

# Financial Protection against Crises and Disasters

The World Bank Group's Disaster Risk Financing and Insurance Program supports countries to manage the cost of crisis and disaster shocks



# Why is financial protection important to reduce poverty and increase shared prosperity?



**US\$330 billion** is the average annual economic loss from natural disasters each year



**US\$500 billion** is the projected annual economic loss from flood disasters in Asia by 2050



**100 million+** people could be pushed into poverty by climate-related hazards in the next 15 years

## Disasters do not need to have such a devastating cost



**Financial protection policies and instruments support governments** to become effective risk managers and help protect lives, livelihoods, investments, and development progress.

## What we do

The World Bank's **Disaster Risk Financing and Insurance Program (DRFIP)** helps developing countries manage the potentially high cost from disasters and climate shocks. DRFIP provides analytical and advisory services, financial services, and convening services to over 50 countries worldwide to support the development and implementation of comprehensive financial protection strategies against climate and disaster risks.

**Effective disaster risk financing instruments and strategies** contribute to the achievement of the twin goals of reducing poverty and increasing shared prosperity by safeguarding development gains and growth against financial shocks from climate and seismic hazards.



**360 million+** people are now protected by World Bank Group contingent financing



**5,000+** stakeholders from **20+** countries have been trained in the fundamentals of disaster risk finance (DRF)



**21 small island states** with support from DRFIP can now access catastrophe insurance markets by pooling risks together



**28 private insurance companies** have been brought into new or strengthened markets with support from DRFIP



# How we support governments



**DRF for Rapid Response:** Supports sovereign and sub-sovereign governments to better plan for and implement mechanisms to provide rapid access to money following disaster shocks.

- Since 2008, 12 countries have been provided with contingent credit worth US\$2.5 billion.
- Lao PDR set up a new State Reserve Fund and integrated it in an overall DRF strategy.
- Vanuatu received US\$1.9 million from PCRAFI two weeks after Tropical Cyclone Pam struck in 2015.



**DRF for Budget Protection:** Supports countries to become proactive financial risk managers to meet the cost of disasters and climate shocks.

- Armenia, Kyrgyz Republic, Panama, Colombia, Kenya, Peru, the Philippines, Serbia, and Vietnam have developed or are working towards national financial protection strategies.
- Colombia insured US\$38 billion of new road infrastructure built through public-private partnerships.
- Uruguay has access to a US\$200 million contingent line of credit to protect its energy price stabilization fund from weather shocks.



**DRF for Resilient Livelihoods:** Supports governments in channeling emergency support to households through social protection mechanisms, enabling faster and more transparent disaster response and helping to reduce humanitarian impacts.

- US\$8 million has been transferred into the bank accounts of approximately 180,000 households in the northern counties in Kenya.
- Public works safety net in Uganda has disbursed over US\$6 million to 50,000 households (250,000 people) in response to drought in the Karamoja region.



**DRF for Agriculture:** Supports governments to implement sustainable, cost-effective-public private partnerships in agricultural insurance as part of broader agricultural risk management.

- 34 million Indian farmers and 15,000 Mongolian herder households are benefiting from more effective insurance cover.
- The Kenyan Livestock Insurance Program protects vulnerable pastoralists against the impacts of drought. To date, over 24,000 pastoralists have received US\$5 million in insurance payouts.



**DRF for Homeowners and Small Businesses:** Supports governments to strengthen supervision and promote the development of private property catastrophe risk insurance markets.

- In Morocco, a new catastrophe risk insurance law passed in 2016 requires that disaster insurance be included in property and automobile insurance policies, and establishes a Solidarity Fund to provide basic financial compensation to noninsured households.
- Peru and the Philippines are analyzing catastrophe risk pools to establish a private risk insurance market that will help increase the financial resilience of homeowners and small businesses.



**DRF Analytics:** Supports governments with the financial management of disasters by providing quantitative, financial, and economic analysis and tools for risk-informed decision making.

- The Government of the Philippines was provided with quantitative and economic analysis to support decision making on the World Bank's US\$500 million contingent line of credit and design and placement of US\$206 million of insurance coverage on the international market.
- The Kenya Livestock Insurance Program was provided with quantitative analysis of the key insurance program parameters and a quantitative tool to support decision making for the subsidized insurance program.

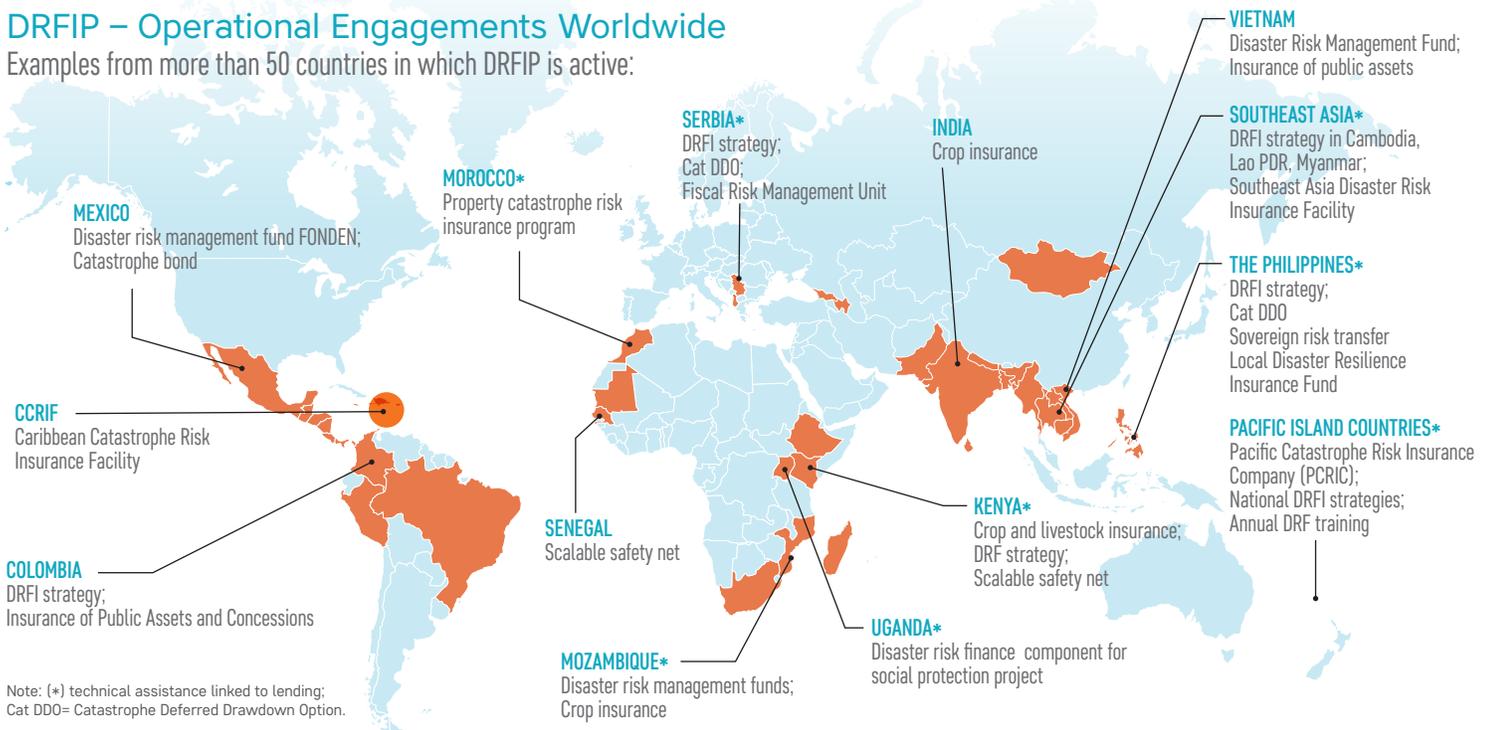


**DRF Global Policy, Knowledge, and Training:** Supports policy reform and development of new financial instruments by providing policy advice and training and by facilitating knowledge exchange among key stakeholders.

- The Fundamentals of Disaster Risk Finance face-to-face training has reached over 1,000 stakeholders from 20+ countries. An e-learning version of the training is now available on the World Bank Group's Open Learning campus.
- The Financial Protection Forum Knowledge Platform serves as a one-stop shop for all information related to disaster risk financing.
- Projects include ongoing policy advice to APEC; the development of the G20 Insurresilience Global Partnership initiative; and support to the UN High Level Panel on Humanitarian Financing, the V20, and the Sendai World Conference on Disaster Risk Reduction.

## DRFIP – Operational Engagements Worldwide

Examples from more than 50 countries in which DRFIP is active:



The World Bank Group's Disaster Risk Financing and Insurance Program is within the World Bank's Finance, Competitiveness and Innovation Global Practice. As a leading provider of analytical and advisory services on disaster risk finance, it helps governments, businesses, and households manage the financial impacts of disaster and climate risk without compromising sustainable development, fiscal stability, and well-being.

DRFIP builds on strong, long-standing partnerships with specialized teams across the WBG. Units across the WBG play complementary roles, leveraging the full scope of services offered by the institution. We work in close coordination with the Social, Urban, Rural and Resilience Global Practice, the Social Protection Global Practice, the World Bank Treasury, and many other partners across the WBG for our different areas of support.

The DRFIP is generously funded by the Global Facility for Disaster Reduction and Recovery (GFDRR), the European Union, Germany's Federal Ministry for Economic Cooperation and Development, the Government of Japan, the Rockefeller Foundation, the Swedish International Development Agency (SIDA), the Swiss State Secretariat for Economic Affairs (SECO), the United Kingdom's Department for International Development (DFID), and the United States Agency for International Development (USAID).

## Our Partners

### International Platforms



### Development Partners



### Private Sector Partners



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## Disaster Risk Financing & Insurance Program

