

Consultation Report On

Mainstreaming DRR in Financial Institutions and Mechanisms

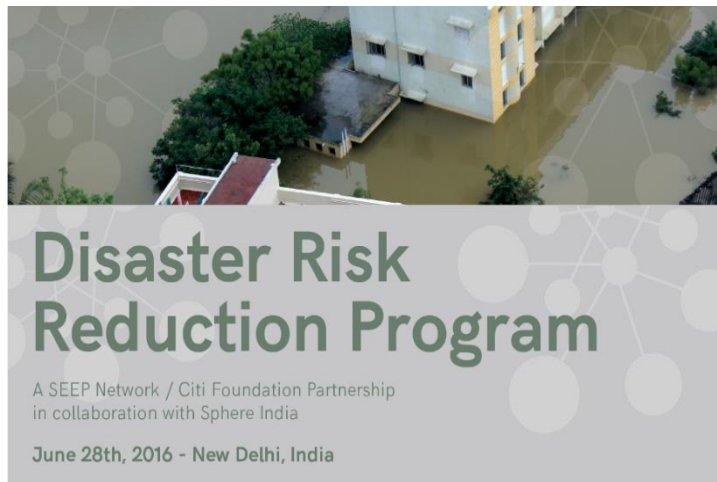
Date: 28th June, 2016

Venue: India Habitat Centre, New Delhi

Background:

Disaster preparedness and response is exceptionally important in the context of financial inclusion. Countries with higher concentrations of poverty, weak infrastructure, and poor public services are more at risk. Experience has shown that financial institutions serving at-risk populations are as vulnerable as their clients to these disasters and crises. While the initial humanitarian and emergency response to crisis is crucial, there is a growing recognition of the value of disaster risk reduction (DRR) strategies in preparing for and thus reducing economic losses associated with disasters.

The **SEEP Network** is a global network of international practitioner organizations dedicated to combating poverty through promoting inclusive markets and financial systems. SEEP network promotes the



Minimum Economic Recovery Standards (MERS) which are an industry consensus on economic recovery for the humanitarian sector and a **Sphere Companion Standard**. **SEEP is partnering with Sphere India to mainstream DRR in financial institutions and mechanisms.**

As part of this, SEEP Network, in collaboration with Sphere India, organized a Consultation on Mainstreaming DRR in Financial Institutions and Mechanisms at India Habitat Centre, New Delhi on June 28th, 2016. This meeting, made possible with the support of the **Citi Foundation**, is intended to bring together the various Government and Non-Government actors

engaged in the area of DRR, micro finance and other financial mechanisms to better understand the challenges faced by the microfinance providers and their low income clients, as well as opportunities for collaboration across the range of market actors to increase the resiliency in times of crisis.

Objectives:

There were two primary objectives of the consultation. The first was to bring together diverse stakeholders with vested interest in initiating a process for mainstreaming DRR into financial institutions and mechanisms. The second objective was to gain input on the proposed methodology for a risk mapping and diagnostic analysis in India to ensure the results are meaningful and relevant to a wide range of actors in the market.

Opening Remark:



The Opening Remark to the consultation was given by **Mr. Vikrant Mahajan, CEO, Sphere India** and **Ms. Deena Burjorjee, SEEP Network**, welcoming the key panelists and participants. The participants included representatives from Government of India, National NGOs, INGOs and UN agencies working in India. Featured panelists included **Prof. Anil Gupta from NIDM** (Government), **Mr. G. Padmanabhan from UNDP** (United Nations Development Programme), **Mr. Palash Shrivastav from IDFC** (Private Sector) and **Mr. Suvi Aruliah from World Vision India** (Micro Finance). The program was also attended by **Mr. Sanjay Kumar Singh from NDMA**.

Mr. Vikrant Mahajan presented a brief about Sphere India, existing Inter Agency Groups (IAGs) at State level and partnerships in South Asia region. He also explained that the SEEP Network promotes the **Minimum Economic Recovery Standards (MERS)** -- an industry consensus on economic recovery for the humanitarian sector and a **Sphere Companion Standard**.

Mr. Mahajan further elaborated that Sphere India works with diverse organizations in three areas: Inter-Agency Coordination (IAC); Knowledge Management (KM); and Collaborative Advocacy (CA).

Ms. Deena Burjorjee gave a presentation on the Mission, Goals and Vision of the SEEP Network, representing 125 members who are active in more than 170 countries worldwide. Network members work together and with other stakeholders to mobilize knowledge and foster innovation, creating opportunities for meaningful collaboration and, above all, for scaling impact.

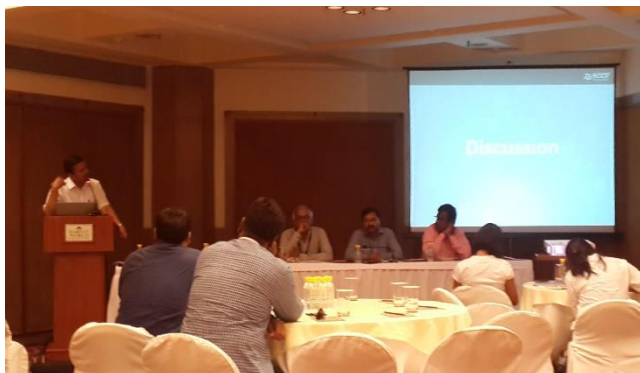


Ms. Burjorjee highlighted the need of the **microfinance sector to engage with DRR strategies**. The need for DRR engagement is based on a growing understanding that for financial markets to be truly beneficial for vulnerable populations, financial service providers need to be responsive to everyday needs and resilient to increasing risks brought about by natural and man-made disasters. Ms. Burjorjee highlighted that enabling resilience for financial providers and clients will help reduce the negative impacts of crisis and increase efficiency and effectiveness of recovery efforts. If done in coordination with humanitarian efforts, resiliency also increases development impact by linking recovery with more inclusive market growth. In reality, financial services and humanitarian sectors work independently of one another, yet they both find themselves working in complex ecosystems of private and public sector actors with a divergent range of motivations and objectives. Further, while there are growing efforts at the national level in many countries to establish coordinating structures for DRR, there is limited coordination between these structures and subsectors in the market.

The presentation concluded with an overview of the objectives and process for piloting a National DRR Engagement strategy for the microfinance sector in India, with the goal of testing the approach and outlining a framework that can be applied in other country contexts. The pilot will be led by the SEEP Network in partnership with Sphere India.

Panel Discussion and Key Sharing:

Prof. Anil Gupta emphasised the importance of keeping financial provisions for both structural and non-structural DRR measures within Ministries and Government Departments. He strongly emphasised the need for performing research and analysis around Cost benefit, Social Cost, Risk Understanding and



Acceptance prior to implementing development programmes that include a DRR approach.

Mr. G. Padmanabhan expressed his concerns regarding funding from the Central Government. It is important to examine government funding mechanisms from DRR and development perspectives as there are no specific guidelines on utilization of the funds available for DRR under National Flagship Programs such as Indira Awaas Yojana (IAY).



Mr. Palash Shrivastav from IDFC emphasized the need for GO-NGOs' coordination and encouraged the concept of **Green Financing for economic recovery**.

Mr. Suvi Aruliah shared the lessons learned and successful story of MFIs in Philippines during recovery phase where 90% of economic loss of communities was recovered through micro finance. He noted that in India, there is a requirement that communities organize into Self Help Groups (SHGs). SHGs encourage communities to set up a safe fund for coping in the event of disaster, and also provide access to micro finance and capacity building for stabilizing livelihoods and securing assets. He also encouraged the use of crop insurance to cope with disasters.

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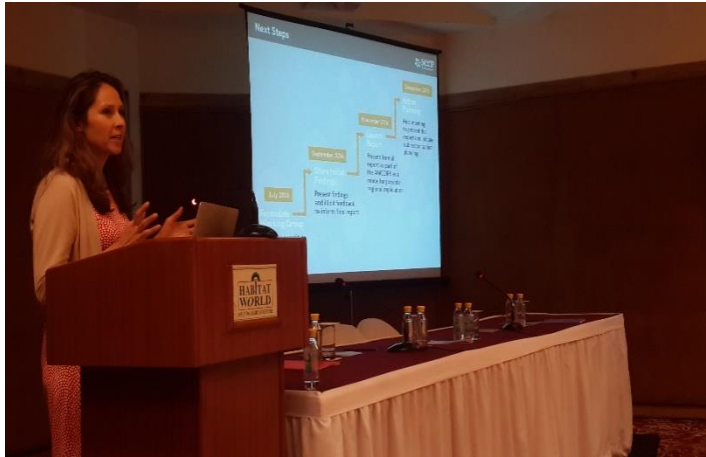
Presentation of DRR Mapping Diagnostic: IFMR



During this session, **Ms. Shambhavi Srivastava from IFMR** shared an overview of the DDR Mapping of Microfinance Sector in India with a main focus on the Framework and Methodology. The presentation was followed by open discussions on the topics of: current practices of MFIs; feedback on the study design; potential areas of collaboration with others sectors; opportunities for future involvement in disaster management; the role of technology; working towards disaster management within existing state policies; disaster resilience oriented products; adoption of

climate-smart practices by MFIs; and lessons from other studies with similar scopes.

Way Forward:



Ms. Jenny Morgan from SEEP Network highlighted Next Steps to be taken up in collaboration with Sphere India through consultative process as below:

July 2016: Formulate Working Group

- Formally constitute membership and hold first meeting

September 2016: Share Initial Findings

- Present findings and elicit feedback to inform final DRR Mapping report

November 2016: Launch Report

- Present DRR Mapping findings as part of the AMCDRR as a mode for possible regional replication.

December 2016: Action Planning

- Host meeting to launch the formal DRR Mapping report and initiate sub-sector action planning.

The consultation concluded with **Mr. Vikrant Mahajan, CEO, Sphere India** thanking all participants and panelists for their active participation and engagement.

List of participants with contact details

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