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The whole point of this particular session is to kind of in a very fun way and a very interactive way to go through some of the decision making processes as well as the kind of strategic way of looking at different types and different combinations of risk financing instruments that we need to take in order to reduce the financial impact of disasters.

So one of the key things that you want to do is actually have your, take your phones out and you'll actually have a QR code that you could actually use and we'll use this to play this particular game and which actually we'll be doing online.

So let me know if you can actually access it, we'll get the code later on as well. And it will show you some of the things we could actually do, right? So all okay, so you could access that, one okay, great.

So, yeah, okay, so one of the key things is the kind of the boring theoretical part of why we're actually doing this and what we're actually doing. One of the key challenges for us was when we were playing this as part of World Bank and kind of talking to particularly clients in the ministries of finance but also at the other line ministries is for them to understand why actually you need to have a disastrous financing strategy.

And one of the key things is that of course we've been talking about this framework for disaster risk reduction which looks at the physical risk reduction on one side but one of the key things is also the financial protection which actually looks at how to mitigate the financial impact of disasters as well.

To do that, one of the key things is we understand that there is the physical impact of disasters that you actually need to manage. So that could be the impact on the public finances, the deterioration on balance of payments and escalating costs of debt.

So some of this is even without disasters, some of the countries actually face some of these challenges. One of the other things is then okay, when disasters do occur, they have significant macroeconomic impact as well like the decline in the GDP, et cetera, but also depreciation and inflationary prices as well of commodities, et cetera.

This all can have a huge impact on the long -term growth, the sustainable growth of a particular country as well, right? So how do you kind of minimize this particular disruption? One way to also understand is that different types of instruments are needed at different times.

You could actually say, okay, the resources that are needed at the beginning relating to kind of response could be actually quite small, you know, where that red kind of chart actually showcases. But when you go to a recovery phase after disasters, more resources actually are needed and then when you're looking at reconstruction, even more resources are needed, but it might even take a longer time to actually reconstruct,

et cetera. And one of the problems is actually over here where we see significantly that some of, especially in some of the small island states, these disasters keep on occurring regularly. So you can actually have the multiple effect of disasters as well.

So what we are really going to do in this game is actually try to mimic some of these decision -making processes because we are really talking about how do we come to a conference between the disaster risk management principles, the risk financing is in the middle then with the combination of the public debt management and the fiscal risk management as well.

Okay, so one of the key things for you to then understand is some of the principles associated with it. So what are the core principles related to disastrous financing that has a direct impact on your decision making is really to do with some of the analytics.

You need to understand how big potentially the next disaster actually might be and how severe it actually might be and the timeliness of funding. There's no point if you had the funds, but it's actually going to come much, much later on or you don't know how to actually disperse that quite quickly to the who actually are needed.

So that's kind of where the risk layering strategy really comes out to say, okay, no single financial instrument can need all the financial needs, but you can use some of it in a small strategic way.

And that's also where the disbursements of the funds really come into. So this is kind of the fourth core principle is related to the disbursements of funds, especially when you're looking at, say, shock -responsive social protection mechanisms, et cetera, right?

So now what we are really going to do is talking about this type of strategy where we say, okay, a government might be able to retain some of that risk. They can then use, okay, a budgetary reallocation.

They could then also use some of the contingencies fund, right, so in the event of a disaster, they could draw down some of it. You could then also have different products, like the ADB, CRF, as well as the World Bank has, for example, the CATIDEO as a contingency line of credit, but you can also talk in terms of risk financing or insurance products as well.

So the key question then is how do you strategically mix these different types of instruments? And that is what we are actually going to do in the interactive game. Okay, so what that actually then allows us to do is develop some of the policies that look into not only that analytics we talked at the beginning in terms of the disaster risk assessment, how we can look at the macroeconomic impact of disasters,

how we could actually reduce that, but also the social protection stuff that we were talking about in terms of impact of disasters on poverty, but also be mindful we are looking in a changing risk landscape, with climate events, for example, or climate change rather, having a significant impact.

So we are going to merge all of these kind of complex kind of factors into a very simplified version of reality. Okay, and I'll pass it on to Mary.

So in this game, we are going to have the ability to pretend as if you are a government. And we're gonna have these two simple game mechanics that you're gonna have to understand pretty quickly. One is a thumbs up, and that means investments.

So investing in your sector's growth. If you're agriculture sector, investing in new irrigation systems. If you're in emergency management, purchasing new ambulances. If you're in tourism, maybe developing a new tourism campaign, et cetera.

Growing your sector. The shields are steps you can take to protect your sector, like purchasing more insurance for your assets, or saving more money for a contingency fund instead of spending on your growth.

Those are the two simple mechanics of the game you'll have to understand. What's next slide? So.

And the game is a simplified version of reality, as Rashman said, designed to take you to the tolerable edge of confusion where we've discovered that the best learning happens. So expect to be a bit confused.

That's normal.

All right, so before I move into the game, we are going to pretend we have a group of countries in this room. Let's say we're in the Caribbean, and so everybody is going to be a part of a Caribbean country.

We originally developed this game to play in the Caribbean, so we can go back to our roots. Everyone will have to get into a group of five people. Five people will make this game work best, and you will have to place yourselves somewhere around the room so you can talk to each other and make decisions together far enough away from another team.

So I'm gonna ask you all to stand up and look at your neighbors and put yourselves into groups of five.

We need to show the tour for the game. Yeah, after.

is the next slide that you are going to be on.

I don't know, I don't have a, a Rashman has it.

Thank you.

uh... this group up front has six we are six uh... you have uh... five is the best number everyone has six how did this happen Okay, so maybe one each. One, I can, I can. No, one from each group of six can make their own group.

Okay, you can go sit back there. So someone from this group needs to join the back group. Por favor. It's like a countryman exile. So now that we have our Caribbean countries start thinking about which Caribbean country you are, because you're going to have to pick a name within the next few minutes.

Okay, now that you're all settled into your groups and you're thinking about your name, I want you all to make sure that on your phones you can use the QR code to access the game site. I think you should have a blue screen right now.

Okay, super. Raise your hand if you don't have that. Every single person needs to have a cell phone, Oscar, because you're all going to be parts of the government, very important parts of the government.

You can be Cuba if you want to, okay. Okay, did everyone manage to get the blue screen? Good to go. Okay. All right. We are going to... Can we switch the screen to the game mode, please? Oh, did I hear it?

Okay, IT friends, can we switch the screen to the laptop HDMI? Thank you. So before we start our team play, we're going to make sure that everybody has the game mechanics down and we're going to play one solo round.

So even though you're in your groups, we're going to ask you to make decisions as an individual. Okay, so this is just going to be a basic round as an individual. There will be no shocks involved. And you're just going to be making decisions about your investments.

So go ahead. Okay, so everybody put in your personal name up in the display name because we're playing a solo round. My name is Mary, so my name is up there as Mary. Okay, so we see people are catching on.

We see Emily, Erin, Javier, Barbara, and Gianna, Wilfred, Isabelle. Okay. Super risk. Okay, lots of people. Some people still are anonymous because they didn't put their names in. Oh, okay. That's fine.

Be an individual. There's a lot of people who are not investing in prosperity. Also, per cash. Per cash. That's fine. I like being risk averse as well. do you have the carry can you give the QR code

Thank you.

Okay, so everybody has made their decisions. BRIS or Brie, I, okay, well, we've already started the countdown. Okay, five seconds to make decisions. BRIS, shield yourself. Okay, let's see, okay, there, let's just do a quick rundown of who's, who, wow, wow, people are really risk averse.

Okay.

So this is an interesting decision, where you didn't choose anything, you just left So you had, you had some... You had some cash left. You didn't have to test it in either one of the severity or one of the shields.

That's our opportunity. It's unreal, obviously, for the question. Not to draw anybody out there. Okay. Let's start rolling.

The number's gonna be up at the top where it says time is up right now. Or, does everybody say it again? We're in the next room. There's some of us. There's some of you. Everybody's down there. She's great.

And a two. So that's what we're getting. Oh. Oh. There we go. And some people, if we scroll down and see who, maybe, they would have any. Oh, anonymous people, okay.

You mean there's

Okay, well, yeah. And Briss or Brie also, yeah, is in crisis. We only have two left. We could have been brilliant. Oh! Okay, so now you guys understand how to play the game. Whoa, whoa, whoa. What's going on?

Oh, okay, I didn't realize we had one more event.

And many of you don't have enough coins to bill yourselves out of the crisis as well.

Did you stack the deck? Like, did?

That was all.

all in all random okay okay was this me oh I had a crisis okay I okay I suffered through my own crisis yeah so now we're going to move into the group play where your countries can be realized okay we had a nice solo round and yeah we're gonna go yeah so before we move into these crises keep coming up okay before you move into a group round selecting your minister of finance is very important I guess this is democracy it could be some democratic countries or some could be authoritarian but if you're a ministry of finance raise your hand there's going to be ministers of finance and then members of cabinet but we need the minister of finance to designate themselves now Thank you.

Okay. All right. I need ministers of finance to raise your hand up so I can see you. Okay. And now I'm going to number your groups. One. Once again. One, two, three in the back. Four, five ministers of finance.

Know your number because we're going to go to the next screen and ministers of finance are the only ones who are going to touch their phones. Everybody else. Don't look at your phones. Put it down. Ministers of finance.

Click on only ministers of finance. Click on the door that corresponds with your number.

The sponsors of finance are going to click on the door with their numbers. You're going to click on one, two, three, four. Bye.

Do we have five doors? Oh, there's the five door if you scroll down. Okay, now that everyone's in, just checking. Everyone has administrative finance? Okay, now cabinet members, you may enter your doors.

One, two, three, four, five. Enter the right door, please, on your phone. Do you want me to go into a group?

Thank you.

Okay, is everyone going into their groups, their countries? And once you get in, you can select which ministry you'd like to lead. Daniel, which door can I go into so I can show the screen? Okay. And group number one.

You all need to choose the Is there a director that you're going to be making a choice? Is there a director with tourism? Or is that a doc? So once you enter your door, you get to choose what director you'd like to be.

Thank you. There's a journalist option too, but we usually only add that role if there's too many people in a group. All we're doing right now is choosing which ministry you're working for. You don't need to do any thumbs up or shields yet.

Thank you. Okay, and also what you can do is now pick your country name. So I'm in group one as a journalist by default. I won't mess up your, but this is just a show. So you can choose your country name and put it up top in team.

Or territory name. Thank you. Okay, people are getting proactive and going ahead and choosing their thumbs up and shields. You're already guessing the next step. So once you're in and you've got your director role, you can start choosing if you'd like to invest in your own sector or you'd like to protect it.

And I would encourage you, the purpose of this game is to collect the most coins and have the most prosperity. So it's good for you to invest in your own prosperity and growth as a country. So I would encourage you to invest as much as you can comfortably while still feeling like you're protected.

Each ministry of finance and director can select their own risk appetite, how much risk they want to take on. And it looks like Team Martinique that I'm a part of is being quite risk averse. Thank you.

Maybe I shouldn't be showing these secret decisions. Okay, how are we doing as a whole?

We're making this seamless.

Okay, we've got Martinique, Cuba, Barbados, Grenada, Dominican Republic. It looks like Martinique is investing the most in their own prosperity. Dominican Republic needs to make some decisions. Which team is Dominican Republic?

them. You making republics? Yeah.

Thank you.

Okay, we're going to try and help the Dominican Republic to catch up. It looks like Barbados is also being quite risk averse. Okay, the Dominican Republic is catching up. We're going to give them 30 seconds for them to catch up.

And pretty soon your decisions are going to be locked.

Thank you.

Okay, we need to lock the decision soon. Okay, we need to lock the decision soon. We gotta keep moving. Are you ready to lock it, Daniel? Wait, wait, wait, wait, wait. Wait, wait, wait, wait. I know.

So we're gonna start a countdown. Everyone make their final decisions. And we're gonna give you 10 seconds. Daniel's gonna start it now.

Hm? So everybody's made their decisions, time is up.

Okay, time is up. Everyone's made their decisions. You're stuck with your investments or your shields for this season. And now we are going to start living the year. And we're going... Oh, we have journalists here.

Ha, ha, ha, ha, ha.

That's funny. Okay, so we're going to start the months and we're doing a six -sided die, and every country gets a different number. Every country will have a different role, essentially. So we're going to start seeing what happens and how you'll be impacted.

That's one. We have an extreme event. Three increased lines, team four, while we've got a six. And ministers of finance will be able to see this on their screens. Everybody should be able to see this on their screens.

Up at the top, yeah. I'm showing team one, got a three. Team Martinique. Okay, month two. We're going to team two and four and not having to go up and down. I'm going back down to the. Oh, no, we have Grenada in crisis.

Where's the phone, guys? I didn't see it. Yes. Fine. I didn't see it. It's been a while since I think it's over. Okay. Let's stop for a second because Grenada is in crisis. And so the Minister of Finance could choose to use some of their coins to help the Ministry of Health and the Ministry of Transportation get out of their crisis.

And my screen just decided to reload.

No.

Okay. Back to Grenada. So who's Grenada? Okay. Minister of Finance, you can make a decision. Thank you. So, if you're in an IT crisis, you can reload your, reload the page. Okay, it looks like they decided to help out health.

Yes, Barbados is a happy country. So, finance, you can still give money to transportation to help them build those roads back. Or Javier can help himself. Okay, you can have the second one. We're looking at Grenada who's in crisis right now.

Mm -hmm.

Okay, is Javier able to help him out or do we have to just leave Javier in crisis? Okay. Who's minister of finance? It's an IT thing. Oh, no. Well, I mean, that happens sometimes. Okay. Okay, lack of leadership, transportation is staying in crisis, so we're moving on to the next month.

Okay, end of the year. Thank you. Thank you. We've had a great year, and we've been kind of handed on a downhill piece. Okay, are we at the end of our year? And only Grenada has one broken heart. Okay, it looks like everybody had chosen to overprotect themselves and not invest.

Another year of stale economic growth for the Caribbean. Great. But at least you didn't take two steps back in your development trajectory by letting crises impact you. Okay, good protection decisions.

But remember, the goal of this game is to have the most prosperity. So in the next round, start thinking about how you can strategically invest in your country. So the next round, you also have more options to help you strategically invest.

Because you're going to have disaster risk financing options. Typically, when we play this game, it's a part of a round, a whole day of disastrous financing instruction about what these instruments are and how they can benefit your country.

And so, but now, and then when we play the game, we slowly introduce the instruments to show you the complexity of a risk layering approach. But due to time limitations in the technical sessions, we're going to cram all the instruments into one round.

This is a kind of a taste of what you could get on Friday if you join a session on the ACPEU.

So we have in two hours, we can help out.

Thank you.

So you're seeing a Time Coins version of the game right now, which is why there's a bit of chaos, but if you know somebody or a government who could benefit from this game, send them to our session on Friday.

And so real quick, we're gonna introduce these instruments. We've got a basic insurance policy. Everyone should be able to see them, but only the Ministry of Finance can make decisions on them. You have the basic insurance policy that if a hurricane of category two or higher makes landfall in your country and a director experiences a crisis, you get six coins, and it costs one coin.

It covers only one season, so you have to make a decision every year to buy it again. We also have the comprehensive insurance policy, which costs three coins, and it gives you more coverage. So coverage for a category one, two, or three, you get five coins.

For a four or five, you get 10 coins. Again, it covers only one season, so you have to buy it each year. Then you could also, Oscar. Then you could also purchase partial reappropriation. The ability, I mean, technically, countries have this ability for free if they choose to make it, but this gives the ability for directors to share coins with the Ministry of Finance to redistribute.

So I think it's also a restriction that you have to use that in the regulation and how to use it, and how to use it, and how to use it. Yeah. That's kind of the question you've been asking. Yeah. And then we also have the contingent loan, which, as Rajman explained in the beginning, it's akin to the World Bank's catastrophe -deferred drawdown option, the IDB's contingent line of credit.

It's essentially a loan that you pre -arrange before disaster strikes, and you can drawdown on the loan if you experience a crisis. This is free up front. However, you have to repay it over time, and the Minister of Finance has to choose their terms.

So, for example, you could say, we want \$10 million. We're gonna pay back over three years, maybe three in the first year, three in the second year, and four in the third year. So the Ministry of Finance, you'll see that you have to make those decisions when you select the option.

So I'm gonna give you a few minutes to talk amongst yourselves as a team, and decide which instruments you would like to purchase with your coins. I think each team has a different amount of coins, so look at the coins you currently have, and then the Minister of Finance can choose to make a decision.

Okay, and because as facilitators we can also play the role of the financier, we can't give everybody contingent loan because we have limited amounts of financing. So give us your most attractive terms and we will select which countries can get a contingent loan if that's the instrument that you choose.

It's pretty, it's pretty fabulous.

They're going to pay back three the first year or the second year.

Thank you very much.

category three or higher. Like a regular season and get category one and two, right?
This is what I'm saying, I never know how this came out.

Thank you.

Should I give you one minute? One minute? I think we have 10 minutes, so. Yeah, so let's give them one more minute to choose. How are we doing on decisions?

We have three countries in May, 32 cities, and two countries in... Six. Because they have two contingent voters. But the principal is only... Oh, the principal is six. Oh, the microphone. Okay, that's a double.

I see our journalists are being busy, Ministry of Finance still trying to understand contingency loans, lack of communications from World Bank on this.

We're going to pay back just the principal over five years. Thank you.

is the payback board.

We should just okay one of them fell.

you

Yeah, and I'll explain that what was that team team to what's their name? though.

Team two, they didn't choose one, they chose two. Oh no, now they're, now they're, now they're DR. Yeah, they changed it to DR just now. Okay.

Okay, we're going to give you 30 more seconds to make your final decisions.

Thank you.

Ministry of Finance and Barbados adopts a consultative approach. The World Bank has been neglecting team five, which is Cuba, no. No, it says we're advising Cuba. Oh, now it's advising Cuba. Okay, 10 seconds.

Sign those documents, read all the fine print. Okay, are you going to hit the countdown? More time due to IT issues. You can still make those final selections. Thank you. If I recall correctly there was only two teams that applied for the contingent loan and I think the financier only selected one of them.

Thank you. So, maybe let's have, who are the two teams that chose the contingent loan? Oh, you all, okay. Okay, there was one that chose a loan of six million and decided to only pay back six million.

That loan was not selected.

Hm, hm.

because there was no interest paid on the loan we did select however the loan that said they would it was a principle of three and payback four that was nice are we good on it we're not good on it Thank you.

Okay, so we're going to assume that everything's locked in and go ahead, Rajan.

So at this point, we need to introduce disasters, and particularly hurricanes. So it's going to be an act of God. So one of the key things is that there's also climatic options that we need to kind of consider.

So what I'm going to do is I'm going to shuffle this deck of cards. And each group will be selecting a card. And if you have what's called a go card, that means it's like a normal year. It's like a six -sided dice.

However, in the event such as actually this year, this year the sea surface temperature in the Caribbean has been off the charts. That means we're really going to be in for a very strong hurricane season.

And what that means is that if one of you then selects a go card, you're going to have a set 20 -sided dice.

Either 20 or 12. 12. 12.

well -sided die, right? So that means now the probability of you having a big catastrophe is much more, right? Because remember, everything about six is a big disaster. Right? Okay.

So now you're going to be selecting your forecasts.

If you don't know any part of us, or if you talk to countries, then you'll be able to select.

Okay, team one, Martinique, has a normal year. Yeah. Thank you. Team 2 has a normal year. What was your country name again? Dominican Republic. Thank you. Team 3 has a normal year. Oh no, Grenada has a La Nina.

Cuba has a heightened risk year. Okay. So, Grenada and Cuba have a heightened risk year. The other countries have a normal risk year.

We'll see you next week.

We hope you invested wisely. Is everyone else getting a screen on their phone still? How are we? Okay. So maybe we can continue as if, well, I think we understand that these countries are probably going to experience a major event.

So let's hear from them what they chose to invest in. Cuba, what did you, what instruments did you decide? What instruments did you decide on? Oh, good. Oh, good. Well, was it approved? Oh, pending, okay.

What was your terms? Well, so we wanted to like secure out like If you wanted to be safe before cutting boards, small cutting boards 3, 4, and 5, and we... okay for a principle of oh that's fine but no interest so we probably wouldn't have selected you so repayment terms should include interest we're not we're not like charity here kidding okay so you let's just say you just have a comprehensive insurance policy okay and what did what did Grenada select you can't afford insurance you're building a church okay so you're praying you're praying okay that's fair that's fair you can also you know ask people around for for coins not it's not a game mechanic actually you can't so this if then let's hear from these other three teams what you chose what did you choose for your instruments basic insurance policy partial reappropriation okay good okay so you got everything and odds are that you probably didn't have an event so you probably over protected that your risk averse that's fine I know you Salvador okay and what did you select okay but you got a comprehensive insurance policy and you'll know next year if you'd like more protection you give better terms for the contingent loan okay but odds are you probably didn't have an event either and so you're probably good oh oh because of the inflationary yeah that makes sense okay and then what did you guys select uh - huh okay well I think we were going to select you probably or you one of them was gonna be selected yeah you could complain to the executive directors of the bank yeah so typically we play this multiple rounds and you will start to learn from you know your experiences because the still remember the goal of the game is to have the most prosperity and so you have to make strategic decisions to continue to protect yourselves but also continue to invest and so you will start to make decisions as a country on your strategies together and you can choose to you know go against your minister of finance and maybe make no protections and then screw your country over and so it becomes a really fun game to play because the journalists can also start sharing state secrets and things like that yeah

So at this moment, well, one, we're actually having some IT issues, but if you want to see the conclusion of how this is actually going to end, you better come on Friday. So, one of the key, it's two to four p .m.

Carrie, what's the name of the session? It's, so I know this was actually kind of, that it was fun and it was interactive, but believe you me, this actually really happened. Some of the decisions and some of the challenges that we were talking through, that was really the case.

And some of the issues that we were talking about in terms of the decision making, that the Ministry of Finance, sometimes not understanding, and sometimes like what happened over here, where actually in some cases, either the minister actually left or there was some scandal, no?

And then the whole thing actually, some of you who actually are working in development might know some key person actually leaves and everything shuts down, right? And then everyone else has to bear the burden of it, no?

So it's very much that simplified version of reality. But hopefully you kind of got a feeling of some of the decisions that you actually need to make and the challenges you need to make. When we first did this, we actually did it on with interactive, with the governments and with the decision makers themselves, but during COVID, we could not do it interactively with them face to face.

So that's why we actually had to create the online version of it. But the same principles hold true. The types of decisions you need to make, the strategy you will need to come through, so Salvador, brilliant.

And also the types of instruments that your country would actually have to play with. Javier, I mean, that's the classic case. There are some maps that actually could have shown where it's like it's the dead trap, no?

So basically you get into one cycle and then it's very hard to recover, right? And that's kind of the reality of it. I'm afraid we could have played the one final version where you could have seen the consequences of your actions.

So what would have normally happened in your case? You probably would have just had a normal year anyway and there's like, no, this is just over protection. And in your case, it would have been whatever happens, you're still going to get worse and worse, right?

Okay, on that cheery note, just want to say, thank you so much. It's a real pleasure. And if you have any questions, there are some.

Sure, and just to give the name of the session on Friday, it's the focused day on innovative risk reduction and recovery solutions for ACP countries, and it starts, the entire session starts at nine, but our game will be running from two to four.