From good idea to good practice – Options to make resilience work

At the first meeting of the Experts Group, in October 2012, it was decided that inputs from members of the experts group would be critical in taking forward the following areas:

1. Establish a virtual group where conversations about risk and resilience – including around the priority areas to take forward (see points 2-6 below) – can continue
2. Document existing innovations and good practices in relation to resilience and risk management, including targeted country case studies
3. Establish the capabilities required for different systems to be resilient, building on existing work by IFRC and UNDP
4. Develop guidance on how to jointly analyse, manage and respond to major risks
5. Undertake a study/survey and provide guidance on establishing effective incentives for joint risk management to build resilience
6. Undertake a study/survey and provide guidance on the communication of risk, opportunities and the results of risk management and resilience building to key decision makers
7. Establish an advisory group to ensure that the different sets of guidance on risk and resilience remain relevant, practical, useful and context-specific

During the first half of 2013, the OECD, supported by members of the Experts Group, has taken forward a number of these areas through a survey, desk research and two case studies, in the Philippines and Niger. The work has focused on supporting the role of donors in strengthening resilience.

This paper, part of a series on risk and resilience, outlines the key findings from the work so far, and outlines the priorities set for Phase 2 – both collectively or individually – to ensure that resilience becomes a core part of donor programing.

Key findings on risk and resilience

The work on risk and resilience has followed the direction set out by the Experts Group in October 2012. The key findings from this work are:

1. Resilience is required to protect core development programming, harmonizing and maximizing efficiency between current “silo-type” risk management and programming approaches.
2. Current donor investments, many of which are not protected against risks and shocks, do not reflect the real costs of achieving the objectives of the donor’s programmes.
3. The degree of responsibility for managing risks, and thus the need to be resilient, changes between different layers – the individual, community, or state and its institutions – depending on the scale and the nature of the risk.
4. Resilience involves absorptive, adaptive and transformational capacities, often working together, depending on the type of shock. Building resilience is about agency – building capacity for people to make optimal choices about the risks they, and those they are responsible for, face.
5. Many of the components that make an individual, community or state institution resilient are intangible. They are seldom targeted by existing humanitarian, development and climate change adaptation programmes. The need for spare

capacity, to absorb and adapt and transform in the face of shocks, appears to be critical.

6. The political agenda around resilience, with its aim to enhance coherence between humanitarian and development actors, needs to be separated from the (often ill-defined) technical approach which will allow these political commitments to be translated into practice.
7. Standalone resilience projects or programmes are probably less useful than incorporating a focus on building resilience, especially to high probability, high impact risks, into all programme design and planning processes – whether they be development, humanitarian or climate change.
8. Measures to build resilience at the national level should be linked up with measures at the local, community and individual level, to ensure maximum impact.
9. The G20/OECD Methodological Framework for Risk Assessment could be a useful tool – with some minor modifications – for jointly assessing risk in developing country contexts, and thus for prioritizing and targeting policy and programming decisions to build resilience. This approach could help systematize joint risk assessments, which are currently rare.
10. Extensive risk – frequently occurring, localised and with a less severe impact – is just as important to target as catastrophic risk.
11. Funding needs to be long-term and flexible, so that programmes can build resilience effectively, and adapt to the evolving risk environment. Building resilience aspects into concessional loans may provide useful additional funding streams.
12. The resilience agenda has been poorly communicated to field personnel – where it is seen as nothing new, or related only to catastrophic disaster risks, or only to food security programming, or is something that has been pushed down from headquarters without consultation.
13. Most organizations and donors who have introduced the concept of resilience through their humanitarian branches have been unable to bring their development and climate change colleagues on board. Other ways for introducing resilience across all programming need to be developed.
14. There is very little guidance for field staff on what resilience actually means, or how to embed the approach into new or ongoing programming.
15. Ensuring that resilience is taken up by donors will involve targeting donor staff who have influence over programming decisions, including those involved in quality control functions.
16. Contextual disincentives to resilience include the lack of prioritization of resilience by partner countries, no natural 'home' for risk management in partner government structures, lack of absorption capacity, fragmented legal structures, cultural factors, problematic access to risk information, insecurity and economic barriers.
17. The way donors plan and implement programmes can also create powerful disincentives, including un-coordinated planning cycles, centralized decision making, the separation of humanitarian and development programmes, a perception that risk is 'complicated', contradictory career incentives, and risk aversion.
18. Incentives for building resilience into existing and new donor programming include continuing high-level political support, providng appropriate seed funding and resources for risk assessments, focusing on implementation at field level (where mindsets are more pragmatic), creating a culture of contestability in programming, fixing appropriate performance management incentives, providing knowledge management systems, and promoting good results.
19. Lessons from OECD countries, including in business continuity planning, supply chain management, public-private partnership, and risk financing and transfer mechanisms, could be useful in developing country contexts, and for donors working in those contexts.
20. There are no clear indicators to measure the results of resilience programming; however improvements from baselines for each of the components of resilience for individuals, communities and states and their institutions could provide a useful guide. The true impact of overall resilience will likely only be measurable in times of crisis or shock.

Phase 2

Members of the Experts Group have prioritized the following options for Phase 2 of the work on risk and resilience:

Lobby for resilience as part of the post-2015 process

Current indications are that resilience is likely to be part of the post-2015 framework – however it does not yet prominently feature.

The Experts Group will review options for influencing the post-2015 processes, either jointly or in support of other on-going efforts.

Furthering understanding and experience of joint risk assessments

The G20/OECD methodological framework for risk assessment was adapted for developing country contexts during Phase 1. Joint risk assessments have enormous potential for ensuring that development, humanitarian and climate change actors are aware of the high probability, high impact risks; and that they prioritise actions to build resilience to these risks in their programming.

Pilot joint risk assessments will be conducted in different countries, and lessons learnt and shared with all donors.

Improve methods for measuring and communicating the results of resilience programmes

A key finding of phase 1 is that there are currently no widely accepted indicators to measure the results of resilience programming, or to facilitate reporting to donor country taxpayers and parliamentarians.

Work will be undertaken to look at how the components of resilience could be used to set resilience baselines and determine improvements, or whether other overall measures of resilience would be more useful. This work could build on existing initiatives in the food security sector.

Guidelines for field staff on how to embed resilience in existing and new programming

There is very little guidance for field staff on what resilience actually means, or how to embed the approach into new or ongoing programming.

In response to this, we have created a model with examples of how donors can support and build absorptive, adaptive and transformational capacities. This model will be extended during Phase 2, in order to provide field staff with the resources they need to design programmes that build resilience in different contexts and faced with different risk profiles.

Work on increasing acceptance for resilience programmes across different donor departments

A number of findings from phase 1 point to areas where resilience could be better embedded in donor organisations:

- There has been poor communication of the concept of resilience from headquarters to the field
- The introduction of resilience as a humanitarian concern has been counterproductive – alternatives to humanitarian departments designing the approach are needed
- Donor staff who have control over programming decisions, especially quality control staff and current risk management staff (who mostly focus on institutional risk), could be useful allies
- Ministries of Finance in donor countries may also be useful allies

This area of work will be taken forward by identifying willing donors, and working with them to embed a resilience approach across the organisation. Learning from private sector business continuity planning approaches could be useful, and best practices in this area are already available in existing OECD research. A better understanding of the trade-offs that donors make, and how these decisions can be optimised, may also be useful.

Establishing a resilience marker for ODA commitments

Currently there are few means for tracking ODA funding that includes resilience components. Much criticism has been leveled at donors for not providing adequate funding for resilience, however this is based on incomplete data (that is likely under-reported) and numerous assumptions.

Experience with the OECD/DAC gender marker shows that although the marker is not always consistently applied, it does encourage programme decision makers to consistently think about gender when designing programmes. This could also be a useful outcome for resilience.

Move beyond catastrophic risk towards extensive risk

In phase 1 we found that extensive risk – frequently occurring, localised and with a less severe impact – is just as important to target as catastrophic risk. However, the understanding of the following areas is currently weak, and will be deepened during phase 2:

- the characteristics of different extensive risks
- how extensive risk impacts on people, communities and states and their institutions
- how to build resilience to extensive risks

Deepen understanding of the governance of risk and resilience

Who owns risk: states, communities and/or households, in a given context – who should be responsible for building resilience to each type of risk – could be better understood.

This work could link up with existing initiatives on risk sharing championed by Australia, and with INCAF's work on risk in fragile contexts.

Focus on risk financing and risk transfer options

During phase 1, the components of resilience were defined, and these included the need for access to risk financing.

However, donor support for risk financing and risk transfer options were not specifically addressed in Phase 1. From our limited investigations, it appears that risk financing in developing countries is (if it exists at all) based largely on appropriations from annual budgets. It seems to be difficult to convince legislators to opt for resilience building measures over providing new services and infrastructure, things that are more visible to the public.

Market risk transfer options for states, and for individuals, appear limited in most at-risk countries, often because informal economies do not lend themselves well to insurance and re-insurance options.

Many donors focus on financing risk from annual budgets, often treating risk mitigation and resilience as humanitarian concerns. Investigating alternative risk financing and risk transfer mechanisms for donors – including options for transferring risk to the market, may be useful.

Explore avenues for working with the private sector for building resilience

Multinational organisations and local businesses are highly exposed to risks and shocks in developing countries, and thus have strong incentives to work to build resilience.
Bringing the development, humanitarian and climate change communities together with the private sector, and looking at ways that aid investments could be leveraged to attract private sector investments in building resilience, could open up alternative funding sources for this area.

Applying lessons from OECD countries to developing countries

The OECD has a wealth of information about how to build resilience to risk – including on resilience to social unrest and to potential future shocks, and on business continuity planning, supply chain management, public-private partnerships, and risk financing and transfer mechanisms.

All these areas could be useful in developing country contexts, and for donors working in those contexts.

The experts group will review these areas and translate the lessons learnt and best practices into potential programmes for building resilience in developing countries.

This paper is part of a series on Risk and Resilience, which includes:

What does "resilience" mean for donors? – clarifying what resilience means in practice

What are the right incentives to help donors support resilience? – Investigating the role of incentives (and disincentives) in encouraging coherent donor support for resilience

How should donors communicate about risk and resilience? – Guidance on good practice on communicating about risks, opportunities and the results achieved from resilience programming

Joint risk analysis – the first step in resilience programming – Adapting the G20/OECD methodological framework for disaster risk assessment for resilience programming

From good idea to good practice – options to make resilience work – Building on what has been learnt so far, a set of options to help ensure that resilience becomes an integral part of donor programming

www.oecd.org/dac/governance-development/risk-resilience.htm

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