



MODULE 3: RAPID RESPONSE

Summary

Objectives

Following completion of this module, participants should understand:

- the different phases of rapid response for an MFI, and the activities associated with each phase
- how to conduct a post-disaster assessment of the MFI, its clients, and the post-disaster environment
- options for modifying current products and/or offering new products, and
- the role of MFIs in disaster relief.

Topics

1. Rapid Response - Overview of Activities
2. Rapid Response - Phase 1
3. Rapid Response - Phase 2
4. Rapid Response - Phase 3
5. MFIs and Disaster Relief
6. Summary



TOPIC 1

Rapid Response - Overview of Activities

There is a concrete and sequential series of activities that an MFI needs to undertake during and immediately after a natural disaster. These activities are divided into three phases, detailed below. The timing and duration of these phases are not fixed; rather, they are flexible, in accordance with the actual post-disaster context.

Estimated duration

5 minutes

Technique

Lecture

Slide

4

Phase 1

Verify the scope of the disaster, establish a crisis task force, review the disaster preparedness plan, impact assessment.

Phase 2

Monitor and follow-up with clients, design product modifications and new products.

Phase 3

Institute liquidity management, portfolio management, review of product offerings.



Slide 4 - Rapid Response - Overview of Activities

TOPIC 3

Rapid Response - Phase 2

Phase 2 consists of largely repetitive tasks of monitoring, analysing and following up with clients. As the situation becomes clearer, it will be easier to determine whether or not loan rescheduling, liquidity support and other special measures are required. The Crisis Task Force should meet every morning during this period to review data, identify problems, and decide on actions to take. The task force also needs to review key indicator performance and determine implications of trends on a daily basis, essentially to determine whether the situation is improving or deteriorating. The following are some key questions:

1. Are collections improving or falling further behind?
2. Is loan delinquency becoming more or less serious?
3. Will income continue to cover expenses?
4. Are loan requests increasing or declining?
5. Is liquidity becoming a problem?

Estimated duration

20 minutes

Technique

Lecture, brainstorm

Slides

13-16

3. Rapid Response - Phase 2

- Crisis task force:
 - Meet every day
 - Identify problems, take action
 - Review key indicator performance and determine implications of trends on a daily basis
- Designing product modifications
- Designing new products

SLIDE 13 OF 22 - MODULE 3: RAPID RESPONSE

Slide 13 - Rapid Response - Phase 2

TOPIC 5

MFIs and Disaster Relief

The emergency relief stage following a natural disaster requires various agents to provide or coordinate logistics and resources to support affected people. It has been observed that where an MFI was already operating in a disaster-affected area, it was invariably called upon as first responder until relief agencies and government organisations entered the scene.

MFIs can be an integral part of the disaster relief process. However, relief efforts for MFIs should not involve distribution of blankets, medicines and food throughout the emergency period, or operating camps for internally displaced persons. MFIs, by design, are not specialised to provide such types of relief. The priority of an MFI is the economic needs of its communities, and the initial focus is on its existing clients.

Estimated duration

20 minutes

Technique

Lecture, brainstorm

Slides

18-21

5. MFIs and Disaster Relief

- The emergency and relief stages that follow a natural disaster require various agents to provide or coordinate logistics and resources to support affected people.
- Where an MFI is operating in an area prior to a disaster, it is invariably called upon as first responder until relief agencies and government organisations enter the scene.
- Relief efforts for MFIs should not involve distribution of blankets, medicines and food throughout the emergency period, or operating camps for internally displaced persons. MFIs, by design, are not specialised to provide such types of relief.

SLIDE 18 OF 22 - MODULE 3: RAPID RESPONSE

Slide 18 - MFIs and Disaster Relief

Why Should MFIs Get Involved in Disaster Relief?

► To re-establish relations with their clients -

Microfinance is based on long-term relationships. The relief stage after a natural disaster offers a chance to establish new relationships while renewing the existing ones, by being there for the clients, listening to them and linking them with relief agencies.



Slide 19 - Why Should MFIs Get Involved in Disaster Relief?

► To help affected people to

cope by releasing savings and facilitating money transfers - This is especially important in areas that are frequently affected by disasters, where donor fatigue may limit the flow of funds for relief and livelihood restoration.

► **To help relief agencies with logistics and information** - In most places, MFI officers have comprehensive information about a village and its inhabitants. MFIs can be useful information partners to help relief agencies provide immediate assistance to affected households, since they are familiar with their clients and can quickly identify those most in need of relief.

► **To facilitate smooth transition from relief to recovery** - MFIs can engage with relief agencies in designing well-planned interventions for reconstruction while relief efforts are under way, so that transition from relief to reconstruction is rapid and efficient. Often, relief stages tend to be protracted because no long-term developments are initiated.

► **To avoid market distortions** - MFIs can work with relief agencies to minimise market distortions and use resources effectively. Staying out during the relief stage can create damage that will be hard to fix later.