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## INVESTING IN RESILIENT MARKETS THROUGH PRIVATE SECTOR PARTNERSHIPS

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AUDIO TRANSCRIPT

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## PRESENTATION TRANSCRIPT

*Laura Meissner:* Thanks very much, Dana. And thank you to everyone joining us, both in person and online. We are delighted to have a terrific panel here. I'll introduce them, and then we will jump right into the content.

First, we have Toral Patel, from The Asia Foundation, where she's a Program Officer. She works closely with the Foundation's field offices in 18 countries to support the development of urban and environmental programs across a range of issue areas, including climate change adaptation, disaster risk management, and natural resource management.

Next, we have Thea Anderson, who is the Director for Financial Inclusion at Mercy Corps. There, she designs and supports market-driven initiatives, and spearheads the agency's strategy and implementation for market driven financial services, with a focus on private sector partnerships and non-traditional applications.

Last, but certainly not least, we have Henry Flores, from Save the Children. He's an expert in disaster management, capacity building for regional and local governments, and democratic governance and market systems. He has extensive knowledge of support mechanisms, humanitarian aid processes, inter-organizational coordination, and early recovery in construction.

Henry's colleague, Jorge Sanz, is also joining him to assist with translation needs. Jorge is a Senior Disaster Risk Reduction and Resilience Specialist here based in Washington, DC. Jorge provides technical assistance to Save the Children country offices in Latin America, Southeast Asia, and the Pacific, in the development and implementation of DRR and climate change adaptation proposals and projects.

We'll move to Toral, who will discuss The Asia Foundation's programs in Vietnam.

*Toral Patel:* Good morning. Thank you for being here. I'm presenting on behalf of my colleagues in Vietnam who unfortunately couldn't be here this morning. They've been implementing the program, strengthening public private partnerships for community resilience, for about the past five years. So as you probably know, Vietnam is

one of the most hazard prone countries in the world, with its long coastline and monsoon climate.

Every year, it faces significant flooding and storm surges, with worsening consequences due to climate change and rapid urbanization. Recently, there's been a substantial increase in the number of development projects that are focused on community based DRM. But for the most part, these projects don't include the private sector. We saw this as a major gap, since we think that community resilience depends greatly on the ability of the private sector to bounce back, re-establish production, and continue to provide employment to local workers in the aftermath of a disaster.

So we identified two key issues in particular through a review of DRM efforts in Vietnam and stakeholder consultations. First, we found that disaster preparedness and planning among businesses is at a very basic level, due to a lack of information and capacity. Second, we found that while Vietnamese businesses, especially large scale business, continue to disaster relief efforts, their support tends to be ad hoc and ineffective. Their giving is largely case by case, and rarely integrated into a broader CSR strategy, or aligned with other response efforts.

The government of Vietnam has recognized the need for improved private sector engagement, but both the government and business community lack model programs or strategies for collaboration. So in light of these issues, we initiated our program to build a DRM capacity for Vietnamese businesses in all these hazard prone areas. So we chose to focus on small and medium enterprises, which I'll call SMEs. In Vietnam, SMEs make up an important part of the economy, employing between 80 and 90 percent of the population, and producing over 40 percent of the GDP. And just a quick note on definition. In Vietnam, small enterprise is between 10 and 200 employees, and medium is between 200 and 300 employees. Each country, I think, has a different definition.

But overall, SMEs in Vietnam are poorly prepared for disasters. In a survey we conducted in 2011, over 80 percent of SMEs reported they had no disaster preparedness or response plan. And over 60 percent reported that they had no disaster risk insurance. The survey also showed a significant gap between awareness and action on climate change. 67 percent of SMEs indicated awareness of climate related risk, but only 20 percent had developed long term risk management strategies.

So in light of this, since 2011, with support from OFDA, The Asia Foundation has been implementing a program to build effective and sustainable disaster risk management in Vietnam. We focused on strengthening private public partnerships, building the capacity of SMEs, and promoting disaster related corporate social responsibility, or CSR. So to achieve these objectives, we've been working through strategic partnerships with the government, businesses, and NGOs. One of our main partners is the Vietnam Chamber of Commerce and Industry, which is the largest business chamber association in the country.

We're also working with the Small and Medium Enterprises Development Support Center, which is a government organization that provides training and services to SMEs. Then we're working with the NGO Center for Education Development, which has facilitated access to business communities throughout the country. Second, we developed a training course to help SMEs identify and manage disaster risk. This training course includes modules such as risk assessment, mitigation strategies, and supply chain planning, among many others.

And then to deliver these courses, we developed a local network of trainers. Third, we developed guidelines for effective disaster related CSR. These guidelines aim to shift the focus of business giving away from post disaster relief, and more on supporting preparedness and communities through various awareness and outreach activities. Fourth, we facilitated dialogues between disaster authorities and business communities, discussed best practices, and built cooperation on DRM. Finally, we conducted an extensive media campaign, including radio and television broadcasts, as well as print and online media, that highlighted the role of businesses and building community resilience.

So, between 2011 and 2015, the program has achieved quite a lot. Some highlights include documenting the state of disaster preparedness in Vietnam, developing a hub of expertise for the business community. We created a network of 127 master trainers, as well as an online platform for knowledge sharing. The program has enhanced the capacity of SMEs to manage disaster risks. We've trained nearly 3,000 individuals from 2,025 SMEs across 20 provinces and cities in Vietnam. Hundreds of these SMEs have taken follow up actions, including the development of their own DRM plans for business. The program has also raised general

awareness of the private sector's role in building community resilience.

So, for lessons learned, we've learned quite a bit over the past few years. We found that, one, SMEs have short time horizons. And low management capacity. They tend to confront problems as they occur, rather than in advance. They're focused on short term concerns. Makes it very difficult to engage them in long term discussions about climate change or disaster. We learned that getting the right businesses is critical, but by this I mean we've had much greater success in engaging businesses that have faced disaster related losses in the past than those that have not.

We also learned that engaging leaders is a good strategy for disseminating knowledge. Businesses that sent their managers or other senior staff to our trainings were far more likely to take follow up actions on improving their DRM than businesses that sent other staff. Finally, we found that building partnerships with local institutions that are trusted by the community, the business community in particular, was key to gaining traction for our project.

Then, finally, we will be beginning our fifth and finally phase of the program this year. It will focus on securing the long term impacts of the program. In addition to continuing trainings and technical support for SMEs, the project will expand training to industrial zones and economic zones. In two provinces, we'll focus on expanding to industrial parks. There are over 280 across the country. And we'll develop a set of guidelines to promote further expansion nationwide.

Stage five will also establish a network of experienced trainers to facilitate access to information or resources after the projects end. It will integrate resilience concepts and methodologies from the training courses into existing courses offered at business training centers and universities to make sure they continue to reach business leaders. The project will also work to improve the policy environment for private sector engagement and DRM, specifically through the development of a whitepaper and various multi-stakeholder forums.

And, finally, it will build alliances with other NGOs [*laughs*]. It will build alliances with other NGOs that are now working in this area to share knowledge of these practices. So that's all I have for now. I will look forward to your questions, thank you.

*Thea Anderson:*

Hi, everyone, I'm Thea Anderson with Mercy Corps. And I'm really excited to discuss the Indonesia Liquidity Facility After Disaster Initiative that we're implementing in Indonesia with OFDA. First, I want to say a few words about our global resilience strategy, and how it relates to the facility. So at Mercy Corps, resilience has really been an agency priority since 2012, and that's included investing heavily in our programming, our staff, and our research initiatives. We have three resilience hubs. One in Niger that's focused on West Africa. In Nairobi, focused on East Africa. And then for Southeast Asia, focused on Indonesia, which supports the initiative that I'll discuss today.

The word resilience is used quite frequently, and often can mean many things *[laughs]*. As I notice many people in the room are shaking their heads. So I want to quickly go over what when I say resilience at Mercy Corps, what that actually means. So for us we define resilience as actors that can be communities, businesses, in this case financial institutions, ability to cope, adapt, and transform in the face of shocks, stresses. It's growing more in the world we work in today, especially where Mercy Corps works, complex crises.

So, for us, resilience is a process. It's not an end state. It's a way of thinking and acting and influencing all the different technical sectors in which we work. Our approach is framed around four different questions which I'll go through quickly now but I think as part of the Q&A we can go into more detail if there's any questions. So, one, we, at first, we asked ... questions to really help us understand what are the different interconnected systems related to the different shocks and stresses we're trying to address.

The one is the resilience of what. What geography are we specifically trying to target? Within that geography, what are the economic systems, social systems, and ecological systems we're trying to address? Two is around resilience for whom? What population are we specifically trying to reach? As we're designing our program, implementing and doing research, we're keeping that in mind. And also recognizing, especially when we're talking about natural disasters, that vulnerability can vary very significantly across different geographies, across different social and economic groups.

The three is around resilience to what, and that's obviously specific shocks we're addressing. And then the fourth is around resilience through what. And this refers to different actors' capacities, so their absorptive capacity, their short term ability to actually cope with different shocks. They adapted ... which is a longer term ability. And then really trying to get to transformative capacity. So the ability to facilitate systemic change, to address the underlying dynamics in the system. Over the long term.

So similar to Vietnam, which is maybe also why we're on the panel, is Indonesia is also one of the most disaster prone areas in the world. Earthquakes, tsunamis, volcanos, but also quite often cyclical high winds, flooding, and drought. So the ILFAD initiative, which is Indonesia Liquidity Facility After Disaster, has really allowed us to increase the three capacities for a wide range of financial institutions and their clients in some of Indonesia's areas that are most prone to catastrophic disasters. And ongoing shocks. Like flooding and even in some cases drought.

One of the reasons we've targeted financial institutions is we wanted to make sure the financial system would be able to respond to be able to cushion the effects of disaster, help us speed recovery efforts, and ideally save ... the financial sector post disaster. Right now, with the initiative we've been working around with around 160 MFIs. And when I say MFIs in the Indonesia context, it's a wide range of types of financial institutions. But it includes small commercial banks, as well as cooperatives.

So financial institutions serve as a critical and immediate vehicle to financing directly after disasters, to help people repair, replace businesses, replace assets, and often also to provide short term consumption needs. So for example there's an earthquake. On the demand side, for financial institution, there's often a high run on savings. Clients want to withdraw funds quickly and immediately by necessity to start rebuilding. We see clients also often need new loans to start rebuilding. There's also usually a high demand for new clients looking for either short term credit or long term credit.

So from the supply side, from the financial institution itself, they are also usually affected by these disasters, whether physically the branch, or different delivery channels, even if they're mobile network operators, their infrastructure can be damaged. And the staff of the financial institutions are also hit by the same earthquake. And also for the financial institutions, savings balances



are significantly reduced, as people request a loan, which is at the exact same that clients have new credit demands.

Clients typically that are also affected by the disaster usually need a couple of months to be able to repay on time as their cash flow is used for more urgent needs. So to address this mismatch, Mercy Corps designed the ILFAD initiative. There's three main components. One is around capacity building and liquidity management of the financial institutions to help them prepare for and respond to disasters.

So that includes stress tests on operations, development of standard operating procedures, scenario planning, what staff will do what, how financial institutions will actually access its cash, data protection for clients, a lot of institutions still keep everything in paper records, moving those towards cloud based systems, and also generally liquidity planning and contingency planning for loan loss reserves, as well as loan restructuring policies. Two is looking at financial products that the financial institution itself can offer. Which tent o be focused on savings is primarily but also quite a bit on insurance, bundled with those savings. And that's at the client level.

And the area that we're working in more and more, which I'll get to a little bit later, is around the portfolio level insurance for the financial institutions. When I say portfolio level insurance, it's typically for catastrophic disaster insurance. Specifically volcanos and earthquakes. And the third area is the liquidity fund within itself. And the liquidity fund allows MFI to our members they pay dues, they join, to really stabilize their liquidity and absorb short term loan losses after a disaster.

So what that actually looks like in practice is before the disaster, a financial institution has a loan portfolio, they have a savings portfolio. But after disaster, when we combine the – we bundle the access to liquidity and a portfolio insurance, it allows clients to actually withdraw their savings, financial institutions able to issue new credit, as well as absorb a time period when existing clients can repay their loans. From the portfolio level insurance it allows the financial institution to cover a portion of their non-performing loan, as well as even potential physical needs that the financial institution has.

This really allows in a disaster the financial institution to continue to operate and serve its clients. And so obviously the financial

institutions themselves are private sector partners, but we also have played a large role in facilitating relationships with Indonesia insurance companies, as well as larger international insurance companies. So for example we worked quite closely with Swiss Re, which is a global reinsurance company, to help them with the design of the portfolio insurance products specific to earthquakes.

And with International Finance Corporation, the IFC, we're ... intermediary between IFC and the financial institutions. Again, helping with the design of specific products, as well as the roll out and marketing of those products, as well as working with MFIs to research what those products actually need to look like, based on recent experiences with this earthquake.

And so the key takeaways that we've had from ILFAD. It's been going on about four years. It's been several different phases. We've learned quite a bit from those phases, which we'll discuss in a little bit. I think the key takeaways I have is that financial services are essential building block of resilience. We also need to remember that the financial system and financial institutions are also very vulnerable, especially in catastrophic disasters. There's a need for both short term products as well as longer term products to support both an absorptive and adaptive capacity.

And I think the third piece we found is really right from the beginning of the initiative is engaging on enabling the financial environment, especially around the different types of insurance products, and usually the nature of Indonesia, several different types of financial institutions that we work with.

*Jorge Sanz-Fuertes:* I am here representing Save the Children, Peru. And our presentation is going to be about the project we implemented in 2012, in Lima, in one of the municipalities in Lima.

Venimos de Apoyo a la Reducción de Riesgos en Barrios de Lima.

Actually makes it a nice acronym. ARRIBA. Translation will be "Support for the Risk Reduction in Neighborhoods in Lima." Okay? We've been given like – can you hear me okay? We've been given a limit of nine slides for this presentation. So I want to do an overview in the background, just a cappella. So leave one slide like that, okay?

So just to put you guys in the context. Lima. Built in a desert. 42 districts in the city. We work in one municipality called Villa El

Salvador. VES acronym there. High population. Over 500,000 people in a small city. Built on unstable soil. With very poor construction practices. It is a very young district. It was built, as far as an occupation of the land, in the 1970s. And also it's young because the majority of the people that lived in Villa El Salvador are 40 percent below 20 years old, and 75 percent under the age of....

... exposure ... to both natural hazards and manmade hazards, having an issue with being at an elevation prone to earthquakes and landslides, and also has a prevalent issue of violence and youth gangs. So we're looking at both manmade and natural hazards here. And also it has a high socio-economic vulnerability in Villa Salvador. This translates into 50 percent of economically active population in Villa Salvador are currently unemployed. Most of the people living in Villa Salvador commute to Lima, mostly men.

It's a two-hour commute, depending on traffic ... case of an emergency it would be pretty much isolated from the rest of the city, which leaves pretty much women, children, elderly, and several people behind in Villa Salvador. Women usually work in small marketplaces, which brings in small revenue. And also in subsidized ... either they are areas owned by the government, provide services to those that cannot get food, that cannot care for their babies. So women usually manage that.

They get paid by food, not cash. So this brings a situation of people in Villa Salvador don't have an economic cushion in case of an emergency. So we're talking about ... resilience? Definitely not here. That's number one. So what do we mean when we talk about the neighborhood approach? Actually, before I start that, want to talk about the enabling environment in Peru over the last five years, and why it actually helped us in the project.

In 2011, the government established the law 29664, which is..., actually establishes a national system of disaster risk management that places the responsibility ... responsibility of disaster risk management into municipal and regional government. Divided the responsibility of proactive ... and then sorry ... hello? You guys hear what I was saying? Okay, perfect, yeah, yeah, maybe I'm too far away. Thanks.

Perfect, now I got it, okay. So where was – yeah. So we have ... a national system of disaster risk management that places the responsibility on the regional and municipal governments. It splits

the responsibility of DRM into two bodies. One is ..., which deals with anything that is related to response, and ..., everything that is disaster risk reduction, mitigation, adaptation, preparedness, okay?

One of the main issues we try to ... with this project is that while ... give guidelines on how for governments to do disaster risk management in their territory. It does then... trickle down to neighborhood level activities. So that's one of the main outcomes we had with the project, okay? So now just ...

So one thing about the neighborhood approach. It is bringing neighborhoods and also multilevel stakeholders, talking about municipality of Lima, municipality of Villa Salvador, into the inception and implementation of the project, okay? The Villa ... is all the data that we collect at the neighborhood level as part of the project. It will inform policy making in Villa Salvador, and also that data will be part of disaster risk management decision making in the municipality.

One of the main challenges, or one of the ... that we wanted to do with this project was like we see in many other places that we work on, there is a very pre-active approach in all the countries we work. We wanted to change more reactive into proactive. So moving more to the part of risk assessment, risk management, and preparedness. One of the keys of this project, and of the neighborhood approach that we take in Villa Salvador, it is the importance of involving local businesses and ... as a key component in the planning implementation and intervention of all DRR related services and activities.

The Villa is a big market and services providers of services in Villa Salvador. We play a key role in neighborhood-based disaster risk management planning. ... like a little – what's happening to this – here, how like what is the project ARRIBA, what does it entail? So the key of the project was to actually ... supporting information or strengthening existing neighborhood platforms. One of the main issues that we ... when we arrive in Villa Salvador, it was that they – because it was created ... it has like very great neighborhood level organizations, a lot of civil society in the area of intervention. But they were all over the place. They were not talking to each other. They were not organized.

So what we did with the project is consolidate all these existing neighborhood associations into one, into a neighborhood platform, okay? The idea will be to link these neighborhood platforms to a

municipal office with a neighborhood participation office, and more likely seven to eight people in these platform neighborhood platforms. As part of the project, since most of the ... activities about the economy recovery market systems is to ensure that people that own local businesses, that actually play an integral part on these neighborhood platforms, okay?

So, yeah, working at three different levels. Here we have the platforms. We were working also building the capacity of a municipal management authority in Villa Salvador, in the municipality of Lima, to be able to implement the ... in the territory, and then also ensuring that with these neighborhood platforms, these neighborhoods were taking an active role in disaster risk management in the neighborhood, from the risk assessment part of it, coming up with activities to reduce, mitigate, or adapt to risk. And also increasing their preparedness to emergencies.

The goal of the project was to end up in all the platforms that we have, having the community or neighborhood level disaster risk management plan linked to the municipal level plan. But the most important part was actually the livelihood strategy that we took in the ... sector, to ensure that it would fit into this ..., okay? Okay. Have another graph here. So what was the process – now we're going to straight into ... What was the process of involvement market, involving market and businesses into a project?

Okay. Sorry. ... was an emergency market ... analysis, a tool that is used in emergencies to see how a market ... after an emergency, to see it ... crisis. But we actually use it from less of a reactive approach, but proactive approach. We wanted to take baseline maps of key value chains, identified by communities as critical to their lives and livelihood, and ensure that during an emergency, they would actually be able to bounce back, or ensure that the interruption of those services was minimized.

Either no interruption at all, or it will be back to normal, bounce back, minimum amount of time, okay? So the other part of this analysis is the livelihoods here, and one of the main things that we did in the project was actually bring in – we wanted to work with identified businesses on supporting them to do the disaster risk management plans. One of the – I don't want to say like obstacles that we had in the beginning, but we actually work around it, was that most of these businesses were not formalized.

There's a lot of informal businesses there, and we couldn't work with them, because we're working in coordination with the government, so we couldn't work – so we along with the local development ... local development office, we work in actually formalizing these businesses. Working with the Banco de Credito Peru, we supported in these businesses in actually doing two things. One, we realized that these businesses didn't have any business and financial management skills.

So before we started working in the business, risk management ..., we did a series of trainings conducted by volunteers from Banco de Credito Peru, on businesses on how to do these proper finance goal and business management. After that, then we work on the businesses again, doing the disaster risk management plans to ensure that they could come up with again same thing ... community with identifying the risk and with hazard mitigation measures to reduce the risk of the neighborhoods.

Once again, the key is that these businesses were identified as those providing key services through the neighborhood during non-emergency times, okay? Next part will be supporting with the Banco de Credito Peru, on these businesses, on creating the disaster risk management action plans. And then we're going to go straight to number six. It'll be like what can we do when this business come up with access to reduce or to mitigate risk in their businesses? What can we do so they can actually implement these activities?

One of the main issues we experience in many of these developing countries we work on is the urban dwellers do not have access to loans, they don't have access to savings, so we want to make sure we go get that. Once these businesses are formalized, like I said, we started with a number of businesses, some of them didn't – decided not to go get formalized, but we still gave them the training, we still gave them the training on financial and business management.

But others, in order to apply – one of the key aspects of the project was that in order to implement the activities that they came up with, we will give them first a microloan they will have to pay over 12 months, and then after they help pay the microloan, ... link to the disaster risk management action plan, they will be able to get a grant. Most of the activities that business came up with that were expensive and wouldn't be covered by just a loan. So that's what we came up with the ... part of the ..., okay?

And then the last thing. It will be what do we do about the lessons, how do we do for these businesses, these markets that we work on, become champions they can actually bring the experience to others, other businesses? So one of the examples we have is one of the big markets we work on, and actually is called Mercado ... Progreso. They developed their – they were actually one of the champions on this project. They developed their risk management plans. They had a fire a few years ago, so they were very aware of this. And now they have become like a model that we're actually taking into our new project we're doing ... in ... in another municipality.

So they are being used – this is an example of how we should do things. And working with us on that. Okay? The next one here is another big important part of the project, which is establishing private and public partnerships. One of the keys of this project that is actually going to be a bit of contradiction is we have the involvement – the key involvement of the local and municipal economic development office in the project. One of the key aspects and one of the main successes that we have in the project is working with those neighborhood platforms we actually managed to secure 7 million Sol, which is around \$2 million to conduct additional activities, reduce risk in the neighborhoods.

When ... was established in 2011, the central government established two funds for municipal governments to apply for funds, one is called a PPO-68, and one is ... And like I said availability of funds to the disaster risk management municipal level. We work together with the municipality of Villa Salvador. We worked together with the data from the neighborhood platforms. And we actually managed like I said to apply for another 7 million Sol, and we got it, and to do mostly hardware interventions in the neighborhood, okay? So I think it's a pretty big success.

I already touched upon the importance of working with the Banco de Credito Peru. They provided not only the materials for the training, when for the full part of the business and the financial management of the businesses, but also with the training and the support of the process from day one, up until the end of the.... One of the main points here as well is the – we realize promoting the formation of neighborhood level small business associations, and the inclusion of these associations that we created into the neighborhood platforms. That was the key part of this project –

ensure that those small business associations were a part of the neighborhood platforms, okay?

And now, the lessons learned, and hopefully applied. One of the main things we have in this project is that it was a two year project ... in 2014, but at the end of 2014, would actually award it another source of funds for another project in ... so most of the lessons learned on these ... actually apply now in ... another one of the 42 municipalities in Lima. So what are the strengths? Well, we've seen strengths in this project, okay?

We'll say the strengthen management capacity of local business and markets, so ... resilient. Increase access to these market and these small businesses to microcredit programs, for all these businesses. And in order to achieve sustainability we have created in Villa Salvador I would like to say that we have created an environment of supply and demand for DRR and DRM, disaster risk management related services. So areas of improvement. I mean there's only two bullets. But there could be might as well 20-25.

And this is the part of it that was a bit of a contradiction. The lack of government engagement in some parts of the project. Especially with local development, economic office. We still manage to get 7 million extra Sol to these projects, but we had very little support from the local development office. Think it was an issue of lack of understanding of the project, even though we tried to familiarize all stakeholders with it. But we didn't have any buy in from their side. So that's one part of it we definitely are working on the new project.

Another area of improvement is what we experienced in also Vietnam as our colleague here was explaining is the local businesses, and many times communities prioritize short term benefits over the longer term investments it will actually take to invest in DRR. That's something we need to work around, okay? Open to ideas as well.

Again, another issue that we saw that we work around is the problem of many of the businesses don't want to formalize. It brings this area of accountability, it brings some opinions they need to make, so they don't want to formalize. Which has an effect, an impact on them, of not being able to access microloans. Like I said. Still, even though there's no access to microloans, we still



work with them as part of the training, so they can strengthen their financial business management capabilities.

Another issue we – we're actually working in Carabayllo now – is involving this office of neighborhood participation from the get go. This is something we're doing in Carabayllo now and we're definitely going to support the sustainability of those neighborhood platforms, okay? I have one more. I have two more slides. Okay. So let us... again there is a lot. We need to take a more flexible approach in the new area of intervention than we've done from the beginning. We need to sanction businesses before undertaking DRR related activities. We went in with the idea of okay we're going to ensure that these businesses has by the end of the project a DRR – they discuss the risk management action plans.

We realized there was a lot of work that needed to be done first. How to run their business. How to be financially savvy. So we work on that before, okay? Now, we have all the materials ... that we got from the project, the Banco de Credito Peru that we are utilizing in Carabayllo. Okay? It's very important to have the involvement of like actual markets in all DRR related activities, as they play a key role in the community. And we need to involve the municipality in the livelihood strategy to ensure the stability ... of activities.

We did have an impact but we need to ensure that not only we have impact of our activities but what is the long term? Short term and long term sustainability. Okay? That's something we're getting now in Carabayllo with the lessons learned from this one, plus also being a longer term project, which is three years instead of two. And like I said. This kind of encompasses everything. Intervention. Integrating lessons learned from ARRIBA into the future projects. One of the main things we learned is that the project activities, the strategy of the project needs to be validated and institutionalized by the municipality.

The project activities are part of the tools used by the – and we need to ensure that the project activities are part of the local development plan that we have over the years. So now in Carabayllo all the projects that we have under the economic recovery market systems are part of the municipal development plan for 2015 and 2016. What does this mean? That they are actually prioritizing those activities for the next two years. I think that's pretty much it. I have one more thing.

So I mean key takeaways. I'm just I don't want to bore you anymore. But ... markets are different from community leaders, and ... organizations. So they have other motivations not related to a neighborhood. They're more individualistic. So we need to work on that to ensure that we actually achieve this neighborhood approach. Their priority is their business. Not so much the neighborhood. And it's not always easy to link up the neighborhood with a ... business ... Okay?

The last one is businesses have two roles in disaster risk management. One is training themselves to be more resilient to disasters. And, two, support neighborhoods in event of a disaster by being a reference point, a point of reference in the community. For example, we're talking about hardware stores, local stores, and social programs. So this is our presentation. So when if you guys ... we're going to do the Q&A next. Any questions, direct them to Henry. And I'll just translate the answers. This is his moment to shine. So, thank you.

*[End of Audio]*

## QUESTIONS & ANSWERS TRANSCRIPT

*Laura Meissner:* Thank you to all of our panelists, so much. What we're going to do now is I just want to share a couple of overall takeaways, and then we'll move to the Q&A section. We'll first have a brief moderated Q&A up here, and then we'll open up it up to the participants in the room, as well as online. For the other speakers and the panelists, just so we can avoid the feedback, if you can take a look at your mike, and make sure it's on mute. So it should be a little orange light, or off. And then when you're speaking, you can click it, so that it has a green light. That will I think save our audio participants listening online. So just a few things I think I wanted to pull out from these.

One of them is just the fact that this is really a continuous, iterative project. I think all of the projects that have been described here are ones that take place over several years. And we're kind of constantly adjusting the endgame to look like it did originally. I think we'll hopefully get a little bit more into that. But every time things changed a little bit. And I really liked what Toral had said, especially about getting those right, key businesses on board. Not everybody is going to get it about DRR, I think, right away.

And really kind of making businesses wanted it. And I liked how Henry and Jorge put it, creating demand for DRR. I think the extent to which you can't separate the community from local businesses is really critical. That private sector engagement requires partnering with a lot more than just the private sector. You really have to reach out to local governments, to regulators, to disaster risk management bodies, the folks who are going to keep this around afterwards. Which is really another key takeaway, I think, is how to institutionalize this kind of thing.

And working on the enabling environment. Be that for resilient financial services, or for supporting critical markets you think would be essential in disaster. Or just for helping small and medium enterprises build their disaster resilience. Again, the flexibility, I think, and this iterative approach, is something that really jumps out at me. I've had the privilege of being able to visit two of the three projects. And then kind of follow all of them for years. And the extent to which things change and, okay, we thought we were going to do this, but we need to sort of adjust it – I know in Peru, for example, one key adjustment you guys made

was putting somebody in with the local government, all of the time, and so you could really institutionalize that relationship.

I know for Mercy Corps, they had all their partnerships all lined up and ready to go, and then some people left, and some people changed their minds, and so then boom, we're back to square one, it's going to take us months to get more partnerships set up. So really just kind of having that critical planning, that process, really picking who you're going to partner with, and that that's going to be more than the private sector. I'm going to stop talking now. Because I think that's less interesting. And take it to the panel.

So, again, if you're going to contribute, make sure your microphone is green, and then that it's not when you're not speaking. Sorry. So, just a few things I really just want to pull out. A couple of you, I know your projects really had a lot around changing, really changing self-perceptions of businesses. Whether they're just too wrapped up in the day to day, or just trying to make a living, or not seeing themselves as being part of either the greater community, not seeing their business continuity as being wrapped up in community disaster risk management. I don't know if some of you would maybe like to share some thoughts or stories around that. I think particularly from Vietnam and Peru. But Thea might have some as well.

*Toral Patel:* Well, a couple of things. So about self-perception amongst businesses. But also the broader perception. One thing we found –

*Male:* I'm sorry, can you also hold the microphone closer to your mouth? Thank you, appreciate it, yeah, they're not very sensitive.

*Toral Patel:* No problem. Is this better?

*Male:* Much better, thank you. Yeah. We have about 80 people online. So we just want to make sure they can hear. They're very actively engaged.

*Toral Patel:* Okay. What I was saying is it's not just about self-perception amongst businesses, but the perception of the community of the

businesses themselves. We found that in media reports that there's a real lack of trust of businesses in disaster situations. There have been some instances where companies were providing support, but providing things like outdated projects to the wrong areas, and this really is a lost opportunity for the business, the private sector, to play a very critical role in helping communities, rather than trying to hurt them, or just like unload unwanted goods.

So that was important. Then about the self-perception issue. You know. Not just Vietnam, but everywhere. So long as disaster risk management is seen as the responsibility of the government. But to really effectively engage disasters, everybody has to be seen playing a role, every sector of society, and that includes the private sector. And as we said many times, businesses, and especially these small and medium enterprises, are so focused on day to day concerns it's hard for them to see their role in longer term planning for their own businesses as well as for the community.

And our project tries to get at that with its awareness raising activities and trainings of, no, you do have a critical role in this, not only for your own benefit, but the benefits of the community that you're operating in, the benefits of employees you employ. And just making those linkages clear was something we tried to do through the trainings and awareness campaigns.

*Jorge Sanz-Fuertes:* I think in Peru is similar to comments you just made. Working with businesses so they can understand the role that they have in the community, how important the role is in emergency and non-emergency times. Bear in mind that this district was created as ... has like a huge sense of a community, and... that they were not organized. But definitely that was one entry point that it worked well here. Another areas that is not that much social capital may have been more challenging, but here, we managed to get the buy-in, because they saw, like I said, the importance they play in the community wellbeing.

What is – Henry – also, like I think it was very important the process that we – with the formalization of the businesses the thing that we use for the value of this, and although we need to work in kind of ... to see what ... can we do, so for this formalization, what are the benefits they have? I think that would really – as one of the main takeaways of this project, the fact that now they can operate as a legal business, and they have access to microcredit. Because

one of the things the contradictions that we had at the beginning of the project is like if we don't have access to any of the microcredit, microloans, and we get in ... interest, interest rates.

So now after the formalization, working with the government, having access to not only microcredit from the Banco de Credito Peru, they have established a program to do this, but also through other banks. So I think that's a very instant way for them to see the value of investing in DRR a little bit.

*Laura Meissner:* Thank you. I'd also like to ask, I think about maybe sort of a key learning moment that you guys have had in your projects, sort of something where things really didn't go as planned. I know there have been sort of assumptions that get made, and then you get out there, and things just don't really work the way you thought that they would, or maybe the businesses you're working with agree to do something and then they don't do it. Can you maybe talk about some of maybe just one challenge point, and how you guys got through it, and how it strengthens your project?

*Henry Flores:* Creo— como proyecto se había planificado principalmente tener un plan de reducción de riesgos para negocios y ayudarles con micro-créditos y a través de un bono. Eso fue la planificación inicial del proyecto.

*Jorge Sanz-Fuertes:* *[Laughs]* And they thought I ... speak Spanish. So I think the main aspect of the project was to be able to provide the business with both microcredit, access to microcredit, and a grant, as part of the project.

*Henry Flores:* La realidad fue que la mayor cantidad de negocios eran manejados por mujeres sin educación y sin tener conciencia de lo era un negocio y lo que había que hacer era fortalecer primeramente al negocio para posteriormente proceder a hacer un trabajo de reducción de riesgo y lo que habíamos pensado como proyecto. Para eso no teníamos presupuesto ni había estado contemplado dentro de la lógica y ahí buscamos que la empresa privada nos ayudara para poder cerrar estas necesidades del negocio.

*Jorge Sanz-Fuertes:* One of the main issues we have is that once we realize that the business is going to formalize, didn't have any know-how in how to run their businesses. We had to come up, we have to get creative on how can we do – how can we bring this capacity into the community, how can we actually do the trainings and everything when we don't have any budget for it. So it's a project that we accomplished many times.

*Henry Flores:* Yo quería agregar sobre la necesidad de las perspectivas de los negocios. No solamente habría que ver desde los negocios sino desde los que gerentan o ayudan a los negocios que la municipalidad y nacionalmente cambió la perspectiva de que podemos trabajar reducción de riesgo y negocios. Creo que no solamente se cambió la perspectiva de trabajar reducción de riesgos con los negocios sino con los que ayudan a los negocios, como el Estado, a nivel de municipio y de ... porque entendieron de que sí se podría trabajar reducción de riesgo y negocios.

*Jorge Sanz-Fuertes:* So one of the main outcomes of the project is not that we only work with local businesses small and medium businesses or enterprises, but we also work with those that were in charge of them. We work with like the municipality of Villa Salvador, the municipality of Lima. So they will be aware of the importance of bringing these small and medium enterprises into the whole project of disaster risk management. So that's one of the main takeaways of the project. It isn't just working in the neighborhood approach, but working at different layers.

*Thea Anderson:* Great. Hi. This is Thea with Mercy Corps. I think one of – we've learned quite a bit from this different initiative. I think one of the key points is our initial entry point was focused around the liquidity training and capacity building of the microfinance institutions. It was very simple trainings. We moved pretty quickly onto financial products. One thing we really learned is as we were trying to create demand, different way of putting it, for different Indonesians, especially in these – they're located in these geographies that we were targeting.

For them to not only continue engaging at informal financial savings, but for them to also have the trust in engaging in formal

financial institutions, especially around savings products. We really needed to spend much more time actually engaging with the financial institutions themselves, so there's no misplaced trust, if there actually is a catastrophic disaster. So one of the main things we've learned, and that the initiative has changed throughout the past few years, is as we think about expansion into different countries, is really our starting point would probably be focus more on this bundling this liquidity fund with the portfolio level insurance as an entry point, which is very different than the way we started.

*Toral Patel:*

I think the question was – was there one moment of awareness that like, oh, no, we're doing this wrong? So I haven't been involved in implementation since the start, but in my conversations with colleagues in Vietnam, one continuing realization, not just one moment, is that it's very difficult in Vietnam to work on this issue, because of the lack of enabling policies for private sector engagement. So that said, our colleagues believe even if those enabling policies don't work, doesn't mean we shouldn't try. Just they strongly also believe that the government will come around and develop these incentives and frameworks to engage the private sector.

But for now, our role is not to change that right away and flip the switch, but to build the capacity of the private sector to see itself as an active and committed participant in the policy and planning discussions around DRM. So our project has really focused on creating forms to do that. Policy dialogues. Technical workshops. Through various public private sector collaboration attempts. And we're seeing this as doing the legwork for if and when the government expresses readiness to engage the private sector formally, that the private sector will be prepared to do that.

*Laura Meissner:*

Thank you. I think I have one more question. Then I'd love to open it up to the audience. So, since we are USAID's Office of Foreign Disaster Assistance, and we're the humanitarian arm of USAID, for us, obviously, the main concern is always the most vulnerable, who are going to be exposed to disasters. And I think all your projects really come at that from a different way, in terms of how from a systems perspective the people who you're working with will ultimately be benefiting those who are most at risk. So maybe



if you all could say kind of a few words about how it is you sort of came to that approach? And Thea, I liked your resilience diagram about whose resilience are you building for what, through what. I think that's maybe a nice way to frame it.

*Thea Anderson:*

Thanks. Yeah. I mean for us one of the things in us looking globally, and now we have a look at financial inclusion and financial services, obviously this initiative is really focused on the formal financial service market. But that's certainly not to take away from informal finance. One of the things we find over and over again – we've done quite a bit of research in this area, both in Philippines, after the typhoon, and most recently, in Nepal, after the earthquake – is really that need for both informal financial services, savings, and access usually to quick credit, but also what I also see, especially for very vulnerable populations, is that longer term access to savings and to credit sometimes get missed.

Sometimes it'll happen is there'll be very short term humanitarian aid coming in, which sometimes actually can displace some of the financial institutions. So six months later, 12 months later, 18 months later, the financial institution actually wasn't resilient, it's no longer there. And then larger populations are only have access to some of the informal services. So for us, one of the main areas we're trying to do, because actually our end clients really are focused on vulnerable populations, is really pushing that demand for informal savings as well as formal savings as well as insurance. Especially this acute disaster insurance.

And that's been the market overall in Indonesia is very small for insurance. And for catastrophic insurance, it's been a difficult process. But it's something we've definitely prioritized within this initiative and overall.

*Henry Flores:*

Otra de las cosas para, que se ha dejado a nivel, creo, nivel de barrio, a nivel de población, es lo que nosotros hemos llamado los promotores de gestión del riesgo comunitarios. Son personas que trabajan de manera voluntaria promoviendo el desarrollo en su comunidad, pero ahora con un enfoque, con el enfoque de la reducción del riesgo. Entonces, para todo Carabayllo existen 120 promotores que abarca todo el territorio de Villa El Salvador. Entonces eso creo que es dejar la residencia en las capacidades humanas para todo un distrito. Segundo a nivel de— OK.

*Jorge Sanz-Fuertes:* I think ... resilience, it is the work that we've done with community volunteers that are part of the neighborhood platforms. And the role is they're linked to the government, and their role is actually to continue promoting activities on disaster risk management in their neighborhoods. And all of that is... we're doing in Villa Salvador. We have created one of the main issues we have at the beginning was I mentioned the ... actually established mechanisms for municipal and regional governments to do the disaster risk management.

But there was a disconnect with neighborhoods. We created these manuals that have actually been institutionalized and is part of the curriculum now of the ... on how to do disaster risk management on neighborhood level. Also in Villa Salvador, actually replicating these in two areas, in several ... which is another area, and Sierra de la ....

*Henry Flores:* ...

*Jorge Sanz-Fuertes:* So the municipality is continuing to do this work.

*Henry Flores:* Otra forma de generar resiliencia es dejar instrumentos municipales, que más allá de que se cambien las personas, esos instrumentos van a ayudar al municipio a reducir el riesgo, como el ... y dentro del plan de desarrollo concertado.

*Jorge Sanz-Fuertes:* Pretty much what I said [*laughter*]. I just went ahead on ... pretty much. Having these instruments already in the municipality. I just went ahead as well. But yeah.

*Toral Patel:* I think they've both gotten at what I was going to say, but essentially the way we access or reach vulnerable communities is through these businesses that employ so much of the people living in highly hazard prone areas. And I think we aim to build community resilience through the private sector, but the end client is ultimately the population.

*Laura Meissner:* Thank you. I'm going to turn it over to Dana now, and the Microlinks team, so that we can take questions from the audience both here and online.

*USAID Microlinks:* Great. Thanks to all of you. Can you hear me fine? Yeah? Good. Okay, so, yeah. We're going to open it up to all of you for our Q&A period now, and we're going to alternate between the room and our online audience as far as taking questions. So please raise your hand if you're in the room, and either myself or my colleague Madeleine will pass you a microphone, and please just make sure to speak into the microphone, so that our online audience can hear. So I think we'll start with one in the room, and then I'll pass it to our moderator online. Oh. And please introduce yourself.

*Audience:* Hi, I'm James Hochschwender, of Crown Agents USA. My question is to both USAID as well as all of you, institutionally. I'm hearing some of your lessons learned are things that were learned in microfinance years ago. And I know sometimes humanitarian assistance doesn't get married well enough with the other parts of the organizations that have already learned those things. So both from the USAID viewpoint of when you're financing a program, and the design ... that those lessons learned from other parts of the agency are being incorporated.

For example, when you say that you didn't realize how much business skills development is needed in these enterprises, that's not something new. Pro Mujer for decades has incorporated that as a basic part of their solidarity group planning curriculum. So we don't have to reinvent those materials and things like that. So I'm just wondering, what are you doing within your respective agencies to bridge between humanitarian assistance, which disaster relief definitely falls within, while bringing in the wealth of knowledge and experience and other parts?

*Laura Meissner:* I can answer briefly from the OFDA side, and then I'll turn over I think to my colleagues. I mean from our side, I myself actually come from the microfinance community. So bridging development to humanitarian I suppose a bit. And certainly I think some of it was that we can like you said, right? We can pull materials from

those things already. It's not as though a wholly new curriculum had to be developed. It's, okay, this already exists. I think I know Save the Children partnered with an existing microfinance bank. I think a lot of folks were – let's use what's already out there, let's adapt it to this particular context.

What I find really interesting, I think, is that the lessons are learned, and the materials are out there, but to me what I found is that everything is so context specific. You can know going into a project that you're going to have to adapt, and that it'll take a long time to build your partnership, and that you're going to have to start with businesses where they are, but that doesn't necessarily mean you don't have to go through the hard work of what is it exactly that these particular businesses need? How do I adapt this great curriculum that already exists on getting small businesses prepared for disasters or basic business skills, how do I adapt it to these people in this particular context?

I think that's at least a lesson for me. That still takes the time. There have been so many times where we've said hey, there's this great resource already out there, why don't you use that? And they're like yes, we are going to use it, but we still need to adapt it to our context if we're going to make it work. And the time and the effort that takes I think has been my lesson learned. I don't know if others want to share.

*Thea Anderson:*

Hi, this is Thea with Mercy Corps. Obviously this specific initiative does work with microfinance, and one of the things that we did find was that with a lot of the microfinance institutions we worked with again it means quite a bit in Indonesia cooperatives, commercial banks, is that most of them, you know, were following, had been trained on microfinance, best practices, with cash reserves, loan loss policies, loan restructuring policies. But they really weren't sufficient when we're talking about catastrophic disaster. So that. That's really been where we've taken what we've learned from microfinance but really made it specific to these specific types of disasters.

And looking I would say looking to the humanitarian and obviously just Mercy Corps, we've got several arms. And one of our largest arms is around humanitarian assistance. And one of the things we do quite a bit is around cash. And so especially in catastrophic disaster, there is usually hopefully more and more

cash put into the system rather than direct food aid and different types of delivery channels. And so we actually see quite a wonderful partnership between humanitarian assistance and for example longer term development, especially when working with different financial institutions.

Because for example if the cash can also be targeted for example at some of the vulnerable communities that have these outstanding loans, one, it takes the pressure off the debt of the specific individual. It also allows the financial institution to have different liquidity. So there actually is a partnership, but these partnerships usually need to be arranged in advance. It's very difficult to do directly after.

So I think especially places like Vietnam and Indonesia and obviously parts of Peru where we know especially when we're talking about catastrophic disasters or high winds rain, these happen every year, when these partnerships can be informed in advance, it's a win-win, both for the communities as well as the financial institutions.

*USAID Microlinks:* Okay. So I think is there a question from our online audience? Okay. We have about 80 people online. And an active discussion going on. One question I thought was interesting that came in from Matthew Marzolo and it could be directed to any of the presenters is that disasters can affect so many different value chains, affecting people in a wide variety of ways. For example, labor, food, finance, etcetera. How did your programs prioritize specific value chains as those necessary for the recovery of local livelihoods and other needs?

*Henry Flores:* Lo primero que, lo primero que hicimos fue aplicar una herramienta, lo conocen EMMA. Y se hizo muy de la mano con la propia oficina de desarrollo económico local y participación vecinal, para poder definir el espacio con mayor vulnerabilidad dentro de un territorio y a partir de ahí, se identificaron los servicios o bienes más críticos para esa población.

*Jorge Sanz-Fuertes:* The main tool that we use to define these key ... services was the EMMA, the EMMA tool. We use it in coordination with ... development, economic office. Also with the whole municipality.

That's how we identify actually ... as a market that then we decided that ... we would prioritize during the ... activities.

*Laura Meissner:* Yeah, I actually had the great pleasure of being in Villa Salvador on the day when they did the community workshop, and it was really quite impressive. They brought together a really wide segment of the community and sort of talked through, okay, if a disaster is going to happen, what are the things you guys need most? Both sort of what are the things you need most critically, right, like food and shelter, but also how are you going to get around? So like the motorcycle taxis everybody takes really came out as one particular strong thing, which we wouldn't have necessarily thought of beforehand.

As well as what would you need for recovery? What are the types of items you would want? So they focused on hardware stores, for example, selling things like flashlights and fire extinguishers. And it was really very impressive, the kinds of things people thought of, and then how they narrowed it down together as a community to focus on the key markets. It was really quite a powerful thing to be at. Thea, I know you have lots to say, too, about how the financial services market affects so many critical market systems.

*Toral Patel:* Sure. Just briefly. When I say SMEs, of course that means a broad range of sectors within that. And I think the way we decided which to focus on was just by virtue of where they're located. The ones that were located right along the coast had aquaculture industries we're really focused on. And so of course we adapted the trainings to that. In some areas, agriculture was more important, with cities like Da Nang and Ho Chi Minh City, there were other service sector and technology industries and manufacturing that was more important. So just by virtue of location, we adapted the training to meet the local needs.

*USAID Microlinks:* Great. Is there another question here in the room?

*Audience:* Hi. Everybody hear me? Yeah. This is ... from the Center for Resilience at USAID. Thank you all for the presentations. Excellent. I learned a lot. Gives us a lot to think about in terms of

the financial side of the house. And we've been more focused our work on Africa. So to get the examples from Asia and Latin America is very helpful. I actually wanted to direct the question to my colleague .... These are really interesting examples. Can you give us a little more sense of what the overall investment portfolio in this looks like, in terms of resources, scope, etcetera, and these are good examples, but what does the larger effort look like? Thank you.

*Laura Meissner:*

You caught me horribly off guard *[laughs]*. There's no loyalty, guys *[laughs]*. So in a typical year, and I don't want to say for sure with fiscal year 15, because it was so crazy with Ebola funding, but in a typical year, OFDA dedicates around 10 to 15 percent of its portfolio to disaster risk reduction. But this covers everything from building up the capacity of national and local disaster risk management bodies. So for example we've had a lot of success, actually, in Latin America and the Caribbean, and in parts of Southeast Asia as well.

And there have been disasters where we, as USAID, either don't have to respond, or we do a very small response, because the national and local governments have it, which, to us, is a terrific success. A lot of this is also sort of very local community based things. Some of this might be having better early warning systems, so that we know when something is going to happen, so communities are aware, and then they know who to feed up to as well. Because it's not very much to be aware of let's say a drought is coming, or flooding, or a storm if there's not anything you can do about it.

So making sure then that they have that link so that there's some way that they can alert the authorities and have action, as well as sort of what I would call the more market driven disaster risk reduction activities as well. All of these are sort of multiyear initiatives. They're not all reflected in our current year's funding. If you are interested, I'll throw those online as well, and I'll make sure we've got a link for Microlinks.

Each year, we put out an annual summary of all our disaster risk reduction programs. Then we also have regionally focused ones. So if you're interested in a particular region, we'll summarize for the past year or past few years some particular disaster risk

reduction projects we've had there. I apologize for not having a specific number on the top of my head. Apologies.

*USAID Microlinks:* All right. So, back to the webinar room quickly, then we'll come back in the room. This is a question that came from a couple of different people. Jerry Brown, Kyhl Amosson. They were interested in sort of the statement that resilience program requires a flexible approach, and also some of the experiences of working with formal businesses, and they were wondering if you could speak a little bit more about how your programs have worked with more informal businesses in the context in which you've been working.

*Henry Flores:* Bueno, para el tema de la formalización con los mercados, lo que hicimos, una condición para que los mercados o los mercados de abastos o los pequeños negocios pueden acceder a un micro-crédito o a un bono, era que deberían cumplir ciertas reglas que el propio municipio les exigía. Y uno de esos era el tener certificado de seguridad, tener todo el tema saneado con la SUNAT, entonces como proyecto se ayudó a formalizarles para que puedan acceder al micro-crédito y al tema del bono. Entonces, inicialmente— no se fue con el mensaje de que “formalízate”, sino primero hay muchas ventajas y hay todo un programa para ti, y cuando ellos empezaron a entender que había ventajas, el tema de la formalización fue mucho más fácil.

*Jorge Sanz-Fuertes:* One of the main issues we dealt with this project was the level of informal businesses...

*Voice:* You have been muted. Your microphone has been turned on.

*Jorge Sanz-Fuertes:* Okay [laughter]. Sorry. Working with this informal business that we had, and I think we took an approach not just like okay you guys need to formalize, as part of the legislation of Villa Salvador, but it was like actually trying to show the value that it will have on the business to go through the process, not only just for ticking the boxes with the municipality, or because they will be able to apply to the microcredit, or to the ..., but to actually make them



understand what would be the impact that it would have in their business, and how their business would have an impact in the world in of the neighborhood.

*Toral Patel:* This is Toral, from The Asia Foundation. In Vietnam, I think our training program definitely focused on formal businesses. But I think through our broader media and communications campaign we hope that these messages would be disseminated to the formal sector. But that is something that we haven't directly targeted in our past five years.

*Thea Anderson:* Hi. This is Thea, with Mercy Corps. Yeah. I think it's a really good question. I mean with us, especially when we talk about the client level micro insurance products who work with several different insurance carriers, and when people actually take on the insurance products, they – again, this is specifically looking at catastrophic risk insurance – they have the option to ensure their physical business or their household, which is often the case that's used for more of the informal businesses.

*USAID Microlinks:* Okay. So we have about seven or so more minutes. I think we'll have one more question here in the room, and then maybe one more from online, and then we'll wrap up.

*Audience:* Thank you. Not to hog the microphone. But James Hochschwender, from Crown Agents USA. I have to admit, and thank you for presenting what you did about the complexity of trying to develop resilience in the face of disasters, because it's not a simple thing. It is multidisciplinary. So I'm going to complicate this a little bit more. By asking to what extent, because this is coming up in other areas, is the use of modern technology being incorporated into what you're doing? Because in disaster relief, just straight disaster relief, use of mobile phones, and things like that, you can touch upon that, that'd be great.

*Thea Anderson:* Hi. This is Thea with Mercy Corps. It's a huge part of what Mercy Corps does. Obviously I'm not our GPS mapping specialist, so I can't give you too many details, but it is something that we focus

on. Again, looking at it from a financial services side, one of the things we're actually a leader in is digital financial services in emergencies for cash distribution, using digital channels. And in Indonesia, for this specific initiative, we haven't been able to use that so much, but, again, part of that has had to do with some of the regulations and limitations in larger infrastructure.

But there have been more recent changes in branchless banking laws in Indonesia, which is actually allowing us now as we think about the next phase to incorporate that. Because obviously when we're talking about people being able to access cash, it'd be much easier if people could access cash, if the infrastructure is there after disaster through digital means, versus having to go to a bank branch. So that's actually one of our priorities as we move forward in this initiative.

*Toral Patel:*

For this program, in particular for Vietnam, we've made all the training materials available online, and created a virtual platform to make sure these are accessible to a wider audience. We've also engaged social media. So that's I guess at this stage in the 21st century, that's pretty like basic. I'll speak to our other DRM programs that The Asia Foundation has. We're currently working in Thailand to create DRM data APIs to make critical data more accessible across government agencies that are working on disaster risk management, and also to the community, because they ... Thailand that's been a real issue in terms of sharing information. But for the purposes of Vietnam project right now, we are using social media, and that's been effective.

*Jorge Sanz-Fuertes:*

I think to answer your question, not in Villa Salvador, not in this project, but in the new project we have in Carabayllo, and actually got funds from a different donor to do a DRS mapping for all project employees, also municipal level authorities. So all the work that we're doing in the field, anything from the neighborhood level, risk mapping, everything is connected through GPS, and process in the office, and it actually goes and feeds into this database that is done at the central level called ... which is a georeferenced information system for risk reduction in Peru.

So all the information that we're actually getting from the project is what should be going there [*laughs*]. And is going there. And like I said it's good because it gives... working with project staff, also

with neighborhood platforms, so they can actually review this data and send the data very easily using Google Earth. Because what we want to do is technology innovation. We use that very easily. We want to use this innovation, these ways for the community to work with the GPS, so it's actually low technology, low maintenance, and they can actually use it themselves.

So what we created is like I said the system that they can just redo their maps, identify new risk, identify new hazards, and then just send it to the municipality, and then it fits into the Secret database. So that's the idea. It creates – because the risk keeps changing, so that's what we're doing, not in Villa Salvador, in Carabayllo.

*USAID Microlinks:* One last question from our online audience. I thought this was an interesting question from Demba. And she was speaking a little bit to cultural understanding in different countries of disaster risk reduction. And how it isn't as prevalent or prominent in some cultures and countries. I was wondering if you could speak a little bit more about how your different programs address any cultural resistance for disaster risk reduction.

*Thea Anderson:* Hi. This is Thea, again, with Mercy Corps. Yeah. This has actually been a really interesting area. Was just down in December visiting our different program partners out there. One thing that I observed is that from conversations both with the financial institutions as well with clients is people are very open talking about wind damage, flooding damage, fire damage, but when we talked about catastrophic disasters such as volcanos and earthquakes, the conversation always changed very dramatically. And a lot of it had to do with this is a very big generalization but talking about karma.

So bringing up the earthquakes, bringing up the volcanos, was potentially bad karma on talking about it, whereas we didn't find that with some of the regular disasters that were happening. Which has been a really interesting aspect about how do we quote unquote market those products? Obviously a lot of the partners are working with our Indonesian insurance agencies that are acutely aware of some of these differences. And actually we're about to – because it is such an interesting topic, and that is an issue, how do we go about that with the designs of the product, and, again, really, the marketing, and how these products are described?

One of the things we're doing is actually launching some research about that right now, which should be ready in a couple months ... share then.

*Henry Flores:* Para el peso Peruano, son cuarenta años que se ha trabajado con la cultura de respuesta a la emergencia. Es decir, preparémonos porque viene el sismo o viene el guaico o viene el rio. Pero—

*Jorge Sanz-Fuertes:* [Laughs] In Peru for the last 40 years, they have, like I said, in one of my points, a very reactive approach. So for the last 40 years, there's been a lot of, okay, so we're exposed to earthquakes, we're exposed to landslides, it's coming, pretty much, that's it.

*Henry Flores:* Entonces, cuando vamos con este mensaje, se puede trabajar acciones para reducir el riesgo, o para prevenir generar otros riesgos, no solamente desde el gobierno con políticas sino a nivel del barrio, pensando en que cuando construyas la pista, construyas el parque, construyas un espacio público también podemos plantear cosas para reducir el riesgo, para prevenir el riesgo, pero también puede ayudar para prepararlos. Eso es, creo, el gran reto y se está logrando con el trabajo a nivel de lo más bajo, pero también con los que toman las decisiones y hacen las políticas.

*Jorge Sanz-Fuertes:* The most important thing is talking to grass root levels, to communities, like neighborhood platforms, and the importance of, okay, yes, we live in an area where we are prone to earthquakes, to landslides, but there are things we can do. Preparedness is important. Okay? I think we're like sitting ducks. We need to know like it is our decision, it is our – we need to be part of the process of identifying these risks. And what can we do as an individual, as a community, as a municipality of Villa Salvador, to undertake activities to reduce this risk, mitigate this risk, adapt to the risk.

For a long time, we talk about okay, we're doing DR work, ..., maybe we're doing risk assessment, but we're not doing any of the management ... I think the most important part is I think it is important when you do risk assessment, and you identify, okay, you live in an area of high risk rate, you don't do anything, you

create an area of panic. If you go to Peru and you actually look at the newspapers, they have these all newsstands with all the newspapers with the front page, and you can just see like an earthquake is coming.

If it happens in Lima, 75,000 people will die. So it's also part of the culture that is also a little bit dramatic. I think one of the important parts of – no, it is. I mean *[laughs]* I guess the Latino in us. I think it is important people can be part of the understanding the risk, and coming up with activities they can do to reduce it. When we work with Save the Children at school level, community level, we work with the committees, like I said, school or community level, so they can identify through a process, a participatory process, of what are those risks they are exposed to.

And they come up with some activities they can do to reduce their risk. Some of them can be undertaken by the whole school, by the individual. Some of them will be done with maybe some part of the funds that were given through the project. So most is linking them with all their stakeholders so they can support them. And this is what we're doing, and I think I'm just going to go into like a closing statement of my thing here, but it's the most important thing of the project is understanding that yes, we identify the risk.

But there's also avenues we can actually continue getting funding for these activities, and that's what we're talking about those programs that exist at the central level, the PP-68 and the ... to continue and like I said sources for communities and municipalities to undertake risk management activities.

*Toral Patel:*

I think my co-presenters have done a really great job of summarizing some of the issues Vietnam also faces in terms of understanding disaster. Again, living in high risk areas, there's an acceptance that this is just the way it is. And this is what we feel, have been dealing with, and a sort of reluctance to actually plan for certain events that may or may not affect them. So that was the real challenge in incorporating the trainings of convincing them that yes this is actually a risk that can be managed through these various tools and resources and strategies.

And so getting around that cultural understanding of just like this is something we deal with to yes but we can also navigate this in a more graceful way. That's beneficial to everyone.

*USAID Microlinks:* Okay. Well, I think that just about wraps up today's event. Thanks very much to Laura and to our presenters – Toral, Thea, Henry, and Jorge – for their excellent presentations. And thanks to those of you here in person and online for your contributions as well. Just to let you know, you can expect post-event resources from this presentation to be available on the event page in about a week's time, on Microlinks.org. Just visit the site and you'll find the event page. And if you registered for this event, you should also be getting an email listing the resources for you there as well. So, with that, thanks once again, and enjoy the rest of your day.

*[End of audio]*