

IDA'S CRISIS RESPONSE WINDOW: LEARNING LESSONS TO DRIVE CHANGE.

POLICY BRIEF



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The Centre for Disaster Protection works with developing countries to find better ways to manage the risks of disasters and to deliver earlier, more cost-effective support for people when disasters occur. One element of the Centre's work is influencing global policy on financing responses to disasters. This series of papers was commissioned to provide analysis, ideas and recommendations for the upcoming nineteenth replenishment of the International Development Association. The series comprises Discussion Papers and Policy Briefs, all available at www.disasterprotection.org.

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For more information about this publication or the work of the Centre for Disaster Protection, please contact info@disasterprotection.org.

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● SUMMARY

The World Bank is uniquely placed to drive change within the global crisis financing architecture, given the scale of its resources, its knowledge of country context and local capacities, deep government relationships, convening power across international actors, and its ability to link crisis response with long-term development planning.

The International Development Association (IDA) Crisis Response Window (CRW) is the World Bank's flagship instrument to respond to crises in low income countries. Since its inception in 2010, the CRW has allocated US\$3.1 billion across 24 crisis episodes, contributing 30% of IDA's overall disaster-response financing during this period. Under IDA18, it has the potential to allocate up to \$3 billion.

Based on publicly available data and reports, this Policy Brief reviews the way in which the CRW has been used to date and offers recommendations to inform discussions regarding the future of the CRW.

It concludes that there is significant scope to clarify the role of the CRW in relation to IDA's other risk financing tools and in relation to the wider crisis risk financing architecture. It also argues for a series of practical measures to increase the operational performance and transparency of the CRW. Adopting this package of measures would increase the impact and value of the CRW in individual crises and strengthen global crisis response more broadly.

SECTION 1



Nepal Earthquake. Everything collapsed: sixty year old Pachauluxmi's home and shop collapsed just seconds after she ran out of the building. Photo: Marisol Grandon/ Department for International Development.

● INTRODUCTION

Since its establishment in 2010, the CRW has been used to support responses to natural disasters, economic crises and public health emergencies. Crises have included sudden shocks and slower-onset events. CRW finance plays an important role in preventing decline in development trajectories and protecting core government functions and plans. However, the CRW has not sufficiently defined its added value in responding to different types of crises, missing an opportunity to better complement other mechanisms and to adjust its modalities to the requirements of slow and sudden onset events.

Allocations to single crises range from extremely large responses of hundreds of millions of dollars across multiple countries and projects, to allocations of US\$1.5 million for single projects. Small allocations were made primarily for crises in small island states with small populations and economies. The

largest contributions were: US\$508 million to the Haiti earthquake response (2010); US\$420 million to Ebola response (2014); US\$360 million to the Horn of Africa/Yemen in 2017; US\$350 million to the Nepal earthquake response (2015); and US\$250 million to the Horn of Africa in 2011.

Since the establishment of the CRW, various changes have been made to the mechanism itself whilst the wider sphere of crisis response in which it plays a part has also evolved. Prior to the next replenishment of the IDA, it is timely to reflect on the aims, modalities and experiences of the CRW. With the continued evolution of crisis-response machinery and the WBG-wide pivot towards prevention and preparedness, **a key question is how and whether the CRW should be used more strategically to help galvanize this shift, while preserving its core function as a vehicle for crisis response.**

SECTION 2



Recently sown paddy fields following Pakistan floods in Sindh, Pakistan, December 2010.
Image: DFID/Russell Watkins

● 2.0 ANALYSIS OF CRW PERFORMANCE AND CAPACITY

The CRW has been utilised flexibly across a wide range of contexts. It demonstrates clear comparative advantages in relation to other World Bank tools and the wider crisis-response system, providing scale and flexibility across a range of crisis types and different phases of crisis response: from crisis mitigation and early recovery through to longer-term reconstruction. The CRW adds value by supporting government-led initiatives, aligning IDA with national disaster preparedness and risk reduction efforts.

The World Bank envisaged the CRW as being able to attract additional contributions from other sources for particular crises. However, in general, the CRW does not seem to have capitalised on this potential to catalyse broader action, despite some cases where CRW funds have been utilised alongside other IDA resources and bilateral and multilateral contributions. As CRW has evolved, so too is the World Bank's wider tool kit. For example, in 2016 the Pandemic Emergency Fund (PEF) was introduced to strengthen the World Bank's toolkit in relation to pandemics. Within IDA and internationally, the number and range of risk financing tools has been growing, posing a potential challenge in terms of defining the comparative advantage of the CRW and in ensuring that it works in coordination with other financing tools.

From collation and analysis of data from projects funded by the CRW, the following findings emerge:

Finding 1: Poor data capture and lack of transparency affects CRW analysis and assessment.

There is relatively little analysis publicly available on CRW utilisation, beyond summary reports at the point of replenishment, mid-term review and end of IDA cycle retrospectives, and these sources fail to capture project-level performance data or to assess the CRW in relation to broader crisis response machinery. Self-reporting by the CRW focuses on comparison with regular IDA financing, particularly in terms of speed of allocations and disbursements, but does not consider its relative performance alongside other crisis response mechanisms.

Mid-term and retrospective reports related to each IDA cycle provide a useful overview in terms of sectoral and geographic coverage, and reassurance that CRW funds were used in the crises with the highest impacts and that size of allocations correlate broadly with needs. However, lack of project-level reporting means that sufficient detail is unavailable, including:

- why CRW funds were requested for some interventions and not others;
- how the crisis met eligibility criteria;
- how the level of contribution was fixed;
- what was the approach to burden sharing across partners;
- whether the contribution relates to the scale of disaster impact, financing gap or other factors;
- the added value of CRW funding;
- whether CRW funding was rapidly approved/disbursed;
- complementarity with other international crisis-response efforts.

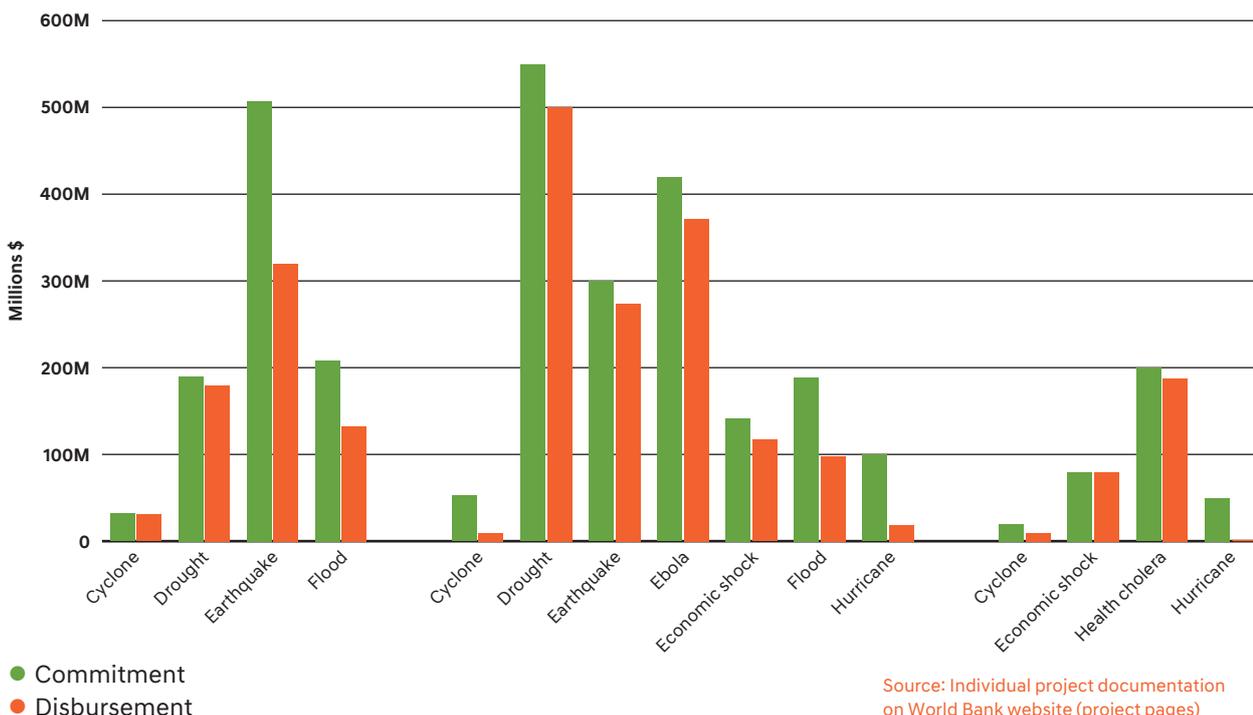
Improved transparency would deepen the accountability of the CRW and make it clearer how it fits in the wider global risk financing architecture.

Finding 2: The CRW works very differently in different types of crises with significant variation in its use and in the commitment and disbursement rates.

The utilisation and performance of CRW funds appear to differ by type of crisis. However, the expected process, timeframes and potential modalities are not articulated

in detail according to a typology of crises. It is hard to determine what efficient use would look like, or against which standards the performance of the CRW should be measured in different circumstances.

Figure 1: Disbursement to December 2018 against original commitment for different types of crisis under each IDA cycle



In some cases, the CRW was able to secure rapid approvals and disburse funds quickly, but in many cases it did not. The average time from crisis date to commitment is 216 days, whilst the average time from crisis to first disbursement is 398 days. Patterns of approval and disbursement are to some extent determined by the nature of crisis, typical types of response and modes of delivery.

The speed of processing varies greatly between different types of crisis. Disbursement times varied considerably with funds for health crises generally being rapidly disbursed and earthquakes being slowest. In cases of drought, economic shock and health crises, most allocations are fully or almost fully disbursed to date.

However, in the case of other natural hazards, particularly earthquakes and tropical storms and floods, large amounts remain undistributed after many years, reflecting both the longer-term nature of reconstruction-type projects and great risk of project delays, lack of alternative funding sources, and shifting needs and costs compared to the design phase.

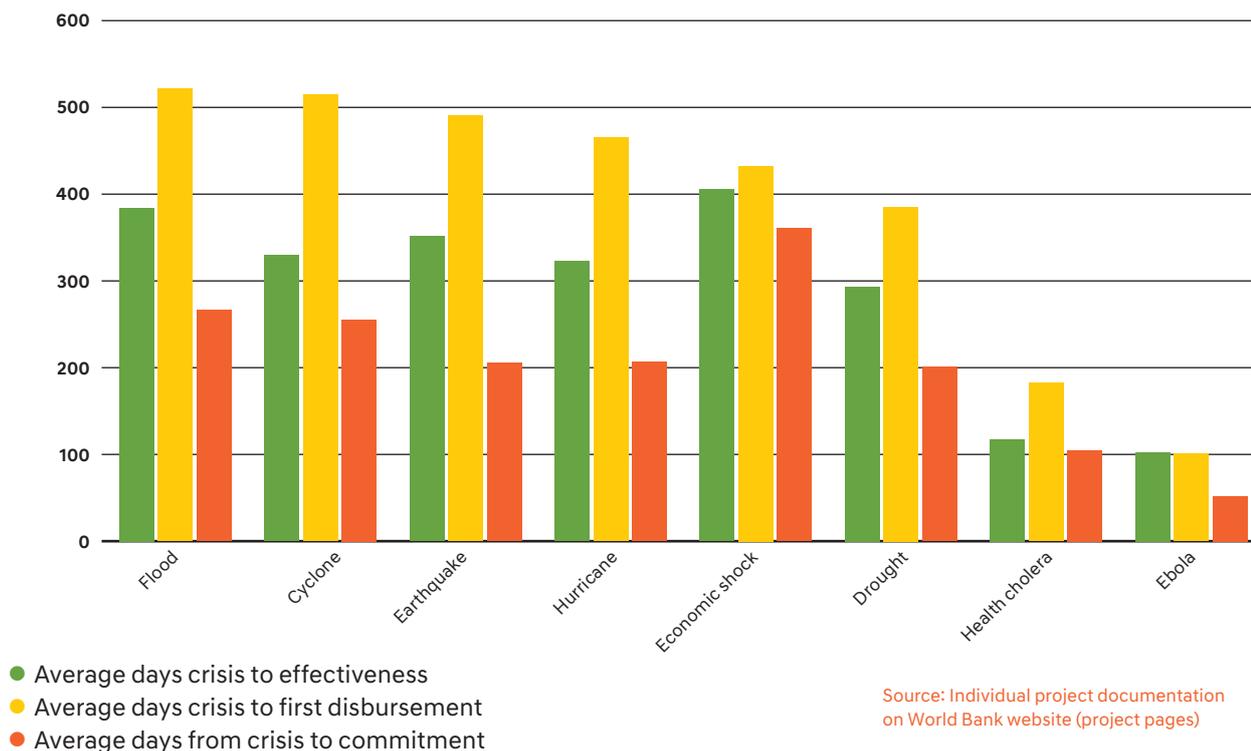
The significant differences in the processing times of the CRW reflects the different needs of countries responding to different types of event. Having a more formal typology of crises and the CRW's expected role in responding to them, would allow more effective analysis of CRW commitment and disbursement processes.

CRW management of replenishment and approvals processes constrains the use of the CRW, and does not relate to need

The CRW has, at times, been constrained by lack of funds due to its structured and lengthy replenishment process. During IDA17, no CRW commitments were made over a nine-month period, despite there being several on-going crises (particularly droughts). Immediately after

replenishment, new commitments were made – including in relation to these on-going crises- totalling US\$450 million between June and December 2016. Many of these approvals were for projects which experienced a long time between the crisis and funding approval (including several for additional financing for social safety net programmes for drought response, which should be a fairly rapid process).

Figure 2: CRW allocations - average number of days between crisis and commitment, effectiveness and first disbursement, by type of crisis



- The fund allocation process for IDA16-18 was as follows:
- In IDA 16, while there were high requirements for Haiti earthquake response (US\$508 million) other demand was low.
 - Under IDA17, US\$900 million was initially allocated, but almost fully committed in the first year due to exceptionally high demand. A further US\$900 million was committed at mid-term review. In addition, there was an amendment to the eligibility criteria to cover public health emergencies, prompted by the Ebola epidemic in West Africa in 2015. The additional funds were fully allocated by the end of IDA17; a very small amount remained at the end of IDA17.
 - The IDA18 replenishment reflected fresh commitments of \$3 billion. At the mid-term point of IDA18, unspent CRW funds were reallocated.

Replenishment reports do not explain the rationale behind replenishment figures, nor whether they are based on any assessment, estimate or prediction of potential needs, nor how they relate to IDA-member countries' capacities to respond and the range of crisis response financing available. **The introduction of the Global Crisis Risk Platform should enable the World Bank to undertake more comprehensive analysis of trends in crisis risk and so make a clearer case for the sizing of the CRW.**

The pace of IDA18 CRW usage suggests that US\$1–1.5 billion could remain unallocated; proposals have been made to reallocate these funds, but no clear discussion is presented regarding the reduced call for CRW and whether this represents an ongoing expectation of lower demand for CRW resources.

SECTION 3



UK aid reaches Mount Sinjar
Displaced Kurdish Yazidis
photographed on Mount Sinjar in
August after receiving UK aid shelter
kits via air drops in the region.
Picture: Emilien Urbano/MYOP.

● 3.0 RECOMMENDATIONS

The following recommendations are made for the Crisis Response Window in IDA 19:

- The CRW should better define its comparative advantages in relation to other mechanisms within the World Bank Crisis toolkit, and to the global crisis financing architecture system more broadly.
- The CRW should elaborate publicly on its eligibility criteria according to different types of crisis, particularly expanding on how these are applicable in cases of slow-onset emergency, and whether there is scope for it to support earlier response. There is also a need to clarify how the balance between different criteria is assessed, and how appropriate burden sharing and the principle of last resort are applied.
- Reporting on the use of CRW funds at the level of individual crisis and individual project should be enhanced, so that the CRW's contribution and impact can be better understood in order to increase accountability and drive improved performance.
- The CRW should scrutinise its operational effectiveness, and determine how its performance should be measured, with a focus on impact and on comparison with other international crisis-financing mechanisms.
- The system for reviewing and replenishing the CRW should be informed by an explicit analysis of likely demand, drawing on the capacity of the the Global Crisis Response Platform. Consideration should be given to automatic replenishment of the CRW if levels of financing fall below a pre-agreed level.

Cover image: Dry cracked earth, Shutterstock

