



GFDRR
Global Facility for Disaster Reduction and Recovery



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FUNDAMENTALS OF DISASTER RISK FINANCING (DRF)

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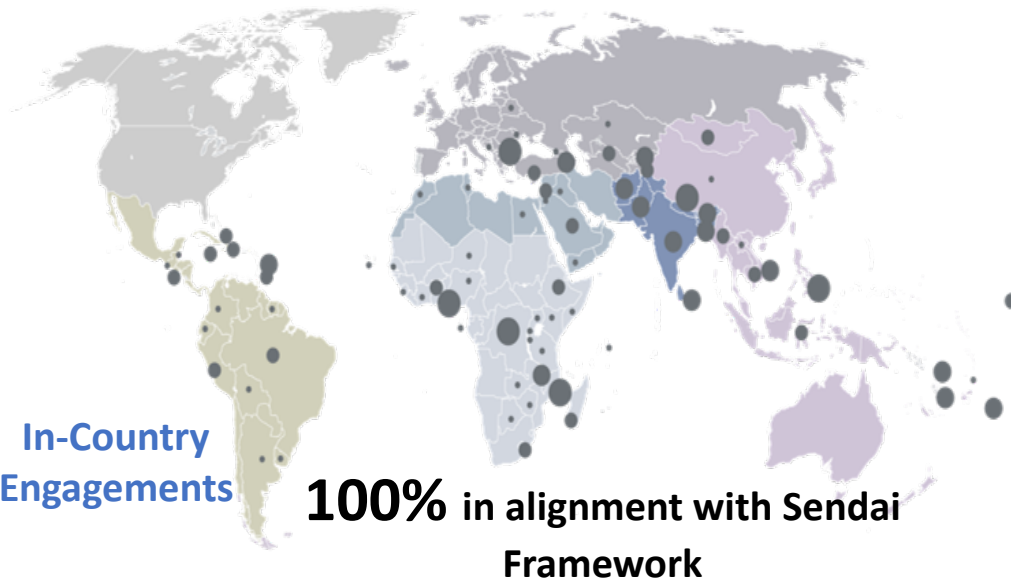
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Global Facility for Disaster Reduction & Recovery (GFDRR)

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Global Facility for Disaster Reduction & Recovery (GFDRR)



- Launched in 2006, GFDRR is a **global partnership** that helps developing countries **better understand and reduce their vulnerability to natural hazards and climate change**.
- GFDRR provides **funding and expertise for policy advice** on improving Disaster Risk Management (DRM) at regional, national and local levels to scale up the resilience agenda in developing countries.

OBJECTIVE 1	OBJECTIVE 2	OBJECTIVE 3	OBJECTIVE 4
Evidence and knowledge on effective disaster and climate resilience approaches are generated and shared for improved policy and practice	Risk-informed development is adopted at national, sub-national, and community level, using integrated, inclusive, and participatory approaches	Governments in vulnerable countries have access to additional investments for scaling up disaster and climate resilience building	Disaster preparedness and resilient recovery capacity are increased at national, sub-national, and community levels. All strategic objectives contribute to one or more of the Sendai Framework's four Priorities for Action.

A Comprehensive Approach to Managing Disaster & Climate Risks



POLICY FRAMEWORK

DRM Laws and Regulations, Building Codes, etc.



RISK REDUCTION INVESTMENTS

Investments in resilience of critical physical assets, retrofitting programs for public buildings and infrastructure, disaster and climate resilient design, preparedness, early warning systems, etc.



DISASTER RISK FINANCING

PCRIC, SEADRIF, Contingent line of credit, etc.



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Four Core Principles of DRF

1

Timeliness of funding: speed matters but not all resources are needed at once.

2

No single financial instrument can address all risks.

3

How money reaches beneficiaries is as important as where it comes from.

4

To make sound financial decisions you need to **have the right information.**



← *click
for video*

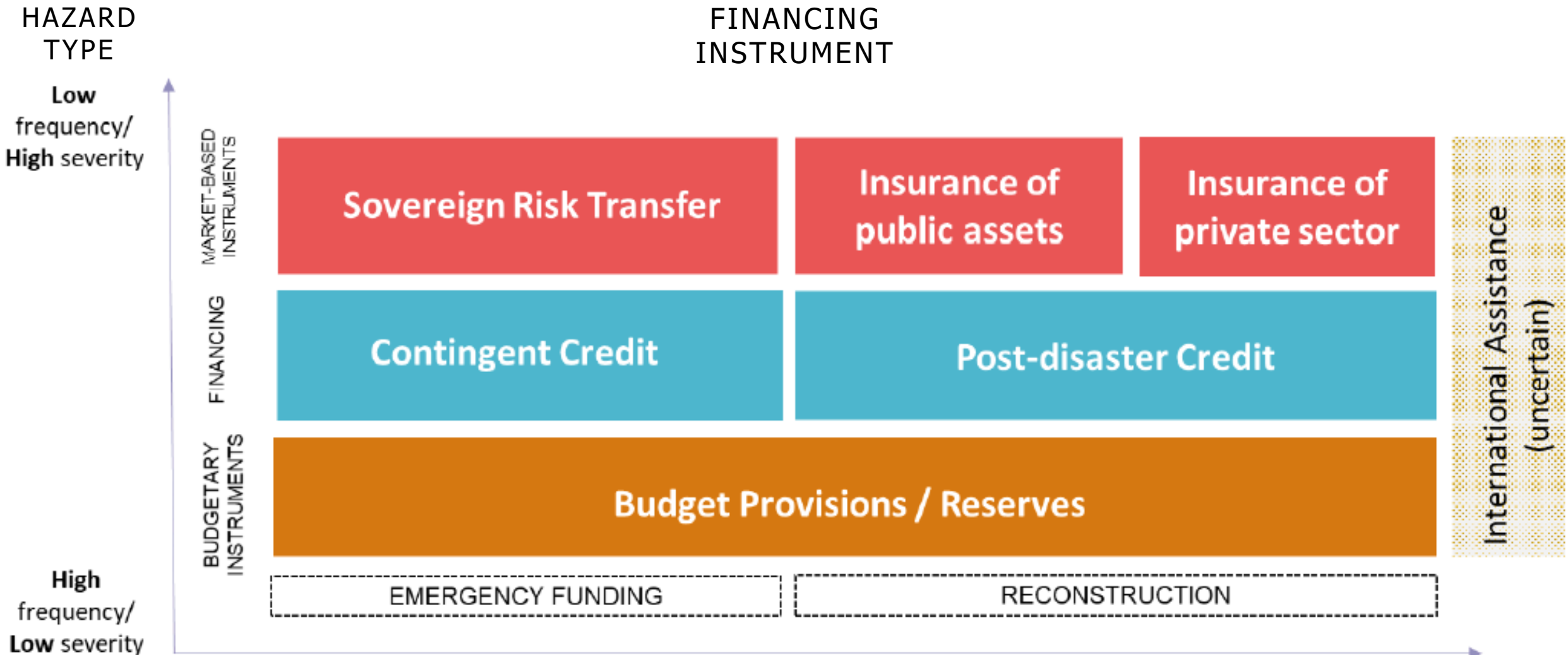


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Disaster Risk Financing Strategy



Example of National DRF Strategy



Country Level

Kenya National Disaster Risk Finance Strategy



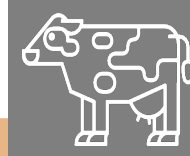
Ministry of Finance
Annual budget line for emergency response
Intervention: to cover reoccurring costs of agencies and first responders



WB IDA CATDDO
Contingency Financing
Total Budget: \$200M
Intervention: Policy reforms across DRM, Urban and Climate risk financing
- Fully disbursed in response to 2019/20 floods, locust invasion and COVID-19



Crop Insurance
Kenya Agriculture Insurance Program (KAIP)
Intervention: Risk transfer for farmers
- 435,000 farmers covered in 2019, from 900 in 2015
- 27 counties expanding to 32
- MFD impact by mobilizing the capital of banks through credit provision



Livestock Insurance
Kenya Livestock Insurance Program (KLIP)
Intervention: Risk transfer for vulnerable pastoralists
- 20,000 households covered in 8 ASAL counties. GoK spends \$1 to protect \$25 of livestock assets of pastoralists
- \$11M paid out by insurers to pastoralists in 2015-20



HSNP Program
Hunger Safety Net Program
Intervention: Scales up in response to droughts
Project: US\$72M over 5 years
- 205K households (approx. 1.5M people) received \$26M in emergency transfers in 2015-2020

EXAMPLES OF EU-FUNDED DRF PROGRAMS & SOLUTIONS



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Disaster Risk Financing Analytics www.gfdr.org/dr-f-analytics

- Helping governments to:
 - Understand their exposure to natural disasters;
 - Employ efficient financial/actuarial analysis in the development of DRF strategies;
 - Improve capacity to meet financial needs immediately following natural disasters; and
 - Develop the ability to monitor and evaluate DRF strategies.
- Development of two different sets of [generic tools](#).
- “Phase 1 tools” include:
 - Emergency Funding Gap Assessment Tool
 - Risk Financing Strategy Evaluation / Optimization Tool
 - Financing Crisis Response (& Social Protection) Tool
- Package of training and e-learning modules developed



↑ *click
for training*

Strengthening Financial Resilience & Accelerating Risk Reduction (SFRARR) in Central Asia

Result Area 1 by UNDRR

Component 1

Supporting the implementation of the Sendai Framework for DRR through data, governance and regional cooperation

Component 2

Increased commitments to build local-level resilience

Result Area 2 by World Bank/GFDRR

Component 3

Quantify regional disaster risks and capacity building on risk identification

Component 4

Establishing fundamental awareness and capacities for financial resilience at national and regional levels

Component 5

Exposure mapping for improved disaster risk management and awareness



TA Program for DRF in the Caribbean Region

Objective:

- Supporting Caribbean Countries in understanding and quantifying sovereign contingent liabilities to natural hazards related shocks
- Supporting the development of integrated DRF framework for countries to support financial resilience

Activities:

- Analytical work in understanding risk and identifying areas for strengthening financial protection
 - Shock responsive social protection mechanisms
 - Training in mainstreaming DRF and DRM in Curricula (UWI)
 - “Hurricane Hurry”
- Support to CCRIF



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Additional Interesting Resources

- Guidance Note: Gender-Responsive Entry Points to Strengthen Financial Resilience to Disasters and Climate Shocks (to be published soon)
- Executive Training Program on Disaster Risk Financing & Insurance ([video](#) & [program of 1st edition](#))
- E-learning: [Fundamentals of DRF](#) & [Introduction to Disaster Risk Financing Analytics](#) (open access)
- Next Generation Drought Index ([summary note by ESA](#))
- More on www.gfdrr.org/en/disaster-risk-finance



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Thank you for your attention.

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