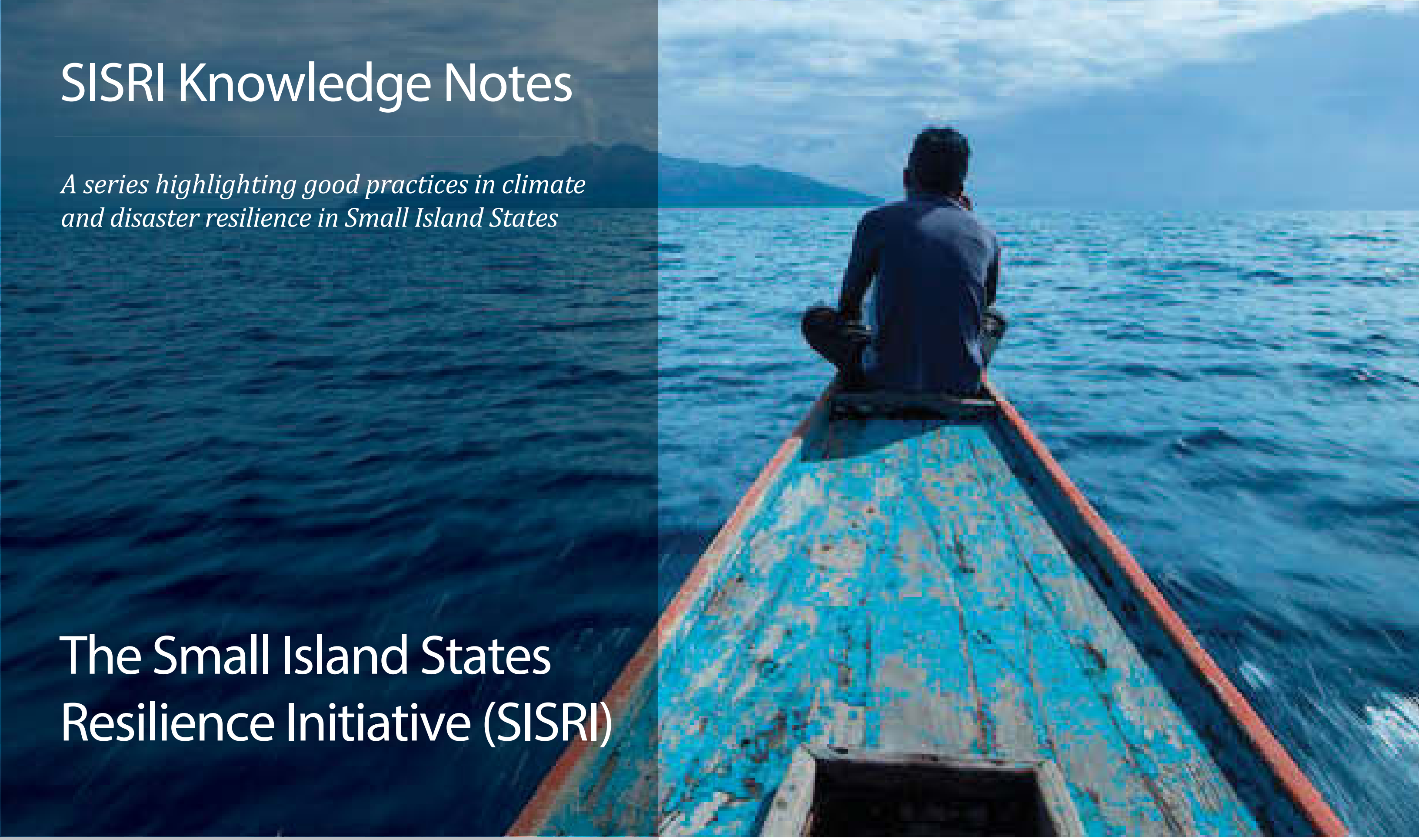
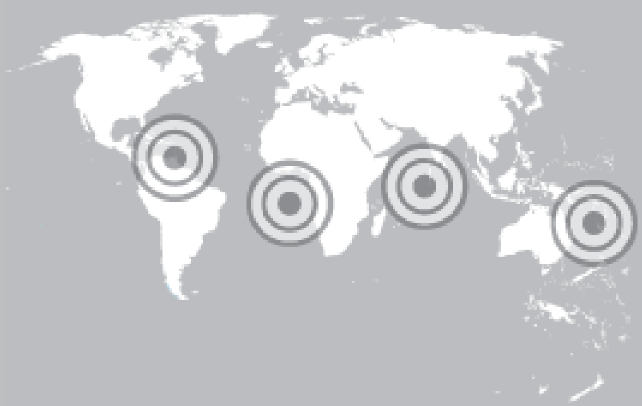


SISRI Knowledge Notes

A series highlighting good practices in climate and disaster resilience in Small Island States

The Small Island States Resilience Initiative (SISRI)

NOTE: #1
FOCUS: PROGRAM OVERVIEW



OVERVIEW

Small Island States include two-thirds of the countries that face the highest relative losses due to natural disasters, and these costs are growing.

The Small Island States Resilience Initiative (SISRI), supported through the World Bank and GFDRR, is a global program established in response to calls by Small Island States for greater and more effective support to build their resilience. SISRI works through established procedures at the World Bank, while offering innovative and dedicated assistance specifically targeted at building resilience in Small Island States.

SISRI
SMALL ISLAND STATE RESILIENCE INITIATIVE

GFDRR
Global Facility for Disaster Reduction and Recovery

WORLD BANK GROUP
Climate Change

What Is SISRI?

The Small Island States Resilience Initiative (SISRI) is a global program established in response to calls by Small Island States for greater and more effective support to build their resilience.

SISRI works through established procedures and builds upon an already sizable program of World Bank assistance to climate and disaster resilience in Small Island States, averaging around US$180 million a year (the largest in the world).

At the same time, SISRI offers the following innovative assistance to partner countries:

(a) *A set of building blocks,* based on best global practices of adaptation and disaster risk management in island contexts, which is customized to countries' individual needs.

(b) A range of *financing instruments*, including innovative debt for resilience swaps—allowing Small Island States to build their capacity through a learning-by-doing approach where they directly implement their investments.

(c) *A dedicated support team* of over 45 staff, specializing on the needs of small islands;

(d) *Global knowledge,* allowing field practitioners to share experiences across countries and regions facing similar problems.

(e) *Results-based approaches* to measure the progress of resilience, and the impact of financing.

SISRI also aims to scale-up investments for climate and disaster resilience by aggregating and leveraging multiple funds—thus responding to Small Island States' long-standing request for more accessible, effective, predictable and flexible financing. The goal is to access an additional US$310 million in grant resources, making it possible to mobilize approximately US$820 million in 2016–18 in order to benefit up to 24 Small Island States.

Small Island States are a group of 39 countries that share small sizes, geographic isolation, and a high vulnerability to shocks. They include two-thirds of the countries that suffer the highest relative losses due to natural disasters (between 1 and 9 percent of their Gross Domestic Product each year). These costs are being further exacerbated by climate change.

The recurrent losses caused by disasters and climate variability create a 'leaking bucket' effect that undermines growth and adds to national debt. Jamaica's economic growth, for example, could have approached 4 percent per year in the absence of tropical cyclones—instead, it experienced an average of 0.8 percent growth over the last 40 years. Resilience is therefore at the core of the Small Island States development challenges.

Small Island States have consistently called for adequate, predictable and more effective financing to help them address their unique vulnerabilities and the rising challenge of climate change.

The Small Island States Resilience Initiative (SISRI) was designed to specifically respond to these needs.

SISRI GOAL AND RESULTS

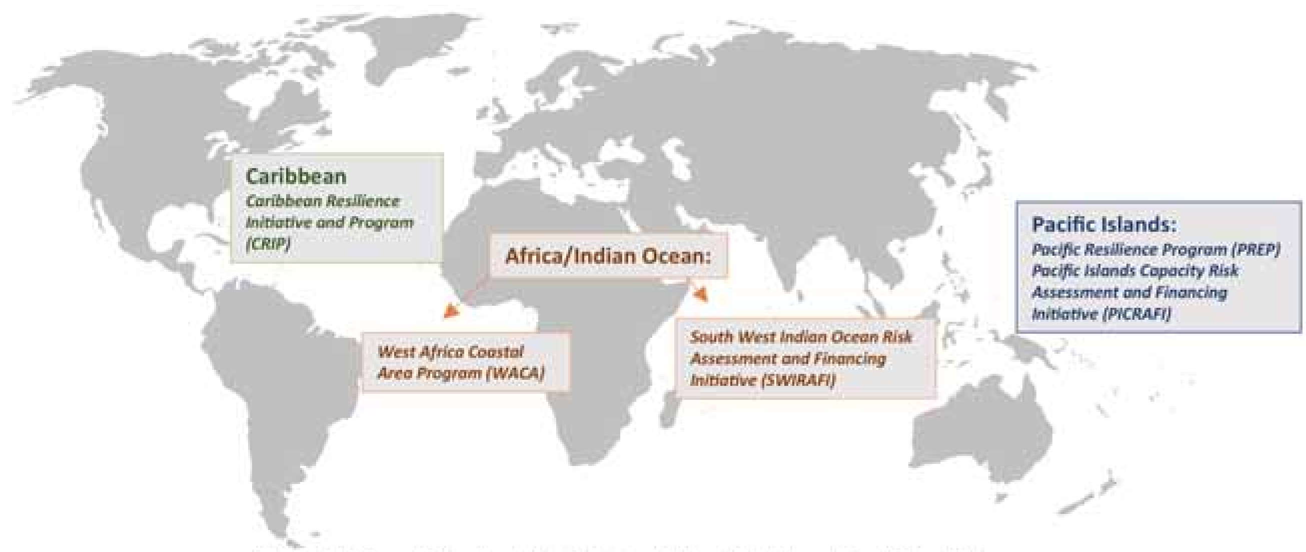
The goal of SISRI is to support Small Island States in *reducing climate and disaster risks to their populations, assets, ecosystems and economies.*

The expected results will be measured as follows:

1. Decreases in the population, key assets and ecosystems at risk;
2. Improvement in the country's socio-economic resilience indicator;
3. Changes in average annualized losses relative to GDP;
4. Reduction in number of people affected by natural disasters.

FIGURE 1 The Basis for SISRI

SISRI builds upon a robust and growing global program of assistance to Small Island States in climate and disaster resilience channeled through the World Bank (currently the largest in the world) and active in all major regions.



World Bank Current Active Portfolio in Climate and Disaster Resilience in Small Island States

	Total	*Africa/Indian Ocean*	*Pacific*	*Caribbean*
Total No. of Projects	93	7	39	47
Total Commitments (US$ Million)	888	17	337	534
Annual Commitments (US$ Million)	178	4	68	107
No. of Countries Engaged*	23	4	11	9

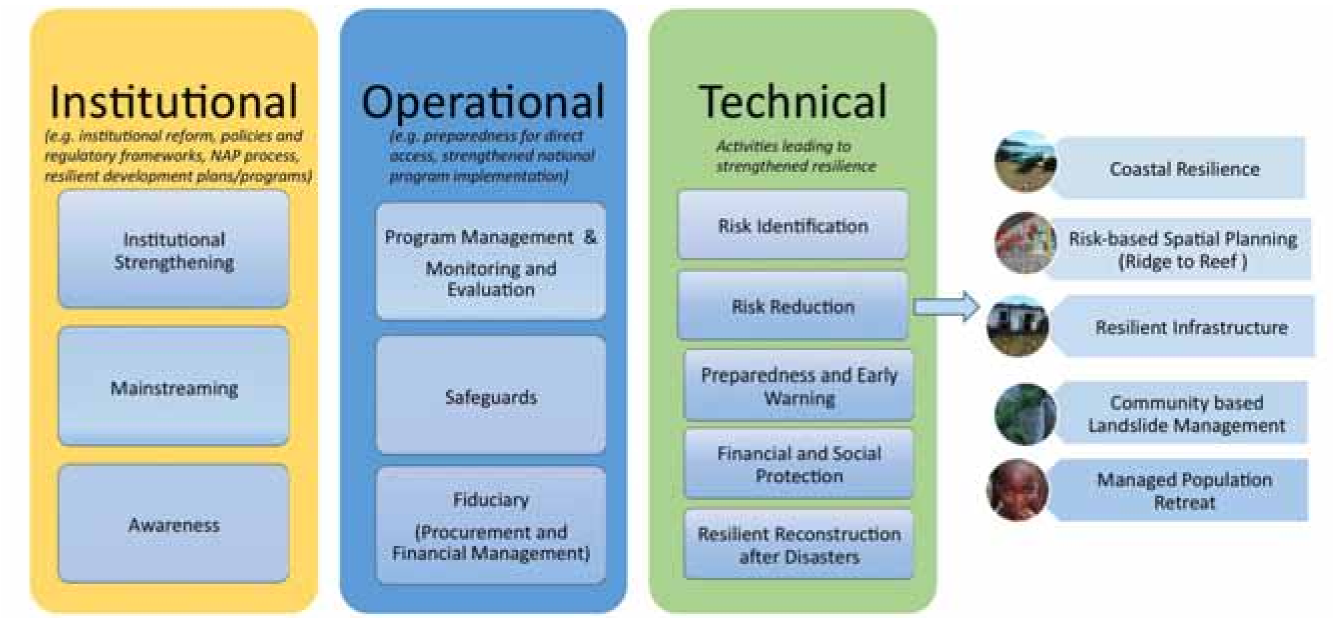
Source: World Bank Group SISRI Database **Not including regional projects*

Rationale for SISRI

- *At the core of SISRI is the recognition that disaster and climate risks are critical and increasing development challenges for Small Island States.* Large disasters can have crippling impacts on their economies, and even small, recurrent events can cumulatively affect GDP growth and compound levels of debt. Small Island States therefore need an infusion of financial and technical resources to build more effective resilience.
- *The longer the wait, the harder it will be to reduce risk.* As climate change intensifies, the window of opportunity for adaptation to reduce risks will progressively diminish. SISRI focuses on reducing near-term risks, while building the foundation for long-term resilience.
- *Country capacity is best built through direct implementation.* SISRI relies on a learning-by-doing approach, where national agencies manage their own funds and progressively build operational and fiduciary capacity.
- *A country-led programmatic approach reduces fragmentation and funding inefficiencies.* Many island nations, particularly in the Pacific, are administering large numbers of small adaptation projects, reducing the attention paid to investments on the ground. SISRI will help them combine and harmonize funding sources to reduce the administrative burden, and channel resources more effectively—in a flexible, and more predictable way.
- *Global knowledge helps address local problems.* Small Island States face common challenges—such as in managing coastal flooding, or protecting populations and assets at risk. Many implementation bottlenecks can be solved through shared experiences and links with trusted centers of expertise.

FIGURE 2 **The SISRI 'Building Blocks' Framework**

A well-tested menu of interventions that address common challenges faced by Small Island States, helping them advance systematically towards resilience.



THE SISRI BUILDING BLOCKS

SISRI operates through a series of building blocks, or programmatic components which have proven important to strengthening climate and disaster resilience in Small Island States, and where sufficient experience exists to be replicable—with adjustments for local differences.

- **Institutional building blocks** focus on institutional strengthening; integration of resilience into core development planning; and influencing risk behavior and decision making processes.
- **Operational building blocks** focus on strengthening fiduciary, operational and safeguards capacities of country agencies to implement resilience programs more effectively.
- **Technical building blocks** are core investment components.

Whilst countries exposed to climate change and natural disasters would normally need to make progress on all major building blocks, SISRI would only intervene on those for which there would be a programmatic gap. Thus, country operations can be customized to specific needs.

A RANGE OF FINANCING INSTRUMENTS

Depending on the financing available, Small Island States can choose between a range of financing instruments:

Investment Project Financing (IPF) is the most common financing instrument used by Small Island States. It funds specific investments, such as public works, equipment and materials, services, or community grants. Funds can be processed as:

- *a new resilience project;*
- a long-term national or regional *resilience program* (series of projects);
- An *additional financing* to an existing resilience project, to scale up an existing pilot, or to make a sectoral operation climate-resilient.

Development Policy Financing (DPF) is most appropriate to promote resilience policies, or institutional reforms. It consists of budgetary support against a matrix of reforms, agreed with the recipient government.

DPF operations can be processed as:

- *A Climate or Disaster Risk Management DPL,* where the majority of the policy reforms are aimed at promoting climate and disaster resilience (as done for Grenada);
- *A Deferred Drawdown for Catastrophe Risks (CAT-DDO),* a contingent instrument that provides immediate liquidity to governments following a declaration of a natural disaster emergency. Once approved, the instrument can be deferred for up to 15 years from the date of initial approval. It requires maintenance of a satisfactory risk management program. Seychelles was the most recent Small Island State to use this instrument.
- *Debt for Nature and Resilience (DNR) financing.* This is a new type of DPL that holds high promise for Small Island States. It aims to reduce the stock and cost of high interest debt by either converting it to lower-interest instruments, or buying it back at a discount. Funds would be disbursed against policy and institutional reforms to strengthen environmental sustainability and climate resilience.

The Program for Results (PforR) instrument disburses on the basis of verifiable agreed results, and can be used to gradually strengthen a country's resilience program. Morocco the first country to use a PforR in a climate resilience operation.

Technical Assistance is generally used for studies, specialized advice or training purposes (rather than investment). While under the other instruments, funds are executed directly by the national government, most Technical Assistance to Small Island States is executed by the World Bank or by regional organizations. The Global Facility for Disaster Reduction and Recovery (GFDRR) has been a major conduit of technical assistance to Small Island States.

To facilitate implementation, SISRI can combine several sources of financing under a single country operation—thus ensuring they follow common procedures and contribute to common objectives and results.

Funding can be in parallel, where several legal agreements are signed in support of a common operation, or blended—such as a donor-funded Trust Fund grant, combined with a loan from the International Bank for Reconstruction and Development (IBRD.) this has the advantages of softening the terms for highly indebted Small Island States, and can potentially increase the financing available to low and middle income countries beyond what they would have been able to access through their country envelopes.

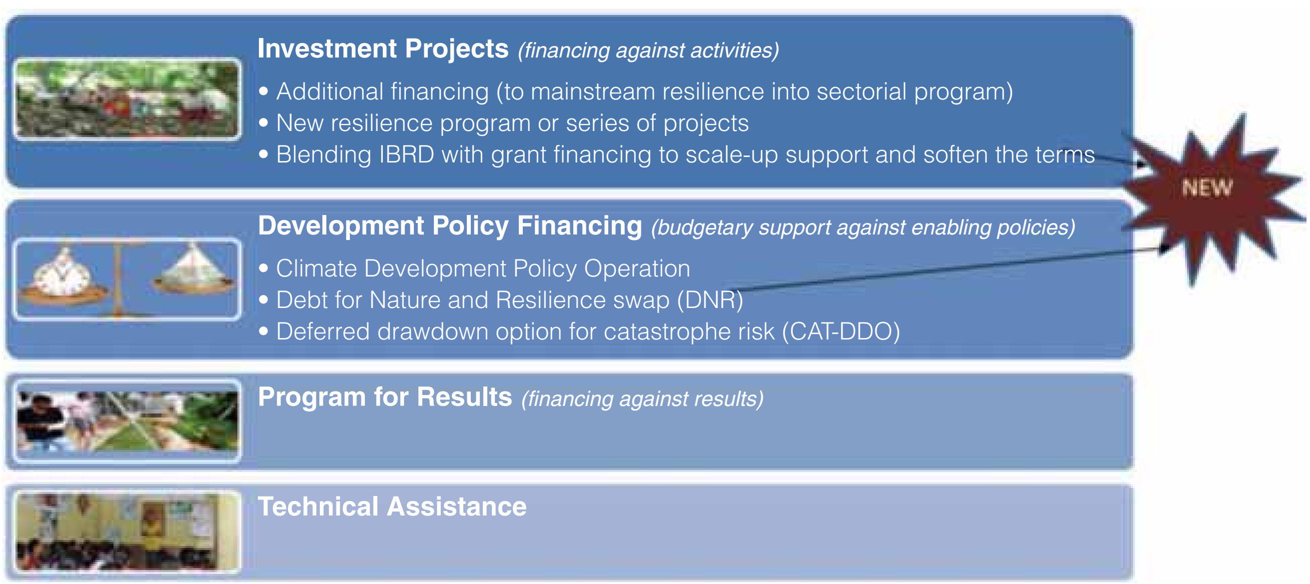


FIGURE 3 Financing Instruments under SISRI

While the majority of past support has focused on investment projects and technical assistance, SISRI can facilitate the Small Island States' access to a wider range of financing instruments, such as debt for nature and resilience swaps.

FIGURE 4 The SISRI Thematic Team

The SISRI thematic group consists of more than 45 operational and technical staff at the World Bank specializing on supporting climate and disaster resilience in Small Island States.

A DEDICATED COMMUNITY OF PRACTICE

The challenges faced by Small Island States are distinct and complex, calling for specialized expertise. To address this, the World Bank established in November 2014 a SISRI Thematic Group. It consists of more than 45 operational and technical staff specializing on the needs of Small Island States, with specialties covering the range of SISRI building blocks.

The SISRI Thematic Team meets regularly around issues of global expertise relevant to Small Island States—such as linking climate resilience to social protection, measuring resilience, or fiduciary challenges. The group's meetings have showed that capturing and disseminating global knowledge across regions stands to enhance the quality of support received by partner countries.

At the regional and national levels, Small Island States are also supported by teams specializing in climate and disaster risk management in the Caribbean, Pacific, and Indian Ocean and Africa regions, whose members are also part of the SISRI Thematic Team.

Over the course of 2016, the SISRI global team will be assembling a series of *best practice knowledge notes* on the main SISRI building blocks, as well as facilitating the establishment of *a community of practice* amongst country practitioners aimed at fostering south-south learning. The next community of practice meeting will take place in May 2016, at the Understanding Risk Conference in Istanbul.

BETTER MEASUREMENT OF RESULTS

SISRI promotes incentives for better results by offering innovative instruments—such as Debt for Nature and Resilience swaps, and Program for Results—where funding is based on favorable resilient policies and increasingly mature resilient programs. But even where traditional investment instruments are concerned, SISRI is piloting new ways to measure resilience:

- A new composite resilience indicator, will *measure the risks to welfare* that climate-related hazards pose to individual countries, helping to identify which national policies are likely to bring the most significant changes in socio-economic resilience - such as increasing social protection for the poorest people, or access to early warning.
- Quantitative methodologies to *monitor the risks to populations and assets* are being developed In Saint Lucia, São Tomé and Príncipe and the Pacific Island region. This will allow decision makers to see, for example, the proportion of public assets (roads, schools, health centers) that has been retrofitted to natural disasters, or—for particular communities—the proportion of households that is still at risk from storm surges, and plan accordingly.
- A *monitoring and evaluation framework* is also being developed for resilience operations, harmonized with that of the major climate funds. This will facilitate consistent and more programmatic monitoring of resilience outcomes at the country level.

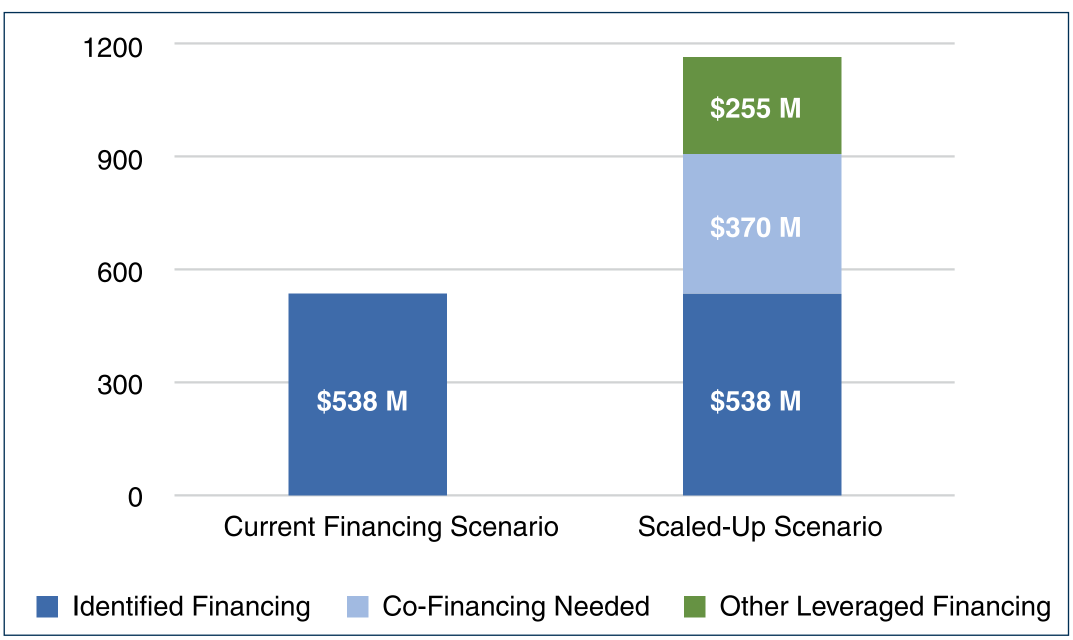
SCALING UP INVESTMENTS IN RESILIENCE

SISRI recognizes that significant up-front investments will be needed to help Small Island States achieve a more secure and resilient future, and that small and piecemeal approaches have proven insufficient to deliver results at scale.

To meet this demand, SISRI has developed an investment pipeline for 2016–18 targeting a total of 24 countries, with a current and a scaled-up scenario. Assuming access to approximately US$310 million in co-financed resources would enable SISRI to deliver a scaled-up investment pipeline of around US$820 million during this three year commitment period. The financing plan is further explained under the "*Financing Resilience in Small Island States*" accompanying note.

FIGURE 5

SISRI Investment Plan for 2016–18



For more information, please see **WWW.GFDRR.ORG/SISRI-GROUP**

This note should be referenced as:

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