

BANK ACTION PLAN FOR IMPROVING DISASTER RISK MANAGEMENT
2005 - 2008

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Bank Action Plan for Improving Disaster Risk Management

I. BACKGROUND

- 1.1 Disasters have had a significant bearing on the development prospects of most countries in Latin America and the Caribbean, and reduce the impact of the Bank's development assistance to the region. This is the central conclusion of OVE's evaluation of the Bank's policy and operational practice related to natural and unexpected disasters (documents RE-292 and RE-292-1). On May 26, 2004 the Board approved OVE's evaluation and asked management to undertake four follow-up activities, including preparing an action plan to respond to OVE's recommendations and carry out the commitment to a "more proactive stance to disaster risk management."
- 1.2 This Action Plan presents a set of actions to be undertaken over the next three years—related to country programming and portfolio management, policy and organizational strengthening – that would position the Bank to carry out the commitment to a more proactive stance to disaster risk management in the region and to consolidate disaster risk management in operations. It emphasizes measures to be taken before disaster events that would help the countries and the Bank to reduce the impact of these events. The Action Plan is intended to help advance the development of a new disaster policy and strategic framework currently underway with leadership by SDS. Recognizing that the policy and strategy work is likely to refine priorities, the Plan has the flexibility to include additional key actions that may be identified as a result. The present Action Plan is a Bank-wide effort that relies on support from not only the Regional Departments and SDS, but also LEG, RES, DEV and EXR.
- 1.3 Finally, the present action plan is not intended to be a comprehensive plan of work in this area. Rather, it includes the essential activities of a strategic and disciplined process to change the Bank's disaster-related intervention from one that is largely reactive, to one that proactively helps countries to reduce preventable losses due to disasters and that safeguards the effectiveness of the Bank's development assistance.

II. OBJECTIVE OF THE ACTION PLAN

- 2.1 The present plan aims to set out a framework for Bank action to respond to the recommendations of the OVE report. Specifically, it outlines the steps to be undertaken over the next three years in three priority areas that would position the Bank to manage disaster-related risk to the development effectiveness of our lending program: (i) country programming and portfolio management, and (ii) Bank's policy, procedures and financial products; and (iii) an organizational approach that focuses on ex-ante risk reduction. The plan also specifies the performance indicators to facilitate oversight of the initiative.

III. PRIORITY BANK ACTION

A. Country programming and portfolio management

- 3.1 Understanding probable losses (and reconstruction costs) due to natural hazards is a powerful incentive for countries to develop planning options and tools to cope with risk, including the sustained budgetary resources necessary to reduce those potential damages and safeguard development.
- 3.2 In the context of country strategy and programming, the evaluation of disaster risk and its review with country authorities is the most important tool the Bank has to enhance awareness of this threat to development and to encourage countries to allocate scarce resources to improve their risk management. It is also a critical step for improving the effectiveness of the Bank's development assistance, especially in high risk countries. Incorporating appropriate risk management in country programming and portfolio management is the cornerstone of the Bank's proposed shift to a proactive stance to improving risk management and enhancing development.
- 3.3 *Status.* Risk information is not routinely collected and used by the countries or the Bank in the country strategies and programming, even by those countries that regularly suffer losses from disasters.¹ A country-level picture, with the geographical areas and sectors at high risk, estimates of probable losses with impact on the country's economic outlook and the Bank's portfolio, is not readily available or in a form that is actionable.
- 3.4 **Actions.** For countries designated as "high risk,"² the Bank will evaluate the disaster risk in cooperation with the country and adjust country strategies and programming to strengthen the management of the risk and to protect the effectiveness of the Bank's portfolio. Beginning in 2005, three high risk countries annually will benefit from:
- a. **Country-specific risk evaluations.** Together with the high risk countries, the Regional Departments will undertake technical work, tailored to the needs of country programming, in order to evaluate: (i) probable losses and economic impact, as well as the capacity to finance recovery/reconstruction; (ii) geographical areas and sectors at high risk that warrant priority intervention ("high consequence" sectors and assets that, in the case of their failure, have negative multiplier effects on development – including, "critical infrastructure and lifelines" such as, schools/hospitals, airports/ports, water treatment plants and distribution lines, gas/oil lines, etc.); (iii) institutional capacity to manage risk.
 - b. **Country Strategies and Programming.** For high risk countries, to the extent possible, new country strategies and programming memoranda will include a section that quantifies the disaster risk (probable losses), economic impact, and potential implications for the Bank's portfolio. The country strategy and programming

¹ Individual Bank operations (such as, housing, watershed management, and road programs) do incorporate analysis of natural hazards, in order to, for example, site investments in low-risk locations and to adopt adequate design standards.

² Each Regional Department will select the high-risk countries to be evaluated, utilizing as a guide the results of the Disaster Risk Management Indicators Program (ATN/JF-7907-RG). As a complementary resource, the regional departments may use the NHVI vulnerability ranking of countries presented in the OVE report (RE-292).

documents will include a discussion on how the Bank proposes to manage the risk disasters pose to the effectiveness of the country's development efforts as well as to the Bank's development assistance. This includes the contribution of the lending, technical cooperation and non-financial products portfolio, as well as donor coordination. By the end of 2008, the country strategies and programming documents will also be using a select set of disaster risk indicators for monitoring the performance of country strategies (see section regarding the *Disaster Risk Management Indicators Program* (see paragraph 3.7 and 3.8).

- c. **Portfolio management.** For high risk countries, the sections of the PPMRs having to do with the achievement of development objectives, sustainability issues, and the implications for the overall performance of the project will explicitly consider the impact of disaster events. In addition, any disaster impact on program resources will be included. Finally, the reorientation of the resources following a disaster will be reflected in the PPMR project description and its performance monitored.
- 3.5 SDS will be an important partner with the Regional Departments supporting the appropriate inclusion of disaster risk management in the Bank's country programming and portfolio management. To support the technical requirements outlined above, SDS is preparing the Bank's new disaster policy in 2005, which will include general guidance on incorporating disaster risk management in the Bank's project cycle, referring to country strategies, programming and portfolio management. (See section *B. Bank Policy, Procedures and Financial Instruments.*)
 - 3.6 **Results indicators for the Country Strategies.** Utilizing the results from the development of the disaster risk management indicators (see paragraph 3.7 and footnote 3), in 2006 SDS will propose one or two indicator(s) for the specific purpose of monitoring the results of the country strategies and programming for indicators of the countries' disaster risk. A guidance document will be developed for establishing the indicator(s) (baseline and target) and their incorporation into the Strategy Matrix.
 - 3.7 **Disaster Risk Management Indicators Program for the Americas.** Beginning in 2006, the Regional Departments and SDS propose to set up a "*Disaster Risk Management Indicators Program for the Americas,*" to consolidate and provide continuity to the state-of-the art indicators of disaster risk and risk management performance, developed over the last two years with support from the Japanese Special Fund.³ With a national level resolution, the indicators will identify the high-risk countries in the region and, in a preliminary fashion, the developmental and technical assistance needs for strengthening countries' risk management systems. These indicators, collected at specified intervals in cooperation with centers of excellence and other partners, will be used to measure countries' progress over time. The Program will establish monitoring and evaluation process for tracking progress in the countries' risk profiles, as well as for the effectiveness of efforts to promote the soundness of the risk management systems of Bank member countries. This initiative aims to fulfill the Bank's mandate to enhance

³ The methodology, which has been piloted in 12 countries from the Bank's three subregions, profiles the countries according to their risk to disasters, and to the strengths and vulnerabilities of their disaster risk management system. It is designed to be a practical tool to help government policymakers implement national risk management strategies. A report on the indicators is available at: http://sdsnet/divisions/env/natdisasters/BID-IDEA_Indicadores.pdf The final results were presented at the World Conference on Disaster Reduction, held in Kobe, Japan in January 2005.

awareness of this threat to development and to encourage countries to allocate scarce resources to improve their risk management.

- 3.8 The advanced status of the methodological development and the twelve countries participating in the piloting phase, as well as the initiative's close coordination with key international partners improves the likelihood that the Disaster Risk Management Indicators Program would have a rapid and effective start-up, with immediate visibility and relevance. Beginning in 2006, SDS would develop a training module for Bank and country specialists on the results of the Disaster Risk Management Indicators Program, providing a tool to help government policymakers implement and monitor their national risk management strategies.

B. Bank policy, procedures and financial instruments

- 3.9 A proactive stance to reduce the toll of disasters in the region requires a comprehensive approach that includes both pre-disaster risk reduction as well as post-disaster recovery. Such a risk management approach involves the following set of policies: risk analysis to identify the potential impacts faced by people and development investments; risk reduction (prevention and mitigation) to address the structural sources of vulnerability; financial protection and risk transfer to spread financial risks over time and among different actors; emergency preparedness to enhance a country's readiness to cope quickly and effectively with an emergency; and post-disaster rehabilitation and reconstruction to support effective recovery and to safeguard against future disasters.

- 3.10 *Status.* The evaluation of the current (since 1999) Operational Policy on *Natural and Unexpected Disasters*, OP-704, showed that it does not go far enough in overcoming the predominant focus of Bank operations on response to emergencies. Management agreed with this finding and is currently developing a new policy which will equip the Bank to support proactive disaster risk management, with emphasis on risk reduction (see Advanced profile of the disaster risk management policy and proposed consultation plan, GN-2354). The Advanced profile was considered by the Policy and Evaluation Committee of the Board on February 17, 2005.

- 3.11 **Actions.** SDS will undertake priority actions to support the implementation of this new disaster policy, aimed at improving the effectiveness of Bank procedures and financial products:

- a. **New disaster policy and strategy.** For 2005, SDS is preparing the Bank's new disaster policy, which will include general guidance on incorporating disaster risk management in the Bank's project cycle, referring to country strategies, programming and portfolio management. For 2006, SDS will prepare the Disaster Risk Management Strategy, which will include a plan for the implementation of the policy with indicators for progress on mainstreaming disaster risk management in Bank activities.
- b. **Incorporating disaster risk management in the project cycle.** SDS has completed the checklist and guidance document for incorporating risk management in project preparation and will disseminate the document in 2005.

- c. **Training.** Beginning in 2006, for country office and headquarters staff, SDS will design two training modules on the implementation of the Policy regarding: (i) the use of the checklist as a tool for Bank project teams in the mainstreaming of disaster risk management in the project cycle especially for housing, infrastructure, energy, water and sanitation and agriculture programs; and (ii) the incorporation of results indicator(s) related to risk management within the country strategies documents.
- 3.12 **Financial instruments.** Upon completion and approval by the Board of the new Disaster Risk Management Policy, the Development Effectiveness and Strategic Planning Department (DEV) will lead, with support from SDS, the regional operational departments, and the Legal Department, the Board-requested working group to resolve the scope of the Immediate Response Facility (IRF), in order to ensure the consistency of this Facility with the new disaster risk management policy.
- 3.13 Starting in 2005, an inter-departmental working group will explore the appropriate role for the Bank in risk pooling and collective insurance instruments for catastrophe risk. Options include the Bank as captive insurer of its own risk, as facilitator in the provision of private risk management services, and the Bank as insurer of client risk. The study will evaluate how potential financial products that may be offered by the Bank can provide hedge cover, reduce moral hazard and orient countries to adopt risk management commensurate with the scale of the problem they face.
- C. Bank's organizational approach for delivering disaster risk management, with emphasis on ex-ante risk reduction**
- 3.14 In response to the major disasters that struck the region in the 1990s (Hurricanes Mitch and George; El Niño in Ecuador and Peru), the Bank embarked on a course to incorporate a risk management approach in its operations. This has included the initial modification of the disaster policy in 1999 to include ex-ante risk mitigation, the articulation of a risk management framework in 2000 (*Facing the Challenge: Action Plan*) to guide Bank action, and the introduction of a new instrument, the Sector Facility for Natural Disaster Prevention in 2001, among other steps (see Annex I, *At a glance: The Bank's involvement in disaster risk management*).
- 3.15 The Bank is not unique in its move to consolidate its capacity to help countries manage their disaster risk. The World Bank and the Caribbean Development Bank, to name two multilateral banks working in the region, are currently evaluating their policies, instruments, and organizational arrangements in order to do the same. The World Bank, which created a Hazard Risk Management Unit in their central department in 1998, is undergoing an evaluation of the experience and is also revamping its emergency policy and support to strengthen operations. The Caribbean Development Bank, in 2000, also opted for a disaster mitigation unit ("Facility") in its central department. The unit's principle activity has been the development of a methodology for "natural hazard impact assessments" as part of the environmental review process for projects, with a small grants program (financed by USAID) supporting countries to do the assessments and train staff.
- 3.16 *Status.* In contrast, the IDB has taken a decentralized approach, which builds on existing staff expertise, to equip itself to address the growing imperative for disaster risk management in the region. Since 2000, each of the regional departments and the country offices, as well as SDS, has designated and trained a person as the focal point for disaster

risk management. These staff have tended to be in the environment divisions, working half-time or less on disaster risk management. Financial sector, social and infrastructure specialists, as well as country coordinators have also worked with the focal points on risk management operations and nonfinancial products. OVE found notable technical capacity in the focal points, but stress the need for an organizational approach that integrates their work across departments and borrowing countries.

- 3.17 **Actions.** Management proposes to maintain the decentralized approach, strengthening the capacity of the focal points in order for them to spearhead the institutional shift to the proposed priority actions in country programming, portfolio management and policy. Over the three year period, the following actions will be taken:
- a. **Consolidate disaster risk management capacity in SDS and regional departments.** Strengthen capacity in the regional departments as needed to meet the proposed activities in the present Action Plan (country risk evaluations, country programming and portfolio management outlined above). Strengthen capacity in SDS to provide technical support to Bank operations, to guide training and capacity-building for country and Bank staff, and especially to facilitate the consolidation of the network of disaster risk management focal points.
 - b. **Develop and implement a communication strategy.** SDS, with support from the regional departments and EXR, would develop and implement a Bank-wide communication strategy, including annual reporting and internet webpages.
 - c. **Mobilize resources to extend the strategy.** SDS, with support from the regional departments, will propose a strategy to coordinate trust fund and administrative budget support to ensure the Bank's ability to meet its commitments in the present Action Plan. This would include greater coordination during the preparation of the Bank's annual work program and in the formulation of the budget. Emphasis would also be placed on developing a partnership with non-borrowing member countries of the Bank to coordinate efforts to build and enhance high risk countries' ability to manage risk and protect their development investments.

IV. INDICATORS AND BENCHMARKS

- 4.1 The indicators for the priority action areas of this Action Plan, benchmarked over the three years, are found in Annex II. They provide a road map for measuring the Bank's progress in managing the risk that disasters pose to the effectiveness of its development assistance.

V. IMPLEMENTATION STRATEGY

- 5.1 The present Action Plan proposes to shift the Bank to a proactive stance to disaster risk management in the region and to re-position the Bank's interventions in disaster risk management before disasters occur. The Policy and Evaluation Committee of the Board discussed the Issues Paper version of the present Action Plan (GN-2339) on January 31st, 2005 and requested the preparation of the plan's budget and staffing implications, taking

into account the generous offer of the Japanese government to provide support through the Japan Special Fund.

A. Implementation

5.2 The implementation of the present Action Plan will capitalize on the existing management and focal point structure. Each of the regional departments and SDS will be responsible for meeting and reporting on the commitments under this Action Plan (the implementation indicators are summarized in Annex II). The following implementation matrix summarizes the departmental activities, with primary and supporting responsibilities, as well as the activities over the three year period of the Action Plan.

Implementation Matrix						
Activities in Action Plan	SDS	Regional Departs.	DEV	LEG	RES	EXR
2005						
Country-specific risk evaluations		*				
Country strategies and programming	+	*				
Portfolio mgt.		*				
Results indicators	*	+				
New Disaster Policy	*			+		
Checklist and guidance, dissemination and training	*	+			+	
Financial instruments studies: Bank role in pooling of catastrophe risk	*	+			+	
2006 - 2008						
Country-specific risk evaluations		*				
Country strategies and programming		*				
Portfolio mgt.		*				
Indicators Program for the Americas	*	*				
Training Bank and country staff (Indicators)	*	+		+		
Strategy and Policy implementation	*	+				
Working group to resolve scope of the IRF	+	+	*	+		
Communication strategy	*	+				+
* = Leadership + = Support						

Annex I:

At a glance: The Bank's involvement in disaster risk management:

From 1995 to 2002, 7.4% of the approved projects of the IDB (49 out of 665 loans) for a total commitment of US\$3.8 billion were addressing natural disaster-related objectives - that is, \$475 million per year. In dollar amounts, this investment portfolio largely reflects the reactive approach of the countries, currently favoring post-disaster response (emergency rehabilitation and reconstruction) over *ex ante* risk prevention and mitigation. In terms of the number of disaster-related loans (as opposed to amounts), 41% of disaster related loans focused primarily on risk reduction, 6% on emergencies (IRFs), and 53% on rehabilitation and reconstruction.

In response to a number of major disasters that struck the region in the 1990s (Hurricanes Mitch and George, El Niño in Ecuador and Peru), the Bank embarked on a course of setting the groundwork to incorporate a risk management approach in operations. Highlights include:

1998. Initial revision of Disaster Policy (OP-704) to include ex-ante activities (such as, mitigation and early warning systems), and introduce the Emergency Reconstruction Facility (PR-806).

2000. Facing the Challenge, a conceptual framework for Bank action, introduced at the annual meeting in New Orleans, that outlines a proactive *risk management* approach for the first time. Risk management integrates and strategically incorporates the policies of risk assessment, risk prevention and mitigation, as well as emergency and reconstruction financing and risk transfer.

2000. Disaster Risk Management Focal Points are established in operational departments, SDS, and country offices. Training begins in disaster risk management for staff.

2001. New instrument - Sector Facility for Natural Disaster Prevention. 2 operations approved to date (DR and Bolivia), 3 under preparation for 2005 (Ecuador, Bahamas, Haiti), and 1 identified for 2006 (El Salvador).

2001 - present. Analytical and Strategic work. Some highlights: Development of disaster risk management indicators. Review of financial markets for managing natural hazard risks. Institutional systems, local risk management, among others. Capacity building of regional partners in Central America and Caribbean.

2002 – present. Natural Disasters Network of the Regional Policy Dialogue: Meetings with disaster risk policy-makers from the region, and sponsorship of analytical work.

2003. Modified PR-806, Immediate Response Facility (formerly Emergency Reconstruction Facility), based on OVE evaluation of the experience. Adopted as permanent Bank instrument.

2003-2004. Evaluation of Bank's policy on disasters. Discussed by the Board in May of 2004. Lays out justification for Bank to consolidate its work in this area in order to meet its commitment to a proactive stance *vis-à-vis* disaster risk. Board recommends that Management develop an Action Plan, with targets/benchmarks, and budget alternatives.

2005. Advanced Profile of the Disaster Risk Management Policy and proposed consultation plan (documents GN-2354, GN-2354-1, GN-2354-2). Considered by the Policy and Evaluation Committee of the Board on February 17, 2005. The consultation of the draft policy document was authorized by the Programming Committee December 15, 2005.

INDICATORS FOR THE IMPLEMENTATION OF THE BANK ACTION PLAN FOR IMPROVING DISASTER RISK MANAGEMENT			
Outcomes	Performance Indicators	Outputs	Assumptions for achieving outcomes
1. Country programming and portfolio management			
1. In high risk countries: Countries and Bank understand the disaster risk the countries face and their capacity to manage it.	By end of 2008, all high risk countries evaluated and discussed with country authorities.	Each year beginning in 2005, 3 country-specific risk evaluations prepared and discussed with government authorities (policy-level workshops).	Countries are willing to examine their disaster risk and management capacity. Adequate donor TC resources are available and timely. Adequate administrative resources (staff and budget) are available.
2. In high risk countries: Risk management incorporated in country strategies and programming.	By end of 2008, 10 country strategies and programming memoranda include discussion of risk to country and to Bank portfolio, and the actions to manage risk. Appropriate risk management included in the Bank lending, TC and NFP portfolio, as well as donor coordination, of these countries. Reported in the Annual Report on Projects in Execution and Results.	By 2006, SDS has: (i) proposed disaster risk indicator(s) for monitoring results of country strategies and programming, with guidance document for their application; (ii) training module developed. 2006 –2008: 10 country strategies and programming memoranda: (i) incorporate disaster risk management sections; (ii) lending, TC and NFP portfolio, as well as donor coordination include appropriate management of the risk disasters pose to effectiveness of Bank’s assistance.	The country-specific risk evaluations are carried out in timely fashion. There is agreement on priority actions for programming between Bank and countries. Adequate resources available for staff training.
3. In high risk countries: Disaster risk is managed in Bank projects under execution.	By 2008, 10 countries’ PPMRs findings of how the projects’ development objectives, sustainability and overall performance are affected, due to disaster events.	2006 –2008: 10 countries with PPMRs tracking impact of disaster events on project performance and resources. PPMRs include and track any program resources reoriented due to disasters.	Country offices adequately prepared to include disaster risk considerations in PPMRs. Sufficient data are available to executing agencies and are accurately reported to country offices.
4. All countries: Comparable Disaster Risk Management Indicators profile all countries’ risk and the effectiveness of their risk management systems.	By end of 2008, the countries have current Risk Management Indicators. The country strategies for high risk countries are using disaster risk indicator(s) for monitoring results of managing the disaster risk to the Bank’s effectiveness.	2006: Approval of the <i>Disaster Risk Management Indicators Program</i> with donor TC or RPG resources. 2006-2008: Application of indicators for 23 Bank member countries. Training/Technical assistance to senior country policy makers in use of Indicators.	Applicable methodology agreed from the piloting stage (to complete 2005). Approval of the Program, with adequate resources Countries willing to be profiled and participate in the Program.

Outcomes	Performance Indicators	Outputs	Assumptions for achieving outcomes
2. Policy, procedures and financial instruments			
<p>1. Bank operational policy and strategic vision incorporates the disaster risk management framework and proactive approach.</p>	<p>By end of 2008, new operations and non-financial products are consistent with the new Bank Policy. Country strategies using results indicator(s).</p>	<p>2005: New Bank Policy on Disaster Risk Management prepared (and approved in first quarter 2006). 2006: (i) Disaster Risk Management Strategy, with plan for implementation of Policy. (ii) Results indicator(s) for monitoring results of country strategies and programming on country's disaster risk, with guidance document for their application (same as one of the outputs in #2 above).</p>	<p>Agreement on policy and strategic vision. Adequate administrative budget.</p>
<p>2. The Bank has adequate financial instruments and procedures to encourage disaster risk management in the countries, and both Bank staff and country policy-makers are familiar with their application.</p>	<p>By end of 2008, the checklist guidance and financial instruments are used in Bank operations.</p>	<p>2005: Checklist for incorporating risk management in project cycle prepared and disseminated (SDS). 2006: position paper on the scope of the IRF and the Bank's response to slow onset disasters and to non-natural, non-market rapid onset events (DEV), with possible modification of the IRF and/or of other financial instruments if needed. 2006: Training module designed, with 6 workshops to train Bank staff and country policymakers.</p>	<p>Adequate resources for consultant services to support analysis.</p>
3. Development of Organizational Approach			
<p>Disaster risk management capacity in SDS and Regional Departments is consolidated and able to meet commitments in the Action Plan.</p>	<p>Organizational resource plan fulfilled for the period of the present Action Plan. The commitments in the present action plan are met annually. Agreed Bank approach for the future provision of disaster risk management services, with trust fund and administrative budget support.</p>	<p>2006: Proposed Strategy to coordinate trust fund and administrative budget support, including proposal for partnership with extra regional member countries to coordinate efforts and resources. By end of 2007: proposal for Bank organizational approach for the future provision of disaster risk management services. 2006 – 2008: Communication strategy, for both external and internal audience, underway (internet webpage, bulletins, annual reporting).</p>	<p>Agreement on adequate organizational approach and resource requirements. Appropriate resources are available.</p>

BANK ACTION PLAN FOR IMPROVING DISASTER RISK MANAGEMENT

Key Result Area

Description:

The Initiative is a set of actions – related to country programming and portfolio management, policy and strategy, and organizational strengthening – that positions the Bank to carry out the commitment to a more proactive stance to disaster risk management in the region and to consolidate disaster risk management in operations.

Relationship to:

Millennium Development Goals

This Initiative, by positioning the Bank to effectively help countries to reduce preventable losses due to disasters, helps mitigate risks that disasters pose to the effectiveness of the Bank's development assistance contribution to the attainment of the Millennium objectives. Disaster risk management is especially relevant for those MDGs related to social and economic welfare, environmental sustainability, and global partnership for development.

IDB-8th Replenishment mandate

This Initiative, by positioning the Bank to effectively help countries to reduce preventable losses due to disasters, helps mitigate risks that disasters pose to the effectiveness of Bank assistance to improve poverty reduction, social equity and environmental sustainability.

Institutional Strategy (IS) Pillars

Helping to safeguard the region's development investment and to improve the effectiveness of the Bank's assistance by managing disaster risk contributes directly to the four IS priority areas.

Outcomes and Performance Indicators

The Initiative aims to contribute to three outcomes:

1. **Country programming and portfolio management.** For 10 high risk countries, the countries and the Bank will understand the disaster risk they face and Bank programming and projects in execution will incorporate risk management.
 2. **Policy, procedures, financial instruments.** The disaster risk management framework and proactive approach are incorporated in Bank operational policy and strategic vision.
 3. **Organizational approach.** The Regional Departments and SDS capacity is strengthened and able to meet the commitments in this Action Plan and the demands of borrowing countries.
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Performance Indicators

1. **Country programming and portfolio management.** 10 high risk countries: (i) evaluated for disaster risk; (ii) with country strategies and programming memoranda that include discussion of risk to country and to Bank portfolio and the actions to manage risk, and that use disaster risk indicator(s) for monitoring results; (iii) whose PPMRs find that the project's development objectives, sustainability and overall performance are not compromised due to disaster events.
 2. **Policy, procedures, financial instruments.** New Bank Policy and Strategy on disaster risk management approved, with implementation plan. New operations and non-financial products are consistent with the new Bank Policy.
 3. **Organizational approach.** Departments are fully staffed and resourced according to Action Plan. Number of commitments in the present Action Plan that are met each year.
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Outputs Related to Outcome

1. **Country programming and portfolio management.** 10 high risk countries: (i) country-specific risk evaluations prepared and discussed with government authorities; (ii) country strategies and programming memoranda with disaster risk management sections and lending, TC and NFP portfolio incorporate management of the risk disasters pose to effectiveness of the Bank's assistance; (iii) PPMRs tracking impact of disaster events on project performance and resources; and (iv) disaster risk indicator(s) proposed for monitoring results of country strategies and programming.
 2. **Policy, procedures, and financial instruments.** New Bank Policy and Strategy for Disaster Risk Management. Position paper on scope of IRF and Bank response to drought and non-natural, non-market events. Checklists for incorporating disaster risk management in project cycle.
 3. **Organizational approach.** Staff and resources assigned. Communication strategy activities are underway.
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Major Assumptions for Achieving Outcomes

Adequate administrative budget, donor TC resources and appropriate staff are available. Countries are willing to examine their disaster risk and capabilities to manage that risk, and to participate in a regional Disaster Risk Management Indicators Program. Agreement on priority action for programming between the Bank and countries. Agreement on adequate organizational strategy, with resource requirements met.
