

# IMPROVING CONSTANTLY: EMBEDDING SCRUTINY AND LEARNING IN DISASTER RISK FINANCING



GUIDANCE NOTE

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### **About the Centre for Disaster Protection**

The Centre for Disaster Protection works to find better ways to stop disasters devastating lives, by supporting countries and the international system to better manage risks. The Centre is funded with UK aid through the UK government.

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### **Disclaimer**

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Damage assessment boat trip following Typhoon Ketsana, the Philippines.  
Image: Yoshi Shimizu / International Federation of Red Cross and Red Crescent Societies

## ● WHY IS SCRUTINY AND LEARNING SO IMPORTANT?

Disaster risk financing (DRF) is a relatively new area, and there is currently little in the way of rigorous evidence of impact or established ‘best practice’.<sup>1</sup> As people working on DRF, this means we need to be in ‘learning’ mode, scrutinising the design and implementation of different approaches in order to understand what works, what doesn’t and why. We also need to be willing to be held accountable: DRF can be expensive and so it is critical that it is more effective than alternatives, or we are potentially worsening the situation for vulnerable communities. At the moment there is little transparency and accountability, with very few evaluations of DRF initiatives publicly available. As more of us engage in scrutiny and learning, for example by sharing monitoring data or publishing rigorous evaluations, we can collectively learn from experience and build up a global body of evidence. This will help to ensure that DRF initiatives result in maximum improvements to the lives of the poorest and most vulnerable people. More evidence and understanding of how to have an impact through DRF will also help donors justify making more and greater investments.

It is important to conduct independent reviews of DRF approaches and instruments at multiple stages: prior to implementation (akin to an audit, validation or quality assurance (QA) review) and also throughout the lifespan of the instrument or programme (through monitoring and evaluation (M&E)). Independent review at design stage is important because financing instruments can be complex and should be reviewed by impartial individuals who have the correct expertise. Those involved in designing instruments will be familiar with this sort of *ex ante* scrutiny e.g. for validation of risk-profiling and subsequent pricing. However, they may be less familiar with the type of ongoing M&E that is common in the development sector. Once instruments and approaches are underway, they should be regularly reviewed through M&E to check that they are performing fairly, as people have been led to expect, and that delivery systems are operating as planned. This information can then be used to make adjustments and further improve impact.

## ● HOW IS IT USUALLY TACKLED?

Most people would acknowledge that scrutiny and learning are important.<sup>2</sup> However, this awareness does not always translate into rigorous attention throughout the design and implementation stages. Often people do not have the technical skills themselves, or access to impartial advice, which might help them properly scrutinise a DRF instrument at the design stage in order to assess its likely development outcomes.

Similarly, people often do not have the technical M&E skills or the necessary resources to design a robust monitoring, evaluation, and learning (MEL) system.<sup>3</sup> M&E is often added as an afterthought, or is conducted as a ‘tick box’ exercise to please a donor, rather than being undertaken

with an expectation that the monitoring data or the evaluation findings will provide real insight into how the programme, approach or instrument should develop in future. Because it is difficult (and therefore expensive) to robustly measure or attribute outcomes or impact to particular DRF interventions, there is a tendency to just track activities and outputs (for example, count the number of insurance contracts in place or the number of people receiving a cash transfer from a payout). This is much easier and does enhance understanding but ideally would also be supplemented with outcome and impact-level data (for example, the percentage of children kept in school, or improved nutrition).

1 The first risk pool, and the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets, was the Caribbean Catastrophe Risk Insurance Facility (CCRIF) in 2007.

2 For example, both are acknowledged in [the] Pro-poor Principles of the InsuResilience Global Partnership (InsuResilience Secretariat, 2019). Principle 1 on impact has a sub-principle ‘monitor, [evaluate] and learn from activities and results’ and Principle 3 on ownership has a sub-principle on being ‘transparent and accountable’. See: [https://www.insuresilience.org/wp-content/uploads/2019/06/insuresilience\\_propoor\\_190529-2.pdf](https://www.insuresilience.org/wp-content/uploads/2019/06/insuresilience_propoor_190529-2.pdf)

3 Some organisations refer to monitoring, *reporting*, evaluation and learning (MREL), whereas others choose to emphasise the role of the *system* by using the term monitoring, evaluation, *accountability* and learning (MEAL).

## ● PRACTICAL GUIDANCE

The guidance in this section is organised as follows:

- Independent scrutiny at the design stage
  - Skills that can help
  - Centre for Disaster Protection's QA service
- Ensuring quality throughout implementation
  - Monitoring performance
  - Evaluating initiatives
- Improving learning.



Engaging children in games to overcome the trauma following the earthquake, Nepal. Image: Bernd Pichlbauer/International Committee of the Red Cross

## ● INDEPENDENT SCRUTINY AT THE DESIGN STAGE

When a DRF intervention is being designed, it is important to ensure that it is reviewed by people with relevant technical skills. DRF instruments can be complex and so they should be scrutinised by impartial, qualified professionals so that those paying can have adequate information and appropriate advice to assess value for money (VFM), and understand the intended impacts and associated risks. Solutions should be cost-effective relative to other feasible options.

### Skills that can help

Financial expertise is not the only type of expertise that is needed. DRF is a very multi-disciplinary topic, and expertise from a range of disciplines is required to understand likely performance. Ideally, a range of specialists should be consulted. For example:

- risk finance specialists;
- economists;
- actuaries;
- risk modellers;

- public financial management (PFM) specialists;
- governance advisers;
- humanitarian advisers;
- social protection specialists;
- gender, equity, and social inclusion (GESI) experts;
- M&E professionals; and
- people with expertise in poverty and vulnerability dynamics.

### Centre for Disaster Protection's QA service

Very few people with the above skills are currently working on DRF. Consequently, accessing these skillsets is not easy, particularly in some low-income contexts. The Centre for Disaster Protection (the Centre) has therefore set up a service for quality assurance (QA), offering multi-disciplinary QA reviews, free of charge, to those designing DRF instruments. The Centre has been conducting these reviews on behalf of the UK and German governments since 2019, and for a range of humanitarian agencies.

#### The Centre's flexible QA assessment framework

DRF approaches come in all shapes and sizes – what defines quality in one situation, might be less relevant in others.

While high-level principles are helpful for informing the design of quality approaches, in practice there is no one-size-fits-all process to measure quality.

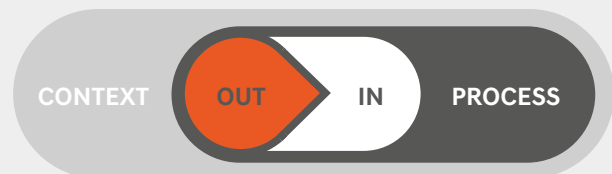
The QA methodology designed and implemented by the Centre is based on a flexible framework. The objective is to capture and assess key information, identify strengths and weaknesses in an approach, and to promote quality by providing practical and evidenced-based advice.

There are four principal elements to the Centre's methodology.

- **Context** – the underlying risk and need, and wider factors to consider when developing DRF approaches.

- **Money-out systems** – the systems and plans in place that use money to reduce the impact of disasters on people.
- **Money-in instruments** – the DRF instruments in place to supply the right amount of money at the right time.
- **Processes** – practical considerations including project implementation processes, costs, contingencies, and monitoring and evaluation.

The QA service provided by the Centre reviews different aspects of each of the four core elements, guided by practical questions, and provides analysis and expert opinion.



## ● ENSURING QUALITY THROUGHOUT IMPLEMENTATION

There is lots of generic guidance available online to assist in the development of MEL systems (see Tools and resources section below). This brief does not intend to duplicate that guidance but focuses specifically on M&E of DRF, where there is currently a deficit of relevant guidance and literature.

There are currently no standardised indicators or associated methodologies for monitoring DRF initiatives. However, this is an area of discussion and increasing collaboration. For example, the InsuResilience Programme Alliance has convened a group of specialists to work on potential shared indicators, and the Start Network and Red Cross Red Crescent Climate Centre lead a practitioner group on M&E of Forecast-based Action (FbA) where ideas and approaches are shared and explored (see links in Tools and resources section below).

### Monitoring performance

The table below provides some examples of indicators that are in use by various DRF programmes. As all initiatives are different, indicators are likely to be specific to the particular intervention. However, in future, organisations would ideally agree to use some of the same standardised indicators (and methodologies for data collection) to measure outcomes and impacts. Harmonising indicators, even within a single organisation, can be challenging as activities are varied and country teams may resist indicators being imposed. However, using standardised indicators (in addition to more specific project-tailored indicators) would be extremely helpful at a global level to help compare programme performance and pinpoint examples of best practice.

Level	Indicator in use	Notes
<b>Impact</b>	<ul style="list-style-type: none"> <li>● No./% of households with/keeping children in school</li> <li>● No./% of households maintaining livelihood/standard of living</li> <li>● No./% of pastoralists maintaining size of herd</li> <li>● % change in infant nutrition levels</li> </ul>	Normally indicators are attempting to capture a change (often an improvement). With DRF, it may be more meaningful to measure whether circumstances are being maintained before, during, and after a crisis.
<b>Outcome</b>	<ul style="list-style-type: none"> <li>● No. of people covered by risk finance and insurance</li> <li>● Total insured value</li> <li>● % of average annual climate and disaster losses in vulnerable countries covered by pre-arranged risk finance</li> <li>● No. of days to get insured service back up and running</li> <li>● No. of days from triggering event to payout/first contact</li> <li>● No. of basis risk events</li> </ul>	International best practice in development M&E is to disaggregate by gender. Disaggregating by poverty level would also help to focus and measure the quality of DRF e.g. no. of poor people covered by risk finance.
<b>Output</b>	<ul style="list-style-type: none"> <li>● No. of peer-reviewed contingency plans linked to finance</li> <li>● No. of comprehensive DRF strategies in place</li> <li>● No. of open source catastrophe risk models developed</li> <li>● Annual QA of software shows fit for purpose</li> <li>● Accuracy of the model against reality/ground-truthing data</li> </ul>	Ideally, indicators would measure quality rather than just quantity e.g. no. of contingency plans passed first time by technical committee, rather than just no. of contingency plans written.

Some considerations:

- it is important to include indicators that do not require a triggering event so that even if finance or action is not triggered, data on reliability is still being collected and reviewed; and
- where indicators relate to the number of people, it is best practice to collect data disaggregated by gender.

It is important to remember that outcome and impact indicators do not prove attribution and causation. To be sure that a DRF initiative is having the anticipated impact on the ground, it will be necessary to triangulate several indicators or commission an independent evaluation that can be specifically designed to investigate impacts.

## Evaluating initiatives

According to the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC)'s Glossary of Key Terms in Evaluation and Results Based Management, an evaluation is 'a systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results in relation to specified evaluation criteria: relevance, effectiveness, efficiency, sustainability, and/or impact'.

Evaluations should also be independent (the evaluators might be external or internal, but should not be connected with the intervention), transparent (the reports should be publicly available) and they should be systematic (replicable, pre-determined, and standards-driven).

There are three main types of evaluation.

1. **Impact evaluations** aim to establish causal attribution between an intervention and its effects (i.e. this DRF intervention directly caused an increase in X). Specific methodologies are used (either quantitative and/or qualitative) to determine causation. These types of evaluations can be costly, and require specific technical skills.

2. **Performance evaluations** do not establish causality but assess the contribution an intervention has made to development outcomes and impacts.
3. **Process evaluations** focus on the quality of implementation, particularly programme delivery.

Evaluations can improve scrutiny and learning but they can also be costly and time-intensive, especially impact evaluations. Evaluations should not be undertaken without due consideration—an evaluation that is too early or poorly designed will not yield much insight. Sometimes a lighter-touch review or a process evaluation will be more appropriate e.g. for a pilot activity, or if there are data constraints. It might also be appropriate to combine types of evaluation over a multi-year period.

Impact evaluations of DRF are very rare—possibly due to the difficulty of designing an evaluation when it is not known when, where, or whether finance will be triggered, as well as the difficulty of collecting data in a disaster context and the historical lack of M&E culture in the humanitarian space generally. However, DRF impact evaluations are desperately needed as they will provide the kind of robust evidence of what works that is currently missing.



## ● IMPROVING LEARNING

There is no point in collecting monitoring data and conducting costly evaluations if data and findings are not reflected upon and intentionally used to inform decision-making, and shape future implementation. M&E should always lead to genuine learning and change.

Unfortunately, this is the stage that is often overlooked.

Organisations can approach learning in different ways and how they choose to do this will depend largely on their organisational structure, internal communication systems and particular decision-making processes. When thinking about how to strengthen uptake and learning, it is important to:

- ensure the information is put in front of senior management on a regular basis;
- look at trends over time and seek to understand reasons behind any changes—this might mean commissioning follow-up work to enhance understanding; and

- compare like-for-like data for accuracy—if the data is not comparable it could lead to wrong conclusions

Organisations could:

- commit to publishing all evaluations openly to enhance accountability;
- share monitoring data with like-minded organisations to benchmark performance and help others;
- consider conducting an annual audit to check that suggested changes are actually implemented; and
- create a regular ‘challenge event’ for all staff where M&E information is shared to strengthen ownership, drive a focus on results, and increase creative thinking around potential improvements.



Women’s association work on food security, Burkina Faso.  
Image: Ollivier Girard/International Federation of Red Cross and Red Crescent Societies

## ● TOOLS AND RESOURCES

Humanitarian sector-wide review of the development and use of methodologies and guidance for the monitoring and evaluation of FbA (Start Network): <https://startprogrammes.box.com/s/oclqedud4amfha48mqsr7v9gp8adkx9>

Practical support to help NGOs prove and improve their MEL and effectiveness (Bond): <https://www.bond.org.uk/monitoring-and-evaluation>

Independent evaluation of the African Risk Capacity (Oxford Policy Management): <https://www.opml.co.uk/projects/independent-evaluation-african-risk-capacity>

Mongolia anticipation of harsh winter: 2018–2019 impact assessment (Start Network): <https://startnetwork.org/resource/mongolia-report>

External evaluation of the Start Fund (Humanitarian Outcomes): <https://start-network.app.box.com/s/vbmwve4s2ec3xnh590doeu9222wk9p2f>

## ● GLOSSARY

### **Attribution**

The ascription of a causal link between observed (or expected to be observed) changes and a specific intervention. It represents the extent to which observed development effects can be attributed to a specific intervention or to the performance of one or more partners taking account of other interventions, (anticipated or unanticipated) confounding factors, or external shocks (OECD, 2010).

### **Disaster risk financing**

Disaster risk financing covers the system of budgetary and financial mechanisms to credibly pay for a specific risk, arranged before a potential shock. This can include paying to prevent and reduce disaster risk, as well as preparing for and responding to disasters (the Centre, 2019).

### **Impact**

Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended (OECD, 2010).

### **Outcome**

The likely or achieved short-term and medium-term effects of an intervention's outputs (OECD, 2010).

### **Output**

The products, capital goods and services that result from a development intervention; may also include changes resulting from the intervention that are relevant to the achievement of outcomes (OECD, 2010).

## ● REFERENCES

Centre for Disaster Protection (the Centre) (2019) 'Stopping disasters devastating lives', Centre for Disaster Protection's Strategy 2019-2024, London.

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**Cover photo:** Hurricane Matthew, Haiti  
Image: Logan Abassi/United Nations/Mission des Nations Unies pour la stabilisation en Haïti

