

FUNDAMENTALS

Disaster Risk Finance

AUGUST 19 2022



Disaster Risk Financing
& Insurance Program



SUPPORTED BY
WORLD BANK GROUP

Getting Started:

Steps to Strengthen

Financial Resilience

Disaster Risk Layering in your country

Disaster Risks

Financing sources available

Amount of funds available

High-risk layer
(e.g. Major Floods, Major Typhoons)

Donor Assistance

Disaster Risk Insurance

Medium-risk layer
(e.g. Regional Floods)

Contingent Financing

Low-risk layer
(e.g. Localized Floods, Landslides)

Contingency Budget ("Reserve Fund")

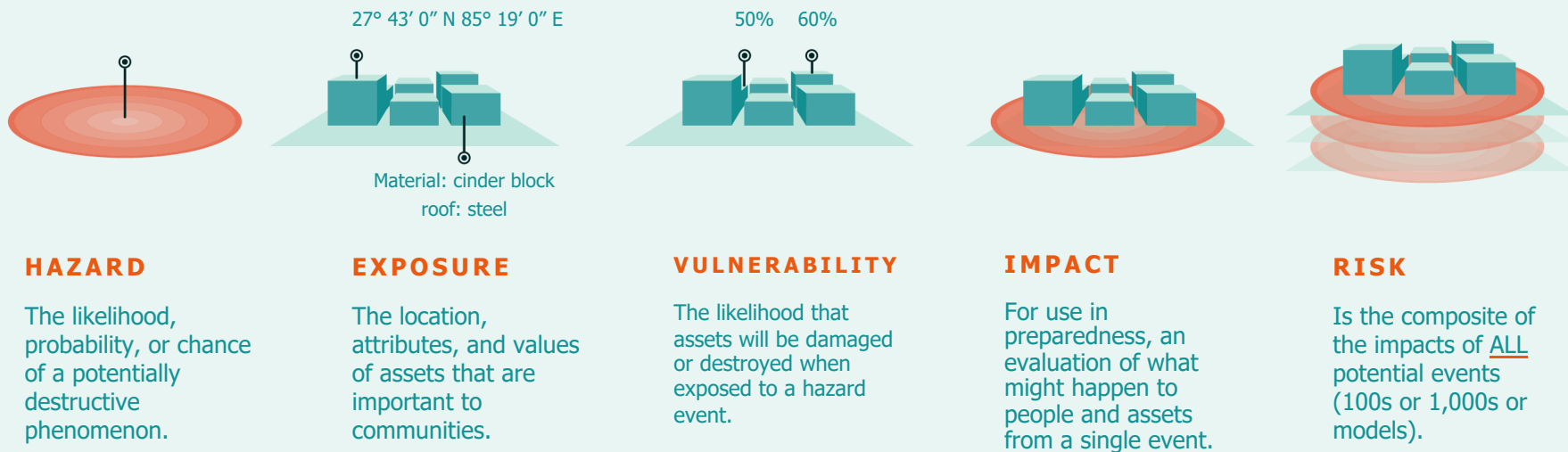
National Disaster Management Fund

Budget Reallocation

Step 2

GATHER RISK INFORMATION/CARRY OUT RISK ASSESSMENTS

THE COMPONENTS FOR ASSESSING RISK



HAZARD

The likelihood, probability, or chance of a potentially destructive phenomenon.

EXPOSURE

The location, attributes, and values of assets that are important to communities.

VULNERABILITY

The likelihood that assets will be damaged or destroyed when exposed to a hazard event.

IMPACT

For use in preparedness, an evaluation of what might happen to people and assets from a single event.

RISK

Is the composite of the impacts of ALL potential events (100s or 1,000s or models).

Risk information does not have to be complicated! Start by looking at historical data

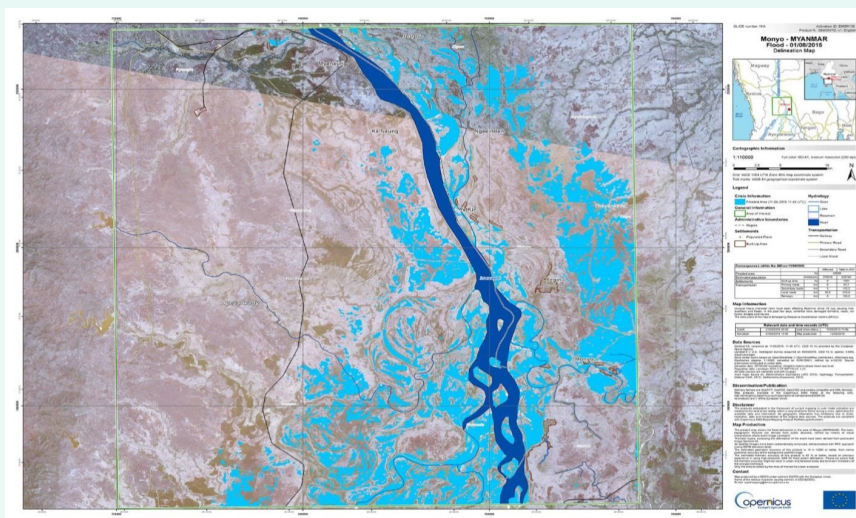
Step 2

GATHER RISK INFORMATION/CARRY OUT RISK ASSESSMENTS

REMOTE SENSING FOR MONITORING FLOODS

Number of people affected and damage of selected disasters in Myanmar for the period 1990– 2015, by date

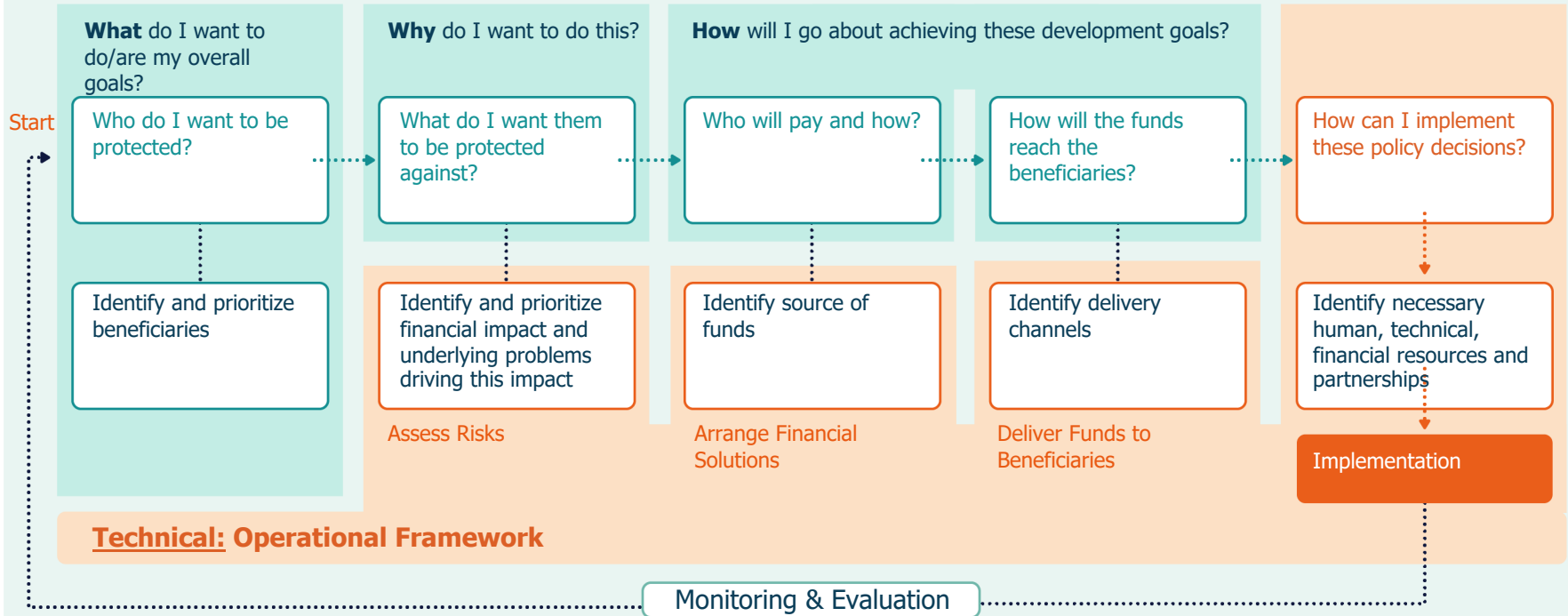
Disaster Type	Time Period	Number of events	Total number of people affected	Total damage (US\$ million)
Flood	1991 - 2015	12	1,104,662	137
Storm	1991 - 2015	5	2,830,125	4,068
Earthquake	1991 - 2015	3	38,463	505
Landslide	1991 - 2015	1	145,000	



Step 3

DECIDE ON POLICY PRIORITIES

Policy: Financial Protection Strategy & Action Plan



Step 4

BUILD A FINANCIAL PROTECTION STRATEGY

Colombia: Policy strategy for public financial management of natural disaster risk



Step 4

BUILD A FINANCIAL PROTECTION STRATEGY

DRF STRATEGY IN THE PHILIPPINES



Strategic Policy Goals

1. To maintain sound fiscal health at the national government level, necessary to support long term rehabilitation and reconstruction needs;
2. To develop sustainable financing mechanisms for local government units, necessary to provide immediate liquidity at the onset of a disaster; and
3. To reduce the impact on the poorest and most vulnerable and prevent them from falling into a cycle of poverty, while also shielding the near-poor from slipping back into poverty.



Priorities Areas:



1. National Level: Enhancing the financing of post-disaster emergency response, recovery, and reconstruction needs
2. Local Level: Providing local governments with funds for recovery and reconstruction after a disaster
3. Individual Level: Empowering poor and vulnerable households and SMEs to quickly restore their livelihoods after a disaster

Step 5

WORK WITH AND IMPROVE EXISTING PROCESSES



Disaster Risk Finance supplements and connects many policy areas

Five Steps

TOWARDS STRENGTHENING FINANCIAL RESILIENCE

Take Stock of how disaster response is currently financed



Gather risk information/carry out risk assessments



Decide on policy priorities



Build financial protection strategy



Work with and improve existing processes for DRF

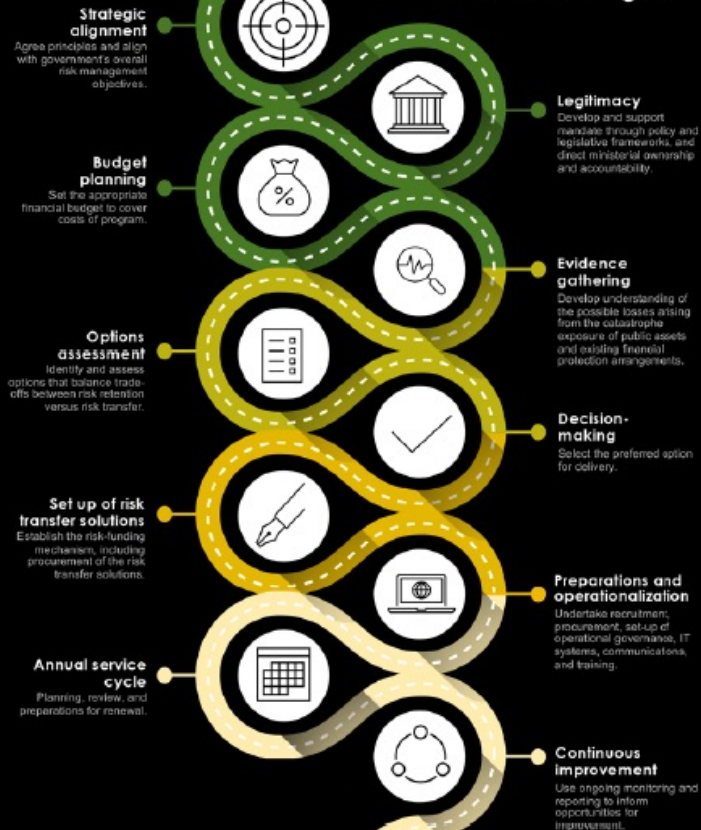


Financial Protection for Public Assets

A PRACTITIONER'S GUIDE
FOR PUBLIC OFFICIALS



Roadmap to develop Public Asset Financial Protection Program



DESIGN

DEVELOPMENT

IMPLEMENTATION

RENEWAL