



Navigating Trade-offs for Effective DRF Policy-Making

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Abstract

- ❑ To develop a DRF policy, you need to exploit stakeholder attention, often brought on a disaster. Be ready, by knowing who or what you want to protect and how it fits into/extends budgetary constraints.
- ❑ Different internal and external stakeholders have different interests in the DRF policy and will all have different but important impact upon it. You must be able to identify these interests and impact, in order to understand the trade-offs you will have to make
- ❑ Your DRF policy should be thought of as an 'uneasy' truce amongst interested stakeholders. Trade-offs will need to be negotiated continuously, requiring skills in participative decision making and an ongoing commitment to dialogue. Use these decision-making and dialogue sessions to improve the quantification and understanding of risk, increase financial literacy, and build on success.

Triggers for establishing a DRF Policy

- The impetus of disaster
- Protection of an existing budget
- Who/what do we want to protect



Who are the stakeholders?

External Stakeholders

- Development organizations
- Donors
- Modelling companies (scientists)
- Market parties (reinsurers, banks, capital providers)

Internal stakeholders

- Regional trade/ policy bodies (e.g. Caricom, CDEMA)
- Sovereigns
 - Politicians
 - Finance ministry
 - Ministry of interior
 - Disaster risk management functions

Mapping stakeholders

1. **Interest:** what is important to them?
2. **Influence:** what could they contribute to enable or block the policy?

Mapping external stakeholders

	Development organizations	Donors	Modelling companies	Market parties
Interest	Sovereigns prosperity; Financial and physical resilience	Accountable and appropriate use of disaster relief funds	Access to quality data; Proprietary knowledge	Market penetration & growth at a risk-reflexive price
Influence	Provide resources, DRF know-how, experience on structure/organizing and legitimacy	Raising awareness; Start-up & operational funds	Risk identification; Measuring exposure; Pricing	Provide capital (payout); Risk transfer and risk management expertise

Mapping internal stakeholders

	Regional trade/ policy bodies	Politicians	Finance ministry	Other ministries & DRM functions
Interest	Sovereigns prosperity; Regional stability	Remaining in power; Benefiting citizens	Appropriate/ cost- efficient use of funds/ budgets	Reconstruction; Resilience
Influence	Provide resources, Regional engagement, and legitimacy	Legitimacy; accountability; Decision-making power	Financial commitment; effective use of resources	Trust; Decision-making expertise; On the ground knowledge

Identifying tradeoffs



Typical trade-offs

- Sovereign autonomy **vs** Donor 'control'
- Proprietary **vs** Open access
- Market price **vs** Scarce budgetary resources
- Fiscal responsibility **vs** Scarce resources
- Aid **vs** Fiscal responsibility
- Aid **vs** Development
- Regional response **vs** Sovereign autonomy
- Short-term political attention **vs** Long-term political stability

Negotiating trade-offs

Are trade-offs mutually exclusive?

- Meeting needs regionally
- Minimum acceptable standards for participation

Process of engaging with stakeholders

- Participative decision-making and consensus formation
- Investing time and talk
- Quantifying outcomes



Developing decision scenarios

- Who/what do we want to protect?
 - Which perils?
 - What sort of protection – rebuilding, food security, etc?
- What are our options?
 - Do nothing (now)
 - Quantify risk and allocate resources internally
 - Quantify risk and allocate resources across financing options
- Establish amount to be met from own budget, from financing options, left unprotected
- Develop contingency plans for each option

Continuous renegotiation

- Develop financial literacy
- Build in revision targets
- Celebrate small wins
- Exploit disasters
- Use DRF to support wider policy initiatives
- Keep joining up government





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