last resource
Other ex post instruments (e.g., budget reallocation)	<ul style="list-style-type: none"> • Offers lessons from experience, since approach has been used in many contexts 	<ul style="list-style-type: none"> • Can have negative impact on long-term development/ investment programs • Can be expensive 	Only as a last resource

Appendix D: Resources – databases, websites and other tools

FAO

Strengthening Coherence Between Agriculture and Social Protection To Combat Poverty and Hunger in Africa: Diagnostic Toolkit

[Link](#)

INFORM

A collaboration of the Inter-Agency Standing Committee Reference Group on Risk, Early Warning and Preparedness and the European Commission

[Link](#)

ISPA CODI

Core Diagnostic Instrument

[Link](#)

Socialprotection.org

The knowledge-sharing platform on social protection

[Link](#)

UNICEF

Georgia Social Protection Readiness Assessment

[Link](#)

World Food Programme

Basic Country Capacity Assessment: Shock Responsive Social Protection

[Link](#)

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